AN

INQUIRY

INTO THE CAUSES OF

THE PRESENT DERANGEMENT

OF

PUBLIC CREDIT.

IN

GREAT BRITAIN.

OCCASIONED BY

Mr. PITT'S SPEECH IN THE HOUSE OF COMMONS,

ON THE 27TH OF MARCH LAST.

TO WHICH IS ADDED,

Some Hints to the Legiſlature for the Formation of a Plan for the immediate Employment of the numerous deſtitute Poor.

3

SI QUIS DUBITAT, AUDITO.

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ADVERTISEMENT.

IF it ſhould be enquired with what view this pamphlet is written, the anſwer is, it has two objects in view: the one, to ſhew that the ſyſtem of Britiſh commerce is intimately connected with the ſyſtem of Britiſh politics; that it is not ſo unimportant, and innocently to be triffed with, as ſome ſtateſmen may imagine; and that this connection, dependence, and importance, may be underſtood by people in general: the other, by ſuggeſting ſome ideas to thoſe who are engaged in commercial operations, to prevent the progreſs of the preſent diſtreſs to ſo fatal a degree as it might otherwiſe attain. And if either or all of theſe ends are effected, this publication will not be deſtitute of utility.

Inquiry, p. 33.

INQUIRY, &c.

THE exquiſite ſenſibility of public credit is juſtly deſcribed in a fine allegory by Mr. Addiſon*. He repreſents it under the character of a beautiful virgin, ſeated on a throne of gold, infinitely timorous in all her behaviour, apt to change colour and ſtartle at every ſound, ſubject to ſuch momentary conſumptions, that ſhe would ſuddenly fall away from the moſt florid complexion and the moſt healthful ſtate of body, and wither to a ghaſtly ſkeleton.

In the courſe of four ſhort months, this allegory has been literally verified in our own times, and in our own country. From the higheſt ſtate of health and vigour, this delicate virgin has been reduced to a very low ſtate of infirmity and diſeaſe. Confi-

* Spectator, No. 4.

dence, whereon credit is founded, has been attacked, defeated, and ſlain; and ſuſpicion, gloomy ſuſpicion, with dejection, bankruptcy, poverty, and miſery, in its train, now occupies its place.

The facts are ſo ſtriking and ſo important, as to excite a general enquiry into their cauſe; and the higheſt authority relative to them, with which we have yet been favoured, is that of Mr. Pitt. From a variety of concurring circumſtances, his opinion deſerves attention; and from circumſtances no leſs various and concurrent, it requires examination. In his ſpeech upon the ſubject of the loan on the 27th of March, he is repreſented to have ſaid, "The peculiar circumſtances of the ſtate "of credit manifeſted by the late failures, "do not, I believe, ariſe out of cauſes of a "political nature." This profeſſed belief of Mr. Pitt's, forms the queſtion propoſed for diſcuſſion.

From the concluſion of the general peace in 1783, the nation had made a more rapid

progreſs in the extenſion of its commerce, than it had made in any former period of its hiſtory. The commercial treaty with France, and the revolution there in 1789, increaſed the confidence of the manufacturing and mercantile intereſts here, by ſeeming to promiſe a better underſtanding with that power, and thereby enſure a long continuance of the peace, which had been ſo ſeaſonably effected. The ingenuity and induſtry of our artiſans, a general ſpirit of enterprize, and an almoſt unbounded credit, concurred to puſh the trade of the nation to an extent formerly unknown, and perhaps exceeding the expectations of the moſt ſanguine calculator.

The commercial ſyſtem has within a century, undergone a total change. Credit is now generally ſubſtituted in the place of money; and has been ſo artificially moulded as to anſwer all its purpoſes. The nation has been accuſtomed to this change by degrees; and our modern ſyſtem of commerce is, perhaps, principally indebted for its celebrity, to the facility of

circulation, and the general inclination which one man has to depend on the induſtry, the ability, and the integrity of another.

It is not difficult to trace this vaſt extenſion of dependence on credit, up to the funding ſyſtem introduced into England ſince the revolution. From whence deſcending, we ſhall have occaſion to obſerve, that the eſtabliſhment of the Bank of England has gradually paved the way to a general paper currency; and thus, however much the extenſion of credit, the inundation of paper money, and the ſpirit of ſpeculation, may be condemned, whether juſtly or otherwiſe is immaterial, they are conſequences flowing from the political and legal eſtabliſhment of the funding and the banking ſyſtems, which are their true and proper ſources.

The Revolution of 1688, as a counterbalance to the bleſſings it obtained to the nation, was followed by ſeveral tedious and expenſive wars. The public revenue was at that time inadequate to the public neceſſities,

ceſſities, and any very conſiderable increaſe would evidently have been injurious to the intereſts of William. Different writers attribute different motives, for the commencement of the practice of anticipating the future revenues of the ſtate, in order to ſupply its immediate exigencies; but the true reaſon ſeems to have been, that it was a matter not of choice, but of real neceſſity; for there did not exiſt an alternative.

