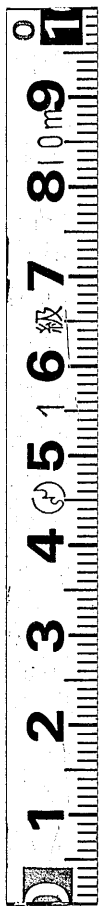


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15.
CONSIDERATIONS

Recommending to the

PROPRIETORS

OF

SOUTH-SEA STOCK,

THE

PROPOSALS

For Ingrafting PART of that

Company's FUNDS

INTO THE

STOCK of the BANK,

AND

East-India Companies.

*Rectius vives, Licini, neque altum
Semper urgendo, neque dum procellas
Cautus horrescis, nimium premendo*

Littus iniquum.

HORAT.

L O N D O N :

Printed for A. MOORE, near St. Paul's. 1722.

(Price Six-Pence.)

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CONSIDERATIONS

RECOMMENDING

The Ingraftment of Part of the South-Sea Funds into the Bank and East-India Companies.



Having attended to the Subject of the late Contention and Ballot at the *South-Sea* House, about the Proposals of an Ingraftment; and finding it to be of considerable Importance, as well to the Publick as to the Proprietors of *South-Sea* Stock, I have thought proper to lay the following Considerations on that Head before the Town; which, if they should not have Weight enough with the Reader to determine him on

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my Side of the Question, I hope however will deserve his Attention, as a Foundation laid for bringing the Matter in Controversy to a more distinct and intelligible Issue, than they have been yet brought to at any of our late Debates at General Courts.

I shall first, according to the best of my Knowledge, endeavour to state as much of the Proposals for this Ingraftment, as I apprehend to be to my Purpose, and find to be Matter of Controversy among the Proprietors of *South-Sea* Stock, without perplexing my self or the Reader with more Figures than are necessary to explain the Matters in Debate.

It was at first proposed, that eighteen Millions of the *South-Sea* Company's Fund, nine Millions of it to the *Bank*, and nine Millions to the *East-India* Company, should be made over by the *South-Sea* Company, by a Corporate Act of that Company, and by the Consent of a General Court: That eighteen Millions of the *South-Sea* Company's capital Stock should be thereon sunk and annihilated; and that the capital Stock of each, of the said *Bank* and *East-India* Companies, should be increased by the Addition of nine Millions new Stock or Credit; which said new Stock or Credit was first to be apply'd by the *Bank*, to the Distribution of *Bank* Stock to the Proprietors of *South-Sea* Stock, after the Rate of 100*l.* Stock

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Stock for every 120*l.* of the nine Millions Fund made over by them to the *Bank*, in Lieu of and in Proportion to their several Interests in the nine Millions of Fund; as Proprietors of *South-Sea* Stock; and that the Remainder of the said nine Millions new Stock or Credit, after this Distribution, should be kept in the Company's Hands, for the common Benefit of all the new and old Proprietors of *Bank* Stock.

That, by the *East-India* Company, the same Distribution should be first made out of their additional Credit amongst the Proprietors of *South-Sea* Stock; that the Remainder of this additional Credit, after such Distribution, should be next applied to divide 20*l.* Stock to every Proprietor of 100*l.* old Stock; and that what remained after this second Distribution of the said additional Credit, should be kept by that Company for the common Benefit of the old and new Proprietors of *East-India* Stock.

It is now lately proposed, or said to be proposed, that the *South-Sea* Company should, as a Corporation, and by the Consent of a General Court, proceed no further on these Proposals for an Ingraftment, than to admit of a Separation of eighteen Millions of their Funds or Debts due to them from the Government, and the Annihilation of the same Proportion of their Capital; and that in Lieu thereof the Proprietors should from thence,

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thence, in their private Capacities, have immediate Credit with the Government for their several Proportions of the said eighteen Millions, on the same Terms on which that Sum was before due from the Government to the Company; and that it should be left to be determined by the Election of every particular Proprietor of this immediate Credit with the Government, whether he will ingraft it on the Terms proposed or equivalent to them, or continue a Creditor to the Government immediately for his Proportion of the said eighteen Millions Fund.

