



Bodleian Libraries

UNIVERSITY OF OXFORD

This book is part of the collection held by the Bodleian Libraries and scanned by Google, Inc. for the Google Books Library Project.

For more information see:

<http://www.bodleian.ox.ac.uk/dbooks>



This work is licensed under a Creative Commons Attribution-NonCommercial-ShareAlike 2.0 UK: England & Wales (CC BY-NC-SA 2.0) licence.

ADDITIONAL OBSERVATIONS
On the NATURE and VALUE of
CIVIL LIBERTY,
AND THE
WAR WITH AMERICA:

ALSO

OBSERVATIONS on Schemes for raising Mo-
ney by PUBLIC LOANS:

An Historical Deduction and Analysis of the
NATIONAL DEBT:

And a brief ACCOUNT of the DEBTS and
RESOURCES of FRANCE.

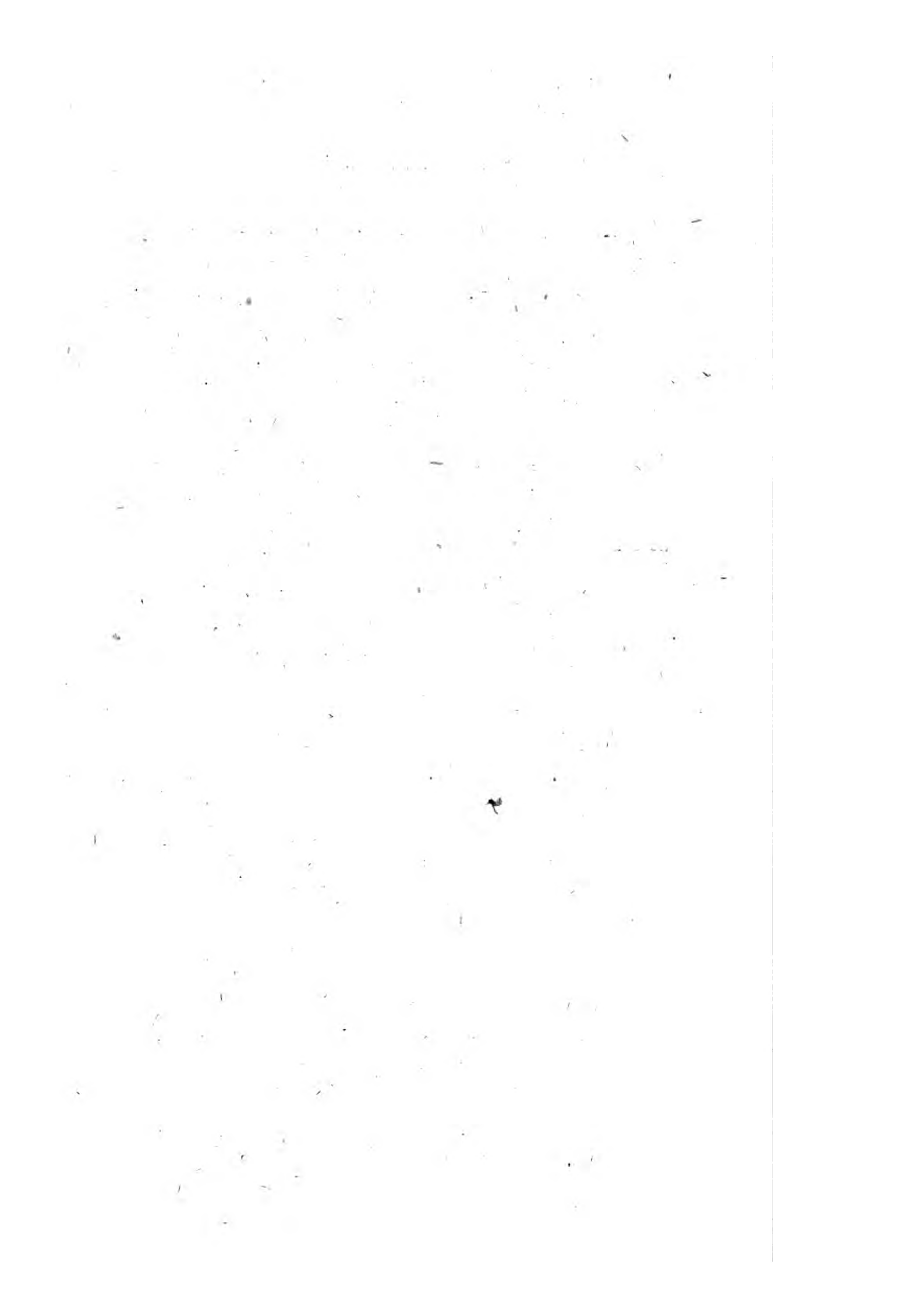
Should the morals of the English be perverted by luxury;—
should they lose their Colonies by restraining them, &c.—
they will be enslaved; they will become insignificant and
contemptible; and *Europe* will not be able to shew the
world one nation in which she can pride herself.

ABBE RAYNAL.

By RICHARD PRICE, D. D. F. R. S.

L O N D O N, Printed:
PHILADELPHIA: Re-printed by HALL and SELLERS.

M.DCC.LXXVIII.



T O
THE RIGHT HONOURABLE
THE LORD MAYOR,
THE ALDERMEN, AND THE COMMONS
OF THE
CITY OF LONDON,
THIS TRACT,
Containing ADDITIONS to those OBSERVA-
TIONS ON CIVIL LIBERTY,
Which they have HONOURED with their
APPROBATION,
Is, with the greatest Respect and Gratitude,

INSCRIBED,

BY

Their most obedient

and humble Servant,

RICHARD PRICE.

C O N T E N T S.

| | Page |
|---|------|
| INTRODUCTION. — — — | v |
| P A R T I. | |
| SECT. I. <i>Of the NATURE of Civil Liberty, and the Essentials of a Free Government.</i> — — — | 1 |
| SECT. II. <i>Of the VALUE of Liberty, and the EXCELLENCE of a Free Government.</i> — — — | 9 |
| CONCLUSION. — — — | 23 |
| P A R T II. | |
| SECT. I. <i>Supplemental Observations on the Surplus of the Revenue; the Quantity of Coin in the Kingdom; and Paper Credit.</i> — — — | 30 |
| SECT. II. <i>Of the State of the Nation; and the War with America.</i> — — — | 39 |
| SECT. III. <i>Of Schemes for raising Money by Public Loans.</i> — — — | 50 |
| P A R T III. | |
| SECT. I. <i>Abstract of the EXPORTS from, and IMPORTS to GREAT-BRITAIN, from 1697 to 1773, with Remarks.</i> — — — | 63 |
| SECT. II. <i>Historical Deduction and Analysis of the Public Debts.</i> — — — | 67 |
| SECT. III. <i>Of the DEBTS and RESOURCES of FRANCE.</i> — — — | 86 |
| SECT. IV. <i>Remarks on the Earl of STAIR's Account of the Public Income and Expenditure.</i> — — — | 90 |
| POSTSCRIPT. — — — | 99 |
| <i>Resolution of a Committee of the American Congress in June, 1775.</i> — — — | 102 |
| SUPPLEMENT to SECT. III. PART II. — — — | 103 |

I N T R O D U C T I O N .

BEFORE the reader enters on the following tract, I shall beg leave to detain him while I give a general account of the contents of it, and make a few introductory observations.

IN the first part of the *Observations on Civil Liberty*, published last winter, I gave a brief account of the nature of Liberty in general, and of *Civil Liberty* in particular. That account appears to me, after carefully reconsidering it, to be just; nor do I think it in my power to improve it. In order, however, to be as explicit as possible on this subject, and to remove those misapprehensions of my sentiments into which some have fallen, I have thought proper to add the *supplemental* and *explanatory* observations, which will be found in the FIRST part of this pamphlet.----In writing with this view, I have been led to refer often to my former pamphlet, and to repeat some of the observations in it. But as this could not have been avoided, it will, I hope, be excused.

THE remarks in the SECOND part, I offer to the public with all the deference due to the high station and abilities of the noble Lord, whose speech at opening the Budget in *April* last has occasioned them.----These remarks, having been promised long ago, should have been published sooner. The reasons which have produced this delay are of little consequence to the public; and, therefore, need not be mentioned.

IN the first section of this *second* part it will, I think, appear, that I went upon as good grounds as the nature of the case admitted, when I stated the gold coin (*a*) of the kingdom at ABOUT TWELVE MILLIONS AND A HALF. It appears now, indeed, to be some millions more. But this is a discovery made by the call of last summer; which, I find, has brought in near double the sum that the best judges expected. Nothing, however, very encouraging can be inferred from hence. It only shews that a

A great

(*a*) See *Observations on Civil Liberty*, page 74.

great deal of gold has been hoarded, and will, probably, be again hoarded. This is the natural consequence of public diffidence; and it is a circumstance which may, hereafter, greatly increase distress. Before the REVOLUTION, according to Dr. *Darvenant*, near half the coin was hoarded; and the same, undoubtedly, will be done again, whenever the nation comes to be thoroughly alarmed.

IN the next section of this part, I have made some further observations on the contest with *America*.---I cannot expect any other than a tragical and deplorable issue to this contest. But let events turn out as they will, I shall always reflect with satisfaction, that I have, though a private person of little consequence, bore my testimony, from deep-felt conviction, against a war which must shock the feelings and the reason of every considerate person; a war in which rivers of blood must be shed, not to repel the attacks of enemies, or to maintain the authority of government *within* the realm, but to maintain sovereignty and dominion in another world. (a)---I wish the advocates for the measures against *America* would attend to the distinction now intimated.---The support of just government *within* the realm is always necessary, and therefore right. But to maintain, by fire and sword, dominion over the persons and the property of a people *out* of the realm, who have no share in its legislature, contradicts every principle of liberty and humanity.---Legitimate government, let it be remembered, as opposed to oppression and tyranny, consists “only in the dominion of EQUAL LAWS made with COMMON CONSENT, or of men over THEMSELVES; and not in the dominion of communities over communities, or of ANY MEN OVER OTHER MEN.”---This is the great truth I have endeavoured to explain and defend; and happy would the world be, were a due conviction of it impressed on every human heart.

THE representation I have given in this section and elsewhere, of the state of this kingdom, is, without doubt, gloomy. But it is not the effect, as some have intimated, of either a natural disposition to gloominess, or of sinister views. Few, who know me, will entertain such a suspicion. Valuing *most* what politicians and statesmen generally value *least*, I feel myself perfectly

(a) Of all the writers against this war, the learned Dr. TUCKER is the severest. For if, as he maintains, contrary to repeated declarations from the throne, a separation from the Colonies would be an advantage to us, the attempt to keep them, by invasion and bloodshed, deserves a harsher censure than words can convey.

fectly easy with respect to my interest as a citizen of this world; nor is there any change of situation that can make me happier, except a return to privacy and obscurity. The opinion I have entertained of the present danger of the kingdom is, therefore, the effect of evidence which appears to me irresistible. This evidence I have stated to the public, and every one may judge of it as he pleases. I am sensible of my own liability to error. The measures which I condemn as the worst that ever disgraced and hazarded a great kingdom, others, whose integrity I cannot question, approve; and that very situation of our affairs which I think alarming, others think prosperous. Time will determine which of these opinions is right. But supposing the latter to be so, no harm can arise from any representations which have a tendency to put us on our guard.

I have bestowed particular attention on the observations in the third section of this second part; and I think the subject of this section so important, that it is probable I should not have resolved on the present publication, had it not been for the opportunity it gives me to lay the observations it contains before the public.----An intimation of them was given in the Introduction to the third edition of the *Treatise on Reverfionary Payments*. The nation being now once more got into a course of borrowing; and our first step having been a return to a mode of borrowing, which had appeared to me absurd and detrimental, I was induced to resume the subject, and to examine it with more care. And the result of an examination of only a *part* of the public loans will be found to be, “ that
 “ a capital of more than TWENTY MILLIONS has been a
 “ needless addition to the public debt, for which no money,
 “ or any sort of equivalent has been received; and which
 “ might have been avoided, together with a great expence of
 “ interest, by only forming differently the schemes of the pub-
 “ lic loans.”

THE intention of the first section of the THIRD PART is to give, in as short a compass as possible, a view of the progress of our *foreign trade*, and its effect on the nation, from the beginning of this century; and, particularly, to point out an unfavourable change which seems to have taken place since 1764.

IN the second section of this part, an explanation and analysis are given of all the different articles of the national debt, which will probably inform every person of most that he can wish to know concerning them.----I have added a general account of

the debts and resources of FRANCE. This is a subject at present particularly interesting to this country; and, having been informed of some important facts relating to it, I have thought proper to lay them before the public, with such reflexions as have offered themselves in mentioning them.

THE last section contains such of the calculations in the APPENDIX to the *Observations on Civil Liberty* as were necessary to be reprinted, in order to introduce the remarks I have added on some particulars in the state of the *public income and expenditure*, published not long ago by the *Earl of Stair*. I have also meant to accommodate the purchasers of the different editions of the *Observations on Civil Liberty*, who will be enabled, by this section, to possess themselves of all the material alterations and improvements which were made in that pamphlet after its first publication.----The accounts, in the latter part of this tract, are so various and extensive, that it is scarcely possible there should not be some incorrectnesses in them. But the pains I have taken, and the means of information which I have possessed; have been such, that I cannot suspect that I have fallen into any mistakes of consequence. Should, however, any such have escaped me, it will be kind in any person to point them out with candour; and to assist in making those accounts so correct and perfect, as that they may serve for a basis to all future accounts of the same kind.---The whole concludes with an account of a resolution drawn up in a Committee of the *American Congress* in 1775, disclaiming Independence, and offering an annual contribution to *Britain* for discharging its debts.

SUCH will be found to be the contents of the following work. Throughout the whole of it, I have avoided entering into any controversy with the crowd of writers who have published remarks on my former pamphlet. I am, however, unwilling to overlook them entirely; and therefore shall, in this place, once for all, settle my accounts with them.

IN the first place. Those friends (all unknown to me) who have published Vindications of me, whether in separate pamphlets, or in any of the periodical publications, will, I hope, accept my gratitude; and believe, that, though I have been silent, I have not been inattentive to their arguments, or insensible of their candour.

SECONDLY. Those writers of opposite sentiments, who have answered me without abuse or rancour, will also, I hope, accept
my

my acknowledgments.----In this number I rank the writers of the pieces enumerated below. (a)---These pieces contain, I believe, all of most importance which has been urged against me in the way of argument; and I leave every one who has read them, or shall read them, to decide for himself how far they have succeeded; only desiring the justice may be done me, not to receive too easily any of the representations made in them of my sentiments. I have had, in this respect, some reason to complain of the fairest of my adversaries.

THIRDLY. I must farther acknowledge myself indebted to those writers, who, under the name of Answers, have published virulent invectives against me. It has been some gratification to me, to observe the alarm these writers have taken, and the folly they have discovered, by suffering themselves to forget, that abuse and scurrility always defeat their own ends, and hurt the cause they are employed to serve. I will not attempt to give any list of them. They are without number. But there is *one* who, being the ablest, it is proper I should mention. I mean the author of the three Letters to Dr. Price, published for Mr. Payne.----This writer is likewise the author of the *Letters on the Present State of Poland*; and of the *Remarks on the Acts of the thirteenth Parliament of Great Britain*; but he has been lately more known as a writer in the news-papers, under the signature of ATTILIUS; and also, as the supposed author of the *Answer to the American Declaration of Independence*.----The following particulars will enable those, who may not yet know him sufficiently, to judge of his principles and temper.

CIVIL liberty, he insists, is nothing positive. It is, an *Absence*. The absence of coercion; or of constraint and restraint.---Not from civil governors (they are OMNIPOTENT, and there can be no liberty (b) against them)----But from such little despots and plunderers as common pick-pockets, thieves, house-breakers, &c. AGAIN.

(a) *Experience preferable to Theory*, printed for Payne.—*Remarks on a pamphlet lately published, in a Letter from a Gentleman in the Country to a Member of Parliament*. Mr. GOODRICKE's Observations, &c. and Mr. HEY's; all printed for Mr. Cadell.—Also Mr. Wesley's and Mr. Fletcher's Answers.—There may, perhaps, be some other Answers of the same kind; but they have not happened to fall into my hands.

(b) Their power is, however, acknowledged to be a TRUST; but not from the *people*. It must then be a trust from GOD; like the power of the proprietor of an estate over his tenants and cattle—

AGAIN. Having had occasion, in my *Observations on Civil Liberty*, page 42, to take some notice of him, I studied to mention him with respect. In return for this civility he has, in his three letters just mentioned, made me the object of an abuse, which would have been inexcusable had I offered him the grossest affront.

FURTHER. Such is the rage into which he has been thrown, that, imagining my notions of liberty and government have been drawn from the writings of the philosophers of ancient GREECE and ROME, he laments "that the *Goths* and *Vandals*, sparing their vases and urns, did not destroy all their books of philosophy and politics." (a)-----I am much mistaken if he does not wish likewise, that all such writings were destroyed as those of *Sidney*, *Locke*, *Montesquieu*, *Blackstone*, &c.

I HAVE only to add, that I am truly ashamed of having, in this introduction, had occasion to say so much about myself. But I hope candid allowances will be made for it, when it is considered how much, for some time, has been said and writ about me. I now leave an open field to all who shall please to take any farther notice of me. Wishing them the same satisfaction that I have felt in *meaning* to promote peace and justice, and looking higher than this world of strife and tumult---I withdraw from politics.

tle—Charming doctrine this for *Russia* and *Turkey*! And yet such is the doctrine which this good Barrister, *Mr. Wesley*, *Dr. Cooper*, and others, are now propagating in this country. See *Three Letters*, page 66, &c. See likewise page 13 and 17, of the following tract.

(a) *Three Letters*, page 48.

PART I.

SUPPLEMENTAL OBSERVATIONS

ON THE

NATURE and VALUE of CIVIL LIBERTY
and FREE GOVERNMENT.

SECTION I.

Of the Nature of Civil Liberty, and the Essentials of a Free Government.

WITH respect to Liberty in general there are two questions to be considered: First, What it is?—And Secondly, How far it is of value?

There is no difficulty in answering the first of these questions.—To be FREE, is “to be able to act, or to forbear acting, as we think best;” or “to be masters of our own resolutions and conduct.”—It may be pretended, that it is not desirable to be thus free; but, without doubt, this it is to be *free*; and this is what all mean when they say of themselves or others that they are *free*.

I have observed, that all the different kinds of Liberty run up into the general idea of self-government. (a)---The Liberty of men as *agents* is, that power of self-determination which all agents, as such, possess.---Their Liberty as *moral agents* is their
power

(a) See Observations on Civil Liberty, Part I. Sect. 1.

power of self-government in their *moral* conduct.---Their Liberty as *religious* agents is their power of self-government in *religion*.----And their Liberty as members of communities, associated for the purposes of civil government, is their power of self-government in all their civil concerns. It is Liberty, in the last of these views of it, that is the subject of my present enquiry; and it may, in other words, be defined to be "the power of a state to govern itself by its own will."----In order, therefore, to determine whether a state is free, no more is necessary than to determine whether there is any will, different from its own, to which it is subject.

WHEN we speak of a state, we mean the *whole* state, and not any *part* of it; and the will of the state, therefore, is the will of the whole.----There are two ways in which this will may be expressed. First, by the suffrages of all the members given in person. Or secondly, by the suffrages of a body of Representatives, in appointing whom all the members have voices. A state governed by its own will in the first of these ways enjoys the most complete and perfect Liberty; but such a government being impracticable, except in very small states, it is necessary that civil communities in general should satisfy themselves with that degree of Liberty which can be obtained in the last of these ways; and Liberty so obtained may be sufficiently ample, and at the same time is capable of being extended to the largest states. (a)

BUT here, before I proceed, I must desire, that an observation may be attended to, which appears to me of considerable consequence.----A distinction should be made between the *Liberty* of a state, and its not suffering oppression; or between a free government, and a government under which freedom is enjoyed. Under the most despotic government liberty may happen to be enjoyed. But being derived from a will over which the state has no controul, and not from its own will; or from an accidental mildness in the *administration*, and not from a *constitution* of government; it is nothing but an indulgence of a precarious nature, and of little importance.---Individuals in private life, while held under the power of masters, cannot be denominated free, however equitably and kindly they may be treated. This is strictly true of *communities* as well as of *individuals*.----Civil Liberty (it should be remembered) must be enjoyed as a right derived from the Author of nature only, or it cannot be the blessing which merits this name. If there
is

(a) See Observations, Part I. Sect. 2.

is any human power which is considered as *giving* it, on which it depends, and which can invade or recal it at pleasure, it changes its nature, and becomes a species of slavery.

BUT to return----The force superseding self-government in a state, or the power destroying its Liberty, is of two kinds. It may be either a power *without* itself, or a power *within* itself. The former constitutes what may be properly called *external*, and the latter *internal* slavery.---Were there any distant state which had acquired a sovereignty over this country, and exercised the power of making its laws and disposing its property, we should be in the first kind of slavery; and, if not totally depraved by a habit of subjection to such a power, we should think ourselves in a miserable condition; and an advocate for such a power would be considered as insulting us, who should attempt to reconcile us to it, by telling us that we were *one* community with that distant state, though destitute of a single voice in its legislature; and, on this ground, should maintain, that all resistance to it was no less criminal than any resistance *within* a state to the authority of that state.---In short, every state, not incorporated with another by an equal representation, and yet subject to its dominion, is enslaved in this sense.---Such was the slavery of the provinces subject to ancient *Rome*; and such is the slavery of every community, as far as any other community is master of it; or as far as, in respect of taxation and internal legislation, it is not independent of every other community. Nor does it make any difference to such a community, that it enjoys within itself a free constitution of government, if that constitution is itself liable to be altered, suspended or over-ruled, at the discretion of the state which possesses the sovereignty over it.

BUT the slavery most prevalent in the world has been internal slavery.---In order better to explain this, it is proper to observe, that all civil government being either the government of a *whole* by *itself*, or of a *whole* by a *power extraneous* to it, or of a *whole* by a *part*; the first *alone* is LIBERTY, and the two last are TYRANNY, producing the two sorts of slavery which I have mentioned. Internal slavery, therefore, takes place wherever a whole community is governed by a *part*; and this, perhaps, is the most concise and comprehensive account that can be given of it.---The part that governs may be either a *single* man, as in *absolute Monarchies*; or a body of *grandees*, as in *Aristocracies*. In both these cases the powers of government are commonly held for life without delegation, and descend from father to son; and

the people governed are in the same situation with cattle upon an estate, which descends by inheritance from one owner to another.----But farther. A community may be governed by a body of delegates, and yet be enslaved.----Though government by representation alone is free, unless when carried on by the personal suffrages of all the members of a state, yet *all* such government is by no means free. In order to render it so, the following requisites are necessary.

FIRST, The representation must be *complete*. No state, a *part* of which only is represented in the Legislature that governs it, is *self-governed*. Had *Scotland* no representatives in the Parliament of *Britain*, it would not be free; nor would it be proper to call *Britain* free, though *England*, its other part, were adequately represented. The like is true, in general, of every country subject to a Legislature in which *some* of its parts, or some classes of men in it, are represented, and others not.

SECONDLY, The representatives of a free state must be *freely* chosen. If this is not the case, they are not at all representatives; and government by them degenerates into government by a junto of men in the community, who happen to have power or wealth enough to command or purchase their offices.

THIRDLY, After being *freely* chosen, they must be themselves *free*. If there is any higher will which directs their resolutions, and on which they are dependent, they become the instruments of that will; and it is that will alone that in reality governs the state.

FOURTHLY, They must be chosen for short terms; and, in all their acts, be accountable to their constituents. Without this a people will have no controul over their representatives; and, in chusing them, they will give up entirely their Liberty, and only enjoy the poor privilege of naming, at certain intervals, a set of men whom they are to *serve*, and who are to dispose, at their discretion, of their property and lives.

THE causes of internal slavery now mentioned prevail, some of them more and others less, in different communities. With respect, in particular, to a government by representation; it is evident that it deviates more or less from Liberty, in proportion as the representation is more or less imperfect. And, if imperfect in every one of the instances I have recited; that is, if inadequate and partial; subject to no controul from the people;

ple; corruptly chosen for long terms; and, after being chosen, venal and dependent;---in these circumstances, a representation becomes an imposition and a nuisance; and government by it is as inconsistent with true Liberty as the most arbitrary and despotic government.

I HAVE been so much misunderstood (a) on this subject, that it is necessary I should particularly observe here, that my intention in this account has been merely to shew what is requisite to constitute a state or a government free, and not at all to define the best form of government. These are two very different points. The first is attended with few difficulties. A free state is a state self-governed in the manner I have described. But it may be free, and yet not enjoy the best constitution of government. Liberty, though the most essential requisite in government, is not the only one; wisdom, union, dispatch, secrecy, and vigour are likewise requisite; and that is the best form of government which best unites all these qualities; or which, to an equal and perfect Liberty, adds the greatest wisdom in deliberating and resolving, and the greatest union, force and expedition in executing (b).

IN short, my whole meaning is, that the will of the Community alone ought to govern; but that there are different methods of obtaining and executing this will; of which those are the best which collect into it most of the knowledge and experience of the community, and at the same time carry it into execution with most dispatch and vigour.

IT has been the employment of the wisest men in all ages to contrive plans for this purpose; and the happiness of society depends so much on civil government, that it is not possible the human understanding should be better employed.

I HAVE said in the Observations on Civil Liberty, that "in a free state every man is his own legislator."----I have been
B 2
happy

(a) The greatest part of Mr. *Goodricke's* remarks are founded on this misunderstanding. He is so candid, that I know he did not mean to misrepresent me; and yet I cannot help thinking it hard, after repeated declarations of my preference of such a constitution as our own, to be considered as an advocate for a pure Democracy. See *Observations on Dr. Price's Theory and Principles of Civil Liberty and Government*, by Mr. *Goodricke*.

(b) One of the best plans of this kind has been, with much ability, described by Mr. *De Lolme*, in his account of the Constitution of England.

happy in since finding the (a) same assertion in *Montesquieu*, and also in Mr. Justice *Blackstone's* Commentaries. It expresses the fundamental principle of our constitution; and the meaning of it is plainly, that every independent agent in a free state ought to have a share in the government of it, either by himself *personally*, or by a body of representatives, in chusing whom he has a free vote, and therefore all the concern and weight which are possible, and consistent with the equal rights of every other member of the state.----But though the meaning of this assertion is so obvious, and the truth of it undeniable, it has been much exclaimed against, and occasioned no small part of the opposition which has been made to the principles advanced in the *Observations on Civil Liberty*.----One even of the most candid, as well as the ablest of my opponents (whose difference of opinion from me I sincerely lament) has intimated that it implies, that, in a free state (b) *thieves and pick-pockets have a right to make laws for themselves*.----The public will not, I hope, wonder that I chuse to take little notice of such objections.

It has been said, that the liberty for which I have pleaded is "a right or power in every one to act as he likes without any restraint."----However unfairly this representation has been given of my account of liberty, I am ready to adopt it, provided it is understood with a few limitations.----MORAL LIBERTY, in particular, cannot be better defined, than by calling it "a power in every one to do as he likes." My opponents in general seem to be greatly puzzled with this; and I am afraid it will signify little to attempt explaining it to them by saying, that every man's will, if perfectly free from restraint, would carry him invariably to rectitude and virtue; and that no one who acts wickedly acts as he *likes*, but is conscious of a tyranny within him overpowering his judgment, and carrying him into a conduct for which he condemns and hates himself. *The things that he would be does not; (c) and the things that he would not, those he does.* He is, therefore, a slave in the properest sense.

RELIGIOUS

(a) "As in a free state every man, who is supposed a free agent, ought to be his own governor; so the legislative power should reside in the whole body of the people." *Spirit of Laws*, Book XI. chap. vi. See likewise Justice Blackstone's Commentaries on the Laws of England, page 158, 1st Vol. oct. edition.—*Demosthenes* speaking in his first Philippic, sect. 3d, of certain free states, calls them *their own legislators*.

(b) See *Remarks*, printed for Mr. Cadell, on a pamphlet published by Dr. Price. In a letter from a gentleman in the country to a member of parliament, page 10. (c) Rom. vii.

RELIGIOUS LIBERTY, likewise, is a power of acting as we *like* in religion; or of professing and practising that mode of religious worship which we think most acceptable to the Deity.--- But here the limitation to which I have referred must be attended to. ALL have the same unalienable right to this Liberty; and consequently, no one has a right to such a use of it as shall take it from others. Within this limit, or as far as he does not encroach on the equal liberty of others, every one has a right to do as he pleases in religion.----That the right to religious Liberty goes as far as this every one must allow, who is not a friend to persecution; and that it cannot go farther is self-evident; for if it did, there would be a contradiction in the natures of things, and it would be true, that every one had a right to enjoy what every one had a right to destroy.----If, therefore, the religious faith of any person leads him to hurt another because he professes a different faith, or if it carries him, in any instances, to intolerance, Liberty itself requires he should be restrained, and that, in such instances, he should lose his liberty.

ALL this is equally applicable to the Liberty of man in his *civil* capacity; and it is a maxim true universally, "that as far as any one does not molest *others*, others ought not to molest *him*."----All have a right to the free and undisturbed possession of their good names, properties and lives; and it is the right all have to this that gives the right to establish civil government, which is or ought to be nothing but an institution (by laws and provisions made with *common* consent) for guarding this right against invasion; for giving to every one, in *temporals* and *spirituals*, the power of commanding his own conduct; or, of acting as he pleases, and going where he will, provided he does not run foul of others.----Just government, therefore, does not *infringe* liberty, but *establish* it.----It does not *take away* the rights of mankind, but *protect* and *confirm* them.----I will add, that it does not even create any new subordinations of particular men to one another, but only gives security in those several stations, whether of authority and pre-eminence, or of subordination and dependence, which nature has established, and which must have arisen among mankind whether civil government had been instituted or not. But this goes beyond my purpose in this place, and more will be said of it presently.

To sum up the whole---Our ideas of Civil Liberty will be rendered more distinct by considering it under the three following

ing views :---The Liberty of the *citizen*---The Liberty of the *government*---And the Liberty of the *community*.---A *citizen* is free, when the power of commanding his own conduct and the quiet possession of his life, person, property and good name are *secured* to him by being his own legislator in the sense explained in page 6 (a).---A *government* is free, when constituted in such a manner as to give this *security*.---And the freedom of a community or nation is the same among nations, that the freedom of a citizen is among his fellow-citizens.---It is not, therefore, as observed in page 2, the mere possession of Liberty that denominates a citizen or a community free; but that *security* for the possession of it, which arises from such a free government as I have described; and which takes place, when there exists no power that can take it away.---It is in the same sense that the mere performance of virtuous actions is not what denominates an agent virtuous; but the temper and habits from whence they spring; or that *inward constitution*, and right balance of the affections, which *secure* the practice of virtue, produce stability of conduct, and constitute a *character*.

I CANNOT imagine how it can be disputed whether this is a just account of the nature of Liberty. It has been already given more briefly in the Observations on Civil Liberty; and it is with reluctance I have repeated so much of what has been there said. But the wrong apprehensions which have been entertained of my sentiments have rendered this necessary. And, for the same reason, I am obliged to go on to the subject of the next section.

(a) Dr. PRIESTLY, in his Essay on the *first principles of Government*, makes a distinction between *civil* liberty and *political* liberty; the former of which he defines to be “the power which the members of a state ought to enjoy over their actions;” and the latter, “their power of arriving at public offices, or, at least, of having votes in the nomination of those who fill them.”—This distinction forms a very proper subdivision of *the liberty of the citizen* here mentioned; and it may be accommodated to all I have said on this subject, by only giving some less general name to that which Dr. Priestly calls *civil* liberty.

S E C T. II.

Of the VALUE of Liberty, and the EXCELLENCE of a Free Government.

HAVING shewn in the preceding section “ what Liberty is;” the next question to be considered is, “ how far it is valuable.”

NOTHING need be said to shew the value of the three kinds of liberty which I have distinguished under the names of *Physical*, *Moral*, and *Religious* Liberty. They are, without doubt, the foundation of all the happiness and dignity of men, as reasonable and moral agents, and the subjects of the Deity.---It is, in like manner, true of *Civil* Liberty, that it is the foundation of the whole happiness and dignity of men as members of civil society, and the subjects of civil government.

FIRST. It is Civil Liberty, or such free government as I have described, that alone can give just security against oppression. One government is better than another; in proportion as it gives more of this security. It is, on this account, that the supreme government of the Deity is perfect. There is not a possibility of being oppressed or aggrieved by it. Subjection to it is the same with compleat freedom.

WERE there any men on whose superior wisdom and goodness we might absolutely depend, they could not possess too much power, and the love of liberty itself would engage us to fly to them, and to put ourselves under their direction. But such are the principles that govern human nature; such the weakness and folly of men; such their love of domination, selfishness and depravity; that none of them can be raised to an elevation above others without the utmost danger. The constant experience of the world has verified this; and proved, that nothing intoxicates the human mind so much as power, and that men, when they have got possession of it, have seldom failed to employ it in grinding their fellow men, and gratifying the vilest passions.---In the establishment, therefore, of civil government, it would be preposterous to rely on the discretion of any men. If a people would obtain security against oppression, they must seek it in *themselves*, and never part with the powers of government out of *their own* hands. It is there only they can be safe.---A people

ple will never oppress themselves, or invade their own rights. But if they trust the arbitrary will of any body or succession of men, they trust ENEMIES, and it may be depended on that the worst evils will follow.