The ſcarcity of ſpecie occaſioned by the hoards which in a time of national diſtreſs never fail to be made, and the conſequent want of circulation and credit, occaſioned the terms on which the public debts were contracted, to be, what might otherwiſe have been called, extravagant. Supplies muſt, however, be had, and the old proverb was then verified, as it has ſince been, that the borrower is ſervant to the lender. The principal method uſed, was the grant of annuities to the lenders; ſome temporary, ſome for life, and others perpetual.

But

But the effect was, to induce in individuals a dependence on the ſtability and the fidelity of government, for their fortunes and means of ſubſiſtence; and thus they became engaged in the ſums they reſpectively intruſted, to exert themſelves and their influence for its ſupport.

As the exigencies of government increaſed, this dependence proportionably extended. People became inured, not to reckon their wealth by what they actually poſſeſſed, but by the amount of their reſpective claims, on the public, through the medium of its ſupreme authority. The tranſition from a dependence on the public to a dependence on a wealthy, prudent, and induſtrious individual, is not difficult to imagine; eſpecially with the temptation of an increaſe of intereſt. Many perſons from habits of indolence, from being unaccuſtomed to trade, and from other circumſtances, are rather inclined to ſuffer their neighbours to uſe their property, than to uſe it themſelves, if they have but a good

good opinion of its ſafety, and a regular payment of its ſtipulated annual produce.

In addition to the other extraordinary aids of the new government, it deviſed the plan, and incorporated the company of the Bank of England; and the immediate advantage it derived from this eſtabliſhment was, an advance of one million two hundred thouſand pounds; for the intereſt of which, and the expence of management, it granted an annuity of one hundred thouſand pounds. It is unneceſſary to trace the progreſs of the tranſactions of this Bank with the Government. But the effect of its eſtabliſhment has been, to familiarize the nation with the promiſe to pay, in place of the actual payment; in other words, to render paper equivalent to money; to induce confidence, and thus inſenſibly to extend credit. The tranſition is again eaſy from this incorporated company to a banking-houſe, compoſed of five or ſix partners, reſpectable by their accumulated ſtock of wealth, fidelity, and acuteneſs, eſpecially if their mode of tranſ-

transacting business be without the interruption of certain forms, which in the Bank of England have tended to retard the facility which business requires; and also, if they are disposed to afford greater accommodations to their customers, than the Bank of England may feel itself warranted to grant, consistent with a regard to the public safety.

Though the notes of this Bank were of universal credit throughout the kingdom, yet they were supposed to have two inconveniences. One, that they are only payable in London; the other, that their lowest value is ten pounds. To remedy these inconveniences, private banks were opened in different parts of the kingdom, issuing notes for five guineas, and ascertaining their payment at the place from whence they issued. The people now accustomed to take paper for money, and generally knowing the parties who thus formed themselves into private banking companies, confided in their security, and as paper is more

more portable than cash, exchanged the the latter for the former. Thus, almost every man possessed of a few guineas, or having occasion to circulate them, was contented with the assurance of the bankers to pay upon demand, as fully as if he had the money in his pocket.

The amount of paper thus issued in five guinea notes, has in general been regulated by the credit of the parties and the duration of their establishment. Some banks have issued to the amount of one hundred thousand pounds, or perhaps more; others not more than ten thousand; and some still less. Besides the monies collected on these notes, the banks have been accustomed to receive deposits upon interest, sometimes allowing three, sometimes three and a half per cent. and generally payable upon their notes of hand, not on demand, but at a certain number of days after sight, or time of presentation. What the aggregate amount of the monies so collected might be, is incal-

 culable,

culable, but it undoubtedly forms a ſum of immenſe magnitude.

The monies thus depoſited, whether in the hands of the London or of the country bankers, muſt be turned to a profitable account. When the public ſecurities are ſo high as they have been within the laſt two years, private ſecurities offer the greater temptation. The latter afford a certain five per cent. with the additional advantage of iſſuing notes inſtead of money, or of having a balance left in hand proportioned to the accommodation afforded; whilſt the former are productive of little more than three per cent. Private ſecurities conſiſt of bills of exchange, notes of hand, mortgage of goods, houſes, and lands; and monies advanced on theſe, become new means for the extenſion of manufactures and commerce, which without ſuch conveniences muſt be retarded, till the bills or notes become due, or the goods, houſes, or lands are ſold and paid for in money.

Thus

Thus the whole property of the kingdom has been thrown into circulation, and thus the manufacturer, the tradeſman, and the merchant have been induced to extend their affairs, far beyond the abilities with which their capitals furniſhed them. It has been no uncommon thing for bankers to ſolicit cuſtomers to receive money, as earneſtly as theſe cuſtomers are now obliged to ſolicit for money. Applications of this ſort are faſcinating, and few men have prudence and foreſight ſufficient to withſtand ſuch an allurement to increaſe a profitable trade, beyond the ordinary means for its ſupport.

In this ſituation ſtood the commercial intereſt of Great Britain in the month of October laſt. Its credit greatly extended and its circulation amazingly rapid. The plenty of money, as it is denominated, but in fact the plenty of credit ſo moulded as to anſwer the purpoſes of money; the great demand of foreign markets and an increaſing conſumption at home, had occaſioned vaſt

projects of ſpeculation, and vaſt enterpriſes in trade and manufactures. Whatever evils might radically exiſt in ſuch ſpeculations and enterpriſes, they would by the ordinary methods have produced their own cure. If men were too ventureſome, a few diſappointments and loſſes would have checked their intemperance, without affecting the general ſyſtem. The raſhneſs or imprudence of any particular project would have been obvious, and would have accounted for its failure; but general confidence would have remained unſhaken.