This Alteration of the first mentioned Scheme is so obviously an Amendment to it, in Favour of the Proprietors of *South-Sea* Stock, that I shall choose to consider the last Proposals to be what now call for their Attention; and consequently, first enquire if it be the Interest of the *South-Sea* Proprietors to admit of such a Separation of Annuities, and then if it be their Interest to proceed to the Ingraftment of them.

First then, if it cannot be made to appear that the Proprietors of *South-Sea* Stock will lose any Part of their Property or annual Income, or any present Advantage, or Prospect of Advantage, by admitting such a Separation of Part of their Annuities from their Stock, and the consequent Reduction of their Capital; it's plain, that by consenting to such a Separation, they will become

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come Gainers, at no Expence, of the Refusal of *Bank* and *East-India* Stock on the Terms proposed, and at less than the present Market Prices; which, if I should not be able to make appear extremely valuable, when we come to consider whether it be the Interest of the Proprietors of these separated Annuities to engraft them or not, is what however is worth our Acceptance, when we are at no Expence for it; if for this Reason only, that whether we think it worth while to make Use of it or no ourselves, it will certainly sell for Advantage to Numbers who will do so.

Now I cannot by any Means see or believe, that the Separation of Part of our Annuities from the Stock, and the Reduction of our Capital in Consequence of it, can be of the least Prejudice to us as Proprietors of *South-Sea* Stock. I never heard it was, nor can I think it can be with the least Colour of Probability pretended, that the Whole of the present Capital of *South-Sea* Stock is any way necessary to carry on the present Trade of that Company to Advantage, or any other Trade that can possibly be projected in their Favour, or to support any Credit they may have any the least Occasion to make use of in the present or in any other Trade. Nor do I think it will be disputed with me, that one third Part of their present Capital would be sufficient for any of the Purposes of their Incorporation.

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poration. Nor is it proposed, or in the least intended, that any of the Monies, Demands, Trade, Privileges, or Advantages whatsoever, now belonging to the *South-Sea* Company, or their Stock, should be taken away with or besides the said Annuities, and for which the particular Proprietors are to have instantly amends made them by their Credit with the Government; from which it is proposed they should receive what would otherwise be payable to the Company, and divided in the same Proportions amongst the Proprietors.

To make this Matter, if it's possible, something plainer, let us suppose that the Annuities intended to be separated from the Company's Stock, were one half Part of their present Funds; and that in Consequence hereof, it was proposed that the Capital of *South-Sea* Stock should be reduced to one half what it is at present. As a Consequence of this Separation of one Moiety of the Company's Funds, every Proprietor of 1000*l.* *South-Sea* Stock will have Credit with, and become intitled to receive from the Government Five *per Cent.* on an Annuity of 500*l.* and in Consequence of the Reduction of the present Capital of *South-Sea* Stock, his Credit for 1000*l.* in that Stock will be reduced to 500*l.* by Virtue of which, he will be intitled to another Annuity of 500*l.* and to the same Proportion of whatever can be divided by the

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the Company from the Stock in the Company's Hands, the Estates of the late Directors, the Monies paid in on the Loan, the Profits of their Trade, or the use that may be made of their Credit and Common Seal, after the discharge of their Incumbrances, as he was intitled to, when his Stock was nominally 1000*l.* His Income on the whole of his Interest can be no ways altered. If the Company, from any of the Funds that I have last mentioned, are now in a Condition to divide 6 *per Cent.* or 1 *per Cent.* more than the Income of 100 Annuity, after this Reduction of their Capital, they will be able to divide 7 *per Cent.* or 2 *per Cent.* more than the Income of that Annuity; and whatever other Sum they are now able to divide on their present Capital, they will be able to double in their Dividends on one Moiety of that Capital.

It is objected to this Proposal for the Diminution of the Company's present Funds and Capital Stock, that the great Number of their Proprietors, and their great Interest in the Stock, is what the Proprietors have good Reason to depend upon, as the Means of securing to themselves what they have already, and of procuring for the future, as Occasion offers, further Advantages.

To the first Part of this Objection, the Answer is easy, That as to the Debt due to the Company from the Government, or whatever Property they have legally acquired

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red, both will always be equally secure to them, as well by the common Interest of all the Proprietors of the Funds, whether Members of their Corporation or no, as of all our Fellow-Subjects, who have any Property depending on the Preservation of the Laws in Force amongst us : The Creditors of the Government will always find themselves more firmly united by their common Interest, than by any possible Incorporation, for all the Purposes of securing to themselves their legal Demands from the Government ; and as to any other Advantages the Company are now legally in Possession of, I think they need apprehend no Opposition or Disturbance from any, but those who have nothing to lose.