IT follows from hence, that a free government is the only government which is consistent with the ends of government.---- Men combine into communities and institute government to obtain the peaceable enjoyment of their rights, and to defend themselves against injustice and violence: And when they endeavour to secure these ends by such a free government as I have described, improved by such arrangements as may have a tendency to preserve it from confusion, and to concentrate in it as much as possible of the wisdom and force of the community; in this case, it is a most rational and important institution.---- But when the contrary is done; and the benefits of government are sought by establishing a government of *men*, and not of *laws* made with common consent; it becomes a most absurd institution.---It is seeking a remedy for oppression in *one* quarter, by establishing it in *another*; and avoiding the outrages of *little* plunderers, by constituting a set of *great* plunderers.---It is, in short, the folly of *giving up* liberty in order to *maintain* Liberty; and, in the very act of endeavouring to secure the most valuable rights, to arm a body of enemies with power to destroy them.

I CAN easily believe, that mankind, in the first and rude state of society, might act thus irrationally. Absolute governments, being the simplest forms of government, might be the first that were established. A people having experienced the happy effects of the wisdom or the valour of particular men, might be led to trust them with unlimited power as their rulers and legislators. But they would soon find reason to repent: And the time, I hope, may come, when mankind in general, taught by long and dear experience, and *wearry* of the abuses of power under *slavish* governments, will learn to detest them, and never to give up that SELF-GOVERNMENT, which, whether we consider men in their private or collective capacities, is the first of all the blessings they can possess.

AGAIN. Free governments are the only governments which give scope to the exertion of the powers of men, and are favourable to their improvement.----The members of free states, knowing their rights to be secure, and that they shall enjoy without molestation the fruits of every acquisition they can make, are encouraged and incited to industry. Being at liberty to push their

their researches as far as they can into all subjects, and to guide themselves by their own judgments in all their religious and civil concerns; while they allow others to do the same, error and superstition must lose ground. Conscious of being their own governors, bound to obey no laws except such as they have given their consent to, and subject to no controul from the arbitrary will of any of their fellow-citizens, they possess an elevation and force of mind which must make them great and happy.----How different is the situation of the vassals of despotic power?----Like cattle inured to the yoke, they are driven on in one track, afraid of speaking or even thinking on the most interesting points; looking up continually to a poor creature who is their master; their powers fettered; and some of the noblest springs of action in human nature rendered useless within them. There is nothing indeed more humiliating than that debasement of mankind which takes place in such situations.

It has been observed of free governments, that they are often torn by violent contests, which render them dreadful scenes of distress and anarchy. But it ought to be considered, that this has not been owing to the *nature* of such governments; but to their having been ill-modelled, and wanting those arrangements and supplemental checks which are necessary to constitute a wise form of government.----There is no reason to doubt, but that free governments may be so contrived, as to exclude the greatest part of the struggles and tumults which have arisen in free states; and, as far as they cannot be excluded, they will do more good than harm. They will occasion the display of powers, and produce exertions which can never be seen in the *still* scenes of life. They are the active efforts of health and vigour; and always tend to preserve and purify. Whereas, on the contrary, the *quiet* which prevails under slavish governments, and which may seem to be a recommendation of them, proceeds from an ignominious tameness, and stagnation of the human faculties. It is the same with the *stillness* of midnight, or the *silence* and torpor of death.

FURTHER. Free governments are the only governments which are consistent with the natural equality of mankind. This is a principle which, in my opinion, has been assumed, with the greatest reason, by some of the best writers on government. But the meaning of it is not, that all the subordinations in human life owe their existence to the institution of civil government. The superiorities and distinctions arising from the relation of parents to their children; from the differences in the
C personal

personal qualities and abilities of men; and from servitudes founded on voluntary compacts, must have existed in a state of nature, and would now take place were all men so virtuous as to leave no occasion for civil government.----The maxim, therefore, "that all men are naturally equal," refers to their state when grown up to maturity, and become independent agents, capable of acquiring property, and of directing their own conduct. And the sense of it is, that no one of them is constituted by the author of nature the vassal or subject of another, or has any right to give law to him, or, without his consent, to take away any part of his property, or to abridge him of his liberty.----In a state of nature, one man may have received benefits from another; and this would lay the person obliged under an obligation of gratitude, but it would not make his *benefactor* his *master*; or give him a right to judge for him what grateful returns he ought to make, and to extort these from him.----In a state of nature, also, one man may possess more strength, or more knowledge, or more property than another; and this would give him weight and influence; but it would not give him any degree of authority. There would not be one human being who would be bound to *obey* him.----A person likewise, in a state of nature, might let out his labour, or give up to another, on certain stipulated terms, the direction of his conduct; and this would so far bring him into the station of a *servant*; but being done by himself, and on such terms only as he chuses to consent to, it is an *instance* of his liberty; and he will always have it in his power to quit the service he has chosen, or to enter into another.

THIS equality or independence of men is one of their essential rights. (a) It is the same with that equality or independence which now actually takes place among the different states or kingdoms of the world with respect to one another. Mankind came with this right from the hands of their Maker.----But all governments, which are not free, are totally inconsistent with it. They imply, that there are some of mankind who are born with an inherent right of dominion; and that the rest are born under an obligation to subjection; and that civil government, instead of being founded on any compact, is nothing but the exercise of this right. Some such sentiments seem to be now reviving in this country, and even to be growing fashionable.

Most

(a) See on this subject an excellent Sermon, entituled *The Principles of the REVOLUTION vindicated*. By Dr. Watson, Regius Professor of Divinity, at Cambridge.

Most of the writers against the *Observations on Civil Liberty* argue on the supposition of a right in the *few* to govern the *many* (*a*), independently of their own choice. Some of these writers have gone so far as to assert, in plain language, that civil governors derive their power immediately from the Deity, and are *his* agents or representatives, accountable to him only; and one courtly writer, in particular, has honoured them with the appellation of OUR POLITICAL GODS.--Probably, this is the idea of civil governors entertained by the author of the *Remarks on the Acts of the Thirteenth Parliament of Great-Britain*; for it is not easy to imagine on what other ground he can assert, that *property* and *civil rights* are derived from civil governors, and their *gifts* to mankind (*b*).

If these sentiments are just, civil governors are indeed an awful order of beings; and it becomes us to enquire with anxiety who they are, and how we may distinguish them from the rest of mankind.----Shall we take for such all, whether *men* or *women*, whom we find in actual possession of civil power, whatever may be their characters, or however they may have acquired their power?---This is too extravagant to be asserted. It would legalize the *American Congress*.---There must then be some *pretenders* among civil governors; and it is necessary we should know how to discover them. It is incredible, that the Deity should not have made this easy to us by some particular marks and distinctions, which point out to our notice his *real*
C 2 vice-

(*a*) Some who maintain this doctrine concerning government overthrow their own system, by acknowledging the right of resistance in certain cases. For, if there is such a right, the people must be judges *when* it ought to be exercised; a right to resist only when civil governors *think* there is reason being a gross absurdity and nullity.—The right of resistance, therefore, cannot mean less than a right in the people, whenever they think it necessary, to change their governors, and to limit their power. And from the moment this is done, government becomes the work of the people, and governors become their trustees or agents.

(*b*) It has been commonly reckoned, that it is the end of civil government and civil laws to protect the *property* and *rights* of men; but, according to this writer, civil government and civil laws create *property* and *rights*. It follows therefore, that, antecedently to civil laws, men could have no *property* or *rights*; and that civil governors, being the makers of civil laws, it is a contradiction to suppose that mankind can have any property or rights, which are valid against the claims of their governors. See *Three Letters to Dr. Price*, p. 21, &c. And *Remarks on the principal Acts of the 13th Parliament of Great-Britain*, p. 58, &c. and p. 191.

vicegerents ; just as he has pointed out man, by his figure and superior powers, to be the governor of the lower creatures.---- In particular, these persons must be possessed of wisdom and goodness superior to those of the rest of mankind (*a*) ; for, without this, a grant of the powers they are supposed to possess would be nothing but a grant of power to injure and oppress, without remedy and without bounds. But this is a test by which they cannot be tried. It would leave but few of them in possession of the places they hold, and the rights they claim. It is not in the high ranks of life, or among the great and mighty, that we are to seek wisdom and goodness. These love the shade, and fly from observation. They are to be found chiefly in the middle ranks of life, and among the contemplative and philosophical, who decline public employments, and look down with pity on the scramble for power among mankind, and the restlessness and misery of ambition.----It is proper to add, that it has never been hitherto understood that any superiority in intellectual and moral qualifications lays the foundation of a claim to *dominion*.

It is not then, by their superior endowments, that the Deity intended to point out to us the *few* whom he has destined to command the *many*.---- But in what other manner could they be distinguished ?----Must we embrace Sir Robert Filmer's *Patriarchal* scheme ? One would have thought that Mr. Locke has said more than enough to expose this stupid scheme. One of my opponents, however, has adopted it ; and the necessary inference from it is that, as there is now but one lineal descendant from Adam's eldest son, there can be but one rightful monarch of the world.----But I will not abuse my reader's patience by saying more on this subject. I am sorry that in this country there should be any occasion for taking notice of principles so absurd, and at the same time so pernicious (*b*). I say,

PERNICIOUS ;

(*a*) This has been done in a lower instance. Parents have been furnished with a particular affection for their children, in order to prevent any abuse of their power over them.

(*b*) “ In ages of darkness, and too often also in those of greater
 “ knowledge, by the perfidious arts of designing princes, and by
 “ the base servility of too many ecclesiastics, who managed the su-
 “ persition of the populace, by the violent restraints put upon di-
 “ vulging any juster sentiments about the rights of mankind, the
 “ natural notions of polity were erased out of the minds of men,
 “ and they were filled with some confused imaginations of some-
 “ thing adorable in monarchs, some representation of the Divinity,
 “ and

PERNICIOUS ; for they imply that King *James* the Second was deposed at the Revolution unlawfully and impiously ; that the present King is an usurper ; and that the present government, being derived from rebellion and treason, has no right to our allegiance.

WITHOUT all doubt, it is the choice of the people that makes civil governors.---The people are the spring of all civil power, and they have a right to modify it as they please.

MANKIND being naturally equal, according to the foregoing explanation, civil government, *in its genuine intention*, is an institution for maintaining that equality, by defending it against the encroachments of violence and tyranny. All the subordinations and distinctions in society previous to its establishment, it leaves as it found them, only confirming and protecting them. It makes no man *master* of another. It elevates no person above his fellow-citizens. On the contrary, it levels all, by fixing all in a state of subjection to one common authority.---The authority of the laws.---The will of the community.---TAXES are *given*, not *imposed*. LAWS are regulations of common choice, not injunctions of superior power.---The authority of magistrates is the authority of the State ; and their salaries are wages paid by the State for executing its will and doing its business. *They* do not govern the *State* ; it is the *State* governs *them* ; and had they just ideas of their own stations, they would consider themselves as no less properly *servants* of the Public, than the labourers who work upon its roads, or the soldiers who fight its battles.---A KING, in particular, is only the first executive officer ; the creature of the law ; and as much accountable and subject to the law as the meanest peasant (*a*). And were Kings properly attentive to
their

“ and that even in the worst of them—and of some certain Divine
“ claims in certain families.—No wonder this ! that millions thus
“ look upon themselves as a piece of property to one of their fel-
“ lows, as silly and worthless as the meanest of them ; when the
“ like arts of superstition have made millions, nay the very artifi-
“ cers themselves, fall down before the block or stone they had set
“ up ; or adore monkeys, cats and crocodiles, as the sovereign dis-
“ posers of their fortunes.” See Dr. HUTCHESON’S System of
Moral Philosophy. Vol ii. p. 280.

(*a*) “ Let not, therefore, these *pretended masters* of the people
“ be allowed even to do good against the general consent.—Let it
“ be considered, that the condition of rulers is exactly the same as
“ that

their duty, and as anxious as they should be about performing it, they could not easily avoid sinking under the weight of their charge.

THE account now given is, I am fully persuaded, in every particular, a true account of what civil government *ought* to be; and it teaches us plainly the great importance and excellence of FREE Government.---It is this only that answers the description I have given of government; that secures against oppression; that gives room for that elevation of spirit, and that exertion of the human powers, which is necessary to human improvement; or that is consistent with the ends of government, with the rights of mankind, and their natural equality and independence. *Free Government*, therefore, only, is *just* and *legitimate* government.

It follows farther from the preceding account, that no people can lawfully surrender or cede their liberty. This must appear to any one who will consider, that when a people make such a cession, and the extensive powers of government are trusted to the discretion of any man or body of men, they part with the powers of life and death, and give themselves up a prey to oppression; that they make themselves the instruments of any injustice in which their rulers may choose to employ them, by arming them against neighbouring states; and also, that they do this not only for *themselves*, but for their *posterity*. I will add, that if such a cession has been made, or if, thro' any causes, a people have lost their liberty, they must have a right to emancipate themselves as soon as they can (a). In attempting this, indeed, they ought to consider the sufferings which may attend the struggle, and the evils which may arise from a defeat. But, at the same time, it will be proper to consider, that the sufferings attending such a struggle must be temporary, whereas the evils to be avoided are permanent; and that liberty is a blessing so inestimable, "that whenever
" there

" that of the Cacique, who, being asked whether he had any
" slaves, answered, *Slaves! I know but one slave in all my district,*
" *and that is myself.*" See the Philosophical and Political History
of the Settlements and Trade of the *Europeans* in the *East* and
West Indies. Translated from the French of the Abbe *Raynal*, by
Mr. *Juflamond*. Vol. v. page 414.

(a) See Observations, page 25. "The rights of mankind are so
" sacred, that no prescription of tyranny or arbitrary power can
" have authority enough to abolish them." Mr. *Hume's* Essays,
vol. iii. Essay on the Coalition of Parties.

“ there appears any probability of recovering it, a people
 “ should be willing to run many hazards, and even not to
 “ repine at the greatest expence of blood or treasure.” (a)

I AM very sensible, that civil government, as it actually exists in the world, by no means answers to the account I have given of it.----Instead of being an institution for guarding the weak against the strong, we find it an institution which makes the strong yet stronger, and gives them a systematical power of oppressing. Instead of promoting virtue and restraining vice, encouraging free enquiry, establishing Liberty, and protecting alike all peaceable persons in the enjoyment of their civil and religious rights; we see a savage despotism, under its name, laying waste the earth, unreasonably elevating some and depressing others, discouraging improvement, and trampling upon every human right. That force of states, which ought to be applied only to their own defence, we see continually applied to the purpose of attack, and used to extend dominion by conquering neighbouring communities.----Civil governors consider not themselves as *servants* but as *masters*. Their stations they think they hold in their own right. The people they reckon their property; and their possessions, a common *stock* from which they have a right to take what (b) they will, and of which no more belongs to any individual than they are pleased to *leave* him.

WHAT a miserable perversion is this of a most important institution? What a grievance is government so degenerated?----But this perversion furnishes no just argument against the truth of the account I have given. Similar degeneracies have prevailed in other instances of no less importance.

REASON

(a) “ Mankind have been generally a great deal too tractable; and hence so many wretched forms of power have always enslaved nine tenths of the nations of the world, where they have the fullest right to make all efforts for a change. Dr. Hutcheson’s *Moral Philosophy*. Vol. ii. page 280.

(b) See Remarks on the Acts of the Thirteenth Parliament of *Great-Britain*, p. 34, &c.—“ Is not the same reasoning applicable to taxes paid for the support of civil government? Are not these too the property of the civil magistrate?” Ibid. p. 56.—If I understand this writer, his meaning is, not only that the taxes which the civil magistrate *has* imposed are his property, but also *any* which he shall please to impose.

REASON in man, like the will of the community in the political world, was intended to give law to his whole conduct, and to be the supreme controuling power within him. The passions are subordinate powers, or an *executive force* under the direction of reason, kindly given to be, as it were, wind and tide to the vessel of life in its course through this world to future honour and felicity.-----How different from this is the *actual* state of man? ---Those powers which were destined to *govern* are made to *serve*; and those powers which were destined to *serve* are allowed to *govern*. Passion guides human life; and most men make no other use of their reason than to justify whatever their interest or their inclinations determine them to do.

RELIGION likewise (the perfection of REASON) is, in its true nature, the inspirer of humanity and joy, and the spring of all that can be great and worthy in a character; and were we to see its genuine effects among mankind, we should see nothing but peace and hope, and justice and kindness, founded on that regard to God and to his will, which is the noblest principle of action.---But how different an aspect does religion actually wear? What is it, too generally, in the practice of mankind, but a gloomy and cruel superstition, rendering them severe and sour; teaching them to compound for wickedness by punctuality in religious forms; and prompting them to harass, persecute and exterminate one another.

THE same perversion has taken place still more remarkably in CHRISTIANITY; the perfection of RELIGION.----JESUS CHRIST has established among Christians an absolute equality. He has declared, that they have but *one* master, even himself; and that they are all *brethren*; and, therefore, has commanded them not to be called *masters*; and, instead of assuming authority over one another, to be ready to *wash one another's feet*. (a) The princes of the Gentiles, he says, exercise lordship over them, and are flattered with (b) high titles; but he has ordained, that it shall not be so amongst his followers; and that if any one of them would be *chief*, he must be the *servant* of all.----The clergy in his church are, by his appointment, no more than a body of men, chosen by the different societies of Christians, to conduct their worship, and to promote their spiritual improvement, without any other powers than those of persuasion and instruction. It is expressly directed, that they shall not make themselves Lords of *God's heritage*, or exercise dominion over

(a) Matth. xxiii. 8—12.—John xiii. 14. (b) Luke xxii. 25, &c.

over the faith of Christians, but be *helpers of their joy* (a).--- Who can, without astonishment, compare these appointments of Christianity with the events which have happened in the Christian Church?---That religion, which thus inculcates humility and forbids all domination, and the end of which was to produce *peace on earth, and good will among men*, has been turned into an occasion of animosities the most dreadful, and of ambition the most destructive. Notwithstanding its mildness and benignity, and the tendency it has to extinguish in the human breast pride and malevolence, it has been the means of arming the spirits of men with unrelenting fury against one another. Instead of *peace*, it has brought a *sword*; and its professors, instead of washing one another's feet, have endeavoured to tread on one another's necks.---The ministers, in particular, of Christianity became, soon after its establishment, an independent body of spiritual rulers, nominating one another in perpetual succession; claiming, by divine right, the highest powers; and forming a HIERARCHY, which by degrees produced a despotism more extravagant than any that ever before existed on this earth.

A CONSIDERATE person must find difficulties in enquiring into the causes and reasons of that depravity of human nature which has produced these evils, and rendered the best institutions liable to be so corrupted. This enquiry is much the same with the enquiry into the origin of moral evil, which has in all ages puzzled human wisdom. I have at present nothing to do with it. It is enough for my purpose in these observations that the facts I have mentioned prove undeniably, that the state of civil government in the world affords no reason for concluding that I have not given a just account of its true nature and origin.

I HAVE shewn at the beginning of this section, that it is free government alone that can preserve from oppression, give security to the rights of a people, and answer the ends of government. It is necessary I should here observe, that I would not be understood to mean that there can be no *kind or degree* of security for the rights of a people, under any government which cannot be denominated free. Even under an absolute Monarchy or an Aristocracy there may be laws and customs, which, having gained sacredness by time, may restrain oppression, and afford some important securities.---Under governments by representation there must be still greater checks on oppression,
D provided

(a) 1 Pet. v. 3.---2 Cor. i. 24.

provided the representation, though partial, is uncorrupt, and also frequently changed. In these circumstances, there may be so much of a common interest between the body of representatives and the people, and they may stand so much on one ground, that there will be no temptations to oppression.----The taxes which the representative body impose, they will be obliged themselves to pay; and the laws they make, they will make with the prospect of soon returning to the situation of those for whom they make them, and of being themselves governed by them.

It seems particularly worth notice here, that as far as there are any such checks under any government, they are the consequence of its partaking so far of Liberty, and that the security attending them is more or less in proportion as a government partakes more or less of Liberty. If, under an absolute government, fundamental laws and long established institutions give security in any instances, it is because they are held so sacred that a despot is afraid to violate them; or, in other words, because a people, not being compleatly subdued, have still some controul over the governments.----The like is more evidently true under mixed governments, of which a house of representatives, fairly chosen and freely deliberating and resolving, forms a part; and it is one of the highest recommendations of such governments, that, even when the representation is most imperfect, they have a tendency to give more security than any other governments.----Under other governments, it is the fear of exciting insurrections by contradicting established maxims, that restrains oppression. But as, in general, a people will bear much, and are seldom driven to resistance till grievances become intolerable, their rulers can venture far without danger; and therefore, under such governments, are very imperfectly restrained. On the contrary; if there is an honest representation, vested with powers like to those of our *House of Commons*, the redress of grievances, as soon as they appear, will be always easily attainable, and the rulers of a state will be under a necessity of regarding the first beginnings of discontent.---Such, and greater than can be easily described, are the advantages of even an *imperfect representation* in a government. How great then must be the blessing of a COMPLETE REPRESENTATION?----(a) It is this only gives full security; and that can properly denominate a people free.

17

(a) He who wants to be convinced of the *practicability*, even in this country, of a compleat representation, should read a pamphlet lately published, the title of which is *Take your choice*.

It deserves to be added here, that as there can be no private character so abandoned as to want *all* virtue; so there can be no government so slavish, as to exclude *every* restraint upon oppression.----The most slavish, and therefore the worst governments, are those under which there is nothing to set bounds to oppression, besides the *discretion* and *humanity* of those who govern.----Of this kind are the following governments.

FIRST, All governments *purely* despotic. These may be either monarchical or aristocratical. The latter are the worst, agreeably to a common observation, that it is better to have *one* master than *many*. The appetites of a single despot may be easily satiated; but this may be impossible where there is a multitude.

SECONDLY, All provincial governments.----The history of mankind proves these to be the worst of all governments; and that no oppression is equal to that which one people are capable of practising towards another. I have mentioned some of the reasons of this in the *Observations on Civil Liberty*, Part I. sect. 3. Bodies of men do not feel for one another as individuals do. The *odium* of a cruel action, when shared among many, is not regarded. The master of slaves working on a plantation, though he may keep them down to prevent their becoming strong enough to emancipate themselves, yet is led by *interest*, as well as *humanity*, to govern them with such moderation as to preserve their use: But these causes will produce more of this good effect, when the slaves are under the eye of their proprietor, and form a part of his family, than when they are settled on a distant plantation, where he can know little of them, and is obliged to trust them to the management of rapacious servants.

It is particularly observable here, that *free* governments, though happier in themselves, are more oppressive to their provinces than despotic governments. Or, in other words, that the *subjects* of free (a) states are worse slaves than the subjects of states not free. This is one of the observations which Mr. HUME represents as an universal axiom in politics (b).—

“ Though, says he, free governments have been commonly the most happy for those who partake of their freedom, yet are they the most oppressive and ruinous to their provinces; and

D 2

“ this

(a) “ A free subject of a free state” is a contradiction in terms. See the Proclamation for a fast.

(b) Mr. Hume’s *Essays*. Vol. i. Essay iv. p. 31.

“ this observation may be fixed as an universal axiom in politics. What cruel tyrants were the Romans over the world during the time of their commonwealth?—After the dissolution of the commonwealth the Roman yoke became easier upon the provinces, as *Tacitus* informs us; and it may be observed, that many of the worst Emperors (*Domitian*, for instance) were very careful to prevent all oppression of the provinces.—The oppression and tyranny of the *Carthaginians* over their subject states in *Africa* went so far, as we learn from *Polybius* (Lib. 1. cap. 72.) that not content with exacting the *half* of all the produce of the ground, which of itself was a very high rent, they also loaded them with many other taxes.—If we pass from antient to modern times we shall always find the observation to hold. The provinces of absolute monarchies are always better treated than those of free states.”

THIRDLY, Among the worst sorts of governments I reckon all governments by a corrupt representation.—There is no instance in which the trite observation is more true than in this, “ that the best things when corrupted become the worst.” A corrupt representation is so far from being any *defence* against oppression, that it is a *support* to it. Long established customs, in this case, afford no security, because, under the sanction of such a representation, they may be easily undermined or counteracted; nor is there any injury to a people, which, with the help of such an instrument, may not be committed with safety. It is not, however, every degree of corruption that will destroy the use of a representation, and turn it into an evil so dreadful. In order to this, corruption must pass a certain limit. But *every degree* of it tends to this, saps the foundation of Liberty, and poisons the fountain of Legislation. And when it gets to its last stage, and has proceeded its utmost length; when, in particular, the means by which candidates get themselves chosen are such as admit the *worst*, but exclude the *best* men; a House of Representatives becomes little better than a sink into which is collected all that is most worthless and vile in a kingdom.---- There cannot be a greater calamity than such a government.---- It is impossible there should be a condition more wretched than that of a nation, once free, so degenerated.

CONCLU-

C O N C L U S I O N.

IT is time to dismiss this subject. But I cannot take a final leave of it (and probably of all subjects of this kind) without adding the following reflections on our own state in this kingdom.

It is well known, that MONTESQUIEU has paid the highest compliment to this country, by describing its constitution of government in giving an account of a perfect government; and by drawing the character of its inhabitants, in giving an account of the manners and characters of a free people.—“ All (he says) having, in free states, a share in government, and the laws not being made for some more than others, they consider themselves as *monarchs*, and are more properly *cofederates than fellow-subjects*.—No one citizen being subject to another, each sets a greater value on his Liberty than on the glory of any of his fellow-citizens.—Being independent, they are proud; for the pride of kings is founded on their independence.—They are in a constant ferment, and believe themselves in danger, even in those moments when they are most safe.—They reason; but it is indifferent whether they reason well or ill. It is sufficient that they *do* reason. Hence springs that Liberty which is their security.——This state, however, will lose its Liberty. It will perish, when the *Legislative* power shall become more corrupt than the *executive*.” (a)

SUCH is the account which this great writer gave, many years ago, of the *British* constitution and people. We may learn from it, that we have nothing to fear from that disposition to examine every public measure, to censure ministers of state, and to be restless and clamorous, which has hitherto characterized us.—On the contrary; we shall have every thing to fear, when this disposition is lost. As soon as a people grow secure, and cease to be quick in taking alarms, they are undone. A free constitution of government cannot be preserved without an earnest and unremitting jealousy. Our Constitution, in particular, is so excellent, that it is the properest object of such a jealousy. For my own part, I admire so much the general frame and principles of it, that I could be almost satisfied with that representation of the kingdom, which forms the most important part of it, had I no other objection to this representation

(a) Spirit of Laws. Book xix. ch. 27.

tion than its *inadequateness*. Did it consist of a body of men, fairly elected for a short term by a number of independent persons, of all orders in every part of the kingdom, equal to the number of the present voters; and were it, after being elected, under no undue influence; it would be a security of such importance, that I should be less disposed to complain of the injustice done, by its inadequateness, to the greatest part of the kingdom, by depriving them of one of their natural and unalienable rights. To such a body of representatives we might commit, with confidence, the guardianship of our rights, knowing that, having one interest with the rest of the state, they could not violate them; or that if they ever did, a little time would bring the power of gaining redress without tumult or violence.—Happy the people so blessed.—If wise, they will endeavour, by every possible method, to preserve the purity of their representation; and should it have degenerated, they will lose no time in effecting a reformation of it.—But if, unhappily, infection should have pervaded the whole mass of the state, and there should be no room to hope for any reformation, it will be still some consolation to reflect, that slavery, in all its rigour, will not immediately follow. Between the time in which the securities of Liberty are undermined, and its final subversion, there is commonly a flattering interval during which the *enjoyment* of Liberty may be continued, in consequence of fundamental laws and rooted habits which cannot be at once exterminated. And this interval is longer or shorter, according as the progress of corruption is more or less rapid; and men in power more or less attentive to improve favourable opportunities.—The government of this country, in particular, is so well balanced, and the institutions of our common law are so admirable, and have taken such deep root, that we can bear much decay before our liberties fall.—Fall, however, they must, if our public affairs do not soon take a new turn. That very evil, which, according to the great writer I have quoted, is to produce our ruin, we see working every where and increasing every day.—The following facts, among many others, shew too plainly whither we are tending, and how far we are advanced.

FIRST. It seems to me, that a general indifference is gaining ground fast among us.—This is the necessary effect of increasing luxury and dissipation; but there is another cause of it, which I think of with particular regret.—In consequence of having been often duped by false patriots; and found, that the leaders of opposition, when they get into places, forget all their
their

their former declarations; the nation has been led to a conviction, that all patriotism is imposture, and all opposition to the measures of government nothing but a struggle for power and its emoluments. The honest and independent part of the nation entertain at present most of this conviction; and, therefore, having few public men to whom they can look with confidence, they give up all zeal, and sink into inactivity and dependence.

SECONDLY. At the Revolution, the House of Commons acquired its just weight in the constitution; and, for some years afterwards, it was often giving much trouble to men in power. Of late, it is well known, that means have been tried and a system adopted for quieting it.—I will not say with what success.—But I must say, that the men whose policy this has been have struck at the very heart of public liberty, and are the worst traitors this kingdom ever saw.—“ If ever (says Judge *Blackstone*) it should happen, that the independency of any one of the three branches of our legislature should be lost, or that it should become subservient to the views of either of the other two, there would soon be an end of our constitution. The legislature would be changed from that which was originally set up by the general consent and fundamental act of the society; and such a change, however effected, is, according to Mr. *Locke* (who perhaps carries his theory too far) at once an entire dissolution of the bands of government, and the people are thereby reduced to a state of anarchy, with liberty to constitute to themselves a new legislative power.” (a)

THIRDLY. Soon after the Revolution, bills for triennial parliaments passed both Houses, in opposition to the Court (b). At the Accession, septennial parliaments were established. Since this last period, many attempts have been made, by the friends of the constitution, to restore triennial parliaments; and, formerly, it was not without difficulty that the ministry were able to defeat these attempts. The division in the House of Commons in 1735, on a bill for this purpose, was 247 to 184.—I need not say, that now all such attempts drop of themselves. So much are the sentiments of our representatives changed

(a) Introduction to the Commentaries on the Laws of England, p. 48. See also Book i. ch. 8.

(b) In 1692 King William rejected a bill for triennial Parliaments, after it had passed both Houses. But in a following year he thought proper to give his assent to it.

changed in this instance; that the motion for such a bill, annually made by a worthy member of the House of Commons, can scarcely produce a serious debate, or gain the least attention.—For several years, at the beginning of the last reign, the HOUSE OF COMMONS constantly passed *pension* and *place* bills, which were as constantly rejected by the HOUSE OF LORDS. At present, no one is so romantic as ever to think of introducing any such bills into the House of Commons.

FOURTHLY. Standing armies have in all ages been destructive to the Liberties of the states into which they have been admitted.—MONTESQUIEU (a) observes, that the preservation of Liberty in ENGLAND requires, that it should have no land forces.—Dr. FERGUSON calls the establishment of standing armies “A FATAL REFINEMENT in the present state of civil government.” (b)—Mr. HUME pronounces “our standing army a mortal distemper in the British constitution, of which it must *inevitably* perish.” (c)—Formerly, the nation was apprehensive of this danger; and the *standing army* was a constant subject of warm debate in both Houses of Parliament. The principal reason then assigned for continuing it was, the security of the House of HANOVER against the friends of the *Pretender*. This is a reason which now exists no more, the House of *Hanover* being so well established as not to want any such security.---- The standing army also is now more numerous and formidable than ever; and yet all opposition to it is lost, and it is become in a manner a part of the constitution.

FIFTHLY. For many years after the accession the national debt was thought an evil so alarming, that the reduction of it was recommended every year from the throne to the attention of Parliament as an object of the last importance. The FUND appropriated to this purpose was called the ONLY HOPE of the kingdom; and when the practice of alienating it begun, it was reckoned a kind of sacrilege, and zealously opposed in the House of *Commons*, and protested against in the House of *Lords*. But now, though the debt is almost *tripled*, we sit under it with perfect indifference; and the sacred fund, which repeated laws had ordered to be applied to *no other purpose* than the redemption of it, is always alienated of course, and become a constant

(a) Spirit of Laws. Book xix. ch. 27.

(b) History of Civil Society. Part vi. sect. 5.

(c) Political Discourses. Essay xii. p. 301.

constant part of the current supplies, and much more encouragement to dissipation than a preservative from bankruptcy.

SIXTHLY. Nothing is more the duty of the representatives of a nation than to keep a strict eye over the expenditure of the money granted for public services.---In the reign of King William, the House of Commons passed almost every year bills for appointing commissioners for taking, stating and examining the public accounts; and, particularly, the army and navy debts and contracts. In the reign of Queen Anne such bills became less frequent. But since the accession, only two motions have been made for such bills; one in 1715, and the other in 1741; and both were rejected.