If ſome well informed, cunning and active enemy had contrived the ruin of our commerce, and with it the general miſery and, perhaps, ruin of our country, he would have reſorted to no means ſo probable as to excite general ſuſpicion and alarm. The beſt appointed armament that ever the world ſaw would not ſo ſpeedily have effected his purpoſe, as the inducement of a general apprehenſion of ſedition, of ſecret treaſons, and of plots for ſurpriſing the city of London, and for

for overturning the government. If thoſe who actually excited theſe ſuſpicions and apprehenſions foreſaw their conſequences, they betrayed the nation. If they did not foreſee them, they have given a moſt ſtriking ſpecimen of the inſufficiency of their abilities, for the ſupport and conduct of an equitable government. There ſeems to be no alternative. Is it poſſible for general ſuſpicion and general confidence to exiſt together? If ſuſpicion muſt be excited and encouraged, confidence muſt infallibly be deſtroyed.

The firſt intimation of the general plan, was given by the aſſociation for preſerving liberty and property againſt republicans and levellers, meeting at the Crown and Anchor Tavern. They iſſued on the 20th of November a long advertiſement, containing certain conſiderations and reſolutions upon which they ſay they had agreed, and they ſet off with declaring that THE PUBLIC PEACE AND ORDER WERE IN DANGER. The origin and the connections of this new aſſociation

aſſociation were ſpeedily diſcovered; and they tended to afford a ſanction to this repreſentation of the danger in which the public order and the public peace ſtood. A general alarm took place, which it was held expedient to encourage; and an attentive conſideration who thoſe were, by whom the numerous ſimilar aſſociations were promoted, will eaſily determine the ſource from whence they all primarily proceeded.

The public funds, alive at all times to the ſlighteſt alarm, immediately felt the ſhock. The three per cent. conſols, which were on the 20th of November, as they had been for ſeveral previous days, at the price of eighty-ſeven and a half, fell on the 21ſt full five per cent. This tended to increaſe the general conſternation, which re-acted upon the public funds; ſo that by the end of the month, the three per cents were reduced below the price of ſeventy-eight, when the other parts of the ſame plan made their appearance.

His majeſty's proclamation of the firſt of De-

December for drawing out and embodying the militia, declared, "the utmoſt induſtry "was then employed by evil-diſpoſed per-"ſons within this kingdom, acting in con-"cert with perſons in foreign parts, with a "view to ſubvert the laws and eſtabliſhed "conſtitution of this realm, and TO DE-"STROY ALL ORDER AND GOVERNMENT "THEREIN; and that a ſpirit of tumult "and diſorder thereby excited," had "lately "ſhewn itſelf in acts of riot and inſurrec-"tion." This was accompanied by another proclamation for aſſembling the parliament, on the 13th of the ſame month. The ſame ſtock varied comparatively little in its price, upon the iſſuing of theſe proclamations; for the ſecret which the aſſociation at the Crown and Anchor had previouſly diſcloſed, had already produced its effect.

The general conſternation occaſioned in the city by theſe miniſterial meaſures (for no blame can be attributed to Majeſty) cannot eaſily be deſcribed. The public apprehenſion was awakened for the public ſafety.

ſafety. The fortification of the tower produced the ſtrongeſt aſſurance that an enemy was at hand; that the city itſelf was in immediate danger. The additional guard at the bank of England was evidence of ſome formidable deſign to plunder its invaluable treaſures. The numerous reports of the diſcovery and apprehenſion of traitors, convinced the nation of the neceſſity of reſorting to ſuch extraordinary meaſures, for maintaining the general ſecurity. And in the midſt of all, how many thouſand hearts trembled, for the property and credit they had engaged in the extenſive operations of commerce!

Is it poſſible for any man of common underſtanding, after having contemplated the general trading ſyſtem of this country, ſuſpended as it is upon mutual confidence and credit, to imagine that *it* only could remain uninfluenced by repreſentations and tranſactions, ſtriking at the very root of all confidence and all ſecurity, as theſe moſt evidently did? Is there ſo much innocency in

in a royal proclamation, as to be incapable of producing an effect which might almoſt be produced by a common tale, told with a ſuitable ſolemnity of countenance? Can the nation be informed by the higheſt authority, that "a ſpirit of tumult and diſorder" has already "produced acts of riot and inſurrection," and can it behold ſuch meaſures taken, with a view to the ſecurity of its property and its capital, as indicate their extreme danger, and yet remain unmoved? Whatever effects were intended, experience has ſhewn that theſe meaſures begot an univerſal diſmay, and that the attention of every man became immediately directed to the ſecurity of his own property and credit, however expenſive or ruinous that ſecurity might prove to his connections.