But as to any further Advantages to be obtained to the Company for the future, I can by no Means think the Expectations of the Proprietors rightly founded on the Largeness of their Capital, and the Power and Influence they boast of from it : Are not these more likely to awaken the Jealousy of the Ministry, and all their Fellow-Subjects, and be the Occasion of uniting all other Interests against them ? This Power, if so considerable as we represent it, is most likely to be assigned as a Reason by the Ministry and Legislature, why they will not, or ought not to indulge the Proprietors of *South-Sea* Stock as a Corporation with any new Favours, tho' in themselves no ways interfering

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ring with the Rights, or prejudicial to the Interest of any other Corporation, or private Person ; and in case where no other Objection can be started against the granting such Favours but this only, that such Favours would encrease the Power of a Corporation already too formidable.

But I can't see (if the Greatness of the *South-Sea* Company's present Capital should excite no Apprehension or Jealousy in the Ministry or Legislature, or in the Proprietors of Land or of Stock in any other Corporation) that any Interest or Influence they have, that is ever likely to be of Service to the Company or Proprietors, in procuring any Improvements of their joint Stock, depends upon that : It is true indeed, that there are on this Account more Persons interested in the encreasing Value of *South-Sea* Stock ; but it is likewise true, that in the same Proportion, and for the same Reason, those same Persons are less interested in it : If it be owing to their extensive Capital that greater Numbers wish for the Success of any of the *South-Sea* Company's Schemes or Applications, it is also owing to the same extensive Capital, and the great Numbers amongst whom any new Advantages are to be divided, that every Proprietor will be separately more indifferent about their Success : And it is plain, that this Indifference in every single Proprietor will be more or less, as their Numbers are ; and that whenever any Ad-

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vantages are attempted to be obtained in favour of the Company, every Proprietor of the same Quantity of Stock would find his Account in soliciting for them twice as much, if the Capital were reduced to one Half of what it is at present; as he would, supposing the Capital to be what it now is. And if we further consider how easily our Properties in joint Stocks are alienated, we shall see that no Proprietor or Proprietors of our Stock, of any Power or Influence, are necessarily engaged by their Interest to the Service of the Company, by their present Property in the Stock: And if all the Power and Influence that either is or can be separated from any Interest in *South-Sea* Stock should, as it is reasonable to believe, be ordinarily employed in the Service of those Corporations in which the Persons of such Power and Influence can most effectually serve themselves, I fear we shall find more Reason to expect that our Interest should become little, than great, in Proportion to the Increase of our Capital; at least when in soliciting for any Favours, we shall meet with any Corporation of a less Capital, our Competitors; and in which the Persons on whom such Favours depend, by the Purchase of any Part of their Stock, can secure to themselves a much greater Share of the Advantage arising from them, if bestowed on such a Corporation, than they could from the same Sum of Money
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laid out in our Stock, and bestowing the same Favours on our Company: In short, we seem to have the same sort of Reason for expecting, from the Greatness of our Capital, that the Company's Interest should be generally endeavoured with more Zeal and Sincerity, than the Interest of private Persons, or smaller Corporations, as we have that that of the Publick should be so too. The late ridiculous Determination of the Question, relating to an *Ingraftment*, is what I think we had Reason to be apprehensive of on the Account of our Numbers, and should remind us of another Inconveniency attending the Largeness of our Capital. The far greatest Number of the Proprietors of our own, or any other Stock, we may observe to be very uncapable of Reasoning distinctly on the Affairs of Trade, Credit, or Joint Stocks: Hence it follows, and it is to be feared it always will follow, that when any Thing is proposed to the Proprietors of our Stock, their Numbers putting them out of the Reach of the Advice of their wiser Friends, the Resolutions of our General Courts are most likely to be determined by the Opinion of forward Speakers there, whose want of Interest in the Stock has made them indifferent to the Success of either side of a Question; and who, from their Inclination to show their Parts, must generally oppose every Thing right or wrong proposed by the governing Part of the Corporation,

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poration, without which they would have no Matter for publick Debate.