SEVENTHLY. I hope I may add, that there was a time when the kingdom could not have been brought to acquiesce in what was done in the case of the *Middlesex* election. This is a precedent, which, by giving the House of Commons the power of excluding its members at discretion, and of introducing others in their room on a minority of votes, has a tendency to make it a self-created House, and to destroy entirely the right of representation: And a few more such precedents would compleatly overthrow the constitution.

LASTLY. I cannot help mentioning here the addition which has been lately made to the power of the Crown, by throwing into its hands the *East-India Company*. Nothing more unfavourable to the security of public Liberty has been done since the REVOLUTION: And should our statesmen, thus strengthened by the patronage of the EAST, be farther strengthened by the conquest and patronage of the WEST, they will indeed have no small reason for triumph; and there will be little left to protect us against the encroachments and usurpations of power. ROME sunk into slavery, in consequence of enlarging its territories, and becoming the centre of the wealth of conquered provinces, and the seat of universal empire. It seems the appointment of Providence that free states, when, not contented with *self-government*, and prompted by the love of domination, they make themselves masters of other states, shall lose Liberty at the same time that they take it away; and, by subduing, be themselves subdued. Distant and dependent provinces can be governed only by a military force. And a military force which governs abroad, will soon govern at home. The *Romans* were so sensible of this, that they made it treason for any of their Generals to march their armies over the *Rubicon* into *Italy*. CÆSAR, therefore,

therefore, when he came to this river, hesitated ; but he passed it, and enslaved his country.

“ Among the circumstances (says Dr. FERGUSON) which in the event of national prosperity and in the result of commercial arts lead to the establishment of despotism, there is none perhaps that arrives at this termination with so sure an aim as the perpetual enlargement of territory. In every state the freedom of its members depends on the balance and adjustment of its interior parts ; and the existence of any such freedom among mankind depends on the balance of nations. In the progress of conquest, those who are subdued are said to have lost their liberties. But, from the history of mankind, to conquer or to be conquered has appeared in effect the same.” (a)

MANY more facts of this kind might easily be enumerated ; but these are sufficient.—They shew, with sad evidence, how fast we have, for some time, been advancing towards the greatest of all public calamities.

WE may, also, infer from the preceding observations, that there is only one way in which our deliverance is possible ; and that is, by RESTORING OUR GRAND NATIONAL SECURITY. This is the object which our great men in opposition ought to hold forth to the kingdom, and to bind themselves by some decisive tests to do all they can to obtain. That patriotism must be spurious, which does not carry its views principally to this. Without it, nothing is of great importance to the kingdom ; and even an accommodation with *America* would only preserve a limb, and save from present danger, while a gangrene was left to consume the vitals.

BUT, probably, we are gone too far ; and corruption has struck its roots too deep to leave us much room for hope.—Mr. HUME has observed, (b) that as the affairs of this country are not likely to take a turn favourable to the establishment of a perfect plan of Liberty, “ an absolute monarchy is the easiest death, the true EUTHANASIA of the British constitution.”—If this observation is just, our constitution (should no great calamity intervene) is likely, in some future period, to receive a very quiet dissolution.—At present, however, it must be acknowledged,

(a) History of Civil Society. Part iv. sect. 5.

(b) See Mr. Hume's Essays. Vol. i. p. 91.

knowned, that we enjoy a degree of Liberty, civil and religious, which has seldom been paralleled among mankind. We ought to rejoice in this happiness, and to be grateful to that benevolent disposer of all events who blesses us with it. But, at the same time, our hearts must bleed when we reflect, that, the supports of it having given away, it is little more than a *sufferance* which we owe to the temper of the times; the lenity of our governors; and some awe, in which the friends of despotism are still held, by the voice and spirit of the uncorrupted part of the kingdom.—May these causes, if no better securities can be hoped for, long delay our fate.

It must not be forgotten, that all I have now said is meant on the supposition that our affairs will proceed smoothly, till, by a common and natural progress, we have gone the round of other nations once free, and are brought to their end.—But it is possible this may not happen.—Our circumstances are singular; and give us reason to fear, that we have before us a death which will not be easy or common.

P A R T II.

C O N T A I N I N G
 REMARKS on some Particulars in a SPEECH
 at opening the BUDGET in *April* 1776.

S E C T. I.

*Supplemental Observations on the Surplus of the
 Revenue; the Quantity of Coin in the King-
 dom; and Paper-Credit.*

IT is well known that the great minister, who presides over our finances, took occasion, at opening the Budget in April last, to enter into a particular account of the state of the nation. In this account, he represented us as in a condition the most sound and happy; our trade and revenue flourishing; our common people well provided for; our debts and taxes light; our current specie sufficiently ample; our paper-circulation safe; and the BANK, in particular, as little less firm and durable than the world.

THIS account, so encouraging and flattering, was generally understood to be given in designed opposition to another account very different, which had been given in the *Observations on Civil Liberty*.—It cannot, therefore, I hope, be thought too presuming in me to offer the following remarks in my own defence.

I HAVE grounded my opinion of the hazardous state of the kingdom, partly on the smallness of the surplus in the revenue, and the nature and circumstances of our paper-circulation, compared with the quantity of *specie* in the kingdom, and the weight of our debts and taxes.

T H E

THE surplus of the revenue I have made out in two different methods; and by a deduction so minute, that it is, I think, scarcely possible it should be materially wrong. One of these methods brings it out 338,759*l. per ann.* (a): and the other 300,000*l. per ann.* supposing the expence of calling in the gold coin, and the profits of lotteries excluded; the land-tax at three shillings in the pound; and the peace establishment the same that it has been at a medium for eleven years, from 1764 to 1775.

NOTHING more was said in opposition to this, than a general intimation that, had it not been for the war with *America*, the peace-establishment for the navy would have been reduced, and a sufficient surplus gained (including lotteries) to enable parliament to pay off a million every year of the public debt.

I AM very sensible that reductions of the public expences and improvements in the revenue are practicable, which would give such a surplus. But I am afraid they will never take place. Nor can I think it proper, in determining what permanent surplus we possess, to include those pernicious profits of lotteries, by which infinitely more is upon the whole lost than gained; or to form our judgment of the expence of *future* years by any other rule than the medium expence of *past* years.—It would, however, give little consolation were there a certainty that, had peace continued, a MILLION annually of the public debt would have been discharged. This would have made a very slow progress in discharging our debts. A million every year discharged in peace, and eight or ten millions every year added in war, would leave us under the necessity of breaking at last. But hitherto we have not proceeded in a course so favourable. The great person to whom I refer must know, that in 1772 he announced in the *House of Commons* his intention to pay off a *million and a half* every year, and SEVENTEEN MILLIONS in ten years; that yet only 2,800,000*l.* was paid off in the three subsequent years; and that, on account of the increase of the *navy* and *civil-list* debts, there has not been in fact the ability (without the help of lotteries) to pay half that sum.

IN page 74th of the *Observations on Civil Liberty* I have said, “that it has appeared lately, that the gold specie of the kingdom is no more than about TWELVE MILLIONS AND A HALF.”—This assertion has been much controverted; and it is therefore necessary I should give a distinct account of the reasons on which it was grounded.

I HAD

(a) See the conclusion of the Third Part.

I HAD learnt from unquestionable authority, that the quantity of gold coin brought into the mint, by the Acts of Parliament and Proclamations in 1773 and 1774, was about NINE MILLIONS (a); or as much as, when recoined, amounted nearly to that sum.—I find also that it was expected by the best judges, that the proclamation lately issued would bring in about *three* millions. These two sums make up *twelve* millions; and they include the gold coin of *Ireland*. Let this be estimated at a (b) million; and the whole gold coin of *Britain*, to be brought in by all the calls, will be ELEVEN millions; and none will remain, except that part which was deficient less than a grain in a guinea, and remained in the kingdom at the time the coin Act took effect in June 1773. We are here left entirely to conjecture. But it should be remembered, that for many years before 1773, the heavy coin was caught up as soon as issued, and either clipped, or melted down and exported; and that from hence arose such a scarcity of heavy coin, that, in some counties, heavy guineas might be disposed of at a premium.—In such circumstances, an allowance of about a million and a half, for the coin deficient less than a grain in a guinea before the coin Act in 1773, seems to be sufficient; and therefore, it might, I think, with reason be said, that it appeared that the gold coin of the kingdom was about TWELVE MILLIONS AND A HALF.

BUT there is another reason, by which I have been convinced that this is a moderate estimate.

THE quantity of gold coin, deficient between three and six grains in a guinea, was 4,800,000*l.* and this, when recoined, made 4,600,000*l.*—The coin deficient less than three grains could not have been so much, for the following reasons. First, new coin being rougher wears faster than old coin; and therefore does not remain so long in any given degree of deficiency.—Secondly, coin, deficient less than three grains, is subject to several peculiar causes of diminution and destruction.—Clipping and sweating remove part of it to greater degrees of deficiency; and part is destroyed by being melted

(a) This was confirmed by the account of the noble Lord at opening the last Budget.

(b) I have mentioned this sum at random. It is not of great consequence whether it is half a million too little or half a million too much.

melted down and exported; whereas, lighter coin is diminished only by being worn. (a)

THESE reasons seem to prove, that if the gold coin, deficient in June 1773 less than three grains, is estimated at *five millions*; (that is, at a little more than the coin deficient between three and six grains) it will be rated rather too high; and the conclusion will be, that the whole of our gold coin (exclusive of the *Irish*) might possibly be *less*, but could not have been *much more*, than the sum at which I have reckoned it.

SUCH have been the facts and arguments by which my judgment has been determined in this instance.—But it must not be overlooked, that it helps only to ascertain the quantity of *circulating* specie in the kingdom, as distinguished from that which is *hoarded*. When the *Observations on Civil Liberty* were published, I did not apprehend that this part of the coin could be considerable enough to deserve regard. But the contrary has lately appeared. The Proclamation issued last summer, and which it was expected would bring in about three millions, has, I am informed, brought in about *six millions and a half*. This exceeds the sum at which I have been led to state the *whole* gold coin deficient less than three grains; and proves that

(a) The quantity of coin within all equal degrees of deficiency would be equal, were equal quantities issued every year, and were there also no cause which diminished or destroyed it, except the *uniform* operation of time in wearing it. Any cause, therefore, which destroys it more, or diminishes it faster at first than at last, must render the quantity less in the first degrees of deficiency. And the same must be the consequence of a greater proportion issued formerly, in any given time, than of late.—The causes of diminution never probably operated so much on the gold coin as they did for about twelve years before 1773; and this will balance the greater proportion coined during that time. The very reason of the increase of coinage in those years was, a necessity created by the loss of the new coin, and never before felt in an equal degree. The coinage, however, in those years, was not so much more than usual as some may imagine. In ten years before 1770, eight millions and a half were coined; and in twelve years after the *Accession*, the same quantity was coined; and in twenty-seven years after the *Accession*, more was coined than in twenty-seven years before 1770. See *Considerations on Money, Bullion, &c.* p. 2.—The whole quantity of gold coined from the *Accession* to 1770 was near 29 millions, more than one half of which must have been melted and exported, and the greatest part of the remainder must have been precipitated in its progress towards deficiency by being clipped and sweated.

that several millions must have been hoarded (a). Nor, I think, will this appear incredible, when it is recollected, that only gold coin under three grains of deficiency is likely to be hoarded; and also, that distrust of the *Funds* and of Paper-money has a particular tendency to increase the practice of hoarding.

ASSISTED, therefore, by this new light, I would now state the *circulating* gold coin of the kingdom before 1773 nearly as I did before; and call it TWELVE OR THIRTEEN MILLIONS. But the whole gold coin (including the hoarded part) I would reckon at SIXTEEN OR SEVENTEEN MILLIONS (b).

AN account very different from this was given at opening the Budget; the substance of which I will state as faithfully as my memory will enable me; and just as I understood it.

“ FROM the beginning of the year 1772, to the 23d of April
 “ last, 13.200,000*l.* had been coined at the tower; and on
 “ that day there was 600,000*l.* more ready to be coined.—
 “ All this (it was intimated) is now left in the kingdom.
 “ The last Proclamation, it was expected, would bring in three
 “ millions more; which, added to the coin deficient less than
 “ a grain resting in the kingdom at the time of the coin Act
 “ in 1773; and issued before 1772, will make the whole
 “ EIGHTEEN OR NINETEEN MILLIONS (c).”

ON this account I would observe;

FIRST. That if just it proves, that, in 1773, a *third* at least of the *circulating* coin was in the best state possible. For the late calls having shewn that there was then, in *Britain* and *Ireland*, no more than about twelve *millions* deficient *more* than a grain, six millions (that is, a third of eighteen millions) or seven millions (that is, more than a third of nineteen millions) must

(a) When the silver *specie* was recoined in King William's time; it appeared that a great treasure had been hoarded before the *Revolution*, in consequence of the danger of public liberty at that time. See Davenant's Works, Vol. I. p. 439, &c.—In *Russia*, it is reckoned that as much money lies buried under ground as exists above ground.

(b) In these sums is included all the coin which the late Proclamations have brought in from *Holland* and other foreign countries; and which, I think, ought not to be deemed a part of the resting stock of the kingdom.

(c) Or deducting a million for the *Irish* coin, seventeen or eighteen millions.

must have been deficient *less* than a grain (*a*).—It will also follow, (since the quantity brought in by the first call is known to have been 4,900,000*l.*) that but little more than a *fourth* could have been deficient so much as six grains, or a shilling in a guinea.—No person can think this credible, who recollects the distress of traffic, and the complaints of the kingdom before 1773.

SECONDLY. The truth of the account I have stated depends, in a great measure, on the supposition that all the gold coined since the beginning of 1772 is now in the kingdom. I cannot conceive on what grounds this was taken for granted.—From the beginning of 1772 to June 1773, the practice of clipping was more prevalent than it had ever been. During the greatest part of 1772, the price of gold was so much above mint price, that a profit, from 2 to 4 *per cent.* might be got by melting heavy guineas (*b*). And, in February in that year, the price of gold was at 4*l.* 1*s.* 6*d.* per ounce; and 4½ *per cent.* might be got by melting heavy guineas. Instead, therefore, of believing that all the gold coined since the beginning of 1772 remains with us, I think it almost certain, that the greatest part of all coined during the first year and a half of this period has been either clipped or melted into bullion. That part which was clipped has been recoined; and that part which was melted has been either recoined or exported; and, therefore, neither has made any addition to the coin of the kingdom.

THESE observations demonstrate, that the amount of the gold coin at the time of the Coin Act in 1773 must have been near the sum at which I have reckoned it. There may, for aught I know, have been an increase since; but I shall not believe there

F has,

(*a*) This is said on the supposition that the last call would bring in no more than was expected, or about three millions. Its having brought in above double this sum makes little difference. For it proves, that the whole quantity of gold coin must have been (according to Lord North's method of computing) 21 or 22 millions; and the quantity deficient more than a grain about 15 millions; and consequently, six or seven millions (that is, near a *third*) will still remain to be the quantity deficient less than a grain.

(*b*) It has been thought very strange that a piece of metal should bear a higher price, merely because it wants the stamp of the mint. But the reason is, that bullion alone being exportable in any considerable quantity, the price of it must vary as the demand for it varies; or, in other words, as the *balance of payment* between us and the rest of the world is favourable or unfavourable.—This will be explained

has, till I know whether the coin brought in by the last proclamation has been all recoined and issued. But this cannot be expected; for should it be done, FOUR MILLIONS (*a*) more will have been coined and issued than has been brought in.—The truth, therefore, may be, that the coinage, since June 1773, has been carried on only to provide a supply of new coin to be exchanged for old; in which case, the quantity of coin in the kingdom, even according to this method of computing it, will come out nearly the same with that which I have given.

AFTER all, let the *specie* of the kingdom, including the silver, be allowed to be as considerable as some have asserted; or about four millions more than I have reckoned it; the difference arising from hence will not be of particular consequence; and it will be still true, that notwithstanding all our increase of trade and apparent opulence, the *specie* of the kingdom (*b*) is not much more than it was at the *Revolution*.—What then is all the rest of our circulating cash? What is it keeps up rents; feeds our luxury; pays our taxes; supplies the revenue; and supports government?—Paper, chiefly, emitted, not only at the Bank, but by tradesmen, merchants, and bankers in every corner of the kingdom.—And is this a solid and permanent support? (*c*) Is there, in the annals of the world, another instance

explained at the beginning of the Third Part, where it will appear, that, in consequence of the increase of luxury and the national debt, this balance has been generally against us ever since the end of the last war.

(*a*) The coin brought in last Summer, added to near 14 millions coined from the beginning of 1772 to the time of the last call, amounts to about 20 millions and a half; but only 16 millions and a half have been brought in, including the coin from *Ireland* and foreign countries.

(*b*) OR EIGHTEEN MILLIONS AND A HALF. See Dr. DAVENANT'S Works, Vol. i. p. 363, &c. 443, &c. A great part of this *specie* was carried out of the nation in King WILLIAM'S wars; and the consequence was, that the taxes became unproductive; and that Government fell under great difficulties, from which it was afterwards relieved by the establishment of the *Bank* and the increase of trade. See the beginning of the Third Part.

(*c*) The paper currency of the Colonies is one of the greatest disadvantages under which they labour; but it is of a more safe and permanent nature than ours. Were it not so, it could not have been of the least use to them for the last year and a half. He who doubts this, need only consider what our paper would be worth were we now invaded as they are.

This

stance of a great kingdom so supported?—The causes are numberless which may suddenly destroy it; and were this to happen, we should fall at once, with a debt of 140 millions upon us, to the state we were in before the REVOLUTION.—Imagination cannot paint to itself the shock this would give.—I

F 2

must

This difference depends chiefly on the following circumstances.—Their paper is not payable on demand.—It is a legal tender.—It represents fixed property which is mortgaged for it.—It does not support such a monstrous debt as ours.—And when public emergencies require any extraordinary emissions, they are generally sunk by taxes in four or five years.—It is the first of these circumstances that gives our paper its currency; and it is also this circumstance that creates the danger attending it, by rendering it incapable of sustaining any great shock or panic.—The possession of securities equal in nominal value to the amount of the paper emitted, or the debts contracted, is of little consequence, when the value of these securities depends on the paper, and is created by it; that is, in other words, when the debts themselves are the very cash which must pay the debts.—Nothing can be more unnatural than such a state of things; and it may hereafter be a curious object of enquiry, how it could be ever possible that it should subsist any long time.

In page 78 of the *Observations on Civil Liberty*, I have said “that the kingdom of FRANCE has no such dependence as we have on paper-credit; and that its specie amounts to 67 millions sterling.” In mentioning this sum I took the lowest of different accounts which I had then received from different authorities, I have since received accounts which make it 87 millions and a half; or 2000 millions of *livres*. This, in particular, is the account of an author whom all know to be likely to be well informed on this subject; I mean the author of the *Treatise on the Legislation and Commerce of Corn*, Part I. chap. v.—In the same treatise it is said, (Part I. chap. viii.) that it appears, from the returns made by the intendants of the different Provinces, that the number of *annual* deaths in the whole kingdom of France, for three years ended in 1772, was 780,040. I have been informed by the ingenious author, that this account may be depended on; and if so, *France* must contain 26 millions of inhabitants; for the best observations prove, that no more than a thirty-third part of a whole kingdom dies annually. See *Observations on Reversionary Payments*, page 200.—In *Sweden*, though a nineteenth part die in the capital every year, only a thirty-fifth part die in the whole kingdom. See *Philosophical Transactions*, Vol. lxx. for 1775, p. 426. The particulars now mentioned, added to the nature of the debts of FRANCE as mentioned in page 78 of the *Observations on Civil Liberty*, form a striking contrast between the state of that kingdom and ours. Nothing gives us our superiority but the advantages we derive from our RELIGION and our LIBERTY. Even in these respects, however, they seem to be improving, while we are declining. *Montesquieu*, *Abbe Raynal*, and others of their most admired writers, inculcate principles of government, and breathe a spirit of Liberty, which, to the shame of this country, are become offensive in it.

must repeat here what I have said in the *Observations on Civil Liberty*, page 73, &c. that we should think of nothing but guarding ourselves against the danger of such a situation, by restricting our paper currency, and gradually discharging our public debts.—In giving this admonition, I look upon myself as doing my country one of the best offices in my power; and acting in the character of one who calls to another to awake who is sleeping over a precipice.—But I know I call in vain.—The great minister who directs our finances has assured us all is well; and, under this persuasion, we are advancing, with un suspicious and careless speed, to the catastrophe I have pointed out; and pursuing measures which must increase the difficulty of avoiding it, and the distress attending it.

AMONG these measures I have mentioned the present new coinage.—Before this coinage, I have observed, the light money always remained, because nothing could be got by melting and exporting it. But now, as soon as gold rises to the price it bore for many years before 1773, the melters and exporters of coin will be saved the trouble of selection; and every piece on which they can lay their hands will be proper for their purpose.—It seems, therefore, obvious, that, in consequence of this measure, all our coin may be carried away, and the whole superstructure of paper supported by it break down, before we are aware of any danger.

I WILL take this opportunity to add, that this measure will at the same time increase our paper. This has been the consequence of the two former calls; but it will probably be more the consequence of the last call. For, as no coin is now to be current which is more than a grain deficient; and as also a great deal of it is already at or near that limit; the vexation attending it will be so intolerable, that it will be generally cried down, and paper substituted in its room.—Certain it is, that nothing can prevent this evil but another evil; I mean, the deficient coin forcing itself again into circulation, and furnishing clippers with more employment than ever; and, consequently, a return, with increased violence, of the confusion and distress which took place before the Coin Act in 1773.—This, indeed, will be much the least of the two evils; nor, in my opinion, are there any methods of preventing the diminution of the coin, which will not produce greater evils, except such alterations in its form (a) as shall render clipping less practicable,

(a) See the proposals and observations in a pamphlet lately published by Lord Viscount MAHON on this subject.

practicable, joined to the execution of severe laws against clip-pers, and a strict vigilance in detecting them.

UPON the whole. It seems to me, that enough had been done by the first coin act to restore the gold coin; and that all which has been done since, at the expence of about 650,000l. has been nothing but a preparation of the coin for melters and exporters, to the dreadful hazard of the kingdom.-----These are my present views of this subject. But I must say, that I suspect my own judgment in this instance. The noble Lord, who is furnished with infinitely more of the means of information than I am, intimated, if I remember rightly, that there is no such danger; And though I did not understand the reason he assigned for this assertion, I must believe, that, in a matter so particularly interesting to the kingdom, he has gone upon the best evidence.

S E C T. II.

Of the State of the Nation; and the War with America.

AT the beginning of the preceding section, I have taken notice of the flattering account which was given at opening the Budget in April last, of the state of the kingdom with respect to its commerce, revenue and opulence. On that account I shall beg leave to offer the following reflections,

FIRST. The observations in the last section prove, I think, that it is not so well supported by facts, as there is reason to wish. I am sensible, indeed, that we never made a more gay and splendid appearance. But no considerate person will draw much encouragement from hence. That pride and security; that luxury, venality and dissipation, which give us this appearance, are melancholy symptoms; and have hitherto been the forerunners of distress and calamity.

SECONDLY. When this account was given there was a particular end to be answered by it. Additional taxes were to be imposed; and it was necessary to reconcile the public to the prospect of a great increase of its burthens, in order to carry on the war with *America*.—On other occasions, different accounts had been given. In order to prove the justice of taxing the *Americans*, the weight of our own taxes had been often in-
fisted

fitted upon ; and the difficulty of raising a sufficient force among ourselves to reduce them had been urged, as a reason for seeking and employing, at a great expence, the assistance of foreign powers. On such occasions, I have heard our unhappy and embarrassed situation mentioned ; and, at the end of the last session of Parliament, one of our greatest men, whose opinion in favour of coercion had contributed to bring us into our present situation, acknowledged the distress attending it, and represented the vessel of the state as having never before rode in so dangerous a storm.—This is, without doubt, the Truth. But if the account on which I am remarking was just, we were then safe and happy ; nor was the vessel of the state ever wafted by more gentle and prosperous gales.

BUT the reflection, which, on this occasion, has given me most pain is the following.

IF, without *America*, we can be in a state so flourishing, a war to reduce *America* must be totally inexcusable. I wish I could engage attention to this. War is a dreadful evil ; and those who involve a people in it, *needlessly*, will find they have much to answer for. Nothing can ever justify it, but the necessity of it to secure some *essential* interest against unjust attacks. But, it seems, there is no interest to be secured by the present war. The revenue has never flourished so much, as since *America* has been rendered hostile to us ; and it is now reckoned by many a decided point, that little depends on the *American* trade. It follows then, that if the end of the present war is to “ obtain a revenue,” it is a revenue we do not want ; if “ to maintain authority,” it is an authority of no use to us. —Must not humanity shudder at such a war ? —Why not let *America* alone, if we can subsist without it ? —Why carry fire and sword into a happy country to do ourselves no good ?

SOME of the very persons who depreciate the value of the colonies, as a support to our revenue and finances, yet say, that we are now under a necessity of reducing them or perishing. I wish such persons would give an account of the causes, which, according to their ideas, create this dreadful necessity. Is it the same that led *Haman* of old to reckon all his honours and treasures nothing to him, while *Mordecai* the Jew would not bow to him ? —Or, are we become so luxurious, that luxury even in the revenue is become necessary to us ; and so depraved, that, like many individuals in private life, having
lost

lost *self*-dominion, we cannot subsist without dominion over others?

It must not be forgotten, that I speak here on the supposition that it is possible for this country to be as safe and prosperous without *America* as some have asserted, and as was implied in what was said at opening the last Budget.—This is far from being my own opinion.—Some time or other we shall, in all probability, feel severely, in our commerce and finances, the loss of the colonies. As a source of revenue, they are, I think, of great importance to us; but they are still more important as supports to our navy, and an aid to us in our wars. It appears now, that there is a force among them, so formidable and so growing, that, with its assistance, any of the great *European* powers may soon make themselves masters of all the *West-Indies* and *North-America*; and nothing ought to be more alarming to us than that our natural enemies see this, and are influenced by it.—With the colonies united to us, we might be the greatest and happiest nation that ever existed. But with the colonies separated from us, and in alliance with *France* and *Spain*, we are no more a people.—They appear, therefore, to be indeed worth any price.—Our existence depends on keeping them.—But how are they to be kept?—Most certainly, not by forcing them to unconditional submission at the expence of many millions of money and rivers of blood. The resolution to attempt this is a melancholy instance of that infatuation, which sometimes influences the councils of kingdoms. It is attempting to keep them by a method, which, if it succeeds, will destroy their use, and make them not worth the having; and which, if it does *not* succeed, will throw them into the scale of rival powers, kindle a general war, and undo the empire.

THE extension of our territories in *America*, during the last war, increased the expence of our *peace*-establishment from 2,400,000*l.* *per ann.* to four millions *per ann.*—Almost all the provinces in *America*, which used to be ours, are now to be conquered. Let the expence of this be stated at 25 or 30 millions; or, at a capital bearing a million *per annum* interest.—*America* recovered by the sword must be kept by the sword, and forts and garrisons must be maintained in every province to awe the wretched inhabitants, and to hold them in subjection. This will create another addition of expence; and both together cannot, I suppose, be stated at less than two millions *per annum.*—But how is such an increase of revenue

venue to be procured?—The colonies, desolated and impoverished, will yield no revenue.—The surplusses of the sinking fund have, for many years, formed a necessary part of the current and ordinary supplies.—It must, therefore, be drawn from *new* taxes.—But can the kingdom bear such an increase of taxes? Or, if it can, where shall we find a surplus for discharging an enormous debt of above 160 millions? And what will be our condition, when the next foreign war shall add two millions *per annum* more to our expences?—Indeed this is a frightful prospect. But it will be rendered infinitely more frightful, by carrying our views to that increase of the power of the Crown which will arise from the increase of the army, from the disposal of new places without number, and the patronage of the whole continent of *North-America*.

THESE consequences have been stated moderately, on the supposition that we shall succeed in subduing *America*; and that, while we are doing it, our natural enemies will neglect the opportunity offered them, and continue to satisfy themselves with assisting *America indirectly*.—But should the contrary happen.—I need not say what will follow.

SOME time ago this horrid danger might have been avoided, and the colonies kept by the easiest means.—By a prudent lenity and moderation.—By receiving their petitions.—By giving up the right we claim to dispose of their property, and to alter their governments.—By guarantying to them, in these respects, a legislative independence; (a) and establishing

(a) “ There is something (says a great writer) so unnatural in supposing a large society, sufficient for all the good purposes of an independent political union, remaining subject to the direction and government of a distant body of men who know not sufficiently the circumstances and exigencies of this society; or, in supposing this society obliged to be governed solely for the benefit of a distant country; that it is not easy to imagine there can be any foundation for it in justice or equity. The insisting on *old claims* and *tacit conventions*, to extend civil power over distant nations, and form grand unwieldy empires, without regard to the obvious maxims of humanity, has been one great source of human misery.” *System of Moral Philosophy*, by Dr. HUTCHESON, Vol. ii. p. 309. In the section from whence this quotation is taken, Dr. HUTCHESON discusses the question, “ When colonies have a right to be released from the dominion of the parent state?” And his general sentiment seems to be, that they acquire such a right, “ whenever they are so increased in numbers and strength, as to be sufficient by themselves for all the good ends of a political union.”—Such a decision given by a wise man, long before we had any disputes with the colonies, deserves, I think, particular notice.

ing them in the possession of equal liberty with ourselves. — This a great and magnanimous nation should have done. This, since the commencement of hostilities, would have brought them back to their former habits of respect and subordination; and might have bound them to us for ever.

MONTESQUIEU has observed, that ENGLAND, in planting colonies, should have *commerce*, not *dominion*, in view; the increase of dominion being incompatible with the security of public liberty. — Every advantage that could arise from commerce they have offered us without reserve; and their language to us has been — “ Restrict us, as much as you please, in acquiring property by regulating our trade for your advantage; but claim not the disposal of that property after it has been acquired. — Be satisfied with the authority you exercised over us before the present reign. — PLACE US WHERE WE WERE IN 1763.” — On these terms they have repeatedly sued for a reconciliation. In return, we have denounced them *Rebels*; and with our fleets in their ports, and our bayonets at their breasts, have left them no other alternative than to acknowledge our supremacy, and give up rights they think most sacred; or stand on the defensive, and appeal to heaven. — They have chosen the latter.

In this situation, if our feelings for *others* do not make us tremble, our feelings for *ourselves* soon may. — Should we suffer the consequences I have intimated, our pride will be humbled. — We shall admire the plans of moderation and equity which, without bloodshed or danger, would have kept *America*. — We shall wish for the happiness of former times; and remember, with anguish, the measures which many of us lately offered their lives and fortunes to support.

I MUST not conclude these observations, without taking particular notice of a charge against the colonies, which has been much insisted on. — “ They have, it is said, always had independence in view; and it is this, chiefly, that has produced their present resistance.” — It is scarcely possible there should be a more unreasonable charge. Without all doubt, our connection with them might have been preserved for ages to come (perhaps *for ever*) by wise and liberal treatment. Let any one read a pamphlet, published in 1761, by Dr. *Franklin*, and intitled *The interest of Great-Britain with respect to her Colonies*; and let him deny this if he can. — Before the present quarrel, there prevailed among them the purest affection for
G
this

this country, and the warmest attachment to the House of HANNOVER. And since the present quarrel begun, and not longer ago than the beginning of last winter, independency was generally dreaded among them. There is the fullest evidence for this; and all who are best acquainted with *America*, must know it to be true. As a specimen of this evidence, and of the temper of *America* till the period I have mentioned, I will just recite the following facts.

IN the resolutions of the *Assembly*, which met at *Philadelphia* July 15, 1774, after making the strongest professions of affection to *Britain*, and duty to their sovereign, they declare their abhorrence of every idea of an unconstitutional independence on the parent state.——An assembly of delegates from all the towns of the county of *Suffolk* (of which *Boston* is the capital) delivered in September 1774, to General Gage, a remonstrance against fortifying *Boston-neck*. In this remonstrance, they totally disclaim every wish of independence.——The same is done in the instructions given by the several colonies to the first deputies chosen for a general Congress.——In the petition of the first Congress to the King, they declare they shall always, carefully and zealously endeavour to support and maintain their connexion with *Great-Britain*. In the memorial of the same Congress to the people of this country, they repeat this assurance.——In the order of the *Congress*, which met in May 1775, for a general fast, they call upon all *America* to unite in beseeching the Almighty to avert the judgments with which they were threatened, and to bless their rightful Sovereign, that so a reconciliation might be brought about with the parent state.——And in their declaration setting forth the causes of their taking arms, they warn us, “ that, should they find it necessary, foreign assistance was undoubtedly attainable;” but at the same time declare, “ that they did not mean to dissolve the union which had so long and so happily subsisted between them and this country; that necessity had not yet driven them to that desperate measure, or induced them to excite any other nation to war against us; and that they had not raised armies with ambitious designs of forming independent states, but solely for the protection of their property against violence, and the defence of that freedom which was their birth-right.”——In the instructions delivered Nov. 9, 1775, by a committee of the representatives of the province of *Pennsylvania*, to their delegates in the third general congress; they enjoin them, in behalf of the province, “ utterly to reject any
“ propo-

“ propositions, should such be made, that might lead to a separation from the mother country.”