When the parliament met, the ſpeech from the throne, reiterated the alarming language of the proclamation, and announced the deſign of "augmenting the "naval and military force," as being beſt "calculated to maintain internal tran-"quility," as well as "for preſerving the

 "bleſſings

"bleſſings of peace." But the nation underſtand an augmentation of force as an indication of approaching war. And with the melancholy view of inteſtine commotions and foreign war, the public mind became in reality deeply dejected, whatever appearances of zeal intereſted or deluded men might aſſume. Credit was withdrawn, which occaſioned what is generally underſtood by a ſcarcity of money; and had it not been for the ſeaſonable and liberal aſſiſtance, afforded in the month of December by the Bank of England, which is reported to have diſcounted bills and notes to the enormous amount of ſeventeen millions, the immediate conſequences muſt unavoidably have been fatal beyond all calculation.

Under an alarm for the ſafety of the bank and of the capital, was it poſſible for the bankers to remain aſſured of their own ſecurity? Was it poſſible for their numerous connections in both town and country, to remain aſſured of it? Was it poſſible for theſe bankers to furniſh their uſual aids to merchants, manufac-

nufacturers and tradeſmen? Was it poſſible ſo ſenſibly to affect them, and yet the country banks, foſtered by their care and encouragement remain unaffected? Could *they* furniſh their accuſtomed aids to their numerous connections and dependencies? Could *their* ſecurity remain wholly unimpeached, whilſt the nation was inſtructed to tremble for the ſafety of the national bank? All this was impoſſible; nor was it difficult for a diſcerning eye to foreſee the calamities which have thus been occaſioned, and which muſt increaſe, unleſs ſome miraculous power ſhould ſpeedily and ſuddenly interpoſe.

The ſubſequent meaſures of miniſters and their emiſſaries have all had the ſame tendency. The extraordinary powers with which the Alien bill furniſhed them, were juſtified by the extreme danger to which they declared the nation was expoſed, by the influx of frenchmen leagued with engliſhmen, for the deſtruction of its conſtitution and government. Nineteen daggers

 with

with the words *No King* were reported by very high authority to have been discovered; but these were only a sample of thousands more, manufactured to effect the horrid deed which their motto indicated. Inquisitorial powers were assumed, secret spies were encouraged, anonymous accusations were listened to; and every art and influence exerted, to assure the people they were in the most imminent danger; and that nothing but measures so unprecedented could save them. Finally, the dismission of the French ambassador, and a settled and obvious determination for war, at length produced, what they seemed to provoke, a declaration from the French nation that they were at war with England; which, in its progress and consequences, will probably fill up the measure of our calamities.

The effects of war are at all times extremely prejudicial to a commercial people. But how much more so must they be, when combined with apprehensions of internal

nal disturbance and commotion. Whatever foundation might have existed for suspicions of treasons, of conspiracies of insurrections and seditions, nothing could have been more unwise than to create a general alarm, for the immediate safety of the city of London and the bank of England. Armed with Laws adapted to every species of crime, and with power competent to enforce them, what was there to fear? The apprehension of traitors and conspirators, the proofs of their guilt, their condemnation and punishment, would in the same moment have announced the danger, and have exhibited the just and adequate energy of the government to avert it. The public apprehensions would have been alleviated in the instant they were unavoidably excited. But the measures pursued had a contrary effect. They spread an alarm without directing the attention of the public to the quarter from whence the mischief was to issue. The more secret the design, the more universal was the dismay.

People were looking on every ſide for their enemies, without the poſſibility of diſtinguiſhing them; and public credit, in the mean time, became reduced, according to Mr. Addiſon's allegory, from a blooming ſtate of health and vigour to a mere ſkeleton.

How different was the conduct of Cicero in the moment of Cataline's conſpiracy. Cataline and his aſſociates had met in the houſe of M. Lecca, where they reſolved that a general inſurection ſhould be raiſed throughout Italy; that Cataline ſhould put himſelf at the head of troops in Etruria; that Rome ſhould be fired in many places at once; and that the whole ſenate with all their enemies ſhould be maſſacred, except the ſons of Pompey who were to be kept as hoſtages of peace with their father; that in the conſternation of fire and maſſacre, Cataline with his Tuſcan army ſhould avail himſelf of the public confuſion, and make himſelf maſter of the city, where Lentulus was to preſide in the general

ral councils, Caſſius to effect the firing, and Cethegus to direct the maſſacre. Cicero, whoſe vigilance diſcovered the conſpiracy, and with it their deſign to murder himſelf the next morning in his bed, immediately ſummoned the ſenate to the temple of Jupiter in the Capitol, where it was not uſually held but in times of public alarm, and there publicly charged Cataline, *by name* with the horrid conſpiracy. Cataline, conſcious of guilt, fled; whilſt Lentulus and his accomplices ſtill haſtened to to execute their deſign. Cicero, having watched their motions, and obtained the fulleſt proofs of their villainies, again ſummoned the ſenate, and ſent for Lentulus, Cethegus, Statilius and Gabinius, ſearched the houſe of Cethegus, where he diſcovered a great number of ſwords and daggers prepared for immediate uſe; and then adduced his charges and his proofs before the whole ſenate; upon which the conſpirators were executed; Cataline, having put himſelf at the head of his forces, was defeated and ſlain; and thus

thus the public danger was removed almoſt in the ſame inſtant in which it was diſcovered.