There was another Objection made in Publick to this Separation of Annuities from the *South-Sea* Stock, *viz.* that the Annuities thus separated from the Stock will be less valuable than they were before. To this I answer, that on Supposition that the Company can divide any Thing on their Stock more than the Produce of their Annuities from the Government, it appears from what I have already said, that it's true they will so; but it also appears, that the Interest of every Proprietor remaining in the Company, will be encreased in Value exactly as much as the Value of his Annuity separated is lessened: That after the Separation of 50% Annuity from every 100% Stock or Fund, all the Profits of Trade, or other Advantage that before belong'd to, and would have been divided on 100% Stock or Fund, will then belong to, and be divided on the remaining 50% by the Income and Value of which, it's plain, the present Proprietor of 100% Stock, will be exactly made amends for whatsoever is lost in the Value or Income of the 50% Annuity thus separated from the Stock.

But I should be much surprized, (if any Mistakes in reasoning about Joint Stocks could surprize me) to hear the Author of this last Objection illustrating what he had advanced in it by the Mention of the high
Prices

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Prices of *Bank* and *East-India* Stock. For this, at a Time that he was opposing the Ingraftment into those two Companies, I can see no better Reason, than he would have had for mentioning the considerable Profits those two Companies have divided amongst their Proprietors over and above the Income of what is due to them from the Government. Hence, I think, we can only infer it to be reasonable, rather to adventure some Part of our Annuities with two Companies, who, by their respective Trades, have been able to divide amongst their Proprietors so considerably beyond the Income, and where the Stock has sold ordinarily so much above the Value of what has been adventured in it, than to continue them in a Company, where it appears so evidently no greater Use can be made of the Whole of those Annuities than of one third Part of them. I would, by no means, suppose, that that Gentleman could, even in the greatest Haste, conceive that the Price of *Bank* or *East-India* Stocks was entirely independent on their Dividends; or that the Profits of those two Companies were owing to their being incorporated only, and not to those respective Trades for which they were incorporated; or that the Profits of any Trade carried on by a Corporation, are necessarily proportioned to the capital Stock of such Corporation, or the Number of its Members; or that that Gentleman would infer, from what
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the *Bank* and *East-India* Companies had divided amongst their Proprietors over and above the Income of their Interest in the Government Debts, that the *South-Sea* Company must therefore divide as much, and that on any Capital whatsoever: And yet, without supposing something intended by him to this Purpose, I must confess, I am at a Loss to find a Reason for this Mention made of those two Corporations.

I flatter my self, that, by this Time, it appears, that the Proprietors of *South-Sea* Stock have been mistaken in valuing their Interest in that Stock, on Account of the Largeness of their Capital; and that the Diminution of that Capital, by the Separation of Part of their Annuities from it, will be of Advantage rather than any Inconvenience to the Proprietors: Which, if it be allowed me, it's plain, that the Proprietors of the Stock will, by the Acceptance of these Proposals, become Gainers at no Expence of the Refusal of *Bank* and *East-India* Stock, at a Price below what they sell for at present; the Value of which, because I would advance nothing here liable to any just Exception, I will leave to the Reader, by enquiry amongst the People who deal in those Affairs, to find out; being well assured that the Chance of gaining, however inconsiderably, by any Proposals, will determine every wise Man to the Acceptance of them, when he is satisfy'd he is to be at no Hazard

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zard of losing by it; but that this Refusal will be appraised at some Value, and add to the Market Price of our Interest in the separated Annuities, will be reasonable to infer from the late ordinary Prices of *Bank* and *East-India* Stock, compared to those of *South-Sea* Stock, and from this Consideration, that though we ourselves should not think it worth while to make our Election of ingrafting those Annuities on the Terms proposed, it's very certain there are Numbers who will do so, and who will give above what otherwise would be the reputed Value or Market Price of these Annuities independent on this Proposal for an Ingraftment, on Account that they are intituled to this Refusal. Here we shall have no need to enquire what the intrinick Value is of *Bank*, *East-India*, or *South-Sea* Stock, to find out what will, in all Probability, be the Price set on the separated Annuities, on Account of their being intituled to this Refusal; this will be determined by the Demand for them, and consequently will be regulated by those prevailing Opinions of the Traders in Stock, whether true or false, relating to the Value of Stocks, which will, with most Certainty, be collected from the late usual Market Prices of them. On looking back into those late Market Prices, we shall not find *Bank* Stock sold at less than 124^{l.} per Cent. at a Medium. One hundred and twenty Pounds Annuity separated from *South-Sea*