WHAT reason can there be for thinking the colonies not sincere in all these declarations?—In truth, it was not possible they should be otherwise than sincere; for so little did they think of war, at the time when most of these declarations were made, that they were totally unprepared for it; And, even when hostilities were begun at LEXINGTON, in April 1775, they were so destitute of every instrument of defence, particularly ammunition, that *half* the force which is now invading them, would have been sufficient to conquer them at once.

I WILL beg leave to add, on this occasion, the following extracts from letters, written by some leading persons at NEW-YORK, the genuineness of which may be depended on.

New-York, August 3d. 1775.—“ I am sensible of the
 “ many artifices and falsehoods which have been used to bias
 “ the minds of your countrymen, who believe evil reports of
 “ us; and, particularly, that we are aiming at independence.
 “ —Of this be assured, that even HANCOCK and ADAMS
 “ are averse to independence. There was a lie current last
 “ week, that the congress had finally agreed upon independ-
 “ ence to take place the 10th of March next, should not
 “ our grievances be redressed before that time. I wrote to one
 “ of our delegates, to enquire whether this report was true. In
 “ his answer he declares, upon his honour, that he believed
 “ there was not one man in the Congress who would dare to
 “ make a motion tending to independence; or, that if any
 “ one did, two could not be found to support the motion.—
 “ None but those who are on the spot can conceive what a
 “ spirit is gone forth among all ranks and degrees of men.—
 “ We deserve to be free. It is a heavy sacrifice we are making.
 “ Trade is at an end. We expect our city to be knocked
 “ about our ears. But I declare solemnly, I will submit to
 “ all, and die in a log-house in the wiles of America, and be
 “ free; rather than flourish in servitude.”—In a subsequent
 letter, dated NEW-YORK, Jan. 3d. 1776, the same person
 writes as follows:—“ It is in the power of the ministry to
 “ annihilate all our disputes, by restoring us to the situation
 “ we were in at the conclusion of the last war. If this is
 “ done, we shall immediately return to our allegiance. But
 “ if not, be assured, that an awful scene will be opened in
 G 2 “ the

“ the spring. Let me repeat a caution to you; believe not
 “ the insinuations of our enemies, who would make you all
 “ believe that *independence* is what *America* aims at. It is an
 “ infidious falshood. Madmen will be found in all large so-
 “ cieties. It would be singular, were there none such to be
 “ found in a body of three millions of people and upwards.
 “ But they are like a grain of sand on the sea shore.”

ANOTHER person writes thus.—NEW-YORK, Nov. 2d.
 1775. “ We love and honour our King. He has no
 “ subjects in all his dominions more attached to his person,
 “ family and government, notwithstanding the epithet of re-
 “ bels bestowed upon us. No charge is more unjust than
 “ the charge that we desire an independence on *Great-Britain*.
 “ Ninety-nine in a hundred of the inhabitants of this country
 “ deprecate this as the heaviest of evils. But if administra-
 “ tion will persist in their present measures, this will and must
 “ inevitably be the event; for submit to the present claims of
 “ the British Parliament, while unrepresented in it, you may
 “ be assured they never will. And what deserves notice is,
 “ that all the violence of *Britain* only unites the *Americans*
 “ still more firmly together, and renders them more deter-
 “ mined to be free or die. This spirit is unconquerable by
 “ violence; but they may be easily won by kindness.—Seri-
 “ ous people of all denominations among us, episcopal and
 “ non-episcopal, are much employed in prayer to God for the
 “ success of the present struggles of *America*. They consider
 “ their cause as the cause of God; and as such, they humbly
 “ commit it to him, confident of success in the end, whatever
 “ blood or treasure it may cost them.”

SINCE these letters were written, the sentiments of *America*,
 with respect to *independence*, have been much altered. But it
 should be remembered, that this alteration has been owing
 entirely to OURSELVES; I mean, to the measures of the last
 winter and summer, and particularly the following.

FIRST. THE rejection of the petition from the Congress,
 brought over by Governor PENN. In this petition they pro-
 fessed, in strong language, that they still retained their loyalty
 to the King and attachment to this country; and only prayed,
 “ that they might be directed to some mode by which the
 “ united applications of the Colonies might be improved into
 “ a happy reconciliation; and that, in the mean time, some
 “ measures might be taken for preventing their farther destruc-
 “ tion,

“tion, and for repealing such statutes as more immediately distressed them.”—The Colonies had often petitioned before without being heard. They had, therefore, little hope from this application; and meant that, if rejected, it should be their last.

SECONDLY. THE last prohibitory bill, by which our protection of them was withdrawn; their ships and effects confiscated; and open war declared against them.

THIRDLY. EMPLOYING *foreign* troops to subdue them. This produced a greater effect in *America* than is commonly imagined. And it is remarkable, that even the writers in *America* who answered the pamphlet intitled COMMON SENSE, acknowledge, that should the *British* ministry have recourse to foreign aid, it might become (a) proper to follow their example, and to embrace the necessity of resolving upon *independence*.

I HAVE, further, reason to believe, that the answer to the last petition of the City of London, presented in March 1776, (b) had no small share in producing the same effect.

By these measures, and others of the same kind, those Colonists who had all along most dreaded and abhorred independence, were at last reconciled to it.—I can, however, say from particular information, that even so lately as the month of June last, an accommodation might have been obtained with the Colonies, on a reasonable and moderate plan; without giving up any one of the rights claimed by this country, except that of altering their charters and disposing of their property.—And, as it would have restored peace and prevented the desolating calamities into which *America* and *Britain* are now plunged, no friend to humanity can avoid regretting that such a plan, when offered, was not adopted. But our rulers preferred coercion and conquest: And the consequence has been, that the Colonies, after being goaded and irritated to the utmost, resolved to disengage themselves, and directed the CONGRESS to declare them independent States; which was accordingly done, as is well-known,

(a) See COMMON SENSE, and PLAIN TRUTH, p. 44. Published for Mr. Almon.

(b) The Colonies, I am assured, were not perfectly unanimous till they saw this answer.

known, on the 4th of July last. Since that time, they have, probably, been making applications to foreign powers; and it is to be feared, that *now* we may in vain offer them the very terms for which they once sued.—All this is the necessary consequence of the principles by which human nature is governed.—There was a time when, perhaps, we should ourselves have acted with more violence; and, instead of remonstrating and praying, as *America* has done, have refused the most advantageous terms when offered with defiance, and under an awe from a military force. Had King WILLIAM, instead of coming over by invitation to deliver us, invaded us; and, at the head of an army, offered us the BILL OF RIGHTS; we should perhaps have spurned at it; and considered LIBERTY itself as no better than SLAVERY, when enjoyed as a boon from an insolent conqueror.—But we have all along acted as if we thought the people of *America* did not possess the feelings and passions of *men*, much less of *Englishmen*.—It is indeed strange our ministers did not long ago see, that they had mistaken the proper method of treating the Colonies; and that though they might be gradually *influenced* to any thing, they could be dragooned to nothing.—Had King *James the Second* avoided violence; and been a little more patient and secret in pursuing his views, he might have gained all he wished for. But an eager haste and an open avowal of the odious claims of prerogative ruined him.—This has been since considered; and a plan both here and in *Ireland*, (a) less *expeditious* indeed, but more *sure*, has been pursued. And had the same plan been pursued in *America*, the whole empire might in time have been brought, without a struggle, to rest itself quietly in the lap of corruption and slavery. It may, therefore, in the issue prove happy to the Colonies, that they have not been thought worthy of any such cautious treatment. Our coercive measures have done all for them that their warmest patriots could have desired. They have united them among themselves, and bound them together under one government. They have checked them in the career of vicious luxury; guarded them against any farther infection from hence; taught them to seek all their resources within themselves; instructed them in the use of arms; and led

(a) I am sorry to differ from those respectable persons who have proposed placing *America* on the same ground with *Ireland*. If the same ground of LAW is meant, it is already done; for our laws give us the same power over *Ireland*, that we claim over *America*. If the same ground of PRACTICE is meant; it has been most unfortunate for *Ireland*, and would be equally so for *America*.

led them to form a naval and military power which may, perhaps, in time, become superior to any force that can attack them, and prove the means of preserving from invasion and violence, a government of justice and virtue, to which the oppressed in every quarter of the globe may fly, and find peace, protection, and liberty.—In short. These measures have, in all probability, hastened that disruption of the *new* from the *old* world, which will begin a new *æra* in the annals of mankind; (a) and produce a revolution more important, perhaps, than any that has happened in human affairs.—As a friend, therefore, to the general interest of mankind, I ought, probably, to rejoice in these measures; and to bless that all-governing Providence, which, often, out of the evil intended by wretched mortals, brings the greatest good,—But when I consider the *present* sufferings which these measures must occasion, and the *catastrophe* with which they threaten GREAT-BRITAIN; I am shocked; and feel myself incapable of looking forward, without distress, to the fate of an empire, once united and happy, but now torn to pieces, and falling a sacrifice to despotic violence and blindness. Under the impression of these sentiments, and dreading the awful *crisis* before us, I cannot help, however impotent my voice, crying out to this country —“ Make no longer war against *yourselves*. Withdraw
 “ your armies from your Colonies. Offer your power to them
 “ as a *protecting*, not a *destroying* power. Grant the security
 “ they desire to their property and charters; and renounce
 “ those notions of dignity, which lead you to prefer the ex-
 “ actions of force to the offerings of gratitude, and to hazard
 “ *every thing* to gain *nothing*.—By such wisdom and equity
 “ *America* may, perhaps, be still preserved; and that dreadful
 “ breach

(a) See the Abbe RAYNAL's Reflections on this subject, at the end of the 18th book of his *History of the European Settlements in the East and West-Indies*.—“ Is it not likely, says this writer, that
 “ the distrust and hatred which have of late taken place of that
 “ regard and attachment which the *English* Colonies felt for the pa-
 “ rent country, may hasten their separation from one another?
 “ Every thing conspires to produce this great disruption; the *æra*
 “ of which it is impossible to know.—Every thing tends to this
 “ point: The progress of good in the new hemisphere, and the pro-
 “ gress of evil in the old.—In proportion as our people are weaken-
 “ ed, and resign themselves to each other's dominion, population
 “ and agriculture will flourish in *America*; and the arts make a ra-
 “ pid progress: And that country rising out of nothing, will be fired
 “ with the ambition of appearing with glory in its turn on the face
 “ of the globe.—O posterity! ye, peradventure, will be more happy
 “ than your unfortunate and contemptible ancestors.”—Mr. *Jus-
 mond's* Translation.

“breach healed, which your enemies are viewing with triumph, and all *Europe* with astonishment.”

BUT what am I doing?—At the moment I am writing this, the possibility of a reconciliation may be lost.—*America* may have formed an alliance with FRANCE—And the die may be cast.

S E C T. III.

Of Schemes for raising Money by Public Loans.

THE following observations were occasioned by the scheme for the public loan of last year, proposed to the *House of Commons* at the opening the *Budget*, and afterwards agreed to. I have thought proper, therefore, to introduce these observations here; and, as they appear to me of some importance, I shall endeavour to explain them with as much care and perspicuity as possible.

IN order to raise *two millions*, the Legislature created last year a new capital in the *3 per cent.* consolidated annuities, of 2,150,000*l.* Every share of 77*l.* 10*s.* in this new capital was valued at 65*l.* 17*s.* 6*d.* or every 100*l.* *stock* at 85*l.* For the whole new capital, therefore, Government has received in money, 1,827,500*l.*—The remaining sum, necessary to make up *two millions*, was a compensation advanced to Government for relinquishing the profits of a Lottery, consisting of 60,000 tickets, each of the same value with 10*l.* *three per cent. stock*; and might have been obtained, without annexing the Lottery to the annuities.—This new capital the public may be obliged to redeem at *par*; in which case, 322,500*l.* (being the difference between 1,827,500 and 2,150,000*l.*) that is $17\frac{1}{2}$ *per cent.* will be paid by the public more than it has received.—In this transaction, therefore, Government has acted as a private person would act; who, in order to raise 85*l.* on a mortgage, should promise for it 30*l.* *per ann.* (or $3\frac{1}{2}$ *per cent.* interest) and 150*l.* (that is $17\frac{1}{2}$ *per cent.* nearly) over and above the principal, when the mortgage came to be discharged.—Such a *premium* (should the mortgage be discharged soon) would be very extravagant; but, if *never* to be discharged, would be insignificant: Nor would it be possible to account for such a bargain, except by supposing, that the
borrower,

borrower, instead of meaning to repay the sum he borrowed, chose to continue *always* paying interest for it, or returning 30*l.* annually for 850*l.* once advanced; and to subject his estate, for that purpose, to an eternal incumbrance.

THE public, I have said, may be obliged to discharge the new capital, lately created, at *par*; and, consequently, so suffer a loss by this year's loan of 322,500*l.* This will, undoubtedly, happen, should the nation prosper, and the public debts be put into a regular and fixed course of redemption; for the *three per cents* would then soon rise to *par*.

THE extravagance I have pointed out is the more to be regretted, because it was entirely needless; for the same sum might as well have been borrowed by schemes, which would not have subjected the public to the necessity of paying, when the loan came to be discharged, more money than had been received.—For instance. The sum advanced for the new capital of 2,150,000*l.* *three per cent.* annuities, might have been procured by offering $3\frac{1}{2}$ *per cent.* on a capital equal to the sum advanced; or on 1,827,500*l.* And the remainder, necessary to make up *two millions*, might have been obtained by the profits of a Lottery, consisting of 60,000 tickets each worth 10*l.* in MONEY. This scheme would have differed but little in value from the other; and the interest, or the annuity payable by the public, would have been 63,962*l.* at $3\frac{1}{2}$ *per cent.* on a capital of 1,827,500; (a) instead of 64,500*l.* at 3 *per cent.* on a capital of 2,150,000*l.*

WHEN a 100*l.* *stock* in the 3 *per cent.* annuities is sold at $85\frac{3}{4}$, purchasers get $3\frac{1}{2}$ *per cent.* interest for their money. When, therefore, the 3 *per cents* are at this price, $3\frac{1}{2}$ *per cents* would be at *par*; and a capital of 1,827,500*l.* might be redeemed by the public (without losing any advantage arising from its debts being at a discount) by paying this sum; or by returning the money borrowed (b). But in the same circumstances,

(a) Had this interest been insufficient, it might have been increased a 16th or even an 8th *per cent.* without any material difference; or, (which would have been better) $3\frac{1}{2}$ *per cent.* might have been offered for *four fifths* of the sum borrowed, and 4 *per cent.* for the remainder; in which case, the annuity payable by the public would have been 65,790*l.*

(b) It should be remembered here, that tho' Government, when its debts are at a discount, may be able, with the consent of the creditors,

stances, a capital of 2,150,000*l.* in the 3 *per cent.* annuities, for which 85*l.* *per cent.* or, in the whole, 1,827,500*l.* had been received, could not be redeemed without offering 86 or 87 *per cent.* for it; nor, therefore without paying *more* than the original sum borrowed.—When the 3 *per cents* are near *par*, there would be a loss of 322,500*l.* in redeeming the same capital; whereas, the former annuities, for which the same sum had been advanced, might be always discharged by either paying the very sum (*a*) advanced, or a *less* sum.—In all

creditors, to redeem a given capital by paying a less sum than that capital; yet it can never be obliged to pay *more*.—In other words; a 100*l.* capital in the 3 *per cents*; 3 $\frac{1}{2}$ *per cents*; or 4, or 5 *per cents*, Government is always at liberty to redeem by paying 100*l.* whatever the market price of it may be, and whether the creditors will consent or not.

(*a*) There is another very great advantage which would attend these annuities.—One and the same *surplus* would discharge a given capital in less time. For example. A surplus of a million *per ann.* invariably applied, and the first payment to be made immediately, would discharge a capital of a *hundred millions* bearing 3 *per cent.* interest in 46 years. But if the same capital bore 3 $\frac{1}{2}$ *per cent.* interest, it would be discharged in 43 $\frac{1}{2}$ years; if 4 *per cent.* in 40 years; if 5 *per cent.* in 37 $\frac{1}{4}$ years.—A capital *less* than a 100 millions, in the same proportion that the interest is *more* than 3 *per cent.* and for which, therefore, the same annuity is paid, (as in the present case) the same surplus would discharge in 39 years, if the interest is 3 $\frac{1}{2}$; in 34 $\frac{1}{4}$ years, if the interest is 4 *per cent.* in 27 $\frac{1}{4}$ years if the interest is 5 *per cent.*—Supposing, therefore, 75 millions borrowed in the manner of our Government, by creating a capital of a 100 millions bearing 3 *per cent.* (that is, by selling 3 *per cent.* stock for 75*l.* in money) which might have been borrowed by creating a capital of only 75 millions bearing 4 *per cent.* (that is by selling 4 *per cent.* stock at 100) there will not only be a loss of 25 millions by a needless increase of the capital; but also a loss of 14 millions, by an increase of the time in which one and the same saving will discharge the two capitals.—This may be proved in the following manner.—A million *per ann.* will, in 34 years and a quarter, very nearly discharge a debt of 75 millions bearing interest at 4 *per cent.*; but the same saving will, in the same time, discharge only a capital of 61 millions, if it bears interest at 3 *per cent.* When, therefore, such a saving has completed the redemption of the *one* capital, there will remain unpaid of the other, 39 millions.—What has been now applied to a large sum holds true in proportion of any smaller sums.

It appears from hence to be a very wrong observation which some have made, “that provided the annual charge is the same, it signifies little what the *principal* of the public debt is.”—As there is no way of removing the annual charge but by paying the *principal*, it is of just as much consequence what it is, as whether it is practicable

all possible circumstances, therefore, these annuities would have the advantage.——But we never, when contracting debts, carry our views to the discharge of the principal; and the consequences must prove fatal.

It is necessary I should observe, in justice to our present ministers, that in adopting the scheme on which I have made these remarks, they have only followed the example of former ministers; and that, however needless a waste it occasions of public money, there is reason to fear it will be followed by future ministers, for the increase of difficulty and expence in redeeming the public debts, which such schemes create, being to be felt *hereafter*, it makes no impression, and is little regarded.

IN 1759, the fifth year of the last war, the lenders of 6.600,000*l.* were granted a capital in the 3 *per cents* of 7.590,000*l.* together with the profits of the Lottery. Subtract from the sum advanced, 150,000*l.* for the profits of the Lottery; and it will appear, that, in this instance, 1.140,000*l.* was *needlessly* added to the capital; there being no reason to doubt, but that lenders would then have readily advanced 6.600,000*l.* for a capital of 6.450,000*l.* bearing 3 $\frac{1}{2}$ *per cent.* (a) interest, provided the profits of a Lottery were annexed; instead of advancing the same sum for a nominal capital near 18 *per cent.* greater, but bearing 3 *per cent.* interest.

AGAIN. In 1762, in order to raise 12 millions, every contributor of 80*l.* was entitled to a capital of 100*l.* to bear 4 *per cent.* interest for 19 years; and afterwards to become redeemable, and to bear interest at 3 *per cent.* And for the remaining 20*l.* necessary to make up 100*l.* contributors were

H 2

entitled

cable or impracticable, to remove a burden which weakens and cripples, and must in time sink the public. An annuity of SIX MILLIONS, if the principal is a HUNDRED MILLIONS borrowed at 6 *per cent.* might be redeemed in 33 years with a million *per ann.* surplus. But if the principal is TWO HUNDRED MILLIONS bearing 3 *per cent.* the same surplus would, in the same time, pay off only 56 millions; and but little more than a *quarter* of the annuity would be redeemed. If, therefore, the same sum might as well have been obtained by creating a principal of a hundred millions bearing 6 *per cent.* as by creating a capital of two hundred millions bearing 3 *per cent.* there will be a needless expence, in discharging the debt, of 144 millions.

(a) The price of the 3 *per cents* at the time of this loan (in the beginning of Feb. 1759) was 88 $\frac{1}{2}$ and 89.

entitled to an annuity of 1l. for 98 years.—This was the same with promising, for every 60l. advanced, 100l. capital in the 3 *per cent.* annuities, not redeemable for 19 years; and, for the remaining 40l. necessary to make up 100l. an annuity of 2l. for 19 years; and, after that, of 1l. for 79 years.

By this scheme no less a sum than 4,800,000l. was needlessly added to the capital of the public debts. For, had 5 *per cent.* been offered for every 60l. advanced; (a) and, for the remaining 40l. an annuity of 2l. during 19 years, and afterwards of 1l. for 79 years; equal encouragement would have been given to contributors; the annuity payable by the public would have been the same; and the new capital would have been 7,200,000l. bearing 5 *per cent.* interest; which might, at any time, have been redeemed, with a saving of a million *per ann.* (the first payment to be made immediately) in five years and a quarter: Whereas now, this debt will not become redeemable till 1781; and then, it will form a capital of 12 millions, not capable of being redeemed with the same saving, in less than nine years and a half. Five millions and a quarter, (b) therefore, will be wasted.

THE capital of 12 millions four *per cent.* annuities created this year, were made irredeemable for 19 years, to guard against the effects of an apprehension then unavoidable, that an interest of 4 *per cent.* would, if the capitals were redeemable, be reduced, whenever peace came, to 3 *per cent.* as had been done in the preceding peace.—But this end would have been answered, with equal effect and more advantage to the public, by pledging the faith of Parliament, that whatever interest was promised on any capital, should not be reduced for 19 years; or (which comes to the same) that the capital should not be redeemed, during that term, by borrowing money, and creating a new capital bearing lower interest. This would have placed capitals bearing any interest on the same footing
nearly

(a) The 3 *per cents* just before this loan were at 69l. and, consequently, 5 *per cent.* interest, (or 3l. *per ann.* for 60l.) would have afforded subscribers a profit of 9l. for every 60l. advanced. The long annuity was worth, as the stocks then stood, 21 years purchase, and the short annuity, 13 years purchase. Upon the whole loan, therefore, the profit would have been 3 *per cent.*

(b) That is, the difference between 12 millions, and the sum bearing interest at 3 *per cent.* which a million *per ann.* would pay off, in five years and a quarter.

nearly with the 3 *per cent.* annuities; and an assurance, that no part of them should be discharged, without at the same time discharging an equal capital in the 3 *per cents*, would have placed them *entirely* on the same footing.—Had it, however, been necessary, on account of the fear of a reduction of interest, to make the capital here proposed bearing 5 *per cent.* and the capitals to be mentioned presently bearing 4 *per cent.* irredeemable (and therefore the interest irreducible) for any term (suppose till 1781); had, I say, even this been necessary (and more could not have been necessary) no advantage of great consequence would have been lost. These capitals would, during that term, have been exactly the same burthen on the public with the capitals which were actually created; and after that term, they would have been a much less burthen, as will be shewn at the end of this section.

AGAIN. In January 1760, eight millions were borrowed by offering for this sum a capital of eight millions to carry 4 *per cent.* interest for 21 years, and afterwards 3 *per cent.* together with a *premium* of 240,000*l.* stock, carrying the same interest, and divided into 80,000*l.* lottery tickets, each 3*l.* stock.—This was the same with offering, for 80*l.* of every 100*l.* advanced, a capital of 100*l.* in the 3 *per cent.* annuities, (a) not redeemable for 21 years; and for the remainder, besides a lottery ticket, an annuity of 1*l.* for 21 years.—The same sum might have been raised by offering 4 *per cent.* irreducible during 21 years, or 3*l.* *per ann.* for 75*l.* of every 100*l.* advanced, and for the remaining 25*l.* an annuity of 1*l.* for 21 years, together with a lottery ticket.—In this case, the new capital, instead of 8,240,000*l.* bearing 3 *per cent.* not subject to redemption, and having an annuity of 82,400*l.* annexed to it, for 21 years; would have been 6,000,000*l.* bearing 4 *per cent.* with the same annuity annexed, but redeemed at *any* time; and 240,000*l.* (b) bearing 4 *per cent.* for 21 years, and afterwards 3 *per cent.*

By

(a) The 3 *per cents* being at this time at 80*l.* an annuity of 3*l.* purchased for 75*l.* would have produced a profit of 5*l.* Therefore these schemes are of exactly the same value. But they are too narrow; and the subscription this year fell immediately to one *per cent.* discount. But in the scheme I have proposed this might have been prevented by only offering 4 *per cent.* for 77*l.* or 78*l.* (instead of 75*l.*) of every 100*l.*

(b) It is plain, that this capital, as well as the former, might have been a quarter (or 60,000*l.*) less, which would have made the whole saving of capital 2,060,000*l.*

By the scheme likewise in 1761, for borrowing 11,400,000*l.*, a capital of 100*l.* bearing 3 *per cent.* interest, was given for part of every hundred pound advanced; and for the other part, an annuity of 1*l.* 2*s.* 6*d.* for 99 years. Had, in this case, 75*l.* FOUR *per cent.* STOCK, been offered for 75*l.* in money; and, for the remaining 25*l.* necessary to make up 100*l.* the said annuity of 1*l.* 2*s.* 6*d.* for 99 years (a) the whole annual charge would have been the same; subscribers could not have been sensible of any difference in the encouragement offered them; and the public, in paying its debts, would have saved 2,850,000*l.*

THERE was also this year 600,000*l.* received by government for 600,000*l.* stock, carrying 3 *per cent.* interest, and divided into 60,000 lottery tickets, each worth 10*l.* in stock.—As 150,000*l.* of this sum was paid for the profits of the lottery; and as 4 *per cent.* could not at this time be made of money laid out in the funds, it is out of doubt, that the same sum (or 600,000*l.* would have been given for 450,000*l.* stock, carrying 4 *per cent.* and divided into 60,000 lottery tickets, each of the same value with 7*l.* 10*s.* four *per cent.* stock; and thus 150,000*l.* more would have been saved.

IN like manner; it will appear, that *three millions*, raised in 1757, by creating a capital of *three millions*, bearing 3 *per cent.* interest (b) with a life annuity annexed of 1*l.* 2*s.* 6*d.* for every 100*l.* advanced; and also, *four millions and a half* raised

(a) At the time of this loan, the 3 *per cents.* were above 75; and, therefore, a perpetual annuity of 3*l.* could not be purchased for 75*l.* and an annuity of 1*l.* 2*s.* 6*d.* for 99 years, was worth at least 27*l.* This, therefore, would have been a scheme very profitable to subscribers.

(b) The life-annuity granted in this case could not have been worth so little as 16*l.* or 14 years purchase; and, therefore, a capital of 100*l.* in the 3 *per cents.* was sold for 84*l.*; or a capital of three millions, for 2,520,000*l.*—A premium, therefore, was granted of 480,000*l.*; and this was done without the least reason. For the 3 *per cents.* being at that time at 87 and 88, 2,520,000*l.* would undoubtedly have been lent at 3 $\frac{1}{2}$ *per cent.* interest; and the remaining 480,000*l.* necessary to make up three millions, would have been given for the life annuities; in which case the annual charge occasioned by the new capital would have been somewhat less; and 480,000*l.* would have been saved, together with the additional expence occasioned by the longer time which a given surplus would require to discharge a debt bearing 3 *per cent.* interest, as explained in the note, p. 52.

raised in 1758, by creating a capital of *four millions and a half*, bearing 3 *per cent.* with an annuity of a *half per cent.* annexed for 24 years, might have been raised by creating, in the former case, a capital of two millions and a half, and, in the latter, a capital of four millions, bearing 3 $\frac{1}{2}$ *per cent.* interest, with the same annuities annexed.

In 1758, the additional sum of half a million was borrowed at 3 *per cent.* by a lottery, consisting of 50,000 tickets, each of the same real value with 10*l.* *stock*, but sold to the subscribers for 10*l.* in *money* (a). As the 3 *per cents* were now at 94, 3 $\frac{1}{4}$ *per cent.* could not be made of money laid out in the funds.

(a) It is a general and certain maxim "that whenever money is borrowed by a lottery which gives a right to *stock* equal to the sum advanced, there is a loss equal to the sum which might have been received for the profits of the lottery."—When the 3 *per cents* are at 76 or 77, half a million might be borrowed by a lottery, consisting of 50,000 tickets, each of the same value with 10*l.* three *per cent.* *stock*: and hitherto such a method of borrowing has been reckoned advantageous. But it only gives a fallacious appearance of borrowing at 3 *per cent.* It is the same with selling the profits of a lottery, and at the same time absurdly converting the purchase-money into a debt due to the purchaser.—Since the last war we have had seven of these lotteries, including two in 1763; and above a million has been lost by them.

In Queen *Anne's* time, there were several lotteries, consisting of all *prizes* and no *blanks*. This is so curious, and most persons may be so much at a loss to conceive of the possibility of it, that I cannot help explaining it.

A capital, equal to the whole money advanced, was distributed *equally* among all the tickets in the lottery; and, in order to make them prizes of different values, there was farther distributed among them different shares of an additional capital, to which a right was given; though no money had been paid for it.—For example—In 1711, two millions were raised by a lottery of this kind, called a *class* lottery: The whole sum advanced was divided into 20,000 tickets, each 10*l.* *stock* bearing 6 *per cent.* interest. This capital was increased by a gratuitous capital of 602,000*l.* bearing the same interest, and divided into shares which were added to the tickets; in order to form prizes.—This was the same with giving near 8 *per cent.* for money, besides a *premium* of 30 *per cent.*—As the interest of money was at this time 6 *per cent.* the sum borrowed would most certainly have been advanced at 8 *per cent.* without any *premium*; but it was, I suppose, reckoned necessary that government should not *seem* to give such high interest.—In the same year, 1,500,000*l.* was borrowed by another such lottery, and creating a capital of 1,928,570*l.* And in 1712, 3,600,000*l.* was borrowed by two more such lotteries, and creating a capital of 4,683,080*l.*—The greatest part of the debts contracted by these lotteries (amounting to 9,213,850*l.*

funds. Therefore, 350,000*l.* of this half million might have been raised at $3\frac{1}{2}$ *per cent.* interest, and the remaining 150,000*l.* might have been procured for the profits of the lottery. Or (which is the same) 10*l.* each would have been given for 50,000 tickets, of the same value taken all together, with 350,000*l.* carrying $3\frac{1}{2}$ *per cent.* interest; and a capital of 150,000*l.* would have been saved.

THE same is true of the lottery, by which half a million was borrowed in 1756.—A million and a half also borrowed in this year, by creating a capital of a million and a half, bearing $3\frac{1}{2}$ *per cent.* for 15 years, and afterwards 3 *per cent.* might have been procured, by creating a capital of only 1,400,000*l.* bearing $3\frac{1}{4}$ *per cent.* interest. But I will not examine any more of these loans. Let us next consider how detrimental they have been to the public.

ALL the savings and surplus monies of the kingdom from 1763 to 1775, have amounted (deducting 400,000*l.* gained by debts discharged at a discount) to 10,739,793*l.* and with this sum 11,139,793*l.* of the national debt has been paid off. (See the *Postscript* at the end of this work.)—The needless addition which was made to the capital of the national debt, by injudicious schemes for raising money during the last war, exceeded this sum; and it follows, therefore, that the whole surplus of the revenue for twelve years, has not been sufficient to discharge the capital, to which in the last war a right was given, without receiving any money for it, or obtaining the least advantage by it.

THE attentive reader must have observed, as I have gone along, that the extravagance on which I have insisted, has been the

9,213,850*l.* though only 7,100,000*l.* was advanced) remains at this hour an incumbrance on the public; and the duties constituting the *general fund* are charged with the interest of it.

In 1714, the national interest was reduced to 5 *per cent.* But in that very year 1,400,000*l.* was borrowed by a lottery, which gave a right to a capital of 1,876,000*l.* bearing 4 *per cent.* that is, by giving near $5\frac{1}{2}$ *per cent.* interest, besides a *premium* of 34 *per cent.*—Thus have our debts been increased. But even worse has been done. The taxes charged with the interest of the public debts proving often deficient, the shortest way of discharging the arrears has been often taken, by adding them to the principal, and paying *compound* interest for money.—Is it a wonder, that a nation which has been so careless in contracting debts, should have done so little towards discharging them?

the consequence of not separating, in the schemes for raising money, the premiums (consisting of short and long and life-annuities) from the perpetual annuities, and requiring them to be distinctly paid for; and also, of not attending to the difference between selling an *annuity*, and selling the *stock* for which that annuity is paid. When a 100*l.* *stock* in the 3 *per cents.* is at any given price, there is no one who would not be glad to purchase from government a perpetual annuity of 3*l.* at any *lower* price (*a*). But when government sells the *stock*, instead of the *annuity*, at that price, the public is injured in the manner I have represented.

Would any one, in selling any part of his property, offer to make the purchase-money an outstanding-principal which he should be bound to return (*b*)? This is what government has uniformly done in its proposals for raising money.---Were I to desire any sum to be lent me *without* interest, offering as a *compensation* or *premium* an annuity for a given term, or an advantageous contract, the proposal would not be accepted, unless the annuity or the contract was worth the sum to be lent; and I should make myself a debtor to the purchaser for the very thing which I sold to him.---The absurdity would be the same, if, instead of borrowing *without* interest, I should in the same way borrow at a *low* interest. In every such bargain, I should bring upon myself a needless debt, equal to the value of the *premium*.