If treaſons, ſeditions, conſpiracies and inſurrections, have had any other exiſtence than in ſpeeches and upon paper, where is the vigilance which was bound to bring the authors of them to condign puniſhment? Whom are we moſt to blame, the authors of theſe treaſons, ſeditions, conſpiracies and inſurrections; or thoſe by whoſe connivance they have hitherto been ſuffered to eſcape? Has no crime been committed upon which the law can attach? Or, is there no power capable of effecting the execution of the criminals? The avoidance of proof, and the unneceſſary delay of juſtice, are ſtrong indications that the alarm was unfounded; but nevertheleſs, unfounded as it may eventually prove, it has had all the effect, that it would probably have produced had it been real and ſubſtantial.

The

The nation now ſuffers in its credit and its commerce, from the union of theſe mighty miſchiefs, the fear of internal commotion, and the operations of foreign war. By the former, we have already ſhewn, the bankers were inſtantly affected, and their connections and dependencies unavoidably ſuffered. By the latter, the demands for foreign markets are nearly annihilated, remittances are impeded, and in the caſe of France, by the provocation which the bill for preventing traiterous correſpondence has probably given, are totally cut off to the amount of many millions. The price of raw materials coming from beyond the ſea, muſt, by the delay which war always occaſions, and the high rate of inſurance, be greatly increaſed; whilſt by the loſs of the foreign, and the ſtagnation of our internal, trade, the manufacturers find it difficult to procure a market for their goods. In ſhort, the whole ſyſtem is diſturbed; it is thrown out of its courſe; and the conſequences yet to be dreaded require the union of all heads

 and

and all hands, if by any poſſibility they may be diminiſhed, or in any degree avoided.

We have ſhewn the connection, which ſubſiſts between the banking and the manufacturing intereſt; and indeed the intimate connection which ſubſiſts throughout all intereſts, except thoſe of placemen, penſioners, and contractors; for theſe have an intereſt peculiar to themſelves, diſtinct from that of the nation. But the manufacturers, deprived of the accommodations they have uſually derived from their credit with the banks, are generally in a very deplorable condition. A manufacturer muſt always have a part of his capital ſunk, in a dead immoveable ſtock of buildings, machines, implements, &c. He muſt alſo have a conſiderable quantity of materials on hand, both raw and in a progreſſive ſtate; and in a time of peace, when money is plentiful, and the demand quick, theſe are generally in a greater proportion to his trade than at any other time. The traders, his immediate cuſtomers, deprived of the uſual channels of conſumption, are incapable of pur-

purchaſing his goods, or if they purchaſe, are rendered incapable of payment, by the general ſcarcity of money and failure of remittances. The manufacturer's ſtock, or his book debts, which perhaps is ſtill worſe, muſt therefore unavoidably increaſe, for a manufactory cannot inſtantly be reduced. His tradeſmen, incapable of purchaſe, are alſo incapable of regular payment for the goods now become due. On the other hand, the manufacturer, who ordinarily required ſome accommodation, but who now requires much more: by the poverty of his banker, and the general diſcredit of bills, is cut off from reſources of that kind. In this ſituation, what muſt he do? If he ſacrifice his goods to provide himſelf with ready money, the loſs is ſo enormous as perhaps to give a death wound to his capital. If he defer his payments, his credit is in danger of injury. Perhaps he is obliged to do both; and, in addition, to turn his labourers from their employment, and thereby throw on the public an increaſe of a burden already nearly inſupportable.

This

This is not an exaggerated representation. The picture is less coloured than the life, as thousands in every part of the kingdom testify. In many instances, all this will not do, bankruptcy unavoidably takes place; and the man who four months since was in a decent and profitable manufactory; who could reckon upon a capital of one, two, ten, or twenty thousand pounds, is now become insolvent. His insolvency affects others. And it is to be remembered that where a manufactory has been carried to the extent of its capital, no security is derived from the largeness of its amount. The more extensive the concern, the broader is the mark, liable to be hit in every possible direction.

Let any man trace the consequences flowing at this time from one great failure, and he will be able to form some estimate of the consequences of many such failures. One generally produces more; and each of these produce others. When great failures formerly happened, still resources remained, sufficient to relieve those who might

might be temporarily affected; but now, the former sources of relief require assistance themselves; or, if they require no assistance, yet their own security urges them to deny it to others. Amidst all this accumulated calamity, at what determinate point will it stop? Can any one foresee the issue? Can any probable period be assigned for its duration? It may perhaps be replied, the war will be speedily terminated, and then commerce will revive, and credit be restored. But who knows that the war will be speedily terminated? Has any one of our wars for a century past, been terminated in less than seven years? Or, admitting its conclusion before the expiration of the year, what indemnification will the return of peace give, to the thousands who are in the mean time brought to certain ruin, and to the still greater number, who by their losses, become so embarrassed in their affairs, as though they may linger for a while, must yet finally be involved in all the distresses and horrors of insolvency. It may perhaps, be a question in many cases,

caſes, whether thoſe who fall, or thoſe who ſtand, are moſt entitled to our commiſeration.

