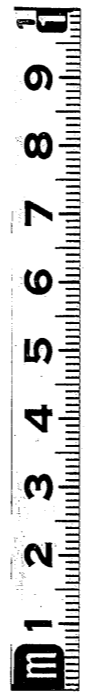


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from the

THOUGHTS
ON
PROPERTY.

0249

T H O U G H T S

ON

PROPERTY,

AS AFFECTED BY

THE PRESENT ALARMING

CRISIS.

— Quid ultra tendis ? æqua tellus
Pauperi recluditur,
Regumque pueris : nec fatelles Orci
Callidum Promethea
Revexit auro captus—

HOR. LIB. II. ODE xviii.

March 8, 1797.

P R E F A C E.

IN a crisis big with events, which seldom happen twice in one life, the Writer is led to offer a few reflections for the consideration of those whom he esteems the real Friends of his Country; hoping, that if they do not reject them altogether, they may tend to strengthen their superior judgment in pursuing plans, best calculated to preserve, if not to increase, their property.

It cannot be denied by honest and impartial enquirers, that men possessing property * have been the authors of those misfortunes which we so sincerely deplore: falling, however, as they seem to be, from a tremendous height, our compassion would be sensibly excited, did we not see that our regeneration must, in the nature of things, bring down upon them the punishment of their political depravity.

* A man, above the rank he holds among those invested with delusive honours and titles, lately the nerve and ornament of the British House of Peers, says, in a pamphlet just published, that "The power incident to property, and the necessity of maintaining a proper balance in its distribution, was formerly a more favourite topic than it has been of late. It is to be regretted, that those who prosecuted this enquiry, did not live at a period when the progress of human knowledge, by furnishing them with a more accurate idea of the nature of property, would have enabled them to start their speculation from a more commanding point."

Lauderdale on Finance, p. 49.

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Under these considerations, I have no design to publish these pages; and would have their circulation confined to very few; as those who have drawn us into this dilemma should go blindfold about the streets, and have their property sacrificed to public good. There are, however, some men of fortune, whose virtues we must revere, whose acquaintance we think honourable to ourselves; and as, in the conspiracy of property against right, they have been innocent instruments under the guidance of prejudice, it should be our sincere and ardent wish to save them from the general catastrophe.

To hazard opinions upon the present posture of affairs, under all the new circumstances which are hourly occurring, is a task of extreme delicacy; and feeling the impression that not a moment should be lost, the Writer's ideas must of necessity be found in a crude and undigested state; if, however, they should vary much from the final result, he rests upon the candour of his Readers; and hopes, when brought to the Bar of their Tribunal, while they condemn the head, the heart will be acquitted.

THOUGHTS

T H O U G H T S

ON

PROPERTY,

&c. &c. &c.



WHEN the existing Government of a Country is shaken to its center, and symptoms of revolutionary movements begin to appear, the next consideration to the security of Person, is that of Property, and what descriptions of Property will support the higher relative value.

I cannot, perhaps, pursue this enquiry better, than by proposing a certain arrangement, and assigning my reasons for preferring that order of precedence, with respect to each article.

It will be observed, debts are a kind of property not here included; the order in which these must be taken, whether book debts, bills of exchange, or other personal securities, partly depends upon the quantity, but much more upon the species, of property, and the nature of the engagements of those that have them to pay.

Order

Order of Preference in Property under the present Circumstances of the Country.

- 1st. Gold and silver.
- 2dly. Articles of foreign trade, not restricted by the laws, which bear good prices abroad.
- 3dly. Funds of other countries with which we are at peace, particularly American funds.
- 4thly. Articles of the first necessity.
- 5thly. Conveniencies of life.
- 6thly. Lands.
- 7thly. Luxuries.
- 8thly. Bank paper.
- 9thly. Government securities.

Gold and silver justly obtain the first place in this catalogue, though in themselves of little more than imaginary value : yet as every thing the world produces may be exchanged for them, and no foreign trade is carried on where they have not a market, the price they bear does not materially depend on the fluctuation of events in any individual country.

The second article bears a very near resemblance to these metals, though it cannot be placed on a line with them—for no commodity included under this general head, either finds so universal a sale, or can pass at so easy a rate from one country to another. Indeed, under all the difficulties and dangers, which from a state of anarchy or revolutionary government,

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we have to encounter, the consequences may be such, as I am not able to anticipate; and the enterprising spirit of the mercantile world, must, at all events, fall short of its accustomed energy. On the other hand, as the course of exchange will every where be against this country, the temptation to an export trade proportionably increases.