I AM afraid I have tired my reader's attention on this subject. But as much depends upon a right understanding of it, I am anxious about shewing it in every possible light. In hopes, therefore, of being attended to a little longer, I shall endeavour to give a yet fuller view of this subject, and to prove its importance, by recapitulating some of the foregoing remarks,
I and

(*a*) That is, in other words; there is no one who would not be glad to lend to government on any higher interest than that which he can make in the funds. There is no one, for instance, who would not be glad to lend 75*l.* at 4 *per cent.* when the 3 *per cents.* are at 76, and when, therefore, he cannot make 4 *per cent.* by purchasing them.

(*b*) The expectation of receiving back some time or other the purchase-money would probably, in private loans, influence a purchaser. But in the cases to which I allude, this certainly was not considered, and did not at all influence. And if it had influenced, the observations I have made as I have gone along demonstrate, that the same loans would have been made without any such expectation.

and comparing the *present* state of our public debts, with that which would have been their state, had the errors I have pointed out, in the schemes of the public loans during the last war, been avoided.

THE sum of 12 millions, borrowed in 1762, would have left, at the end of the war, a redeemable capital of 7.200,000*l.* carrying 5 *per cent.* interest, with an annuity added of 120,000*l.* for 18 years from January 1763, instead of an *ir*-redeemable capital of 12 millions, carrying 4 *per cent.* for 18 years, and afterwards 3 *per cent.* See page 53, &c.

THE sum of 12 millions, borrowed in 1761, would have left a redeemable capital of 9 millions bearing 4 *per cent.* interest, with a long annuity annexed; instead of 12 millions with the same annuity annexed. Page 56.

THE sum of 8 millions, borrowed in 1760, would have left a redeemable capital of 6.180,000*l.* carrying 4 *per cent.* with an annuity of 82,400*l.* for 18 years from January 1763; instead of 8.240,000*l.* *ir*-redeemable, and carrying 4 *per cent.* for 18 years, and afterwards 3 *per cent.* Page 53.

THE sum of 6.600,000*l.* borrowed in 1759, would have left a capital of 6.450,000*l.* carrying 3 $\frac{1}{2}$ *per cent.* instead of a capital of 7.590,000*l.* carrying 3 *per cent.* Page 53.

THE sum of five millions, borrowed in 1758, would have left a redeemable capital of 4.350,000*l.* bearing 3 $\frac{1}{2}$ *per cent.* interest, with an annuity added of 22,500*l.* for 19 Years from Midsummer 1763; instead of a capital of five millions *ir*-redeemable, and carrying 3 $\frac{1}{2}$ *per cent.* for 19 years, and afterwards 3 *per cent.* Page 56, 57, &c.

THE sum of three millions, borrowed in 1757, would have left a capital of two millions and a half bearing 3 $\frac{1}{2}$ *per cent.* interest, instead of three millions bearing 3 *per cent.* interest. — And two millions, borrowed in 1756, instead of leaving a capital of two millions, would have left a capital of only 1.750,000*l.* Page 58.

THE result, therefore, is, that the whole capital of the public debts would have been, at the end of the last war, near TWELVE MILLIONS AND A HALF less than it was; and at the same time the annual charge not greater. — In 1775, the difference would have been much more considerable. For,
 SUPPOSING

SUPPOSING all the same sums applied since the last war to the discharge of the public debts that we know have been so applied, not only the *capital* but the *annual charge* would have been considerably less.—This will be demonstrated by the following account.

IT may be learnt from the *Postscript* at the end of this Tract, that 11,139,793*l.* of the public debts has been discharged with 10,739,793*l.* of the public money, derived from various savings and surplusses. All this money *might* have been employed, and without doubt *would* have been employed, in redeeming first the capital I have mentioned in Page 60, of 7,200,000*l.* bearing 5 *per cent.* interest; and afterwards, the two other capitals there mentioned of 9 millions, and of 6,180,000*l.* bearing 4 *per cent.* interest. It would have been sufficient to redeem the whole of the former capital, and also 3,539,793*l.* of the two last capitals; which would have set free for the public an annual charge of 501,591*l.*—To this sum must be added an annual charge of 256,000*l.* saved in 1765, 1766, 1767 and 1768, by redeeming, with 6,400,000*l.* borrowed in those years, so much of a debt unfunded at the end of the war, but afterwards funded, and carrying 4 *per cent.* interest. And also 12,537*l.* *per ann.* gained by changing 1,253,700*l.* from an interest of 4 to 3 *per cent.* and 7,500*l.* *per ann.* gained in 1771, by the ceasing of an annuity of 2 $\frac{1}{2}$ *per cent.* annexed for 15 years to 1,500,000*l.* borrowed in 1756.—The total decrease, therefore, of the annual charge would have been 777,628*l.*—But at the same time there would have been the following additions to it.—First. There would have been the addition of 199,500*l.* *per ann.* being the interest of 6,650,000*l.* borrowed since 1763.—Secondly. Of 69,187*l.* *per ann.* being the interest of 2,306,240*l.* applied, in 1764 and 1765, to the discharge of German and army debts derived from the war, and which might have been converted into a funded capital bearing 3 *per cent.* interest, by borrowing money to pay them off, in order to avoid diverting money employed in redeeming capitals bearing 5 *per cent.*

THESE two sums make 268,687*l.* which, deducted from 777,628*l.* leaves 508,941*l.* And this is the clear annual charge which would have been saved to the public, exclusive of the savings which have arisen from the falling in of life-annuities.

BUT the annual charge that has in fact been saved is only 382,129*l.* (a).—The difference is 126,812*l.*—With this

I 2

additional

(a) See the Postscript.

additional saving, as it fell in and increased from time to time during the course of 12 years, a million more of the public debts bearing 4 *per cent.* might have been redeemed; and this would have made a farther saving of 40,000*l.* *per ann.* It appears, therefore, upon the whole, that had the mistakes I have pointed out, in the loans of the last war, been avoided (all other public measures remaining the same) the nation would *now* have had 13 millions and a half less to pay, in order to redeem its debts; and also an annual charge upon it 166,812*l.* less.

ALL this supposes that the capitals of the 5 *per cent.* and 4 *per cent.* annuities in the improved schemes were redeemable. —But had they been made irredeemable till 1781, as mentioned in page 55, the public would not have been much less benefited: For, soon after 1781, these 5 and 4 *per cents.* (the former 7,200,000*l.* and the latter 15,180,000*l.*) might have been easily reduced to 3½ *per cent.* and this would have occasioned an annual saving of 183,900*l.* over and above the savings which would have arisen in that year, from the extinction of the short annuities.

I WILL add, that had these annuities been made not only *irredeemable* till 1781, but *irreducible* for some time beyond that year, in the manner intimated in page 55, the public would still have been greatly benefited. For, the annual charge upon it would not at any time have been greater, but its debts would have been 12 millions and a half less; and, at the same time, they would have been capable of being discharged with more expedition; and at a less expence, than a smaller quantity of its present debts. See the note, page 52.

I CANNOT doubt but that all who will attentively examine these observations will find them to be just. —I have confined my enquiries to the loans of the last war. Had I extended them to all our loans, it would have appeared, that a greater sum than most persons can think credible (a) has been such a needless addition to our debts as I have explained; or “ a pure and uncompensated loss, which might have been avoided by only framing differently the schemes of the public loans.”

P A R T

(a) SIXTEEN MILLIONS have been specified. It will come in my way to mention above FOUR MILLIONS more in the second section of the next part. Notes 1, 12, 14. —No notice has been here taken of the loans of the war before the last; but losses of the same kind to a great amount were incurred by them.

P A R T III.

S E C T. I.

ABSTRACT of the EXPORTS from and IMPORTS to GREAT-BRITAIN from 1697 to 1773, with REMARKS.

| ANNUAL MEDIUM for Four Years | IMPORTS. £. | EXPORTS. £. | EXCESS OF EXPORTS. £. |
|---------------------------------|----------------|----------------|--|
| ended at 1700 | 4.956,975 | 6.034,724 | 1.077,749 or $\frac{10}{5}$ of the exports. |
| For FIVE Years | | | |
| ended at 1710 | 5.321,717 | 6.713,246 | 1.391,529 or $\frac{18}{48}$ of the exports. |
| at 1715 | 5.304,343 | 7.401,946 | 2.097,603 or $\frac{15}{35}$ of the exports. |
| at 1725 | 6.628,279 | 9.663,527 | 3.035,248 or $\frac{10}{12}$ of the exports. |
| at 1735 | 7.470,454 | 11.855,226 | 4.384,772 or $\frac{10}{17}$ of the exports. |
| at 1745 | 7.363,079 | 11.922,982 | 4.559,903 or $\frac{10}{17}$ of the exports. |
| at 1750 | 7.429,739 | 12.877,129 | 5.447,390 or $\frac{10}{14}$ of the exports. |
| at 1755 | 8.264,834 | 13.406,530 | 5.141,696 or $\frac{10}{16}$ of the exports. |
| at 1760 | 8.877,144 | 14.253,377 | 5.376,233 or $\frac{10}{20}$ of the exports. |
| For Four Years | | | |
| ended at 1764 | 10.110,870 | 15.793,158 | 5.682,228 or $\frac{10}{18}$ of the exports. |
| For NINE Years | | | |
| ended at 1773 | 11.996,769 | 14.814,074 | 2.817,305 or $\frac{19}{33}$ of the exports. |

THIS ABSTRACT has been formed from the accounts delivered annually to the HOUSE OF COMMONS, and lately published by Sir CHARLES WHITWORTH.

IN order to draw just inferences from it, the following particulars should be remembered.—First. The EXPORTS in the *Custom-House* entries are, for reasons well-known, too high. This excess has, by some of the best judges, been reckoned at a million *per ann.*—Secondly. The IMPORTS are too low, no smuggled commodities being included in them. This deficiency has been estimated at another million *per ann.*—But, in order to be sure of keeping within bounds, I will take both at a million and a half *per ann.*—Thirdly. The interest of the national debt paid to foreigners; the money spent in foreign countries by *English* travellers; the bullion consumed in manufactures; and the wear of the current coin, cannot, perhaps, amount to much less than two millions *per ann.* I will, however, take them at no more than the annual sum which has been commonly supposed to be due to foreigners from our funds; or, a million and a half.—In order, therefore, to find the GRAND BALANCE OF PAYMENT between *Britain* and the rest of the world *since* the last war, all these sums (making up THREE MILLIONS) must be deducted from the excess of the exports.—But, in order to find the same balance *before* the end of the last war, less must be deducted, in proportion as the national debt and the foreign trade were *then* less than they are *now*.

IF the foregoing Abstract is examined with a due regard to this rule, it will be found that, from (a) 1710 to 1764, the BALANCE OF PAYMENT must have been in favour of *Britain*; and that consequently there must have been, during that period, an influx of money into the kingdom.—It was this, together with the increase of our paper, that produced the rapid fall of interest which began a few years before the *Accession*. And it was this also that enabled us to bear the great expence of the two last wars, and the loss of those enormous

(a) In the exports, as delivered to the *House of Commons*, is included bullion exported. If this, as well as the other sums I have mentioned, is deducted, there will be still a balance left in favour of *Britain* during this period. Since 1764, it does not appear, from the accounts laid before the *House of Commons*, as published by Sir *Charles Whitworth*, that any bullion has been entered for exportation.

enormous sums which were sent out of the kingdom to pay foreign subsidies, and to support armies on the continent.

BEFORE 1710 it appears to be doubtful, whether the excess of the exports was such as brought any money into the kingdom; but it seems certain, that it could not have been such as in any degree compensated that drain of the public cash, which was occasioned by the continental wars of King *William* and Queen *Ann*. In consequence of this the quantity of *specie* in the kingdom must have been greatly diminished; and Dr. *Davenant* computes that in 1711 it was nine millions less than at the *Revolution*. Hence proceeded the high rate of interest; the unproductiveness of the taxes; and the difficulties which government met with in raising money during those two wars: And there is reason to believe these difficulties would have been insurmountable, had not a substitute for *specie* been provided by the establishment of the *Bank*.

IN the interval of peace between the two last wars, or from 1748 to 1755, the balance in favour of *Britain* was at the highest; and this contributed to raise the stocks (a) to such a price, as enabled government to reduce the interest of the public debts from 4 to 3 *per cent*.

BUT the observation I here intended principally to make is, that the *balance*, since the year 1764, appears, from the preceding abstract, to have been *against BRITAIN*; and that this accounts for the high price of bullion, the scarcity of *specie*, and the distress of the *Bank* from that year to 1773.

IT deserves farther to be observed, that, while the exports were decreasing from 1764 to 1773, the IMPORTS appear to have increased faster than ever: And the fact is, that since 1760 a greater addition has been made to them, than had been made during the whole time from the *Accession* to that year.— This is a striking proof that luxury has been for some years increasing with rapidity among us; and it is worth adding, that the productiveness of the taxes has kept pace, as might have been expected, with this increase of luxury, both the CUSTOMS and EXCISES having brought in lately near 250,000*l. per ann.* each, more than they did twelve years ago.—It should be attended

(a) The 3 *per cent.* annuities were then at 105; and, during the first five years of the war which began in 1755, they were higher than they have generally been since the war.

tended to, that this improvement of the revenue must be the effect solely of an increased consumption occasioned by luxury; the taxes, ever since the end of the last war, having been nearly the same.

THE *exports* from 1710 to 1764 went on increasing constantly. I have observed, that from 1764 to 1773 they have decreased. One reason of this has been, the decline of the PORTUGAL trade; the exports to that country having fallen, since 1760, from 1,200,000*l. per ann.* to 600,000*l. per ann.*—Another reason has been the check which a wretched policy has been giving, ever since 1763, to our trade with the Colonies. This trade had for many years contributed more than any other trade towards raising our *exports*; and even in the period between 1763 and 1774, notwithstanding the checks it received, it went on increasing, and produced a balance in our favour of a million and a half *per ann.* But since 1774 it has been entirely lost. Before this loss, the balance of payment between us and the rest of the world was, according to the account I have given, *against* us. Undoubtedly then, it was a loss we could by no means have sustained, had it not been for the seasonable interposition of some very particular causes. Time will shew whether these causes are of a permanent nature, or temporary and accidental.

S E C T. II.

HISTORICAL DEDUCTION *and* ANALYSIS
of the PUBLIC DEBTS.

STATE *and* AMOUNT of the NATIONAL
DEBT, at Midsummer, 1775, with the
Charges of Management.

CAPITALS. and ANNUITIES transferrable at the BANK OF
ENGLAND.

| | Principal. | Interest. |
|---|---------------|-----------|
| | £. | £. |
| CAPITAL of their original Fund--- See Note (1) p. 71. | 3,200,000 | 96,000 |
| EXCHEQUER bills, by 3d of Geo. I. c. 8th, bearing originally 5 <i>per cent.</i> interest, but reduced to 4 <i>per cent.</i> in 1727, and to 3 <i>per cent.</i> by 23d Geo. II. 1749. See Note (2) | 500,000 | 15,000 |
| Purchased of the SOUTH SEA COM- PANY in 1722,—reduced from 6 to 5 <i>per cent.</i> interest in 1717; from 5 to 4 <i>per cent.</i> in 1727; and to 3 <i>per cent.</i> by 23d of George II. 1749.—See Note (3) | 4,000,000 | 120,000 |
| Lent to government at 4 <i>per cent.</i> in 1728, charged on the surplus of the fund for the lottery in 1714, and reduced to 3 <i>per cent.</i> by 23d George II. 1749. | 1,250,000 | 37,500 |
| Lent at 4 <i>per cent.</i> in 1727; charged on the duties on coals; and re- duced to 3 <i>per cent.</i> by 23d of George II. 1749. | 1,750,000 | 52,500 |
| Lent at 4 <i>per cent.</i> in 1746; charged on licences for retailing spirituous liquors; and reduced to 3 <i>per</i> <i>cent.</i> by 23d Geo. II. 1749. | 986,800 | 29,604 |
| Amount of Bank capital. See Note (4) p. 71. | | |
| Carried over | £. 11,686,800 | 350,604 |
| Charge of management 5,898l. <i>per ann.</i> | | |

| | Principal. | Interest. |
|--|---------------|-----------|
| | £. | £. |
| Brought over - - - | 11.686,800 | 350,604 |
| BANK ANNUITIES. | | |
| Consolidated 4 <i>per cent.</i> annuities, due <i>April 5</i> and <i>October 10.</i> —See Note (5) - - - | 18.986,300 | 759,452 |
| These annuities fall to 3 <i>per cent.</i> in <i>January, 1781.</i> Charge of management 10,680 <i>l.</i> <i>per ann.</i> | | |
| Annuities at 3 $\frac{1}{2}$ <i>per cent.</i> 1758, due <i>Jan. 5,</i> and <i>July 5.</i> —These an- nuities fall to 3 <i>per cent.</i> in 1782. See an account of them in p. 56. Charge of management 2,805 <i>l.</i> <i>per</i> <i>ann.</i> including management on half a million raised at the same time by a lottery, and made a part of the consolidated 3 <i>per cents.</i> | 4.500,000 | 157,500 |
| CONSOLIDATED 3 <i>per cent.</i> annuities due <i>Jan. 5,</i> and <i>July 5.</i> See Note (6) - - - | 38.251,696 | 1.147,551 |
| Management 21,087 <i>l.</i> <i>per ann.</i> | | |
| REDUCED 3 <i>per cent.</i> annuities, due <i>April 5,</i> and <i>Oct. 10.</i> See Note (7) | 18.353,774 | 550,613 |
| Charge of management 10,324 <i>l.</i> <i>per ann.</i> | | |
| Three <i>per cent.</i> 1726, due <i>Jan. 5,</i> and <i>July 5,</i> charged on the de- duction of 6 <i>d.</i> <i>per pound</i> on all pensions from the civil list; and on all payments from the crown, except to the navy and army— See Note (8) p. 73. - - - | 1.000,000 | 30,000 |
| Management 360 <i>l.</i> <i>per ann.</i> | | |
| Long annuity due <i>Jan. 5,</i> and <i>July 5.</i> The remaining term, from <i>Jan.</i> 1776, is 84 years—See Note (9) p. 73. | 6.702,750 | 248,250 |
| Management 3,491 <i>l.</i> <i>per ann.</i> | | |
| Carried over | £. 99.481,320 | 3.243,970 |

| | Principal. £. | Interest. £. |
|---|------------------|-----------------|
| Brought over - - - | 99,481,320 | 3,243,970 |
| CAPITALS and ANNUITIES trans- ferrable at the SOUTH SEA HOUSE. | | |
| SOUTH SEA STOCK - - - | 3,662,784 | 109,884 |
| The dividend on this Stock, at $3\frac{1}{2}$ per cent. is 128,197 <i>l.</i> 9 <i>s.</i> —Due Jan. 5, and July 5. | | |
| SOUTH SEA 3 per cent. OLD Annu- ities due April 5, and Oct. 10. | 11,907,470 | 357,224 |
| Three per cent. NEW Annuities due Jan. 5, and July 5. - - - | 8,494,830 | 254,845 |
| Three per cent. 1751, due Jan. 5, and July 5. - - - - - | 1,919,600 | 57,588 |
| Charge of management on South Sea Stock and Annuities 15,100 <i>l.</i> per ann.—See Note (10). | | |
| CAPITAL and ANNUITIES transfer- able at the INDIA HOUSE. | | |
| EAST-INDIA STOCK - - - | 3,200,000 | 96,000 |
| Interest 3 per cent. Dividend 7 per cent. 224,000 <i>l.</i> due Jan. 5, and July 5.—See Note (11). | | |
| Charge of management 1,285 <i>l.</i> 14 <i>s.</i> 4 <i>d.</i> | | |
| EAST-INDIA Annuity due April 5, and Oct. 10, charged on the surplus of a tax on spirituous li- quors. See Note (12). - - - | 1,000,000 | 30,000 |
| Management 401 <i>l.</i> 15 <i>s.</i> 8 <i>d.</i> per ann. | | |
| ANNUITIES payable at the Ex- CHEQUER. | | |
| ANNUITIES for 96 and 99 years, from various dates, in the time of King William and Queen Anne —See Note (13). - - - - - | 1,836,276 | 131,203 |
| Salaries to Exchequer officers, and management---5,250 <i>l.</i> per ann. | | |
| Carried over £. | 131,502,280 | 4,280,714 |

| | Principal. | Interest. |
|--|----------------|-----------|
| | £. | £. |
| Brought over - - - | 131,502,280 | 4,280,714 |
| Annuitants for lives, with benefit of survivorship, granted by the 4th of <i>William</i> and <i>Mary</i> , 1693.--- These annuitants are not yet extinct, and they are valued at three years purchase. | 22,781 | 7,567 |
| Annuitants for lives, with benefit of survivorship, by an Act of the 5th of <i>Geo.</i> III. 1765---See Note (14). | 18,000 | 540 |
| Annuitants for two or three lives, granted in 1694.---Also, Annuitants on single lives, 1745, 1746, and 1757.---See Note (15).--- Their original amount, taken all together, was very nearly 124,000 <i>l.</i> but they are now reduced by deaths to near 80,000 <i>l.</i> and their value is here taken at 10 years purchase. | 800,000 | 80,000 |
| UNFUNDED DEBT, consisting of Exchequer bills, (1,250,000 <i>l.</i>) Navy debt, (1,850,000 <i>l.</i>) and Civil list debt, supposed 500,000 <i>l.</i> ---The interest is reckoned at 2 per cent.---See Note (16). | 3,600,000 | 72,000 |
| Salaries to Exchequer bill officers 650 <i>l.</i> per ann. | | |
| Total of the principal and interest of the National Debt at <i>Midsummer</i> 1775. | £. 135,943,061 | 4,440,821 |

NOTES

NOTES, containing an EXPLANATION and HISTORY of
the different Articles in the foregoing Account.

NOTE (1)——BANK OLD CAPITAL. See Page 67.——The BANK was established in 1694. Their original capital was 1,200,000*l.* bearing 8 *per cent.* interest, charged on 5-7ths. of 9*d.* *per barrel* excise, with 4000*l.* *per ann.* for management.——In 1709, they lent to government 400,000*l.* without interest, which increased their old capital to 1,600,000*l.* bearing 6 *per cent.* interest. In 1742, they again lent to government 1,600,000*l.* without interest, and thereby increased this capital to its present amount, or to 3,200,000*l.* bearing 3 *per cent.* with the same annual sum for management.——It is of particular importance to observe, with respect to the sums of 400,000*l.* and of 1,600,000*l.* just mentioned, that they were properly a compensation from the *Bank* to the public for continuing their exclusive privileges; and would have been advanced, or at least the greatest part of them, though government had not bound itself to return the purchase money, by making it a part of the principal due to the *Bank*, provided the same interest had been continued for some time on their former principal, and the same liberty granted to increase their *stock*.——The like is true of 1,200,000*l.* advanced by the *India* Company without interest in 1708.——In these instances, therefore, a needless addition was made to the public debt of 3,200,000*l.* which, had it been avoided, the public would have had not only a principal so much less to pay; but it would have saved in interest at least 96,000*l.* *per ann.* for the old capital of the *Bank* and the capital of the *East-India* Company would have formed, in this case, between them, a debt of only 3,200,000*l.* (instead of 6,400,000*l.*) the interest of which might long ago have been reduced at least one half; or from 8 *per cent.* the original interest, to 4 *per cent.*

NOTE (2)——Half a million, part of the BANK CAPITAL. See Page 67.——This part of the Bank capital consisted originally of two millions in *Exchequer* bills, cancelled for government by an act of the 3*d* of *Geo.* I. But half a million was discharged in 1729, and a million in 1738.

NOTE (3)——FOUR MILLIONS purchased of the SOUTH SEA COMPANY; part of the BANK Capital. See Page 67.——In order to procure this money, the *Bank* sold new stock at 18 *per cent.* premium. This produced a saving of 610,169*l.* the sale of 3,389,831*l.* *stock* having produced four millions in money. And, consequently, though by this transaction the capital for which they received interest was increased four millions, yet the *stock* on which they made their dividends was increased only 3,389,831*l.*

NOTE (4)——BANK STOCK and DIVIDEND.——The *stock* on which the *Bank* divides is only 10,780,000*l.* This dividend varies as their profits vary; but for several years it has been 5½ *per cent.* payable half-yearly at *Lady-day* and *Michaelmas*. Their whole annual dividend is, therefore, 592,900*l.* which, subtracted from 350,604*l.* the interest paid by government, makes their clear annual profit

profit 242,296*l.*—Besides interest, they receive for management of their capital 4000*l.* *per ann.* on account of their old capital, and 1,898*l.* *per ann.* on account of four millions purchased of the South-Sea Company; in all, 5,898*l.* *per ann.*—The Bank receives farther the sums specified in the foregoing account, towards bearing the expences of managing the annuities commonly called *Bank Annuities*. All these expences, including the sums granted for managing their capital, amount to 54,645*l.* *per ann.*

NOTE (5)—CONSOLIDATED 4 *per cent.* BANK ANNUITIES. See Page 68.—The capital of these Annuities consists of two loans, one in 1760, and the other in 1762, consolidated into one stock, and charged on the additional duty of 3*d.* *per bushel* on malt, the surplus of the duties on spirituous liquors, and the additional duties on windows; all which duties were ordered by 2*d* Geo. III. to be carried to the Sinking Fund, and the interest with which they were charged to be paid out of that fund.—I have made some remarks on these loans in page 53 and page 55. They amounted to 20,240,000*l.* But 1,253,700*l.* of this capital was changed in 1770, from an interest of 4 to 3 *per cent.* and the capital reduced to the present sum.—A more full account of these annuities may be found in Mr. *Ashmore's* Analysis of the several Bank Annuities, p. 17.

NOTE (6)—CONSOLIDATED 3 *per cent.* BANK ANNUITIES. See page 68.—The capital of these annuities is made a distinct stock from that of the annuities called *Reduced*, because it never bore a higher interest than 3 *per cent.*—It consisted originally of the following loans—37,821*l.* remaining in 1727, of 3 *per cent.* annuities, granted in lieu of St. *Christopher's* and *Newis* debentures—800,000*l.* borrowed in 1731—600,000*l.* borrowed in 1736—300,000*l.* in 1738—6,400,000*l.* in 1742, 1743, 1744 and 1745, and charged on additional duties on spirituous liquors, wines, vinegar, &c.—1,000,000*l.* borrowed in 1750—24,490,000*l.* borrowed in the course of the last war, and funded on the additional duties on beer, houses, stamps, &c.—4,900,000*l.* borrowed in 1766, 1767 and 1768—And 1,253,700*l.* of the 4 *per cent.* annuities, subscribed in to the 3 *per cent.* annuities in 1770.

All these loans were by 25 Geo. II. 1751, and several subsequent Acts of Parliament, consolidated into one joint stock; and carried, with the duties for paying the interest, to the *Sinking Fund*. And in 1770, they formed a capital of 39,781,521*l.* which has been since reduced, by the payments mentioned in the *Postscript* at the end of this tract, to the sum specified in the account to which this note refers.—See a more full account in Mr. *Ashmore's* Analysis, &c. from page 5 to page 11.

NOTE (7)—REDUCED 3 *per cent.* BANK ANNUITIES. See page 68.—The capital of these annuities consisted, in 1749, of loans in 1746, 1747 and 1748, and navy, ordnance and transport debts funded in 1749, amounting to 18,402,472*l.* and all bearing 4 *per cent.* interest.—By the 23*d* of Geo. II. 1749, these loans were reduced to an interest of 3 *per cent.* and by the great consolidating Act

Act in 1751, they were converted into one stock, and carried into the Sinking Fund with the duties on carriages, and the additional duties on glafs, spirituous liquors, houfes, windows, ftamps, merchandize imported, &c. which had been granted for paying the intereft.---In 1751, certain exchequer tallies and orders, amounting to 129,750l. were fubfcribed into this ftock; and in 1765, navy bills to the amount of 1,482,000l. were fubfcribed into it, which made its whole original amount 20,014,222l.----In 1751, there was paid off 830,898l. being ftock which had not been fubfcribed agreeably to the Act in 1749 for reducing intereft; and in 1772, 1774 and 1775, fo much more of this ftock was paid off as reduced it to its prefent amount.----See Mr. *Affmore's* Analyfis, p. 12---16.

NOTE (8)—CIVIL LIST MILLION. See page 68.---The income fettled upon King George I. for his civil lift, was 700,000l.---In 1720, there had been granted him befides, from the *Royal Exchange* and *London Affurance* companies, 300,000l. And in 1726, this million was farther granted towards paying off his debts.

NOTE (9)—BANK LONG ANNUITY. See page 68.----This annuity confifts of 128,250l. *per ann.* for 99 years, given in 1761, as a *premium* to the fubfcribers of 11,400,000l. at 3 *per cent.* and of 120,000l. *per ann.* for 98 years, given in 1762, as a premium to the lenders of twelve millions at 4 *per cent.* See page 59 and 100. It is charged, together with the loans to which it was annexed, on the *Sinking Fund*.---Its value in the Alley is about 25 years purchase; but the remaining term is really worth 27 years purchase, reckoning intereft at 3½ (or the 3 *per cents.* being at 85¼.) But when intereft is at 4 *per cent.* or the 3 *per cents.* are at 75, it is worth only 24 years purchase.---When this annuity is called a *premium*, it muft not be imagined that no compenfation was given for it. Government received the value of it; but, at the fame time, made itfelf a debtor for that value. And, what is very furprizing, this has been uniformly praftifed with refpect to all the premiums or douceurs granted by government; and the confequence has been, that great and needlefs increafe of the public debt explained in the 3d fection of the 2d Part.

NOTE (10)—SOUTH-SEA STOCK AND ANNUITIES. See page 69. Thefe four capitals, amounting to 25,984,684l. 13s. confift almoft entirely of the remainder of debts contracted in the reigns of King *William* and Queen *Anne*. The following account will probably give fufficient information concerning them.

IN 1711, Lord Oxford being minifter, the proprietors of certain navy, army, ordnance and transport debts, to the amount of 9,177,968l. including arrears of intereft, and half a million for the current fupplies, were incorporated into a company for trading to the *South-Seas*. They were allowed 6 *per cent.* intereft for this debt, with 8000l. *per ann.* for management; and the duties on wine, tobacco, *East-India* goods, candles, &c. were made perpetual, and granted as a *Fund* (ever fince called the *South-Sea Company's Fund*) for paying the intereft. This kept up public credit at
the

the time, and has been called the *Earl of Oxford's* master-piece.---
 By the 1st of Geo. I. 822,032l. consisting chiefly of interest payable
 on the Company's capital, was added to the capital, in consequence
 of which it was increased to TEN MILLIONS (ever since called their
original capital) bearing 6 *per cent.* interest.--In 1717, they agreed
 to take 5 *per cent.* and this was the first great reduction of interest,
 which, in conjunction with the same reduction of the other re-
 deemable debts, almost all carrying 6 *per cent.* laid the foundation
 of the SINKING FUND established in this year. But it is remarka-
 ble, that so fast did interest fall at this time, that the price of *South-*
Sea Stock, notwithstanding this reduction, rose from 101 to 111.---
 In 1719, the *South-Sea* capital was increased to 11,746,844l. bearing
 5 *per cent.* interest (with an addition of 1,397l. 9s. to their former
 allowance for management) by advancing to government 544,142l.
 and by the proprietors of 94,329l. 12s. lottery annuities for thirty-
 two years granted in 1710, accepting in lieu of them 1,202,702l.
South-Sea Stock.---In 1720, the agreement was made by govern-
 ment with the *South-Sea* Company, which produced the great
 SOUTH-SEA BUBBLE.---There existed at that time *long* annuities to
 the amount of 666,821l. 8s. and *short* annuities, for thirty-two
 years from 1710, to the amount of 127,260l. 6s. The proprietors
 of these annuities were allowed to subscribe them into the *South-Sea*
 trading stock; and the Company, for every 100l. of the *long* an-
 nuity which should be subscribed, were to receive from government
 an addition to their capital of 2000l. bearing 5 *per cent.* interest till
 1727, and afterwards 4 *per cent.* till redeemed; and for every 100l.
 of the *short* annuities, they were to receive an addition to their ca-
 pital of 1400l. bearing the same interests.---They were besides to
 take in the redeemable debts to the amount of 16,546,482l. and to
 receive an addition to their capital of 100l. for every 100l. sub-
 scribed.---By the subscription of the *long* and *short* annuities which
 followed this agreement, a capital due from government to the
 company was created, which was greater by 3,034,769l. than the
 original sum advanced for the annuities subscribed. And as much
 of those annuities and of the redeemable debts were subscribed, as
 increased the *South-Sea* trading capital to 37,802,203l.---In 1722,
 four millions of this capital was purchased by the BANK (See Note 3)
 which reduced it to 33,802,203l.---By 9th Geo. I. 1723, this re-
 maining capital was divided into two equal parts, one of which
 alone (or 16,901,101l.) was ordered to be the trading capital of the
 company, and the other part was directed to be called *South-Sea*
Annuities.---In 1733, the *South-Sea* trading capital had been re-
 duced by payments at different times to 14,651,137l. 12s. By an
 Act of Parliament in that year, this remaining stock received a far-
 ther division, and only a fourth part, or 3,662,784l. was allowed to
 be the company's stock; and the other three parts, or 10,988,353l.
 were directed to be called *New South-Sea Annuities*, in order to
 distinguish them from the former annuities, which have ever since
 gone under the name of *Old South-Sea annuities*.---From 1733; to
 the present time, *South-Sea Stock* has continued the same; but the
 capital of the *Old South-Sea Annuities* has been reduced, by re-
 demptions, to 11,907,470l. and of the *New South-Sea Annuities* to
 2,494,830l. And of the whole *South-Sea* debt, which in 1722 was
 33,802,203l.