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Stock

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Stock, and entituled to the Refusal of an Ingraftment on the Terms propos'd, cannot possibly sell for less than what 100*l.* *Bank* Stock sells for at any time, while those Annuities continue entituled to that Refusal. If therefore 124*l.* be allowed me, to have been of late the ordinary Price of 100*l.* *Bank* Stock at a Medium, and 95*l.* at the same time the ordinary Price of *South-Sea* Stock, in this low Condition of what we commonly call publick Credit; and we have no Reason to expect any Alteration for the worse in the Price of *Bank* Stock, in Case this Ingraftment should take Effect; it will follow, that the Improvement in the Price of our Interest by this Refusal, cannot possibly be computed at less than the Difference between 124*l.* and the present Price of 120*l.* Annuity, as it sells in *South-Sea* Stock at 95*l. per Cent.* How much a *South-Sea* Proprietor's Interest in 120*l.* Annuity, is valued at in the Sale of 100*l.* Stock, at 95*l.* I will not venture to determine, but shall leave the Reader to please himself with his own Computation of it, after I have observ'd only, that on Supposition that we have formed reasonable Expectations of 6*l. per Cent.* to be divided on 100*l.* *South-Sea* Stock, or 1*l. per Cent.* more than the Income of 100*l.* Annuity from the Government, it will follow, that 120*l.* Annuity is not valued in the Market at more than the Price of 100*l.* Stock or 95*l.* the Difference between which
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and 124*l.* is certainly what any reasonable Man would accept of, when he is to run no Hazard for it. If the Reader will carry on this Enquiry into the late Prices of *East-India* Stock, he will find that the *South-Sea* Proprietor has the like, and almost the same Prospect of Advantage, with Regard to that Stock: And our Apprehensions that *Bank* or *East-India* Stock (especially the former) will fall considerably, in case the Ingraftment should take Effect, are by no Means consistent with our supposing the Adventurers in those Stocks to be fond of that Scheme, and desirous that it should take Effect, or founded on any Observations that can have been made of an Alteration for the worse in the Prices of either of those Stocks, when it has been generally believed that the Ingraftment would take Effect. But whatever Influence the Execution of this Scheme should have on the Price of *Bank* or *East-India* Stock, let the *South-Sea* Proprietor continue to remember, that he is to run no Hazard of any Alteration for the worse, and is to be at the same time entituled to whatever greater Gains may be made by the Rise of those Stocks.

And I doubt not but we shall find an equally advantageous Alteration in the Price of what will be still remaining of our Interest in *South-Sea* Stock after such a Separation of Annuities, when the Markets shall be eased from the Oppression of so great a Weight

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of it; when any Advantages we may promise our selves by being incorporated, will be to be divided amongst a less Number of Proprietors, and on a less Quantity of Stock; and when we shall find ourselves in a Condition, by the Assistance of the *Bank*, made able to help us by this Ingraftment, to discharge the Stock from its present Incumbrances.

And as there is the highest Probability of an Improvement in the Price of our Stock by this Separation of Annuities, without the Possibility of the least Diminution of the Value of it: so I doubt not, but it may be made appear on such Presumptions as would determine us in any other Affair in Life, that the real Value of our Annuities thus separated, will be considerably encreased by ingrafting them ourselves into the *Bank* and *East-India* Companies on the Terms proposed to us.