The diſtreſſes of the merchant and the tradeſman, are not leſs than thoſe of the manufacturer. The failure of foreign remittances; the general diſtreſs of the country; the univerſal diſcredit of bills; and, in many inſtances, a diſpoſition in perſons to avail themſelves of theſe misfortunes as an excuſe; will prevent the uſual regularity of payments; and will frequently prevent payment altogether. What then muſt be the general confuſion? If the merchant cannot pay the tradeſman, the tradeſman cannot pay the manufacturer; and the manufacturer becomes unable to pay the merchant for his raw materials. The diſtreſs acts and re-acts in every direction. The ſyſtem of commerce is not diſſimilar to a well-conſtructed but complicated machine. All its parts are dependent on each other. The main wheel, which communicates motion to all, is public credit. Deſtroy this wheel, the machine is ſtopped; and when once its operation is interrupted, the

the dependent parts are thrown into diſorder, and receive conſiderable injury.

Unleſs ſome well-adapted means are ſpeedily applied, to prevent the further extenſion of theſe calamities, if that be poſſible, they may proceed to the utter deſtruction of all paper credit. As the paper credit of individuals and of private companies, originally derived its conſequence and the facility of its circulation from the eſtabliſhment of the Bank of England, and the circulation of its notes: ſo the deſtruction of that conſequence, and the conſequent impediment to that circulation, may tend to throw ſuch a general diſcredit on *all* paper, as to impede the circulation of *any*. It is a ſerious thought, and may not be wholly undeſerving of particular attention.

The foregoing pages afford, perhaps, a ſufficient proof, "that the peculiar cir-"cumſtances of the ſtate of credit, mani-"feſted by the late failures," and not only by the late failures, but by the univerſal im-

impediments to the commerce of the nation, " do arise out of causes of a political nature;" and that he who denies the fact, is either himself politically blind, or has an interest and an inclination, to prevent the public from contemplating the true causes of the miseries and losses they are now actually sustaining. Whatever may be said against paper credit and speculation, they are sanctioned by high examples; and though they are frequently attended with abuses which deserve no encouragement, yet the general system, when once set into motion, is entitled to all the protection, which it is in the power of government to bestow. If the system itself, is to be changed, the means to effect that change should be gradually applied; but they ought not to be such as may allow the people to imagine, that while we declare war on our neighbours, we have actually made war on our own commerce, and have really turned our most destructive arms against our own most valuable interests.

If

If it should be enquired with what view this pamphlet is written, the answer is, it has two objects in view: the one, to shew that the system of British commerce, is intimately connected with the system of British politics; that it is not so unimportant, and innocently to be trifled with, as some statesmen may imagine; and that this connection, dependence, and importance, may be understood by people in general: the other, by suggesting some ideas to those who are engaged in commercial operations, to prevent the progress of the present distress to so fatal a degree as it might otherwise attain. And if either or all of these ends are effected, this publication will not be destitute of utility.

The first of these objects has occupied the greater part of the preceding pages; and the reader will judge how far they are answerable to the end proposed. The latter is attended with some difficulty; however, every man will be able to determine how far the ideas thrown out, are applicable to his particular circumstances.

If

If a univerſal ſpirit of forbearance were exerciſed, by thoſe who have no immediate occaſion to remove their property from the hands in which it is depoſited, it would prove one of the moſt important means of general ſafety. The banking houſes which have already ſtopt payment, might perhaps have been able to anſwer all their demands, if they had been gradually made. The deſign of banking is to procure profit; but profit can never be procured, if money is always ready to the whole extent of their engagements. Suppoſe a banker in the country to have iſſued caſh notes payable on demand, to the amount of forty thouſand pounds; perhaps, in the courſe of his trade, he has found that the flux is on the average equal to the reflux beyond that ſum, and therefore he has always thought himſelf ſufficiently ſecure, by keeping five thouſand pounds ready to anſwer any extraordinary demand. The other thirty-five thouſand we will ſuppoſe him to have uſed, partly in diſcounting good bills, at one, two, and three months date; partly

partly in the public ſecurities; and partly upon mortgage; which latter mode has really been practiſed, though it is certainly an unwarrantable mode of uſing the property of the public, becauſe, though perhaps ultimately ſecure, it is not forthcoming to anſwer their reaſonable demands. Now if theſe notes, to the whole amount of forty thouſand pounds, be preſented in one, two or three days, how is the banker to diſcharge them? At any, but the time of public diſtreſs, he might raiſe the ſum on his ſecurities; but when every man's circumſtances require ſimilar aid, what effectual reſource can he look to? None. He, therefore, ſhuts up his bank; his ſtoppage becomes the occaſion of the ſtoppage of his cuſtomers; the bills he has diſcounted become depreciated in value; inſolvency enſues; and he is immediately plunged into bankruptcy and ruin.