33,802,203l. there has, since that year, been paid off in all 9,737,119l. This should have reduced it to 24,065,081l. but it is in reality 25,984,685l. The reason of this is, that the diminution just mentioned of the *South-Sea* debt was made in part with money borrowed in 1750, to pay off such proprietors of *South-Sea* Annuities as had refused to consent to the reduction of interest proposed to them in 1749. The sum borrowed for this purpose was 2,100,000l. bearing 3 *per cent.* with 1,181l. 5s. for management. This debt is now reduced, by redemptions, to the sum specified in the preceding account, or to 1,919,600l.

NOTE (11).—EAST-INDIA STOCK. See page 69.----In 1698, a company of merchants, in consideration of two millions lent to government at 8 *per cent.* were incorporated, and entitled to the sole privilege of trading to the *East-Indies*.---These two millions formed the first capital of the present *East-India* Company.-----In 1702, an old company of traders to the *East-Indies* was united to this company; and in 1708, these united companies lent to government 1,200,000l. without additional interest, which made their capital 3,200,000l. bearing 5 *per cent.*---In 1730, this interest was reduced to 4 *per cent.* and by the 23d Geo. II. 1749, to 3 *per cent.*---The salt duties, and some additional stamp duties, were at first charged with the annuity due on this capital; but at present the duties constituting the aggregate fund are charged with it.

NOTE (12).—EAST-INDIA ANNUITY. See page 69.----The capital of this annuity was advanced to government in 1744, at 3 *per cent.* and, in consideration of this loan, the exclusive charter of the Company was continued to Lady-day 1783, at which time it is to cease, provided three years notice has been given, and the debt due from government discharged.

An observation here forces itself upon me, which I have often had occasion to make.---Part of this loan was a compensation from the *East-India* Company for prolonging the term of its charter; and, therefore, ought not to have been included in the loan. The Company would have lent 750,000l. on the interest common at the time, or 4 *per cent.* and the remainder would have been advanced as a gratuity.-----It is a pity those who managed these contracts for the public did not attend to the absurdity and extravagance of making a *debt* of purchase money, and *borrowing* in the very act of *selling*.

NOTE (13).—EXCHEQUER LONG ANNUITIES. See page 69.----These are the *long* annuities which, in 1720, remained unsubscribed to the *South Sea* Company. See Note 10.-----They consist first of annuities to the amount of 54,900l. 14s. 6d. purchased by the 4th, 5th, and 6th of *William* and *Mary*, for 96 years, from January 1695, with the addition of 1350l. *per ann.* for salaries to exchequer officers. These annuities were originally 14 *per cent.* life-annuities. By the 6th and 7th of *William* and *Mary*, in order to raise more money, these annuitants, or any other persons for them, were offered a reversionary interest in the annuities after the failure of the lives, till the end of 96 years from January 1695, on paying 4 $\frac{1}{2}$ year's purchase

chase (that is 63*l.*) for every annuity of 14*l.*---The predecessors of the present company of the MILLION BANK (so called from the MILLION Lottery 1694, in which they were some of the principal adventurers) purchased 30,669*l.* 4*s.* of these reversionary annuities. The life annuitants being now reduced to a very small number, almost the whole of this annuity is lapsed to the *company*; and though they have divided for several years 5 *per cent.* on a capital of half a million, yet their growing savings, from the falling in of lives, have been such, that, when their annuity ceases in 1791, they will, I am informed, have accumulated a fund considerably larger than the capital on which they have made their dividends. But to return.

These EXCHEQUER Annuities consist farther of

| <i>£.</i> | <i>s.</i> | <i>d.</i> | |
|-----------------|-----------|-----------|--|
| 50,400 | 6 | 8 | purchased for 99 years from <i>Christmas</i> 1703, by 2d and 3d of <i>Anne</i> , with 1450 <i>l.</i> for management. |
| 23,234 | 16 | 6 | purchased for 99 years from <i>Lady-day</i> , 1706, by 4th <i>Anne</i> , with 1470 <i>l.</i> <i>per ann.</i> for management. |
| 7,776 | 10 | 0 | purchased for 99 years from <i>Lady-day</i> , 1707, by 5th <i>Anne</i> , with 375 <i>l.</i> 12 <i>s.</i> <i>per ann.</i> for management. |
| 4,710 | 0 | 0 | purchased for 99 years from <i>Lady-day</i> , 1708, by 6th of <i>Anne</i> , with 208 <i>l.</i> 2 <i>s.</i> <i>per ann.</i> for management. |
| 10,181 | 0 | 0 | purchased for 99 years from <i>Lady-day</i> , 1707, by a 2d Act of 5th of <i>Anne</i> , with 416 <i>l.</i> <i>per ann.</i> for management. |
| Add 54,900 14 6 | | | |
| <hr/> | | | |
| £. 131,203 | 7 | 8 | Total. |

The original sum contributed for these annuities was 1,836,276*l.* They are even now worth more than this sum. The public has already paid above TEN MILLIONS; and by the time they are all extinct, it will have paid above THIRTEEN MILLIONS, on their account. This is great extravagance; but it is nothing to the extravagance constantly practised of borrowing on perpetual annuities, without putting them into a fixed course of redemption.

NOTE (14).—TONTINE by an act of 6th Geo. III. See page 70.---The intention of this act was to raise 300,000*l.* towards paying off navy bills, by offering to subscribers for every 100*l.* advanced, an annuity of 3*l.* for their lives, with benefit of survivorship. But the scheme did not succeed, and only 18,000*l.* was subscribed.

NOTE (15).—LIFE ANNUITIES. See page 70.---The annuities on *two* lives in 1694 were sold at 12*l.* *per ann.* during *two* lives, of any ages, and the annuities on *three* lives at 10*l.* *per ann.* during *three* lives, for every 100*l.* advanced.---This was very extravagant; for, supposing the annuitants in general about the age of 20 or 30, it was the same, in the case of *two* lives, with giving above 10 *per cent.* for money, and in the case of *three* lives, 9 *per cent.*-----It is, likewise, extremely absurd in these cases to pay no regard to difference

ence of ages. A *single* life at the age of 60, supposing money improved at 4 per cent, is entitled to 11 per cent. but at the age of 70, scarcely to 6 per cent.. Two lives at 60 are entitled, on the same supposition, to 8 $\frac{1}{2}$ per cent. but at 70, not to 5 per cent.---The original amount of these annuities was 22,700*l.* nearly. In 1762, that is, in 68 years, they were reduced by deaths no lower than 9,215*l.*

The other life-annuities, mentioned in the preceding account, were *douceurs* granted for loans in 1745, 1746 and 1757. An account of the annuities granted in the last of these years may be seen in page 56.

The life-annuities in 1745 amounted to 22,500*l.* and were granted, together with the profits of a lottery, for a loan of two millions, at 4 per cent.

The life-annuities in 1746 amounted to 45,000*l.* and were granted, with the profits of another lottery, for a loan of three millions at the same interest.---The remarks made in the 3d section of the last part, and particularly in the note, p. 56, are applicable to these two loans. The value of the life-annuities, and the profits of the lotteries, were made a part of the public debt. And, supposing the life-annuities worth, one with another, only 14 years purchase, and the profits of the two lotteries worth 300,000*l.* it will follow, that the capital created by these loans, instead of being 5,000,000*l.* should have been only 3,755,000*l.*

But there is another remark, which it is proper to mention here. The life-annuities granted in 1757, amounting to 33,750*l.* were, in January 1775, that is in 18 years, reduced by deaths to 28,732*l.* or but a little more than a seventh part. But, supposing the annuitants all in the firmest stage of life, or between the age of 10 and 30, they ought, according to some of the best tables of observations, to have been reduced a *quarter*. These life-annuities have, therefore, fallen in much more slowly than could have been expected; and I have found the same to be true of all the other life-annuities.---The reason, undoubtedly, is, that the tables exhibit the rate of mortality among all sorts and orders of men taken together; whereas the lives, on which annuities are bought, are a selection of the better sort of lives from the general mass, and therefore must be of greater value.---Indeed I am not acquainted with any table of observations which gives the probabilities of the duration of life high enough to be a guide in this case; except that which was formed by Mr. *De Parcieux* from the French *Tontines*.---A calculation, therefore, of the values of lives, agreeably to this table, would be of considerable use.

NOTE (16)—UNFUNDED DEBT. See page 70.---I have given the navy debt as it was in January 1775.—The civil list debt in 1775 was probably more than the sum at which I have reckoned it. Lord STAIR, in his account of the national debt, income and expenditure, reckons it at 800,000*l.*

MUCH the greatest part of the foregoing debts, with the taxes for paying the interest, including the duties composing the *Aggregate*, *South-Sea*, and *General* Funds, have, by the 25th of *George* the Second, 1751, and several subsequent acts of Parliament, been thrown into one general account; and the surplus of the whole, after deducting the interest, 800,000*l.* per ann. to the civil list, and a few other payments, forms the SINKING FUND.——The debts not brought to this account are about seven millions and a half in the *South-Sea* House; 11,186,800*l.* of the *Bank* capital; the Civil List million; four millions and a half borrowed at $3\frac{1}{2}$ per cent. in 1758; the capital of the *East-India* annuity; and the Exchequer long and life annuities, except those granted in 1758. But the surplusses of the duties which pay the interest of these debts are either carried immediately into the *Sinking Fund* account, or brought first to the *Aggregate* Fund, and from thence carried into that account.——On the contrary. Deficiencies in these duties, when they happen, are made good out of the *Sinking Fund*, and afterwards replaced from the supplies.

For example. Three old nine-penny excises on beer, with an additional three-pence per barrel, producing above half a million annually; also, 3,700*l.* per week out of the hereditary excise on beer, together with some duties on paper, coals, &c. and $\frac{1}{2}$ additional subsidy of tonnage and poundage, are appropriated to the payment of the *Banker's* Annuity; the *Life* Annuities granted in 1693 and 1694; the *Exchequer* Long Annuities; and annuities on various sums subscribed to the *South-Sea* Company in 1720. The surplusses make a part of the *Aggregate Fund*; and after contributing to satisfy the charge on that fund, are carried into the *Sinking Fund*.——Again. Certain additional duties on soap, parchment, coals, &c. are appropriated to pay the interest of 1,250,000*l.* and of 1,750,000*l.* parts of the *Bank* capital.——The surplusses are carried directly to the *Sinking Fund*.——In like manner. The duties on houses and windows, imposed by an act of the 20th of *George* the Second, 1747. (a) after deducting from them 91,485*l.* per ann. to satisfy certain charges on old house-duties in the *Aggregate Fund*; and also other duties on houses and windows, imposed by the 2d and 6th of *George* the Third, amounting in all to about 205,000*l.* per ann. are carried into the *Sinking Fund*, together

(a) These duties were appropriated to the payment of the interest at 4 per cent. of a capital of 4,400,000*l.* created in 1747, for which four millions only had been advanced. It is now a part of the capital of the reduced 3 per cent. annuities.

together with the capitals, the interest of which has been charged upon them. But the addition to these duties (with a tax on pensions) granted in 1758, and charged with the interest (at $3\frac{1}{2}$ per cent.) of the loan in that year, having not been carried into the *Sinking Fund*, and proving deficient, the deficiency is constantly made good out of this fund, and afterwards replaced from the supplies.

State and Amount of the NATIONAL DEBT at Christmas 1753; with the Charges of Management.

| BANK OF ENGLAND. | | Principal. | Interest. |
|---|----------------------|---------------|-----------|
| | | £. | £. |
| BANK capital | - - - | 11.686,800 | 393,038 |
| Of this capital 3,200,000l. bore at this time 3 per cent. interest; and the remainder bore $3\frac{1}{2}$ per cent. till 1757, by 23d Geo. II. 1749. —See note (1). p. 71. | | | |
| Management | 5,898l. per ann. | | |
| Three per cent. BANK Annuities consolidated by 25 Geo. II. 1751. | See Note (6). p. 72. | 9.137,821 | 274,135 |
| Management | 4,450l. per ann. | | |
| BANK Annuities consolidated by 25 Geo. II. 2,713,618l. carrying $3\frac{1}{2}$ per cent. interest till 1755; and 14,857,956l. carrying the same interest till 1757. See note (7) p. 72. | | 17.740,132 | 619,546 |
| Management | 9,884l. per ann. | | |
| Civil list million, 1726 | | 1,000,000 | 30,000 |
| Management | 360l. per ann. | | |
| Whole charge of Management at the Bank in 1753 | 20,592l. per ann. | | |
| SOUTH-SEA COMPANY. | | | |
| SOUTH-SEA Stock carrying 4 per cent. till 1757 | | 3.662,784 | 146,511 |
| Carried over | | £. 43,227,537 | 1,463,230 |

| | Principal. £ | Interest. £. |
|--|-----------------|-----------------|
| Brought over | 43,227,537 | 1,463,230 |
| Old and New SOUTH-SEA Annuities carrying $3\frac{1}{2}$ per cent. till 1757 | 21,362,525 | 747,688 |
| Three per cent. 1751---See note (10) P. 73. | 2,100,000 | 63,000 |
| Whole charge of management at the <i>South-Sea House</i> on stock and annuities, 15,748l. per ann. | | |
| EAST-INDIA HOUSE. | | |
| EAST-INDIA STOCK, reduced to $3\frac{1}{2}$ till 1757 | 3,200,000 | 112,000 |
| EAST-INDIA annuity 1744 | 1,000,000 | 30,000 |
| Management 1,687l. 10s. per ann. | | |
| Total (a) | £. 70,890,062 | 2,459,918 |

(a) The whole of this sum (except 16,437,821l. consisting of the old Bank capital, the consolidated 3 per cents, the South-Sea 3 per cent. annuities 1751, the Civil List million, and the East-India annuity) that is, 54,413,433l. was reduced by 23 Geo. II. 1749, from an interest of 4 per cent. to $3\frac{1}{2}$ till 1757, and afterwards to 3 per cent.--- The proprietors of a capital of 3,290,042l. refused to consent to this reduction, which, therefore, was paid off; 1,190,042l. with *Exchequer Bills* (afterwards cancelled); and 2,100,000l. with money borrowed at 3 per cent. and added to the capital of the *South-Sea* annuities. The whole sum, therefore, reduced and paid off, was 57,703,475l. which produced a saving to the public, and an addition to the Sinking Fund after 1757, of 612,735l. per ann.

The SALT DUTIES in 1753 had been for some time mortgaged to pay the principal and interest of a million borrowed in 1745. In 1757, after clearing the mortgage, they became free, and were carried into the Sinking Fund, of which they have ever since formed a part. This produced a farther addition to the *Sinking fund*, after 1757, of about 220,000l. per ann.

I have not included the million now mentioned in the account given above of the public debts in 1753, because it was in a fixed course of redemption; nor have I included 499,600l. in *Exchequer Bills* charged on the duty on sweets, because these *Exchequer Bills* were paid off in 1754.

| | Principal. | Interest. |
|--|---------------|-----------|
| | £. | £. |
| Brought over | 70,890,062 | 2,415,918 |
| EXCHEQUER. | | |
| ANNUITIES for 96 and 99 years, from various dates in King <i>William's</i> and Queen <i>Anne's</i> times, being the original sum contributed. See Note (13) p. 75. | 1,836,276 | 131,203 |
| Management 5,230 <i>l.</i> <i>per ann.</i> inclusive of management for the two next articles. | | |
| ANNUITIES for lives, with benefit of survivorship, being the original sum contributed. | 108,100 | 7,567 |
| ANNUITIES for two and three lives, being the remainder after deducting the annuities fallen in by deaths, and reckoned worth 10 years purchase. | 106,650 | 10,665 |
| ANNUITIES for single lives 1745, being the remainder after deducting the annuities fallen in by deaths, and reckoned worth 14 years purchase. | 296,142 | 21,153 |
| ANNUITIES for single lives 1746, being the remainder after the lives fallen in. | 582,274 | 41,591 |
| Navy debt in 1754—Interest reckoned at 2 <i>per cent.</i> | 1,296,568 | 25,931 |
| Total of the principal and interest of the public debts in 1753. | £. 75,077,264 | 2,654,028 |

STATE and AMOUNT of the NATIONAL
DEBT in 1739.

BANK OF ENGLAND.

| | Principal £. | Interest. £. |
|---|-----------------|-----------------|
| BANK CAPITAL, consisting of 1,600,000l. old capital, carrying 6 per cent; and 7,500,000l. car- rying 4 per cent. See note 1, p. 71. | 9,100,000 | 396,000 |
| BANK ANNUITIES at 3 per cent. for the lottery in 1731. | 800,000 | 24,000 |
| SOUTH-SEA COMPANY. | | |
| Stock and annuities bearing 4 per cent. | 27,302,203 | 1,092,088 |
| EAST-INDIA COMPANY. | | |
| EAST-INDIA stock carrying 4 per cent. | 3,200,000 | 128,000 |
| EXCHEQUER ANNUITIES. | | |
| Annuities at 3 $\frac{1}{2}$ by 4 Geo. II. paid off in 1752 | 400,000 | 14,000 |
| ANNUITIES at 4 per cent. charged on the duty on wrought plate by 6 Geo. I. 1720 | 312,000 | 12,480 |
| 182,250l. of this capital was paid off in 1750. The remainder is now included in the capital of the reduced 3 per cent. annuities | | |
| ANNUITIES at 3 per cent. charged on the Sinking Fund by 9 and 10 Geo. II. Now included in the consolidated 3 per cent. annuities | 900,000 | 27,000 |
| Carried over | £. 42,014,203 | 1,693,568 |

| | Principal. | Interest. |
|--|---------------|-----------|
| | £ | £ |
| Brought over - | 42,014,203 | 1,693,568 |
| ANNUITIES on <i>Nevis</i> and <i>St. Christopher</i> Debentures at 3 per cent. Now included in the consolidated 3 per cents. - - | 37,821 | 1,135 |
| EXCHEQUER BILLS charged on a duty upon victuallers by 12 Geo. I. 1726—Carrying 3 per cent. | 480,000 | 14,400 |
| EXCHEQUER BILLS charged on a duty on sweets by 10 of Geo. II. 1737---Carrying 3 per cent. and paid off in 1754---See the note p. 80. - - | 499,600 | 14,988 |
| ANNUITIES for long terms from various dates - - | 1,836,276 | 131,203 |
| ANNUITIES for lives with <i>benefit of Survivorship</i> , granted in 1693 | 108,100 | 7,567 |
| ANNUITIES for two and three lives, 1694 - - | 106,650 | 15,000 |
| Navy debt (a) - - | 1,300,000 | 26,000 |
| Total of the <i>Principal</i> and <i>Interest</i> of the National Debt in 1739 (b) | £. 46,382,650 | 1,903,861 |
| | M | FROM |

(a) Having met with no account of the Navy Debt at this time, I have chosen, rather than omit it, to suppose it nearly the same that it was at the commencement of the last war; which probably is reckoning it too high.

(b) In this account I have omitted a million borrowed in 1734, because the redemption of it was near being completed by the Salt Duties. I have also omitted *Short Annuities* amounting to 24,334l. being the remainder of 9 per cent. annuities for 32 years created in 1710, because the term for which they were created was near expiring.

FROM the account in the POSTSCRIPT, at the end of this tract, it will appear, that 10.739,793*l.* of the public debt was discharged between the years 1763 and 1775; and also that the funded debt was, in 1775, 1.400,000*l.* greater than it was at the end of the last war. From hence, and from the amount of the public debt in 1775, as stated in page 70, it follows, that the funded debt at the end of the war was 130.943,051*l.* and the whole debt 146.682,844*l.* and, consequently, that the war left upon the nation an *unfunded debt* amounting to (a) 15.739,793*l.* This unfunded debt consisted of the following particulars—Of 3.500,000*l.* borrowed after the peace in 1763, and applied towards bearing such expences of the war as could not immediately cease with its operations.—Of near *eight millions* in navy, victualling, ordnance and transport debts.—Of 1.800,000*l.* *Exchequer bills*; and the remainder, of subsidies to foreign princes, extraordinaries of the army, and German demands.

IN the interval of peace between 1748 and 1755, the following debts were paid off.

| | £. |
|---|--------------|
| Bank Annuities bearing 4 per cent. - - | 1,013,148 |
| SOUTH-SEA Annuities bearing 4 per cent. - - | 176,893 |
| Annuities bearing 3 $\frac{1}{2}$ per cent. charged by 4 Geo. II. on additional Stamp-duties - - | 400,000 |
| EXCHEQUER Bills bearing 3 per cent. charged by 10 Geo. II. 1737 on the duties on sweets - - | 499,600 |
| Borrowed in 1745 at 3 $\frac{1}{2}$ per cent. on the credit of the Salt duties—See note, page 80. - - | 1,000,000 |
| | 3,089,641 |
| (b) Total | £. 3,089,641 |

(a) The author of the *Considerations on the Trade and Finances of this Kingdom* makes this debt 1.218,000*l.* more than the sum at which I have here stated it. See page 22; and *State of the Nation* by the same author, page 15, quarto editions.—The reason of this difference is, that this writer has included in the unfunded debt left by the war the deficiencies of grants and funds in 1763 and 1764, and the *whole* army debt not provided for in those years; whereas I have excluded the former entirely; and admitted only as much of the latter as exceeded the army debts common in subsequent years. See the Postscript.

(b) In 1751 there was applied to the payment of Navy debts 200,000*l.* and in 1752, the sum of 900,000*l.* But I have not reckoned these sums, because they did little more than make up the constant deficiency in the *Peace Establishment* for the Navy.

FROM the whole, the following account of the progress of the National Debt, from 1739 to 1775, may be deduced.

| | Principal. £. | Interest. £. |
|---|------------------|-----------------|
| <i>Amount of the principal and interest of the national debt before the war which began in 1740</i> - | 46.382,650 | 1.903,861 |
| <i>Amount in 1749 immediately after the war</i> - - - | 78.166,906 | 2.765,608 |
| <i>Increased by the war</i> - | 31.784,256 | 861,747 |
| <i>Diminished by the Peace, from 1748 to 1755</i> - - - | 3.089,641 | 111,590 |
| <i>Amount at the commencement of the last war</i> - - - | 75.077,264 | 2.654,018 |
| <i>Amount at the end of the war in 1763</i> | 146.682,844 | 4.840,821 |
| <i>Increased by the last war</i> - | 71.605,580 | 2.186,803 |
| <i>Diminished by the Peace, in twelve years from 1763 to 1775</i> - | 10.739,793 | (a)400,000 |
| <i>Amount at Midsummer, 1775</i> | 135.943,051 | 4.440,821 |

WE are now involved in another war, and the public debts are increasing again fast. *Exchequer Bills* have been increased from 1.250,000*l.* to 1.500,000*l.* A new capital of 2.150,000*l.* has been added to the 3 *per cent.* Consolidated annuities. And a vote of credit was given in the last session of Parliament for a million. The last year, therefore, has added 3.400,000*l.* to our debts, besides a vast sum not yet provided for, consisting of navy, ordnance, victualling, transport and army debts.—— The present year (1777) must make another great addition to them; and what they will be at the end of these troubles, no one can tell.——The union of a *foreign* war to the present *civil* war might perhaps raise them to TWO HUNDRED MILLIONS; but, more probably, it would sink them to——NO-THING.

M 2

S E C T.

(a) See the Postscript.

S E C T. III.

Of the DEBTS and RESOURCES of France.

MINISTERS have of late fought to remove the public apprehensions by general accounts of the weakness of powers, which, from the circumstances of former wars as well as national prejudices, have been felt by the people as jealous rivals or formidable enemies.—I wish it was possible for me to confirm these accounts; and by contrasting the preceding state of our own debts with a similar one of those of FRANCE, to shew that, from this power in particular, we have nothing to fear. The following particulars, on the correctness of which I can rely, may give some assistance in judging of this subject.

THE whole expence of the last war to FRANCE was 1.118.307,047 livres; that is, 49.702,000l. sterling;—of which 23.152,000l. (520.926,000 livres) consisted of money procured by the sale of taxes, by free gifts, and extra-impositions during the war, which left behind them no debts;—and 26.550,000l. (597.380,100 livres) consisted of LOANS, or money raised on perpetual annuities, life-annuities and lotteries.—At the beginning of 1769 the whole amount of the debts of France, including all arrears and capitals advanced on annuities and lotteries, was 128.622,000l. sterling, or 2.894,053,616 livres. The annual charge derived from this debt was 6.707,500l. sterling (150.919,284 livres).—All the appropriations amounted to 8.218,500l. sterl. (184.919,284 livres).—The expences of the army, navy, king's household, prince's household, foreign affairs, &c. amounted to 8.947,000l. or 201.307,312 livres. So that the whole annual expence was 17.165,000l. (386.226,596 livres).—The whole revenue had amounted, before 1769, to 13,484,500l. sterl. (303,401,696 livres).—The public expence, therefore, had exceeded the revenue 3.681,000l. (82.800,000 livres) *per annum*.

FROM the year 1769 to the present King's Accession, by forced reductions of interest, and by new taxes, the public revenue was carried to 16.289,000l. sterl. (366.508,000 livres) and the public expence was reduced so as not to exceed the revenue above 766,800l. *per annum* (17,253,000 livres).—The anticipations also of the revenue, which before 1769 had extended to *seventeen* months, were reduced to *five* months.—

Such

Such was the progress of reformation ; namely, an increase of revenue amounting to little less than THREE MILLIONS sterl. *per. ann.* in a few years, under an unpopular minister, in the latter days of a reign never characterized by an attention to economy, or a regard to the public interest ; and at this time particularly stamped by unprecedented profusion and a general relaxation.

A NEW reign produced a new minister of finance, whose name will be respected by posterity for a set of measures as new to the *political* world, as any late discoveries in the system of nature have been to the *philosophical* world.—Doubtful in their operation, as all unproved measures must be, but distinguished by their tendency to lay a solid foundation for endless peace, industry, and a general enjoyment of the gifts of nature, arts and commerce.—The edicts issued during his administration exhibit indeed a phenomenon of the most extraordinary kind. An absolute King rendering a voluntary account to his subjects, and inciting his people to *think* ; a right which it has been the business of all absolute princes and their ministers to extinguish in the minds of men.—In these edicts the King declared in the most distinct terms against a bankruptcy, an augmentation of taxes, and new loans ; while the minister applied himself to increase every public resource, by principles more liberal than *France*, or any part of *Europe*, ever had in serious contemplation.—It is much to be regretted that the intrigues of a court, want of address, or perhaps want of due regard to that degree of public conviction, which must influence more or less in a despotic as well as free state, should have deprived the world of those lights which must have resulted from the example of such an administration.

AFTER a short interval, a nomination, in some respects still more extraordinary, has taken place in the court of FRANCE. A court, which a few years since was distinguished by its bigotry and intolerance, has raised a *Protestant*, the subject of a small but virtuous republic, to a decisive lead in the regulation of its finances. It is to be presumed, that so singular a preference will produce an equally singular exertion of integrity and talents. Though differing from Monsieur TURGOT in several principles, which regard the larger lines of government, he appears by his first steps, and particularly the preamble to a late edict for raising 24 millions of livres by a lottery, to put his foot on the same great basis of general justice, and a strict conservation of the faith of the King ; and points more particularly

particularly at the surest of all resources in any modern states, a simplification of taxes and a reformation in the collection of them. This administration, making improvements in the revenue its immediate object, is more capable of present exertion, and, as such, is more formidable.

FROM these facts and observations it is impossible not to conclude, that if we trust our safety to the difficulties of FRANCE, we may find ourselves fatally deceived.—I will add, that though (like the 3 s. land-tax and lotteries among ourselves) some of the extraordinary impositions of the last war have been continued in *France*, there are some which ceased with the war, and which they can renew. It is, particularly, an advantage of unspeakable importance to them, that they can carry on a war, as they did the last, at *half* our expence; and that, having no dependence on the flattering delusion of paper, they can, as they did in 1759, bear even a bankruptcy in the middle of a war, and yet carry it on vigorously.—Their debts time itself is sinking fast. Of 3,111,000l. (seventy millions of livres) in annuities on the *Hotel de Ville* at Paris, 1,777,000l. (forty millions of livres) consisted in 1774 of Life Annuities, which were falling by deaths at the rate of 71,000l. (1,600,000 livres) every year.—Even their loss of credit, whatever present embarrassment attends it, favours them upon the whole. To this they owe the advantages just mentioned. The facility with which our high credit has enabled us to run in debt ensnares us, and, if a change of measures does not take place, (a) must ruin us. Experience has given them a just horror at borrowing on permanent funds; and were they inclined to do it, they are not able to do it to any great amount; and, consequently, they cannot go on mortgaging one resource after another till none is left.—While we lose sight of the capital in the interest, they carry their views chiefly to the reimbursement of the capital; and, after receiving high interest for some years, can be satisfied with receiving back a part of their capital.—Their debts, being confined in a great measure to the *Farmers-General* and others at PARIS, are not circulated and diffused among the body of the people in the manner ours are: And it is well known that they can make use of methods to discharge them, which our government must never think of. The acts of arbitrary power and unjust expedients, to which, on many occasions, they have had recourse for this purpose, without

(a) “ Either the nation (Mr Hume says) must destroy public credit, or public credit will destroy the nation.” *Political Essays*, page 135.

without producing any tumults, are such as appear to us almost incredible; and should the time ever come, when it will be necessary in this country to make use of any violence of the same kind, all government will probably be at an end.

In point of territory and number of inhabitants, the two countries will bear no comparison (a). We have hitherto opposed *France* by our free spirit and our colonies; and to them chiefly we owe our prosperity and victories. Our colonies once separated from us, the islands will soon follow. But should they remain ours, our comparative advantages will best appear from the following authentic account of the imports into *France* from their islands.

| In 1774. | | Weight in Pounds. |
|-----------------------------------|---|-------------------|
| Sugar imported into <i>France</i> | - | 147,986,959 |
| Indigo | - | 1,734,206 |
| Rocou | - | 210,187 |
| Coffee | - | 58,247,133 |
| | | <hr/> |
| | | 208,178,485 |

| In 1775. | | Weight in Pounds. |
|-----------------------------------|---|-------------------|
| Sugar imported into <i>France</i> | - | 171,932,972 |
| Indigo | - | 2,134,247 |
| Rocou | - | 169,831 |
| Coffee | - | 58,545,000 |
| | | <hr/> |

(b) 232,782,050

VALUE of the above commodities re-exported from *France*, taken upon the average price.

| | <i>Livres.</i> | <i>Sterling.</i> |
|---------|----------------|------------------|
| In 1775 | 75,901,373 | 3,373,000 |
| In 1775 | 74,961,318 | 3,331,000 |

The whole importation from the *West-Indies* into *Britain* is about three millions *per annum*.

BUT

(a) The number of inhabitants in *France* is 26 millions. In *Britain* it cannot exceed six to seven millions. See page 37. And *Observations on Reversionary Payments*, page 185, third edition.

(b) Near one half of all this importation is made into *Bourdeaux* only; and the rest into *Rochelle*, *Marfeilles*, *Nantz*, *Havre*, and *Honfleur*.

BUT I have gone much beyond the views with which I began this Section. The facts which have been stated, and the reflections which they have occasioned, are intended principally to shew, that we ought not to suffer ourselves to be drawn into security by any assurances of the weakness of *France*.—May she, however, find herself the weakest of kingdoms, whenever, from motives of interest or ambition, she shall attempt to injure any of her neighbours.—May *Britain*, hitherto the most favoured spot under Heaven, always preserve her distinguished happiness, and escape the danger which now threatens her. And may the time soon come, when all mankind, sensible of the value of the blessings of peace and equal liberty, shall suffer one another to enjoy them, and learn war no more.

S E C T. 4.

Containing the Corrections and Additions in the different Editions of the Observations on Civil Liberty, with Remarks on the EARL OF STAIR's Account of the National Income and Expenditure.

ALL the corrections and additions, of the least consequence, in the different editions of the *Observations on Civil Liberty*, are confined to the APPENDIX; and the proprietors of any of the editions of that pamphlet will be possessed of it in all the correctness that I have been capable of giving it, by striking out, in the four first editions, the account in p. 115, of the national income and expenditure; and by substituting, in all the editions, the preceding account of the national debt, and also the following accounts (a), in the room of accounts corresponding to them, in page 119, and page 123, &c. of the four first editions, and in page 115, 118, &c. and 123, &c. of the subsequent octavo editions.