To come to any Satisfaction in this Particular, it will be proper to enquire into the present Value of *Bank* and *East-India* Stock; which, as they are trading Companies, we can collect only from their Income or Dividends; for I can persuade my self to take no other Notice of the Valuation of one of them at 90*l. per Cent.* and the other at 87*l. per Cent.* or thereabouts, than as an Absurdity undeserving and incapable of an Answer: Nothing in Nature being more ridiculous than to value the Stock of any Company

pany dividing considerably from the Profits of their Trade, from what they would be able to divide amongst themselves if they were to trade no longer, without assigning any Incident likely to overtake them, which should either hinder or impair their Trade. But to the more popular Objection, that those Companies have already divided so much, that we have little Reason to expect they should continue their Dividends much longer. It may be proper to answer, first, by observing that this Objection is no way supported by any Pretence that I know of, that the Dividends made by those two Corporations as the Profits of Trade, have been more than what could be reasonably expected and accounted for from their respective Trades, without supposing that they have ordinarily divided from their capital Stock, or on the Credit of it. On the other hand, I doubt not but it will be generally allowed me, that the Dividends ordinarily made by those two Corporations on their respective Capitals, over and above the Income of the Government Debt to them, may be much more than accounted for, by the Profits of Banking in one Corporation with their Credit, and the Monopoly of a Trade in which the other return annually so many Millions.

Besides, if those Companies have been for so many Years last past (and that largely, for to divide inconsiderably from their Capitals,

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Capitals, the Managers of those Companies could be never under any Temptation) ordinarily dividing out of their respective Capitals, their Affairs must be in a much worse Condition than their very Enemies I believe would choose to suppose them; in a much worse Condition than a Man of common Sense can well conceive it possible they should be; and that at the same time it should not be discovered by some or other of all those Gentlemen who have succeeded each other in the Direction of those several Companies, or the People in Office under them. If the Affairs of those Corporations are in so bad a Condition as this Objection would represent them, how is it that it should so long be kept a Secret to those Numbers who are most concern'd, and have the best opportunities to find it out; I mean the Adventurers in them, or to those greater Numbers who give Credit to them. Or supposing it to have been known to them, is it not equally unlikely that it should be so long kept a Secret by them? Or, is it possible that the same Gentlemen should so long continue so considerably (as it is well known they are) Proprietors of and Adventurers in the Stock of those Corporations, after they had made the Discovery, not only that the Profits of their Trade were less than the Dividends pretended to be made from it; but that those Dividends had been so long a constant Deduction from the Sums originally ad-

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adventured by the first Proprietors; and that too, when during all that Time they might have parted with their Interest in those Stocks at as many Years Purchase, as could have been procured for the same Income on the Credit of the Government. A very little Skill in Figures, or Knowledge of the World, will teach us in how much less Time than that, during which the Companies in question have continued their Trade and Dividends, the Capital Stock of a Trading Corporation, or the Principal Money employ'd in any Private Trade, must be annihilated and spent, where the Proprietors of either have ordinarily much exceeded their Profits in their Expence or Dividends. And if we should suppose that the Dividends of the *Bank* and *East-India* Companies have not, till very lately, ordinarily exceeded their Profits by their Dividends; they ought by no Means to be believed, who say they do so now; without making it appear, either that their Dividends are now considerably more than they were formerly, or the Profits of their respective Trades considerably less. If to all this we add the Consideration how industriously these Insinuations in Prejudice of the Credit of the *Bank* and *East-India* Companies have been spread amongst us, and how universally they have been received, and almost taken for granted; and at the same Time what little Influence they have had on the Price or Credit of either of those

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those Stocks; I think it will appear, that they cannot have been founded either on the least Degree of Truth or Probability.

I hope therefore I shall have Leave from the considerate Reader, to fix the Dividend on *Bank Stock* at 7 per Cent. at a Medium, and that on *East-India Stock* at 10 per Cent. and from thence go on to enquire after the Loss or Gain by an *Ingraftment*.

Let us suppose then the Capital of *Bank* to be 5 Millions, and the yearly Income of it, after the Rate of 7 per Cent. to be 350000. That an *Ingraftment* of 9 Millions of Annuities at 5 per Cent. were made on it at the Rate of 120 *l.* for every 100 *l.* Stock, the additional Income of these 9 Millions would be 450000, and the Additional Capital 7500000, which added to 5 Millions, will make the Whole of the Capital 12500000, on which the Income to be divided will be 800000, or Six Pounds Eight Shillings per Cent. by which it appears, that the *Ingrafted* Funds will gain an Annuity of eight Shillings on every 120 *l.* without supposing that any common Advantage to the old and new Proprietors may be made by this Increase of their Capital. But it is almost demonstrable, that a very considerable common Advantage to the old and new Proprietors may be made by this Increase of their Capital Stock. The great Sum of Money raised by the *South-Sea* Company on their Common Seal, and in which they are now indebted to the Proprietors