So the London banker, by the uniform courſe of his trade has found, that a certain pro-

proportion of all his caſh depoſits, perhaps a third, is a ſufficient ſecurity for the difference between his ordinary flux and reflux of caſh. The remainder he uſes in the moſt ſafe and profitable mode the market continually preſents. It may all be prudently laid out; but it may not all be acceſſible at a moment's warning. Suppoſe therefore all his creditors to demand payment on the ſame day, and he is incapable of turning the whole of his ſecurities into money to anſwer their demands, a ſtoppage muſt take place. This again affects his private ſecurities, becauſe perhaps they chiefly conſiſt of the bills and notes of his cuſtomers, who were uſed to avail themſelves of his aid. Inſolvency here enſues alſo, and here again it preſently iſſues in bankruptcy and ruin.

But however much the neceſſity of univerſal forbearance may be urged, and however clearly its vaſt utility may be pointed out; yet when once the public confidence is diſturbed, and ſuſpicions have been juſtified by the failure

lure of houſes hitherto great and reſpectable, it is almoſt impoſſible to ſucceed in its recommendation. Every man naturally looks firſt to his own intereſt, and concludes that if others draw out their caſh, he only may be left to ſuffer the ultimate probable inconvenience or loſs. We cannot expect much, where intereſt apparently lies on the oppoſite ſide. Other ſources of relief muſt therefore be reſorted to.

The principal means of ſafety then to be relied on, conſiſts in a rigid determination to iſſue neither notes of hand nor bills of exchange, in any caſe where the proviſion for their payment is dependent on a contingency. At ſuch a time as the preſent, it is impoſſible for any man in a conſiderable trade, if in any trade, ſafely to depend on his uſual receipts. A variety of circumſtances involved in, and collateral to, thoſe already related, will concur to reduce theſe receipts. But bills and notes muſt be duly provided for, otherwiſe all is loſt, and he is utterly undone. This caution

caution is not ſo unneceſſary as ſome perſons may imagine; for applications for notes and bills will be much more frequently made, in ſuch exigencies as the preſent, than at any other time; and it may be very difficult to refuſe them. It is however in the higheſt degree unſafe to iſſue paper, when its payment depends on any contingency.

This caution is intended to apply, as well to ſuch as is demanded or ſolicited for the payment of goods as to any other. In this caſe it is better to defer payment till the time at which the note or bill would have become due, and then if the whole of the money is not ready, that part may be paid which is. If no part of it be ready, payment may be deferred a week or a fortnight. And if money cannot be procured, a conſiderate creditor would rather in general take his payment in goods, than be ſubject to further uncertainty or delay. Thus the credit of the debtor, and the property of the creditor, may be mutually preſerved; whilſt perhaps in the negociation of bills of exchange, or of notes of hand,

hand, both may be loſt. For if the debtor cannot provide payment on the ſpecific day on which the bill or note becomes due, the demand unexpectedly falls back on the creditor, who has become the indorſer; and if he be unprepared they muſt both fall together.

A ſecond thing neceſſary, is for manufacturers and traders in general to aim, by all prudent means, rather at the ſpeedy contraction of their affairs, than at the acquiſition of any probable profit. Where both can keep pace it is very well. But where one muſt give way, the latter, being at preſent the leſs important, ought to be relinquiſhed. If the property cannot be realized, yet further miſchief will at leaſt be prevented; and nothing will be more eaſy than to extend, when the preſent gloomy appearance is happily reverſed.

A third ſource of relief may be found, in the practice of more than ordinary œconomy of expence. All unneceſſary expences ſhould at leaſt be avoided; for though theſe may ſeem trifling, compared with the ſubject we are

are upon, yet they have their importance; and especially where losses are sustained, which though they do not terminate in immediate ruin, lessen the capital, and render future success more precarious. Nor can it disgrace any man to retrench every superfluous expence when calamity is every where around him. Besides, though the state of his own affairs may not render a strict œconomy absolutely necessary, the condition of the poor has a loud claim, and their numbers and misery are encreasing to a distressing and most alarming degree; thousands are every where thrown out of work, and their claims must not be neglected.

Whatever measures government or the Bank of England may think proper to interpose for the public relief, they will not, of whatsoever nature they be, supersede for the present, the necessity of an immediate attention to those now recommended. Nor is it easy to conceive that *their* united efforts can speedily produce an adequate remedy. The liberality of the discounts at the bank must always

always be governed by a strict regard to its own safety; but it may hoped and reasonably expected that, consistent with its safety, the Directors will do every thing to alleviate the public distress, and to quiet its solicitude. It has been weakly imagined that they, in concert with ministers, have determined, by distressing the country banks, finally to suppress them. But it is impossible that any plan so universally injurious and destructive, can have ever been formed. The distress of the country banks, extended as they now are, must operate to the distress of the bankers in London; not merely by withdrawing their usual balances of cash, but by increasing the public consternation, and by lessening the securities upon which the London bankers have accepted. It must also operate still further to the immediate distress of the manufacturers, and of thousands of private persons and families, whose property has been lodged in their hands. This report is therefore mentioned, only for the purpose of shewing that it can have no foundation. For, whatever regulations of the

 country

country banks the public intereſt may require, common ſenſe will determine that they ought to be gradually applied. Violent meaſures muſt neceſſarily be followed by proportionate effects; and theſe effects in their turn become cauſes productive of others infinitely miſchievous.