APPRO-

(a) The chief difference between these accounts is, that those which follow are, in some instances, more full; and enlarged by references to *Lord Stair's* accounts.

APPROPRIATED REVENUE *at Midsummer,*
1775.

| | | | |
|---|---|---|--------------|
| Interest of the national debt | - | - | £. |
| Civil list revenue | - | - | 4.440,821 |
| Expences of management attending the national debt; of which 71,432l. is the expence of management at the Bank, South-Sea House, and India House; and 5,900l. salaries to <i>Exchequer Officers</i> . See Page 67, &c. | - | - | 800,000 |
| Annuities payable out of the Aggregate Fund; to the DUKE OF GLOUCESTER, 8000l.—DUKE OF CUMBERLAND, 8000l.—the Representatives of ARTHUR ONSLOW, Esq; 3000l.—And the Sheriffs of ENGLAND and WALES, 4000l.—In all | - | - | 77,332 |
| Clerk of the Hanaper in Chancery—Coinage (a) expence—Tenths and first-fruits of the Clergy appropriated to the augmentation of small livings—Extra revenues of the crown, consisting of <i>American</i> quit-rents; duty of 4½ <i>per cent.</i> in the Leeward Islands; revenues of Gibraltar and Dutchy of <i>Cornwall</i> , &c.—Fees for warrants and orders, for auditing and engrossing accounts of dividend warrants, and other charges at the EX-CHEQUER and TREASURY (b) | - | - | 23,000 |
| | | | 100,000 |
| Total of the Appropriated Revenue | | | £. 5.441,153 |

(a) In order to defray the expence of coinage, a duty of 10s. *per* ton has been laid on wines imported; and, as far as this duty happens to fall short of 15,000l. the deficiency is made good out of the supplies.

(b) I am not able to give the exact amount of this part of the appropriated revenue. I have, therefore, reckoned it at such a round sum, as, I think, cannot much exceed or fall short of it.

*State of the SURPLUS of the REVENUE for 11
years ended at 1775.*

UNAPPROPRIATED REVENUE.

| | |
|---|--------------|
| NEAT PRODUCE of the Sinking Fund, for five years, including casual surplusses, reckoning to <i>Christmas</i> in every year; being the annual medium, after deducting from it about 45,000l. always carried to it from the supplies, in order to replace so much taken from it every year to make good a deficiency in a Fund established in 1758, | 2.610,759 |
| Neat annual produce of Land Tax at 3s. militia deducted; and of the Malt Tax (a) | 1.800,000 |
| (N. B. These two taxes in 1773 brought in only 1.665,475l.) | |
| There are some casual Receipts, not included in the Sinking Fund, such as Savings in Pay-Office, duties on Gum Senega, American Revenue, &c. But they are so uncertain and inconsiderable, that it is scarcely proper, to give them as a part of the permanent Revenue. Add however, on this account | 50,000 |
| Total of unappropriated Revenue | £. 4.460,759 |

*Produce of the SINKING FUND, reckoned to
Christmas in every Year.*

| | | |
|------|-----|--------------|
| 1770 | ——— | £. 2.486,836 |
| 1771 | ——— | 2.553,505 |
| 1772 | ——— | 2.683,831 |
| 1773 | ——— | 2.823,150 |
| 1774 | ——— | 2.731,476 |

THE average of these five years is 2.655,759l. or, deducting 45,000l. (as directed above) 2.610,759l.

IN

(a) The Land-tax at 3s. is given by Parliament for 1,500,000l. and the Malt-tax for 750,000l. but they are always greatly deficient. ---Both these taxes (and also sometimes the income of the Sinking Fund) are borrowed of the *Bank*, and spent long before they come into the Exchequer; and therefore are debts constantly due to the *Bank*, for which interest is paid.

IN 1775 the Sinking Fund was taken for 2,900,000*l.* including an extraordinary charge of 100,000*l.* on the *Aggregate Fund*; but it produced 2,917,869*l.* The average of six years, including 1775, was 2,654,443*l.* The average of five years before 1770 was 2,234,780*l.*

ANNUAL EXPENDITURE.

| | |
|---|--------------|
| PEACE Establishment, for the Navy and Army, including all miscellaneous and incidental expences | 3,700,000 |
| Annual increase of the Navy and Civil List debts | 350,000 |
| Interest at 2 <i>per cent.</i> of 3,600,000 <i>l.</i> unfunded debt, which must be paid out of the unappropriated Revenue | 72,000 |
| | <hr/> |
| Total | £. 4,122,000 |
| ANNUAL SURPLUS of the Revenue | 338,759 |
| | <hr/> |
| Annual income | 4,460,759 |

THE estimate for the peace establishment, including miscellaneous expences, amounted, in 1775, to 3,703,476*l.*----But the extraordinary expences, occasioned by the war with America, made it fall very short.—In 1774 it amounted to 3,784,452*l.* exclusive of 250,000*l.* raised by Exchequer Bills, towards defraying the expence of calling in the gold coin. And the medium for eleven years, from 1765, has been nearly 3,700,000*l.*—According to the accounts which I have collected, the expence of the peace establishment (including miscellaneous expences) was, in 1765, 1766 and 1767, 3,540,000*l.* *per ann.*—In 1768, 1769 and 1770, it was 3,354,000*l.* *per ann.*—In 1771, 1772, 1773, 1774 and 1775, the average has been nearly four millions *per ann.* exclusive of the expence of calling in the coin.

THE parliament votes for the sea service 4*l.* *per month per man*, including wages, wear and tear, victuals and ordnance. This allowance is insufficient, and falls short every year more or less, in proportion to the number of men voted. From hence, in a great measure, arises that annual increase of the navy debt, mentioned in the second article of the *National Expenditure*. This increase in 1772 and 1773 was 669,996*l.* or 335,000*l.* *per ann.* The number of men voted in those two years was 20,000. I have supposed them reduced to 16,000, and the annual increase of the Navy Debt to be only 250,000*l.*

Add 100,000*l.* for the the annual increase of the Civil List Debt, and the total will be 350,000*l.*

SOON after the publication of the preceding account in *February* last year, the EARL OF STAIR obliged the public with another account of the same kind, which brings out a conclusion much more unfavourable. According to this account, were lotteries abolished, and the land-tax at 3*s.* in the pound only, there would be a *deficiency* in the revenue, instead of such a *surplus* as I have stated. The following remarks will shew the reason of this difference.

THE EARL OF STAIR has taken the annual produce of the *Sinking Fund* at 2,506,400*l.* being the average produce of EIGHT years ended at *Lady-day* 1775.—I have taken it at 2,610,759*l.* being the average of FIVE years ended at *Christmas* 1775.—The neat produce of the land and malt taxes has been also taken near 50,000*l.* higher in my account; and I have besides admitted 50,000*l. per ann.* for casual supplies, which his Lordship has not charged.

THE annual increase of the Navy Debt LORD STAIR states at 300,000*l.* and of the Civil List at 200,000*l.* I have stated the former at 250,000*l.* and the latter at 100,000*l.*—In order also to avoid, as much as possible, all exaggeration, I have thrown out the expence of the new coinage. Lord Stair has admitted it, and given an yearly expence derived from hence of 100,000*l.*—He has also taken the Peace Establishment for 1774 as a fair medium for common years of peace, because it was lower in that year than in the three years preceding 1775. I have taken the average of *eleven* years of peace, which is 75,000*l.* less.

IN consequence of these differences, the national PEACE expenditure in *Lord Stair's* account comes out 325,000*l. per ann. higher* than in mine; and the national income comes out 204,359*l. lower*; from whence it follows, that without lotteries, and the land-tax being at 3*s.* in the pound, the kingdom must, according to his Lordship's calculation, run out at the rate of about 200,000*l.* every year.

IN some of the particulars I have mentioned, this account is probably nearest to the truth; but I hope it will be considered, that I have studied to give moderate accounts, and aimed at erring always rather on the favourable than the unfavourable side.

Second

*Second Method of deducing the SURPLUS of
the REVENUE.*

FROM the year 1763 to the year 1775, or during a period of 12 years, 10,639,793*l.* of the public debts (*a*) was paid off.--- The money employed for this purpose must have been derived from the surplus of the *ordinary* revenue, added to the *extraordinary* receipts. These receipts have consisted of the following articles.---1*st.* The land-tax at 4*s.* in the pound in 1764, 1765, 1766 and 1771; or 1*s.* in the pound extraordinary for four years, making 1,750,000*l.*---2. The profits of ten lotteries (*b*) making (at 150,000*l.* each lottery) 1,500,000*l.*---3. A contribution of 400,000*l.* *per ann.* for five years, from the EAST-INDIA Company, making 2,000,000*l.*---4. Savings by debts discharged at a discount, (*c*) making at least 400,000*l.*---5. Paid by the Bank in 1764, for the renewal of their charter, 110,000*l.*---6. Savings on high grants during the war; produce of *French* prizes taken before the declaration of war; sale of lands in the ceded islands; and composition for maintaining *French* prisoners, (*d*) making 2,520,000*l.*--- All these sums amount to 8,280,000*l.* There remains to make up 10,639,793*l.* (the whole debt discharged) 2,359,793*l.* and this, therefore, is the amount of the whole surplus of the *ordinary* revenue for twelve years; or 196,000*l.* *per ann.* (*e*)

THE

(*a*) The account given by Lord North at opening the Budget in 1775 was, that the public debt had been diminished since 1763 near nine millions and a half. The grounds on which I have stated this diminution at 10,639,793*l.* may be seen in the POSTSCRIPT, page 99.

(*b*) Four of these lotteries have been annexed to annuities; but it would be a great mistake to think that they have not been equally profitable with the other lotteries. For instance; in 1767, a million and a half was borrowed on an annuity of 45,000*l.* with a lottery of 60,000 tickets annexed. In the same year, 2,616,777*l.* was paid off; but, had it not been for the lottery, only 1,350,000*l.* could have been raised on the annuity; and 150,000*l.* less must have been paid off.

(*c*) The discounts on a million and a half paid off in 1772, and two millions paid off in 1774 and 1775, amounted nearly to this sum.

(*d*) The particular sums may be found in a pamphlet, entitled, *The present State of the Nation*, p. 28, quarto edition. But I have not included all the sums there enumerated; nor have I admitted the Army savings in 1772, and some other smaller sums.

(*e*) This surplus, being the medium for the whole twelve years of peace, is less than in p. 92, which is the medium at the end of this period, when the Sinking-Fund produced above a quarter more than it did at the beginning of it.

THE Earl of STAIR has also, in this method, calculated the *surplus* of the Revenue; and makes the total, for eleven years, to be no more than 2,557,378*l.* even with the assistance of lotteries, and the land-tax at 4*s.* in the pound for five years; from whence it follows, that, *without* these assistances, there would have been a deficiency of near 60,000*l.* *per ann.*—The reason is, that his Lordship has taken the whole debt paid since 1763 at no more than 7,053,855*l.* or three millions and a half less than I have made it; and he has taken it so much less, chiefly in consequence of including in the amount of the public debt in 1775, the excess of the expences of that year above the common peace expences. This excess is to be charged to the present war; and, in determining the ordinary peace *surplus*, which is my object, it was proper to exclude it, and to terminate the account at the commencement of the war.—I will only add, that Lord STAIR has also included more in the extraordinary receipts than I have; and, particularly, 700,000*l.* which he supposes the public gained by the TEA INDEMNITY.—But this was only a compensation made by the *East-India* Company for the loss which the public sustained by taking off, in 1766, a part (or 1*s.* *per* pound) of the duty on tea. In 1772 it was restored; and the excise upon tea has since, if I am rightly informed, produced as much as ever. Before 1766, it produced annually 474,091*l.* Immediately (a) after 1776, it produced 341,284*l.*—But in 1775, it produced near half a million.

Sketch of an Account of the Money drawn from the Public by the Taxes, before the Year 1776.

| | |
|---|-----------|
| CUSTOMS in ENGLAND, being the medium of the payments into the Exchequer, for 3 years ending in 1773 (b) | £. |
| | 2.528,275 |
| Amount of the EXCISES in ENGLAND, including the malt tax, being the medium of 3 years ending in 1773 | 4.649,892 |
| | Land |

(a) I have here taken the average of two years before and after 1766.

(b) The annual medium of the payments into the Exchequer from the CUSTOMS in ENGLAND, for the last five years, has been 2,521,769*l.*—In 1774 the payment into the Exchequer was 2,547,717*l.*

| | | | | |
|--|---|---|---|-----------|
| Land Tax at 3s. | - | - | - | 1,300,000 |
| Land Tax at 1s. in the pound | - | - | - | 450,000 |
| SALT DUTIES, being the medium of the years 1765 and 1766 | - | - | - | 218,739 |
| Duties on Stamps, Cards, Dice, Advertisements, Bonds, Leases, Indentures, News-papers, Almanacks, &c. | - | - | - | 280,788 |
| Duties on houses and windows, being the medium of 3 years ending in 1771 | - | - | - | 385,369 |
| Post-Office, Seizures, Wine Licences, Hackney Coaches, Tenths of the Clergy, &c. | - | - | - | 250,000 |
| EXCISES in SCOTLAND, being the medium of 3 years ending in 1773 | - | - | - | 95,229 |
| CUSTOMS in SCOTLAND, being the medium of 3 years ending in 1773 | - | - | - | 68,369 |
| Annual profit from Lotteries | - | - | - | 150,000 |
| Inland taxes in SCOTLAND, coinage duties, casual revenues, such as the duties on Gum-Senega, American revenue, &c. | - | - | - | 150,000 |
| EXPENCE of collecting the EXCISES in ENGLAND, being the average of the years 1767 and 1768, | | | | |

when

2,547,717l.—In 1775, it was 2,476,302l.—The produce of the CUSTOMS, therefore, has been given rather too high.

The produce of the EXCISES in England has been higher, in 1772 and 1775, than in any two years before 1776; but the average of any 3 successive years, or of all the five years since 1770, will not differ much from the sum I have given.—In 1754, or the year before the last war, the CUSTOMS produced only 1,558,254l.—The Excises, exclusive of the Malt-tax, produced 2,819,702l.—And the whole revenue, exclusive of the Malt-tax and Land-tax at 2s. was 5,097,617l.—In 1753 the whole revenue was 5,189,745l. And the appropriation or annual charge upon it (consisting of the Civil List, 834,443l. interest of the national debt, exclusive of navy debt, 2,628,087l. expences of management, 43,691l. $4\frac{1}{4}$ per cent. from the Leeward Islands 27,378l. annuity to the late Duke of Cumberland 25,000l. first-fruits and tenths of the Clergy 13,597l. &c. &c.) was 3,733,713l. The Sinking-Fund, therefore, produced 1,456,000l. which, added to 1,500,000l. (the neat produce, at that time, of Land at 2s. and Malt-tax) made the unappropriated revenue 2,956,032l.—The expence of the peace establishment, consisting of 10,000 seamen, and 18,857 landmen, was, in 1753 and 1754 (including an allowance for the increase of the Navy-debt) 2,400,000l. nearly; which left an annual surplus in the national income of 556,000l. *without* lotteries, and land at 2s. This surplus (with land at 3s.) has of late scarcely exceeded 300,000l. and, therefore, has not been a THIRD of what it was in the last peace, and before the reduction of interest to 3 per cent. was completed.

| | |
|--|---------------|
| when their produce was 4.531,075 <i>l.</i> <i>per ann.</i> 6 <i>per cent.</i> of the gros produce | 297,887 |
| EXPENCE of collecting the Excises in SCOTLAND, being the medium of the years 1772 and 1773, and the difference between the gros and neat produce—31 <i>per cent.</i> of the gros produce | 43,254 |
| EXPENCE of collecting the customs in ENGLAND, being the average of 1771 and 1772, bounties included, and 15 <i>per cent.</i> of the gros produce, exclusive of drawbacks and over entries | 468,703 |
| N. B. The bounties for 1771 were 202,840 <i>l.</i> —for 1772, 172,468 <i>l.</i> The charges of management for 1771 were 276,434 <i>l.</i> For 1772, 285,764 <i>l.</i> or 10 <i>per cent.</i> nearly. | |
| Interest of loans on the land tax at 4 <i>s.</i> expences of collection, militia, &c. | 250,000 |
| PERQUISITES, &c. to Custom-House officers, &c. supposed | 250,000 |
| EXPENCE of collecting the Salt-duties in ENG- LAND, 10 $\frac{1}{2}$ <i>per cent.</i> | 27,000 |
| Bounties on fish exported | 18,000 |
| EXPENCE of collecting the duties on Stamps, Cards, Advertisements, &c. 5 $\frac{1}{4}$ <i>per cent.</i> | 18,000 |
| Total | £. 11.900,505 |

IT must be seen, that this account is imperfect and defective. It is, however, sufficient to prove, that the whole money raised DIRECTLY by the taxes (exclusive of tythes, county rates, and the taxes which support the poor) cannot be much less than TWELVE MILLIONS. The *Earl of Stair* has in his papers made it to be above 400,000*l.* more, by including in his estimate several articles which I have omitted; particularly, the interest and management on the equivalent to *Scotland*, the Scotch crown Revenues, *Dutchy of Cornwall* and *Lancaster Fines*, &c. He has also given an estimate of the fees and perquisites of office of every kind, and reckoned them at half a million; whereas, I have only reckoned the perquisites of office at the *Custom-House*.

I SHOULD be inexcusable, were I to quit this subject without taking notice of the particular gratitude due from the public to *Lord Stair*, for publishing his papers; and for stepping forth at this time to draw attention, by the weight of his name and character, to calculations, which, as he justly says, “it becomes
“ every

“ every man of property among us to understand; to awaken
 “ the nation from the lethargy into which the mockery of pa-
 “ per wealth has plunged it; and to bear his testimony against
 “ the present unnatural war.”

P O S T S C R I P T.

THE following POSTSCRIPT has been published only in a few of the last Editions of the *Observations on Civil Liberty*. It has been often referred to in the preceding work; and, therefore, it is necessary to give it a place here.

ACCOUNT of *Public Debts discharged, Money borrowed, and Annual Interest saved from 1763 to 1775.*

| Debts paid off since 1763. | | Annuity decreased. | |
|----------------------------|---|--------------------|----|
| £. | | £. | s. |
| 1765— | 870,888 funded, bearing interest at 4 per cent. } | 34,835 | 10 |
| | 1,500,000 unfunded, 4 per cent. } | 60,000 | 0 |
| 1766— | 870,888 funded, 4 per cent. } | 34,835 | 10 |
| | 1,200,000 unfunded, 4 ——— } | 48,000 | 0 |
| 1767— | 2,616,777 funded, 4 ——— } | 104,671 | 0 |
| 1768— | 2,625,000 funded, 4 ——— } | 105,000 | 0 |
| 1771— | 1,500,000 funded, 3 per cent. } | 45,000 | 0 |
| 1772— | 1,500,000 funded, 3 ——— } | 45,000 | 0 |
| 1773— | 800,000 unfunded, 3 ——— } | 24,000 | 0 |
| 1774— | 1,000,000 funded, 3 ——— } | 30,000 | 0 |
| 1775— | 1,000,000 funded, 3 ——— } | 30,000 | 0 |
| <hr/> | | <hr/> | |
| Total 15,483,553 | | Total 561,342 0 | |

In 1764, there was paid off 650,000*l.* navy debt; but this I have not charged, because scarcely equal to that annual increase of the navy-debt for 1764, 1765 and 1766, which forms a part of the ordinary peace establishment. The same is true of 300,000*l.* navy-debt, paid in 1767; of 400,000*l.* paid in 1769; of 100,200*l.* paid in 1770; 200,000*l.* in 1771; 215,883*l.* in 1772; and 200,000*l.* in 1774.

O

Account

Account of Money borrowed and Debts contracted since 1763.

| | £. | Annual interest increased. |
|--|------------------|-------------------------------|
| Borrowed and funded, at 3 } per cent. in | 1765—1,500,000— | 45,000 |
| in | 1766—1,500,000— | 45,000 |
| in | 1767—1,500,000— | 45,000 |
| in | 1768—1,900,000— | 57,000 |
| Unfunded in | 1774—250,000— | 7,500 |
| Civil list debt in | 1775 (a) 500,000 | |
| | ----- | |
| Total | 7,150,000— | 199,500 |

FROM 15,483,553*l.* the total of debts discharged, subtract 7,150,000*l.* the total of debts contracted, and the remainder, or 8,333,553*l.* will be the diminution of the public debts since 1763. Also, from 561,342*l.* the total of the decrease of the annual interest, subtract 199,500*l.* (the total of its increase) and the remainder, or 361,842*l.* will be the interest or annuity saved since 1763.—To this must be added, 12,537*l.* *per ann.* saved by changing a capital of 1,253,700*l.* (part of 20,240,000*l.*) from an interest of 4 to 3 *per cent.* pursuant to an act of the 10th of George III. also the life-annuities that have fallen in; and 7,500*l.* *per ann.* gained by the falling (in 1771) of 1,500,000*l.* from an interest of 3 $\frac{1}{2}$ to 3 *per cent.* which will make a saving in the whole of near 400,000*l.* *per annum*: And it is to this saving, together with the increase of luxury, that the increase of the *Sinking Fund* for the last ten years has been owing.

To the debts discharged the following additions must be made.

In 1764 there was paid towards discharging the extraordinary expences of the army, 987,434*l.* In 1765, these expences amounted to 404,496*l.* In 1766, to 479,088*l.*—Total
1,871,018*l.*

(a) This article was omitted in the former editions of this *Post-script*; and its insertion here makes the diminution of the public debts, since 1763, half a million less than the sum at which it is taken in p. 58 and 61.—It might have been proper also to add the excess of Navy debts *contracted* above the Navy debts *discharged*; from 1763 to 1775; and had this been done, the surplus in p. 95*l.* would have been reduced to 150,000*l.*

1,871,018*l.*———This sum is at least a million higher than the extraordinary expences of the army for three years in a time of peace. This excess, being derived from the preceding war, must be reckoned a debt left by the war. And the same is true of 1,160,000*l.* applied in 1764, 1765 and 1766, towards satisfying *German* demands.———There are likewise some smaller sums of the same kind; such as subsidies to *Hesse-Cassel*, *Brunswick*, &c. And they may be taken at 200,000*l.*———The total of all these sums is 2,306,240*l.* which, added to 8,333,553*l.* makes the whole diminution of the public debt since 1763 to be 10,639,793*l.*

SOON after the peace in 1763, an unfunded debt, amounting to 6,983,553*l.* was funded on the *Sinking Fund*, and on new duties on wine and cyder, at 4 *per cent.* There has been since borrowed and funded on coals exported, window-lights, &c. 6,400,000*l.* The funded debt, therefore, has increased since the war 13,383,553*l.* It has decreased (as appears from page 99) 11,983,553*l.* and, consequently, there has been on the whole an addition to it of 1,400,000*l.*———During seven years, from 1767 to 1774, 1,415,883*l.* navy-debt was paid off. See page 99. But, as this is a debt arising from constant deficiencies in the peace estimates for the navy, it is a part of the current peace expences.—In 1768 this debt was (a) 1,226,915*l.*———In 1774 it was 1,850,000*l.* and consequently, though 1,415,883*l.* was paid off, an addition was made to it, in seven years, of 623,085*l.* It increased, therefore, at the rate of 291,000*l.* *per ann.*

(a) See *The Present State of the Nation*, page 26.

THE paper from which I have taken the following account, came into my hands after almost the whole of this work had been printed off. It contains a fact of so much importance, that I cannot satisfy myself without laying it before the public.---In a Committee of CONGRESS, in *June 1775*, a declaration was drawn up, containing an offer to GREAT-BRITAIN, “ that the Colonies would not only continue to grant
 “ extraordinary aids in time of war, but also, if allowed a
 “ free commerce, pay into the SINKING-FUND such a sum
 “ annually for ONE HUNDRED YEARS, as should be *more* than
 “ sufficient in that time, if faithfully applied, to extinguish
 “ all the present debts of BRITAIN; or, provided this was not
 “ accepted, that, to remove the groundless jealousy of *Britain*
 “ that the Colonies aimed at Independence and an abolition
 “ of the Navigation Act, which, in truth, they had never
 “ intended; and also, to avoid all future disputes about the
 “ right of making that and other Acts for regulating their
 “ commerce for the general benefit, they would enter into a
 “ covenant with *Britain*, that she should fully possess and exer-
 “ cise that right for *one hundred years* to come.”

AT the end of the *Observations on Civil Liberty*, I had the honour of laying before the public the Earl of *Shelburne's* plan of Pacification with the Colonies. In that plan, it is particularly proposed, that the Colonies should grant an annual supply to be carried to the Sinking Fund, and unalienably appropriated to the discharge of the public debt.---It must give this excellent Peer great pleasure to learn, from this resolution, that even this part of his plan, as well as all the other parts, would, most probably, have been accepted by the Colonies. For though the resolution only offers the alternative of either a *free* trade, with extraordinary aids and an annual supply, or an *exclusive* trade confirmed and extended; yet there can be little reason to doubt but that, to avoid the calamities of the present contest, BOTH would have been consented to; particularly, if, on our part, such a revival of the laws of trade had been offered as was proposed in Lord *Shelburne's* plan.

THE preceding resolution was, I have said, drawn up in a Committee of the Congress. But it was not entered in their minutes; a severe Act of Parliament happening to arrive at that time, which determined them not to give the sum proposed in it,

S U P P L E M E N T
T O
SECTION III, PART II.

*Containing Additional Observations on Schemes
for raising Money by Public Loans.*

IT is impossible that any attentive person can reflect, without concern, on that monstrous accumulation of artificial debt for which no value has been received, which has been pointed out in different parts of the preceding Tract; and particularly in the third Section of the second Part. This being a subject, which, in the present state of our finances, is highly interesting, I have been induced to return to it in this place; and to offer some further observations and proposals which have occurred to me in re-considering it, and which I think necessary to explain and confirm those which have been already offered.

THERE are two methods in which money is capable of being borrowed for public services. The first is, by offering such *high* interest as may of itself be sufficient to induce lenders to advance the sums that are wanted: And the second is, by offering a *low* interest, with a *gratuity* or *douceur* to produce the acceptance of it.---The last has been the method in which our government has most commonly borrowed money; and the gratuity offered has been either a right to a greater capital than the sum advanced, or a *long* or *short* or *life* annuity, or the profits of a lottery, or some advantages of trade.—The first without doubt, is the most rational method of borrowing; and the latter is so absurd and extravagant as to be incapable of being adopted in the common transactions of life.---In order to give a just and full idea of this, I shall instance in the last loan; specifying the manner in which it *would* have been made if the usual method of borrowing had been followed; and comparing this with the manner in which it *was* made; and the manner in which, I think, it *might* have been made to the greatest advantage.

FIVE MILLIONS, it is well known, were borrowed last year ; and, had the old plan of borrowing been adopted, this sum would have been borrowed by some such scheme as one of the two following.

FIRST. Interest in the public funds being then near 4 *per cent. per ann.* an interest of only 3 *per cent.* would have been offered ; or, in other words, for every 100l. in *money*, 100l. *stock* carrying 3 *per cent.* (worth then 78l.) would have been given ; but at the same time, as a *premium* or *compensation* for accepting such low interest, a life-annuity, or a short annuity, would have been offered, worth somewhat more than the difference between 100l. and 78l. or about 24l. The whole premium, therefore, in raising *five millions*, would have been equal in value to about 1,200,000l. and, supposing it to have been either a life-annuity, or a short annuity for 17 years of 2l. worth 12 years purchase, annexed to every 100l. stock, the whole annual charge incurred by the loan would have been 250,000l. for a term of years, and 150,000l. for ever, till the capital is redeemed.

It is manifest that the capital including in it according to this account almost the whole *premium*, the public makes itself, by this mode of borrowing, a *debtor* for the very thing it *gives* ; and, besides paying the annuity, obliges itself to advance at redemption the whole value of it.—It is proper to add, that this is done *unnecessarily*, because 1,200,000l. might have been procured by selling the annuity, and the remaining 3,800,000l. necessary to make up five millions, might have been procured, as will be shewn presently, without any *douceur*, by giving higher interest.

BUT there is another method of borrowing which has been practised by government on former occasions, and which might have been adopted in the last loan.

FOR every 100l. advanced, a new capital in the 3 *per cent.* funds worth that sum would have been sold, including a funded 10l. lottery ticket. This new capital would have been nearly 127l. three *per cent. stock* for every 100l. in *money*, or 6,343,954l. stock for FIVE MILLIONS in money ; of which stock 5,718,954l. would have been sold, to encourage subscriptions, at 2 *per cent.* below the market price, that is, at 76l. $\frac{1}{4}$; and the remaining stock, having a lottery annexed, would have been sold at *par*. A fictitious or artificial capital, therefore,

therefore, would have been created, or a debt incurred more than the value received, of 1,343,954*l.* besides relinquishing about 150,000*l.* which might have been obtained by the profits of the lottery.

I HAVE been seldom more surprized than at the preference of this scheme, which, at the time of settling the last loan, was expressed by some very respectable members of the House of Commons; nor can this preference be easily accounted for on any other supposition than that they consider the public debts as incumbrances, never to be removed; and, therefore, think it of no consequence with what difficulties the redemption of them is loaded by an increase of capitals bearing low interest. It must be acknowledged indeed that this method of borrowing would have been attended with a small present advantage; for the interest of 6,343,954*l.* at 3 *per cent.* is 190,318*l.* and this, together with the interest of 150,000*l.* or 6000*l.* *per ann.* lost, by giving up the profits of a lottery, would have been the whole present annual charge it would have brought on the public. But if this be a sufficient reason for preferring such a scheme, it would perhaps be best to create capitals bearing 2 *per cent.* or even 1 *per cent.* interest; for probably such capitals would bear a better price, in proportion to the rates of interest, than any 3 *per cent.* capitals, and, consequently, a greater present saving might be made by selling them. No other objection can be made to this than that by lowering interest, and laying the public under an obligation to return *double* or *triple* every sum it receives, the redemption of the public debts might be rendered so expensive and difficult as to be entirely impracticable. But this would be of no consequence, if indeed their redemption is already become impracticable; and if, therefore, every new charge they bring on the public is to be considered as laid on for eternity.

WITH these schemes let us now compare the scheme actually adopted for the last loan.

INSTEAD of a 3 *per cent.* capital, a new capital, bearing 4 *per cent.* interest, irredeemable for ten years, was offered at 95*l.* for every 100*l.* *stock*, with two *douzeurs* to raise the value of the stock above 100*l.* in money; namely, a short annuity of a HALF *per cent.* for ten years (reckoned worth 4*l.* 2*s.*) and the profit (reckoned at 3*l.*) of one ticket in a money lottery, consisting of 50,000 tickets.

THE chief difference between this scheme and the first I have described is, that the new stock created is a FOUR *per cent.* instead of a THREE *per cent.* stock. But this is a difference of particular importance, and brings it near to such plans of borrowing as appear to me the best.—In the *first* scheme, the artificial capital is 1,200,000*l.* In the *second*, 1,343,954*l.* In this *third* scheme it is only 250,000*l.* This scheme, therefore, has evidently great merit; and perhaps, in the present state of the public debts, it does not admit of any great improvement. There is, however, an easy alteration, which, I think, would have been an improvement, and which I shall take the liberty to mention.

ACCORDING to a preceding observation, the two *douceurs*, being included in the capital, are granted, and must be paid twice over. This is so absurd and extravagant, that it ought to be avoided as far as possible; and it might have been avoided, in a great measure, by offering for every 100*l.* advanced 95*l.* stock, carrying 4 *and a quarter* interest, irredeemable for ten years, with the same short annuity and a lottery ticket annexed. (a) In this case, the new capital would have been 4,750,000*l.* carrying (at $4\frac{1}{2}$ *per cent.*) 201,875*l.* *per ann.* interest. There would, therefore, have been a saving of 250,000*l.* in the capital; and the annual charge would have been nearly the same.

It must be observed that this scheme supposes that a stock bearing $4\frac{1}{4}$ *per cent.* interest would have been valued nearly at *par*; and, according to the principles on which the scheme was calculated, it could not have been valued at much less; or, supposing it valued at 1 or 2 *per cent.* less, the difference might have been made up by only adding two or three years to the duration of the short annuity and the term of irredeemableness. Had a *stock* been offered bearing $4\frac{1}{2}$ *per cent.* interest irredeemable for ten years, one *half* at least of the short annuity might have been saved. The annual charge for ten years would have been

been

(a) Or, for every 105*l.* contributed, 100*l.* stock irredeemable for 10 years might have been given, carrying $4\frac{1}{4}$ *per cent.* interest, with the same short annuity and a lottery ticket annexed; and then the new capital would have been 4,762,000*l.* carrying (at $4\frac{1}{4}$ *per cent.*) 202,385*l.* *per ann.* interest. The amount of the short annuity would have been 23,810*l.* and the number of lottery tickets 47,620.

been somewhat less; (a) and the excess afterwards would have been much more than compensated by the advantages at redemption attending a higher interest and a smaller capital.

BUT, perhaps, such a scheme as the following would have been preferable to any of those now proposed.