With respect to the funds of other countries with which we are at peace, our judgment must be regulated by political and remote circumstances. Generally in all countries where the public debt is smallest in proportion to the extent of its population, there is the best security. With respect to the Americans, their debt is comparatively very small, their Bank as well as Government Securities have experienced a considerable rise here, since issuing the Order of Council of the Court of St. James's, notwithstanding it might have been conjectured, that the known want of specie would have produced a very contrary effect; which clearly shews, that it is in them, that monied men are at present most inclined to repose their confidence. In the British funds it is declared, we can only receive our dividends in paper, whereas our agents in America can receive them in hard money.

And a material circumstance to be taken into the account, is possibly not generally noticed, that they have conditioned by their treaty of commerce with Great Britain, Article X, that "Neither the debts due from individuals of the one nation, to individuals of the other, nor *Shares*, nor *Monies* which they may have in the *Public Funds* or in the *Public* or *Private Banks*, shall ever, in any event of war or national difference, be sequestered or confiscated."

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[10]

In the fourth place, articles of the first necessity seem to arrest our attention, because they must continue in demand; indeed their consumption will rather increase, as articles of convenience and luxury are abandoned; no diminution, therefore, in their value, is likely to happen, out of the circumstances of the present crisis, except from the fear of popular commotions, which would render articles of less bulk more easily concealed, and the possessors less liable to the danger of incurring public resentment.

Conveniences of life naturally follow, but as these will be in some measure dispensed with, by all classes and ranks of the community, they must fall something in value.

With respect to lands, they can usually be turned to a variety of purposes—the prices of their growth will be much the same in other countries, while the internal consumption continues nearly equal to what it is at present, its produce chiefly consisting of articles of the first necessity. But the most serious and alarming diminution in its value to the land-holder, must take place for the want of money, or an adequate representation of money, in the country. What has been bought at twenty-five and thirty years purchase, may be sold at seven or six, or at length for four or three, as in France. Perhaps, for want of laws to which we may appeal, no estates may be secure to the proprietor, but where he resides, in sufficient force to resist hostile aggression.

Luxuries and articles of ostentation may be almost wholly laid aside, not only because they no longer command respect, but will excite general derision.

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[11]

Let it be understood in the foregoing remarks, that what is meant by the future market price of every commodity, is what it will continue to bear in proportion to gold and silver. If, for instance, the only circulating medium should be Bank paper, and fifty pounds in these metals fell for a hundred pounds in Bank notes, butcher's meat would be as cheap at twelve-pence, as it is now at sixpence per pound.

We now come to the two last articles, which, perhaps, merit the most serious and ample consideration. I thought proper to suspend my opinion on the affairs of the Bank, till the Report of the Committee was made public, and I notice without surprise the ambiguity of that paper, which will excite great uneasiness and alarm. Supposing, however, we had the wisdom and courage to face our dangers, to enter into the closest investigation of these affairs, capable of affording the fullest satisfaction to the minds of the intelligent part of the community: further that we healed the wound which had been opened, and passed a law to inflict exemplary punishment on any individual who should dare to stop the payments of that Banking Company; and that we adopted another measure equally salutary, to convey all the plate in the country to the Mint, paying in return the amount in bank notes, for the purpose of recommending payments in silver; the only measures, in my mind, that could give the smallest chance of restoring public credit: yet I do sincerely think, from a variety of circumstances, which it would be tedious to detail; that the blow once struck, the same degree of confidence, at least in our time, can never be revived. I give it too as an opinion founded on mature reflection, and on nearly the same circumstances which happened in France in the year 1792; that this paper will shortly experience a very severe check, and be gradually depreciated

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in value, until the Bank call a meeting of its creditors. Can their resources in accumulating specie bear any proportion to the inundation of bank paper, when we consider their daily discount of mercantile bills, the constant demand from the Treasury, and the dividends to be paid the ensuing month?—Good God! independent of a mass of recent disbursements, much beyond the scale of their usual liberality, and forced upon them in an hour of peril, on securities merely personal; what, in plain truth, was the state of their affairs on the 26th February last? No better than this; when the Treasury can pay them £.9,964,413 3s. 0d, a much larger sum than the aggregate of all their remaining assets—when they find (what in the best of times is scarcely within the reach of possibility) that all their bills of exchange are duly honoured, and their Loyalty and other Government securities realized without further loss, their surplus amounts to £.3,826,890. If viewing these concerns as we do the usual course of mercantile business, and deeming those debts as bad or doubtful, where the parties dishonour their own acceptances, what is to be said of Treasury paper and other securities resting on the faith of Government, and where is the proof, that the Bank can pay five shillings in the pound?