The means of ſafety, or rather of preventing unneceſſary calamities, here recommended, have undoubtedly already occurred to many. They are not preſented to the public as a ſecret in the poſſeſſion of the author. Every prudent thinking man may have already reſorted to them. But perhaps there are ſome, who, in a time like the preſent, confounded and diſmayed by the gloomy poſture of commercial affairs, are ready to give up all for loſt; and the agitation of their minds may poſſibly prevent their perceiving, what might at another time and in other circumſtances, be obvious. To theſe, the ideas here thrown out may not be altogether uſeleſs. It is as much the intereſt of the creditor as it is of the debtor to avoid bills and notes, the

payment of which is uncertain; and it is much more the intereſt of the creditor to wait for his payment, to receive it as his debtor ſhall be able to make it, or to take it in goods at a fair price; than it is to diſtreſs his debtor, and thereby reduce his own receipt to a ſmall dividend under a bankruptcy. It is alſo wiſe to relinquiſh in general the expectation of profit, and for every man to reduce his affairs as near as poſſible to certainty. People can hardly be ſufficiently aware of the advantage ſuch a meaſure will produce. It is much better to make no ſales, than to make them with that riſk, which muſt now be almoſt unavoidably attached to a term of credit. And as to the laſt method recommended, no poſſible injury can be produced by it, when every one knows that profit is at leaſt ſuſpended, and that loſſes can with difficulty be eſcaped. A general retrenchment of expences will be honourable. Every man ought to conform himſelf to times and circumſtances; and he who can make himſelf comfortable with the neceſſaries of life, without its ſuperfluities, will acquire from himſelf

the approbation of his conſcience; from others additional credit and reſpect; and if his circumſtances yet permit him to be liberal, from the deſtitute poor, the bleſſings and gratitude due to a kind and ſympathizing benefactor.

APPENDIX.

APPENDIX.

SINCE the foregoing was ſent to the preſs, the number and magnitude of the failures that have happened, render the circumſtances of the nation ſtill more highly critical and alarming. The many thouſands of labouring poor, who have been and will be thrown out of employ, demand ſome immediate plan for their relief; and every friend to his country wiſhes to ſee ſome reſource opened, beſides that of the army or navy; which, however much it may be intended to augment, can provide but for a very ſmall proportion of the whole. The poor muſt not be left to ſtarve, indeed it cannot be expected that they will ſubmit to ſtarve; neither ought they to be maintained in idleneſs. Their employment is therefore become a great and impor-

tant

tant national object; and, unless it be immediately effected, the probable consequences are too melancholy to be described.

Notwithstanding the present calamitous state of our manufacturers, and of our commerce in general, it may be hoped that time and a concurrence of circumstances will revive them. It is therefore important to provide for their future facility, especially in a moment when it can be rendered subservient to the supply of the unemployed manufacturers, and to the preservation of the internal order and safety of the nation. Of all the projects which the ingenuity of modern times have contrived for the benefit of commerce, that of forming navigable canals is one of the greatest. The public are so sensible of this, that it is unnecessary to dilate on their utility. Many companies have been already formed for the accomplishment of various plans; and had circumstances continued as they stood when these plans were formed, no question could perhaps have arisen on the propriety of those companies becoming the sole undertakers. The case is,

is, however, unhappily altered; and the general destruction of confidence, the injured state of public credit, and the consequent unparalled scarcity of money, will at least impede their progress. These canals, therefore, now form an object deserving the immediate and best attention of the legislature, as the only probable means for the general employment of the discharged manufacturers; and notwithstanding the times are peculiarly unfavourable for the charge of new taxes, yet the necessity of the case will undoubtedly reconcile the considerate part of the nation to the formation of a fund for this express purpose.

It is impossible to estimate what annual amount may be requisite, for it can only be determined by the numbers of those for whose provision it is designed; but the tax thus appropriated, ought to be levied so as not to fall on the lower, nor even on the middling, classes of the people, whose means of paying the existing taxes are already greatly reduced. The execution of the plan, if it be formed, should be

be committed to persons of unquestionable ability and integrity, but wholly unconnected with government. It should be a great public trust, adequate to its object; and the proceedings of the trustees ought always to be subjected to the public inspection. The expence would probably in a course of years be fully repaid by the produce, which might form a new fund for the more speedy liquidation of the national debt. The tax should of course cease with the necessity.

These are merely hints thrown out for consideration and improvement. If they deserve attention, the plan might speedily be completed and carried into execution; but whether these be adopted or neglected, some plan *must* be formed for the employment and support of the indigent and destitute poor, whose numbers are every day increasing.

Whether the nation at large is yet sensible of the necessity of an immediate peace, cannot perhaps at present be easily determined. Though the conclusion of the war would not presently restore our lost credit, yet it would brighten

brighten our prospects and encourage our hopes; it would tend to remove the public despondency, and it would certainly lessen the national exigencies. The town of Nottingham have already set an example of an application to parliament, by stating the ruinous effects of the war, and their earnest desire that a period may be put to its progress; and if the general opinion be with them, and that opinion were expressed by orderly and respectful representations similar to theirs, no reasonable doubt can exist that government would yield to the public inclination, and take measures to put an immediate termination to so calamitous and inconceivably ruinous a contest.

FINIS.