FOR every 100*l.* in money 75*l.* stock irredeemable for 10 years, and carrying $4\frac{1}{4}$ *per cent.* interest, might have been offered, together with an annuity for 27 years of $1\frac{1}{8}$ *per cent.* (valued cheap at 16 years purchase, or 24*l.*) and the advantage of a lottery ticket. This scheme would have been as likely to be attended with a profit as that which was adopted. The new capital would have been only 3,750,000*l.* bearing 159,375*l.* interest. The short annuity would have been 75,000*l.* and the whole annual charge (supposing no redemptions of the capital to take place after ten years) 234,375*l.* for 27 years, and afterwards 159,375*l.* It appears, therefore, that 1,250,000*l.* or a quarter of the capital that was actually created, would have been saved; and also a rent charge on the public after 27 years of 40,750*l.* *per ann.* for ever.—The additional expence to balance these advantages would have been 9,650*l.* *per ann.* for ten years, and 34,375*l.* *per ann.* for 17 years. In other words; the public would have absolutely secured the redemption of a quarter of the loan (or of 1,250,000*l.*) besides an easier redemption of the remainder, at the expence of 680,875*l.* in the whole, (b) to be paid annually in small sums during the course of 27 years.

ALL that has been now said has gone on the supposition, that, agreeably to the calculations on which the last loan was formed, 100*l.* stock irredeemable for ten years, and bearing 4 *per cent.* interest, would sell at 17*l.* more than 100*l.* stock bearing 3 *per cent.* interest; (or at 95*l.* when the latter stock is at 78*l.*) and also, that a short annuity for ten years would sell at $8\frac{1}{10}$ years purchase.—But events have shewn that these valuations were too high. The new subscription (including 100*l.* four *per cent.* stock, a half *per cent.* short annuity, and the profit of a lottery ticket) should have sold, according to these valuations,

P at

(a) 211,375*l.* the interest at $4\frac{1}{4}$ of 4,750,000*l.* and 12,500*l.* a short annuity of a QUARTER *per cent.* annexed to every 100*l.* contributed, make 223,875*l.* This last sum, therefore, would have been the annual charge for 10 years; and the first sum the annual charge after ten years till redemption.

(b) Ten payments of 9,650*l.* and seventeen payments of 34,375*l.* make 680,875*l.*

at about 102 $\frac{1}{2}$. But it never bore so high a price; and in a little time it fell to *par*, and at last to 3 *per cent.* discount.— Various reasons have been assigned for this; but the true reasons were the following.

FIRST. A general fall of near 2 *per cent.* which took place in the stocks soon after the loan was settled.

SECONDLY. A lower valuation of the new 4 *per cent.* stock and the short annuity which took place in the ALLEY.— This was the principal reason; and it will be proper particularly to explain it. In doing this, it will be necessary to look back a little to the history of the public funds.

IN 1717 the public debts were reduced from an interest of 6 *per cent.* to 5 *per cent.* and in 1727, from 5 *per cent.* to 4 *per cent.* In 1737 a bill was brought into the HOUSE OF COMMONS by Sir John Barnard, for a farther reduction from 4 to 3 *per cent.* At this time the 3 *per cents.* were above *par*; and, even during the three first years of the war which began in 1740, they continued so high that government was able to raise the necessary supplies by borrowing at 3 *per cent.*— In such circumstances, it was impossible the public creditors should avoid expecting a *third* reduction; and this expectation would necessarily sink the value of the FOUR PER CENTS. by leading the public to consider them as no more than a THREE *per cent.* stock having a short annuity of ONE *per cent.* annexed. Accordingly; before the war the difference of price between the THREE and the FOUR *per cent.* stocks was about 10 or 11 *per cent.* After the commencement of the war, a reduction becoming more doubtful and more distant, this difference became greater, and generally kept between 14 and 17 *per cent.* At the approach of the PEACE in 1748, it sunk to 11 *per cent.* and soon after the PEACE, the 3 *per cents.* having risen considerably above *par*, (a) and an universal expectation of a speedy reduction taking place,

(a) It may be worth observing, that during this whole war they never fell below 82, except for a few months during the rebellion in 1745; that after the PEACE in 1748 they rose to 105, and in the succeeding war never fell so low as they are now, except in the two last years; that after the PEACE in 1763 it was expected they would again rise above *par*; but that, instead of this, they have in general during the whole peace kept 12 or 13 *per cent.* below *par*, and 15 or 16 *per cent.* below the price they bore before the two last wars.— One of the reasons of the great alterations which have taken place since the last war is, I think, pointed out in the 3d Section of the 3d Part of this Tract.

place, it sunk to 6 per cent.—It is evident, therefore, that the price of the FOUR per cents. has been governed by the expectation of their reduction, (a) and that, had there been no such expectation, their price, compared with the 3 per cents. would have been much higher. It will appear presently to be most probable, that had it not been for this expectation, the prices of these stocks would not have differed much from the proportion of the rates of interest,

IN taking this account, I have only compared the THREE per cents. with the SOUTH-SEA FOUR per cent. capitals before their reduction in 1749, at which time they amounted to above 27 millions, and were (as the consolidated three per cent. annuities are now) the grand staple stock of the kingdom. In 1746 and 1747, two new FOUR per cent. capitals were created redeemable at any time, and transferrable at the BANK. The price of these new capitals kept, for some time after their creation, considerably below the price of the old SOUTH-SEA four per cents. the reasons of which were, I suppose, the general reasons which make new funds bear a lower price than old ones; and, particularly, their having less traffic in them, and being small and detached parcels likely to be first selected for the operations of finance.

WERE the cause now assigned, or the expectation of a reduction of interest, the only cause that governed the comparative prices of 3 per cent. and 4 per cent. capitals, the excess of one above the other would never be more than the supposed value of a short annuity of 1l. till reduction.—But there is another cause which may operate in this instance, and which ought not to be over-looked; I mean the expectation of a greater payment at redemption. The effect of the former is to diminish, and of the latter to increase, the value of FOUR per cent. capitals.—In order to understand this it must be remembered, that when the 3 per cents. are at any considerable discount, it becomes practicable to redeem them under par, while debts bearing 4 per cent. interest must be redeemed at par. This will make a difference in favour of the latter, which will be greater or less in proportion to the greater or less discount at which the three per cents. are sold, the greater or less quantity of stock bearing 4 per cent. interest, and the greater or less probability that the whole or a considerable part of it will be soon redeemed

(a) Since the reduction in 1749 there has been no FOUR per cent. capital created except that of the last year.

redeemed. (a)—Let us suppose, for instance, that all the public debts, bearing 4 *per cent.* interest, consist of a single capital of FIVE MILLIONS redeemable at any time; and that all the rest of the public debts are THREE *per cent.* capitals sold at a discount of 12 *per cent.* or at 88*l.* for every 100*l.* stock. In these circumstances, there would be a certainty that the small stock bearing 4 *per cent.* interest would be selected for redemption as soon as possible; and, as a stock carrying such high interest could not be expected, when the 3 *per cents.* are at 88, to be redeemed under *par*, its real value would on this account exceed that of the THREE *per cents.* more or less in proportion as its redemption was more or less distant. And its *whole* excess of value in these circumstances is to be computed in the following manner.----It would consist of a 3 *per cent.* capital, for every 100*l.* of which 100*l.* in money is to be received; and of an additional annuity of 1 *per cent.* till redemption. Its excess of value, therefore, if the whole capital was to be redeemed immediately, would be the same with the discount of the 3 *per cents.* or 12 *per cent.* If the capital was not to be redeemed till the end of 7 years, its excess of value would consist of 12 *per cent.* payable seven years hence, and the present worth of an annuity of 1 *per cent.* for the intermediate term of seven years.—12*l.* payable at the end of 7 years is worth in present money (allowing compound interest at 4 *per cent.*) 9*l.* 2*s.* 6*d.* An annuity of 1*l.* for seven years is worth (reckoning the same interest) 6*l.* The whole excess of value, therefore, will be 15*l.* 2*s.* 6*d.* for every 100*l.* stock. If the

(a) What is here said has been verified in the particular instance of a *million and a half* borrowed in 1756, which was to carry 3½ *per cent.* interest till 1771, and then to become redeemable. During the last war, and for about three years after the commencement of peace, there was a general expectation that the THREE *per cents.* would rise above *par* as they had done in the former peace; and while this expectation continued, this stock was reckoned no better than a THREE *per cent.* stock with a short annuity of a *half per cent.* annexed; and for this reason it bore, during that period, a lower price than another stock of 4 millions and a half which was to bear the same interest till 1782, and then to become redeemable, and to sink to an interest of 3 *per cent.*----In the latter end of 1767 and beginning of 1768 the price of the former stock rose above that of the latter, and continued not far from *par* from that time to the time of its redemption in 1771. The reason must have been, that being a small stock bearing a higher interest than the other stocks, it was expected that it would be paid off at *par*, and therefore with a considerable profit, as soon as it became redeemable, which accordingly happened.

the redemption of the capital is to be delayed 15 years, the excess of value computed in the same manner will be 17l. 15s. 6d.—if 20 years, 19l. 1s.—if 30 years, 21l.

IF the 3 *per cents.* had been supposed at a greater discount, it is evident that these several values would have been likewise greater; and had the quantity of 4 *per cent.* stock been supposed *double* or *triple*, the effect would have been the same with a delay of redemption; and had it been supposed thirty or forty millions, the effect (in consequence of our slow progress in redeeming our debts) would not have fallen very short of an eternal delay of redemption.

BEFORE 1749, the amount of the public debts carrying 4 *per cent.* interest was near 58 millions. The expectation, therefore, of the advantage now explained could not *then* have any effect; and the only cause which could have influenced, in any considerable degree, the comparative prices of these stocks, must have been the first I have assigned, or the expectation of their *reduction*; that is, in other words, the expectation of a *sudden redemption* of them, as soon as the 3 *per cents.* got above *par*, by borrowing money at that interest. Had not this been foreseen, or had there been an act of Parliament rendering it impracticable, there is no reason to doubt but the price of the *FOUR per cents.* compared with the *THREE per cents.* would have approached nearly to the proportion of the rates of interest, agreeably to what is said in page 108.

THE state of the public funds has been much changed since the two last wars; but it is an alteration that has increased the comparative value of 4 *per cent.* capitals.

I HAVE already observed, that during the last war there was reason to expect, that, as soon as peace came, the *THREE per cents.* would rise above *par*. No one can now entertain any such expectation. On the contrary; it is most probable that they will never again rise to that which has been their average price during the last peace from 1763 to 1775, and which, I think, may be stated at 87 or 88.—My reason for this assertion is,

FIRST, that after the present war, should we be so happy as to escape the ruin with which it threatens us, our taxes and expences will be so much increased, and at the same time our resources so much diminished, as necessarily to leave the credit and value of our public securities lower than ever.

SECONDLY,

SECONDLY. THOUGH our credit and resources should continue undiminished, yet the great addition which the present war will make to the public debts, is alone likely to sink their value; because every increase of a saleable commodity has always a tendency to lower its price.—It follows from hence, that the purchasers of FOUR *per cent.* capitals have now a prospect of an advantage of 12 or 14 *per cent.* at redemption, which they could not have had before the last peace.

IN connexion with this it must be considered, that it is now highly probable, that it will never be again practicable to reduce the interest of any 4 *per cent.* capitals. In order to such a reduction, government must be able to offer to the proprietors of these capitals their *principal*, should they not chuse to take lower interest, and consequently to borrow at an interest of $3\frac{1}{2}$ or $3\frac{3}{4}$ *per cent.* But no sums will be lent on such lower interest, unless it can be depended upon that capitals bearing that interest, when brought to market, will bear a premium of 1 or 2 *per cent.* and this, when the *three per cents.* are not higher than 87 or 88, would require the excess of value of such capitals to be estimated at 14 or 15 *per cent.* whereas it has been lately found that even FOUR *per cent.* capitals, irredeemable for ten years, will not bear such an excess of value.—A *reduction*, therefore, of the interest of FOUR *per cent.* capitals, or a *redemption* of them by borrowed money, cannot now be reckoned upon; and the only cause that can REASONABLY sink their value, compared with the THREE *per cents.* below the ratio of the rates of interest, is the probability of a redemption of them by the surplus of the national revenue. I need not say how little is to be expected from hence. Supposing, however, that much may be expected, I have shewn what effect it ought to have; and from the observations I have made, and particularly the computation in page 110, &c. it appears, I think, that the price of the capital of five millions four *per cent.* annuities lately created ought to have been near 18 *per cent.* more than the price of the THREE *per cents.* This appears to be true on the supposition that this capital will be redeemed in fifteen years (that is, in five years after the expiration of the term for which it is made irredeemable) that the 3 *per cents.* will rise to as high a price as they bore during the last peace; and that purchasers are allowed to make FOUR *per cent.* compound interest of their money.—Were we to suppose this capital discharged even in two years after it becomes redeemable, the value, made out in the same way, would be nearly 17½. H2

He who will consider all this, and also recollect the general price of the 4 *per cents.* before their reduction in 1749 (see page 108) must be convinced that the TREASURY, at the time the last loan was settled, had good reason for taking the price of the new *four per cent.* capitals 17 *per cent.* higher than the price of the three *per cents.*—It has, however, been found that this was too high a valuation. Instead of being sold at 17*l.* more for every 100*l.* stock than the 3 *per cents.* they have been sold at only 13*l.* or 14*l.* more; and this has been the chief reason of the discount to which the last subscription fell. —It is hard to say, by what principles the monied men who traffic in the funds have governed themselves in this instance; but certain it is, that they have not been guided by any of the rules of just calculation: And the same must be said of the value at which they have reckoned the short annuity of a half *per cent.* for ten years, annexed to the new 4 *per cents.* In forming the scheme for the last loan this annuity was, I have said, estimated at 8 $\frac{1}{8}$ years purchase, agreeably to its real value, supposing the payments yearly, the first payment to be made at the distance of a year, and money improved at 4 *per cent.* compound interest. But it has in general been sold at about 7 $\frac{1}{2}$ years purchase; which is *less* than its value, supposing money improved at 5 $\frac{1}{2}$ *per cent.* compound interest. (a)

From this account it appears, that could the caprice of the public have been foreseen, the price of the new four *per cents.* should not have been reckoned at more than 9*l.* (the 3 *per cents.* being at 78*l.*) and that, consequently, to make up a value which would have produced 102*l.* for every 100*l.* advanced, either the term of irredeemableness and of the short annuity should have been lengthened; or, supposing this term the same, the short annuity should have been more than doubled. An artificial capital, indeed, of near half a million would in this case have been created. But this disadvantage might have been avoided, without bringing any additional expence on the public,
by

(a) Nothing has been more undervalued in the ALLEY than *Annuities on lives.* They have been always granted, very unreasonably, without any limitation of age; and their value has been taken at no more than 12 or 13 years purchase; though really worth one with another 16 or 17 years purchase. This is a strong reason for preferring short annuities to them in all schemes for raising money. Short annuities for 21 years will be taken for as much as life-annuities; and yet experience has proved that in this time not a *quarter* of the life-annuities will drop; and the whole expence brought by them on the public will not be removed in less than 70 or 80 years. See Note 15, Page 76.

by such alterations as I have before proposed; and by increasing in the corrected schemes, page 106, &c. either the term of irredeemableness, or the short annuity, or the rate of interest, or all of them together.

THE preceding account will, I fancy, help to shew what is practicable, *taking things* as they are*, in borrowing money for public uses. It proves, that the nation loses greatly by the low price of all capitals bearing a higher interest than 3 *per cent.* and that could their value be raised, it would be greatly benefited — For example. Could the new FOUR *per cents.* have been taken at 99l. for every 100l. stock, instead of 95l. the whole expence of the short annuity in the scheme of the last loan, and of a *quarter per cent.* perpetual interest, in the corrected schemes, page 106, &c. might have been saved. But had the value of the 4 *per cents.* been raised in proportion to the rate of interest, or *nearly* in that proportion, a farther saving might have been made, in all the schemes, of the profits of the lottery, and, consequently, of 6000l. *per annum* in the annual charge. — My next enquiry, therefore, shall be, in what manner and by what regulations this may be done. I have written in the section on loans, on the supposition that such regulations are practicable; and I have proposed one of them; but I will here be more explicit.

It has been shewn, that before 1749 the cause which depressed the value of the 4 *per cents.* was the expectation of their being reduced; and that *now* this cause is the expectation of their being soon *redeemed*. Remove, therefore, these causes in any degree, and their value must rise in the same degree. — With respect to the first, it is in my opinion certain that it would be doing great service to the public to exclude it entirely. Our reductions of interest have proceeded from a policy too narrow; and the nation is likely to suffer by them much more than it has gained. (a) The savings they produce, being expended on current services, tempt to extravagance; give a fallacious appearance of opulence; and, by making our debts fit lighter, render us less anxious about redeeming them, and less apprehensive of danger from the increase of them. At the same time they render their redemption a work of more difficulty,

(a) I would except here the first reduction in 1717. This was then necessary to gain a fund for sinking the public debts; and had the fund thus gained been applied, as the laws required, invariably to this purpose, and all farther reductions been avoided, we should now have been burthened with no debts.

faculty, and oblige government, when under a necessity of contracting new debts, either to give extravagant interest, or to offer extravagant premiums. That accumulation of artificial debts which I have pointed out has been owing principally to this cause; and had it not been, in particular, for the reduction in 1749, the public debts would now have been near 14 millions less; and a debt of above a hundred millions, instead of consisting of capitals bearing interest at 3 *per cent.* would have consisted of capitals bearing some of them 3½, some 4, and some 4½ and 5 *per cent.* interest, which (supposing them all at a medium to bear 4 *per cent.*) a million *per ann.* would have redeemed in six years less time, and at twenty-one millions less expence.-----In short, reducing of interest is one of those unhappy TEMPORARY EXPEDIENTS to which statesmen are apt to betake themselves; and by which *present* relief is gained at the expence of *future* safety, and distress postponed by rendering it in the end more unavoidable and dreadful.-----There cannot, therefore, be any sufficient reason against making the interest of the new capitals, which may be created by any future loans, IRREDUCIBLE. (a) Should this raise the price of capitals bearing high interest in proportion to the increase of interest, government would be enabled to borrow to equal advantage whatever interest it offered; the new loans would not bring any greater annual charge on the nation than would have been necessary, had the same sums been obtained by selling 3 *per cent.* capitals; and, at the same time, all the immense expence of *douceurs* and *fictional capitals* would be saved, and all the advantages in redeeming the public debts obtained, arising from smaller capitals bearing higher interest.

SUCH a regulation as that now proposed would be alone sufficient for these purposes when the amount of the debts, bearing high interest and declared irreducible, is considerable, as appears from what is said in page 141. But when a debt happens to bear a higher interest than any other, and is at the same time small, the probability of a *quick redemption* will operate in the same manner on its price with the expectation of a *reduction*; and in this case, therefore, it will become necessary, in order to avoid the inconveniences I have described, to POSTPONE REDEMPTION; and one of the best methods of doing this will be, by ordering, that such a debt shall be redeemed *after* some other given part of the funded public debts.——So slow has
Q
been

(a) That is, never capable of being redeemed by substituting one debt for another; or of being saved from redemption by accepting lower interest.

been our progress in redeeming debts, that this (supposing the part to be first redeemed considerable) would be reckoned, in the present circumstances of the funds, the same with making the debt to be last redeemed irredeemable for ever. And should such an apprehension prove right, the public would lose nothing, because the debt whose redemption was postponed would bring no greater annual charge on the public, than if the same sum had been obtained by selling a capital bearing any lower interest. But should it prove false, or should our debts be ever put into a fixed course of redemption, the public would gain greatly, by being able, after discharging one part of its debts, to discharge the remainder more expeditiously and easily.

I SHALL beg leave to illustrate what has been now said by having recourse again to the last loan of FIVE MILLIONS.—— During the last 60 years, or from the first establishment of the sinking fund to the year 1777, no more than about FIFTEEN MILLIONS of the public funded debts have been paid. An order, therefore, that the capital of five millions bearing 4 *per cent.* created by the last loan, should not be discharged, unless a capital of twenty-five or thirty millions in the three *per cents.* shall have been *first* discharged, would have carried its redemption to so distant a period, as might probably have raised it to the same comparative value with any 3 *per cent.* capitals.

LET it, however, be supposed to advance its price only to 102l. when the 3 *per cents.* are at 78; that is, when the ratio of the rates of interest required the price to be at 104. In these circumstances, 4,850,000l. of the five millions would have been advanced for an equal capital carrying 194,000l. interest at 4 *per cent.* and the remaining 150,000l. would have been advanced for the lottery: And thus the whole expence of the short annuity, and 150,000l. capital, would have been saved.—— And had the same sum been obtained by selling a 3 *per cent.* capital, the amount of interest, though the least possible, would not have been much less (a); but, at redemption, there would have been a necessity of paying above a MILLION AND A QUARTER, for which no value had been received.——When such advantages, uncompensated by any loss, can be obtained by so easy and simple a regulation as only changing the ORDER of paying

(a) Supposing the 3 *per cents.* sold at $76\frac{1}{2}$, the capital necessary to produce 4,850,000l. in money would be 6,339,869l. the interest of which at 3 *per cent.* is 190,195l.

paying the public debts, (a) what possible reason can there be against adopting it?

THERE is another method by which the value of any stocks bearing high interest might be raised, which would probably be no less effectual; I mean, by ordering that no part of such stocks shall be redeemed, without at the same time redeeming an equal, or any larger sum, in other capitals. This is the regulation proposed in the section on public loans, page 54; and it will not be amiss here to give an illustration of it, by supposing that EIGHT MILLIONS will be wanted for the necessary supplies of this year; and that this sum will be procured by selling as was done in the last loan, a capital equal to the sum advanced, bearing 4 *per cent.* interest. Were the interest in this case made irreducible, and the capital incapable of being redeemed, without at the same time redeeming four times as much of the 3 *per cent.* or some other stocks, an increase of value would be communicated to it which would render all DOUCEURS unnecessary. For it would be a capital, the redemption of which could not be completed without discharging in all FORTY (b) MILLIONS of the public debts.—I cannot doubt, but that, in these circumstances (supposing the price of the 3 *per cents.* to continue near 78) 100*l.* in money would be given for 100*l.* in such a stock, and the whole extravagant expence of short annuities, lotteries and artificial capitals, would be saved.

Q 2

IN

(a) When the amount of interest, payable for a sum obtained by selling a 4 *per cent.* capital, is the same with the amount of interest, payable for an equal sum obtained by selling a 3 *per cent.* capital, which is nearly the present case, postponing, in the manner I have proposed, the redemption of the former, becomes as indifferent as it would be to postpone in the same manner the redemption of any 3 *per cents.*

(b) In this case only a FIFTH of the *surplus* to be at any time employed in redeeming debts could be applied to the redemption of this particular loan. The rest after nine years might be employed in redeeming the 4 *per cent.* stock created last year; or, jointly with it, such parts of future loans bearing high interest, as, in borrowing on the same plan, might be left redeemable. And thus no obligation would arise from this mode of borrowing to prefer the redemption of 3 *per cents.* to the redemption of capitals bearing higher interest. In particular; had this been the plan of borrowing through the last war, all surplus monies might have been ever since employed intirely in paying off 4, 4½ and 5 *per cent.* capitals, preferably to any others; and at the same time, no *douceurs* would have been granted in order to procure the loans; no artificial debt contracted, or extraordinary charge incurred.

IN short. With the aid of such regulations as those now proposed, EIGHT MILLIONS might this year be borrowed (supposing the 3 per cents. not lower than 78 or 77) probably at an interest of 4 per cent. but certainly at an interest an EIGHTH OR A QUARTER higher, without offering any premiums. Whereas, if no such regulations are established, either an artificial debt of near (a) two millions and a half must be created; or 5 per cent. for 15 or 20 years certain, together with the profits of a lottery, must be given; and a new tax laid which will produce 400,000*l.* per ann.

IT may deserve to be added, that an unprosperous state of public affairs, and apprehensions of public danger, would have a tendency, by placing the redemption of our debts at a greater distance, to promote, rather than obstruct, the success of schemes attended with such regulations.

THERE remains one proposal more on this subject, which I wish may be attended to.

I HAVE observed, that our reductions of interest have been the effect of too narrow a policy. It seems to me, that one of the best measures that could now be adopted, would be to undo what we have done in this instance, by restoring the 3 per cent. capitals to a higher interest, and making this restoration one of the means of raising the necessary supplies. That this is practicable, and that it would be advantageous, will appear from the following scheme and observations.

FOR 20*l.* in money, let 110*l.* stock, bearing $3\frac{1}{2}$ per cent. interest, be offered, in exchange for every 100*l.* of the 3 per cent. stocks; and let the new $3\frac{1}{2}$ per cent. stock be capable of being redeemed at any time, but never under *par*, unless when the price of the 3 per cents. happens to be below 85*l.*—By this scheme the public would procure 20*l.* from the conversion of every 100*l.* 3 per cent. stock into 110*l.* stock carrying $3\frac{1}{2}$ per cent. OR FIVE MILLIONS from the conversion of TWENTY-FIVE MILLIONS. The new additional capital would be only

(a) Should this be disregarded, and a long annuity offered, as a *douceur*, of $1\frac{1}{2}$ per cent. for 90 or 100 years, eight millions might perhaps be borrowed at an interest, including the long annuity of $4\frac{1}{2}$ per cent. even though the 3 per cents. should fall as low as 73.—And this, probably, would be the very scheme a minister would prefer, who, minding chiefly present ease, did not care how much he burdened the nation hereafter.

only TWO MILLIONS AND A HALF (or 10 *per cent.* of the old capital) and the *additional* interest would be 17s. (that is a half *per cent.* added to 7s. the interest of 10l. at $3\frac{1}{2}$ *per cent.*) for every 20l. advanced; or $4\frac{1}{4}$ *per cent.* for the whole loan.

THAT such a scheme would afford ample encouragement to subscriptions, supposing the 3 *per cents.* at or near 78, will appear, from considering that the interest offered is above a *quarter per cent.* more than could be made by purchasing any perpetual annuities, and at the same time, in consequence of forming a part of the interest of a THREE AND A HALF *per cent.* capital, is incapable of reduction, and therefore nearly on an equal footing with the interest of any 3 *per cent.* capital.—But to be a little more explicit.

THE new capital of 110l. bearing $3\frac{1}{2}$ *per cent.* interest, would be better than the 100l. THREE *per cent.* capitals for which it would be substituted, in the following respects.—
1st. It would carry 17s. *per ann.* more interest; and such an interest, when the price of an annuity of 3l. is 78l. ought to be worth 22l. 2s. The additional interest, therefore, would be disposed of at 2l. 2s. for every sum of 22l. 2s. (or at $9\frac{1}{2}$ *per cent.*) less than its true value, compared with the price of the 3 *per cent.* annuities.

SECONDLY. The 3 *per cents.* when *peace* comes, will probably be capable of being redeemed at 88l. (a) But this stock, in the same circumstances, must be redeemed at *par.* It will, therefore, produce 12l. more in every 100l. at redemption. Add the 10l. additional stock and the whole additional sum to be received at redemption will be at 22l.—There will, therefore, be a profit at redemption of 10l. *per cent.* of the money advanced; and this profit deserves the more notice, because the stock to which it is annexed being redeemable at any time, and bearing a higher interest than the 3 *per cents.* will be selected for redemption before them; and therefore its price will be so much the more likely always to keep near *par.*—Setting aside, however, this advantage, and supposing only the 20l. advanced likely to be received at redemption, it may be found by calculating in the manner explained in p. 110, &c. that the substitution of 110l. stock carrying THREE AND A HALF *per cent.* for 100l. carrying THREE *per cent.* or, in other words, that 20l. to be received some time hereafter, besides an

(a) In 1774, a million of the 3 *per cents.* was redeemed at this price; in 1772, a million and a half at 90.

an annuity of 17s. for the intermediate time, is worth in present money more than 20l. reckoning compound interest at 4 *per cent.*

SUCH a scheme, therefore, in whatever way its value was rightly calculated, would appear to offer an advantageous bargain. Should there, however, be reason to fear that the public might judge otherwise; or should the 3 *per cents.* be at 74 or 75, the value might be easily increased near nine *per cent.* by making the substituted stock 112l. instead of 110l. in which case, the interest for the 20l. advanced would become 18s. 5d. *per ann.* or a little more than four and a half *per cent.* instead of four and a quarter.

THE advantages to the public which would arise from such a scheme are——1st. That it would be one of the best preparations for measures that must some time or other be entered into for putting the public debts into a *fixed* course of redemption (*a*).——In consequence of being raised to a higher interest, a considerable part of them would be made capable of being redeemed with more ease and expedition; and for this reason, it is certain that, if there remains a possibility of our escaping a public bankruptcy, the time must come when we shall wish all our debts bore a high interest (*b*).

SECONDLY.

(*a*) I mean such a course of redemption as should not be liable to interruption by a WAR; or, as would be the effect of the establishment of such an unalienable *sinking* fund as has been described in the *Appeal to the Public on the Subject of the National Debt*, and the *Observations on reversionary Payments*.-----Nothing can save us from bankruptcy but such a fund; and were it established, the 3 *per cents.* when they came to be redeemed, would soon rise to *par*; and, consequently, the obligation implied in this scheme to pay a part of them at *par* would occasion no additional expence. It is, however, so little to be expected that such a fund will be ever established, that it would have been folly to have made the calculation given above, on any supposition less favourable, than that the 3 *per cents.* will bear the same price after the present war that they bore after the last; and that we shall go on as we have hitherto done, paying off a *million*, or a *million and a half*, now and then in a time of peace.

(*b*) The conversion of a 3 *per cent.* stock into a 3 $\frac{1}{2}$ *per cent.* stock gives the same advantage in redeeming it, that the power of redeeming it at 85 $\frac{3}{4}$ for every 100l. would give.---A million *per ann.* surplus would redeem 114 millions and a quarter of the latter stock in the same time, and therefore at the same expence, that it would redeem 100 millions of the former. I suppose here the 3 *per cents.* paid

SECONDLY. A capital of TWO MILLIONS AND A HALF would be saved in raising FIVE MILLIONS. That is, the nation in procuring *five millions* would incur a debt of only *half* that sum; and instead of having a QUARTER or a THIRD *more* to pay at redemption than had been received, it would have ONE HALF *less* to pay.

THIRDLY. SUCH a scheme would keep up public credit; and, by its necessary operation, contribute to carry *itself* into execution. For the advantages attending it being grounded entirely upon the old 3 *per cent.* stocks, few at such a time would chuse to sell them, but many would be induced to buy; and, consequently, their price would be advanced, contrary to the common effect of public loans.——These seem to me advantages so unspeakably important, that I cannot but think it would be right to go to some extraordinary expence, in making at least one experiment of this kind. If, in consequence of offering high terms in *one* trial for a small sum, such an experiment should succeed, it might be renewed on lower terms; and the way might be discovered of managing, in the best manner, larger loans on the same plan.——I cannot help thinking indeed, that it would be found that in this way great sums might be raised without creating *any* new capitals, or making any addition to the public debts. I fancy, for instance, that few, when the 3 *per cents.* are about 78, would scruple to pay 25l. for the conversion of 100l. THREE *per cent.* stock into 100l. FOUR *per cent.* stock, provided this last stock was not to become redeemable till THIRTY or FORTY MILLIONS of our present debts have been discharged: And supposing this true, money for public services would be raised at 4 *per cent.* or at an interest nearly as low as possible; and, at the same time, a sum equal to the whole money advanced would be saved. But were it necessary to take for such a substitution 24l. or even 23l. (that is, to pay about 4 $\frac{1}{4}$ *per cent.* for money) the gain, if our debts are ever to be redeemed, would abundantly overbalance the increased expence of interest.

CORRECTIONS

paid at *par*; and this I have before observed will be found to be necessary should a time (scarcely the object of hope) ever come, when government will set itself in earnest and with any effect to pay the public debts.

CORRECTIONS and ADDITIONS.

IN page 67, after the words *Lent at 4 per cent. in 1746, charged on licences for retailing spirituous liquors, and reduced to 3 per cent. by 23d of George II. 1749,* add, *and consisting of old Exchequer Bills then cancelled and converted into a debt from Government to the Bank, for which the Bank was allowed to add to its capital an equal sum by 19th George II. Ch. 6.*

In page 73, instead of the words, *In 1751, certain Exchequer tallies and orders, amounting to 129,750l.* read, *In 1751, the remainder of certain Exchequer tallies and orders, charged on the duties on wrought plate, and amounting to 129,750l.*

Page 78, line 13, instead of 1758 read 1757.—And in the last line, for 205,000l. read 215,000l.

Page 83, after *Exchequer Bills charged on a duty upon victualers by 12th Geo. I. 1726,* add, *and afterwards by 16th Geo. II. 1743, charged on the duties on licences for retailing spirituous liquors. Now included in the Bank Capital by 19th Geo. II. Ch. 6.*

Page 83, Note (b) after the words, *In this account I have omitted a million borrowed in 1734,* add, *and half a million borrowed in 1736; because these debts had for some time been in a fixed course of redemption by the salt-duties.*

F I N I S.