Bank paper will, for the moment, be the object of immense speculation; it being understood, that the Legislature has it in contemplation, to confirm the Order of Council; and should it forbear at present to make these legal payments, it would be easy to shew it will be under the necessity of so doing. Bank paper and coin were of equal value, while they could be exchanged for each other: this is no longer the case, While a creditor can demand coin, he will refuse depreciated paper; and if not enforced, the difference in value must lead to perpetual litigations.

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As to the public Funds, they present a still more alarming aspect*. The Bank cannot in justice to its own creditors, afford any additional assistance to Government; the system of loans will be brought in *felo de se*, the dividends, we are told, can only be paid in paper, and if this should suffer any material depreciation in value, the whole revenue of the country will not sustain, the ordinary expences of Government, even under a peace establishment, and much less the interest of the public debt†. The Bank having probably some assets, if

* “ But it is more probable, that the breach of national faith will be the necessary effect of wars, defeats, misfortunes, and public calamities, or even, perhaps, of victories and conquests. I must confess, when I see Princes and States fighting and quarrelling, amidst their debts, funds, and public mortgages, it always brings to my mind a match of cudgel-playing fought at a *china shop*. How can it be expected, that Sovereigns will spare a species of property, which is pernicious to themselves and to the public, when they have so little compassion on lives and properties that are useful to both. Let the time come (*and surely it will come*) when the new funds created for the exigencies of the year, are not subscribed to, and raise not the money projected. Suppose, either that the cash of the nation is exhausted; or that our faith, which has hitherto been so ample, begins to fail us. Suppose that, in this distress, the nation is threatened with an invasion; a rebellion is suspected or broken out at home; a squadron cannot be equipped for want of pay, victuals, or repairs, or even a foreign subsidy cannot be advanced. What must a Prince or Minister do in such an emergency? The right of self-preservation is unalienable in every individual, much more in every community; and the folly of our statesmen must then be greater than the folly of those who first contracted debt, or, what is more, than that of those who trusted, or continue to trust, this security, if these statesmen have the means of safety in their hands, and do not employ them. The funds, created and mortgaged, will, by that time, bring in a large yearly revenue, sufficient for the defence and security of the nation: Money is perhaps lying in the Exchequer, ready for the discharge of the quarterly interest: necessity calls, fear urges, reason exhorts, compassion alone exclaims, *the money will immediately be seized for the current service*, under the most solemn protestations, perhaps, of being immediately replaced. But no more is requisite. The whole fabric, already tottering, falls to the ground, and buries thousands in its ruins. And this, I think, may be called the *natural death* of public credit: for to this period it tends, as naturally as an animal body to its dissolution and destruction.”—*Hume's Essay on Public Credit, written in the year 1749.*

† ADAM SMITH in the last chapter of his celebrated work, says, “ When national debts have once been accumulated to a certain degree, there is scarce a single instance, I believe, of

[14]

if not plundered by those exercising the functions of Government, is of the two, the best security. For a nation under the pressure of revolutionary changes, never thought itself bound to pay the debts of its ancestors, and would be less disposed to do so, when so large a proportion of the public burdens, have been accumulated by the avarice of those, who have furnished the Minister, from time to time, with the only means of carrying on a destructive warfare, loudly condemned by the country.

To conclude, calamitous as these reflections may appear to those, anxious to preserve the present unwholesome calm, they afford me the truest consolation.

Except among those who have betrayed her by their councils, or whom her councils have betrayed, (yesterday her friends and her allies) I doubt if Great Britain have an enemy; however to one the most hostile to her interests, the present posture of affairs, can only impart a transitory and childish exultation. We have seen America and France hurried down the same precipice, and after the extinction of their financial system, hastening by rapid strides, to the most sublime legislative dignity, the one as the Lycurgus of the East, and the other of the Western Hemisphere.

of their having been fairly and completely paid. The liberation of the public revenue, if it has ever been brought about at all, has always been brought about by a bankruptcy, sometimes by an avowed one, but always a real one, but frequently by a pretended payment. The raising of the denomination of the coin, has been the most usual expedient by which a real bankruptcy has been disguised under the appearance of a pretended payment.— The honor of a state is very poorly provided for, if in order to cover the disgrace of a real bankruptcy, it has recourse to a juggling trick of this kind, so easily seen through, and at the same time so extremely pernicious.”

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In exchanging the dominion of Property for the empire of Reason, the effects of a temporary delirium may be dreaded, but it will not be fatal: while it calls forth the immortal energies of mind, philosophy and philanthropy will burst the chains of persecuted Man.

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