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tors of their Bonds, is what they are now and always, till the discharge of it, will be oblig'd to pay Interest for: But the Credit given to the *Bank* on their Cash Bills, is no Expence to them; and whatever Quantity of those Bills they can find means to circulate more than what they receive, and keep Species by them for the discharge of, the Company must be supposed to gain and receive the ordinary Interest for. Now the Increase of the Capital of *Bank* Stock is obviously a Foundation for a greater and more extended Credit, and a Reason why that Company may safely venture on a Circulation of a greater Quantity of their Cash Notes, and why particular People will be more easy in the Possession of them: and I think the present unhappy Situation of our Affairs, with regard to the Prices of our Joint Stocks, and other publick Securities, make it very unseasonable to pretend that there are no Demands for, or Occasions of this enlarged Credit of the *Bank*: The contrary thereof will appear from this Consideration only, that nothing perhaps would be more serviceable to the Publick, or convenient to the *South-Sea* Company, than that the *Bank* would undertake with their current Bills, the discharge of such of the *South-Sea* Company's Bonds as they have no Opportunity of circulating in their Trade, and accept of *South-Sea* Stock in lieu of what should be expended by them this Way, at a

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Price

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Price to be agreed on between the two Corporations. If we should suppose the Bonds thus discharged by the current Paper of the *Bank* to amount to 4 Millions, that Company, as long as they could circulate that Paper by the Credit of their extended Capital, and larger annual Income, would by this Agreement be clear Gainers of the yearly Interest of that 4 Millions, or 200000, which would further divide annually on every 100 of the before supposed Capital of 12500000, one Pound twelve Shillings, over and above what they might divide otherwise: And indeed the present Proprietors of *Bank* Stock, (who are the best Judges of what use may be made to their own Advantage of the Credit arising from this Increase of their Capital) can by no Means be supposed, as we generally take it for granted, desirous that this *Ingraftment* should take effect, without certain Views that the Profits of their Trade may be thereby so increased, as to bear some Proportion to such Increase of their Capital; for without this it's plain, from the above Calculations, the present Proprietors of *Bank* Stock would be Loosers by admitting an *Ingraftment* on the Terms proposed, as long as they have any Prospect of dividing 6 *per Cent.* without it.

It deserves our farther Attention, at how little possible hazard we are invited to put our selves in the Way of this Increase of our Income: For should we suppose that the Profits

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Profits of Banking should be no more than what would enable that Company to divide 6 *per Cent.* on a Capital of 5 Millions, the *Ingrafter* of his Annuities on the Terms proposed would be no Looser, the *Ingrafted* Annuities of themselves bringing in sufficient to divide 6 *per Cent.* on the increased Stock. Nor is that which is commonly suggested, that we are courted by these Proposals to buy 90 *l.* with 120, in any Sense whatever true or like to Truth; for should we suppose that the *Bank* gain nothing now by their Trade, nor can possibly gain any Thing by it after the Increase of their Capital, and that their Stock was therefore worth 90 *l.* only, or the Proportion of what they had due to them from the Government, the Income of that at 5 *per Cent.* and supposing their present Capital as before to be 5 Millions, would be 225000, and this added to the 4500000, the Income of the ingrafted Annuities, would make the whole of their Income to be 675000, and enable them to divide on their increased Capital of 12500000, Five Pounds Eight Shillings *per Cent.* the immediate Income of every 100 *Bank* Stock from the Government, and which for that Reason, in modern Language, would be intrinsically worth 108. The *Ingrafter* may from hence see, that even on these perverse and unreasonable Suppositions, he can at the utmost lose but 12 *s.* *per Annum*, or 12 *l.* on every 100 *Bank* Stock, and that he

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cannot be a Looser at all by this *Ingraftment* as long as the *Bank*, with this encreased Capital, shall be able to gain 12 *s. per Cent.* only annually, or 750000.

As to the *East-India* Company, I must confess I cannot for any sufficient Reasons, that occur to me, venture to advance that the Encrease of the Profits of that Company's Trade will probably rise in Proportion to the Encrease of their Capital; for which Reason I find my self inclined to believe the Proprietors of that Stock, when they profess their Dislike of an *Ingraftment* on the Terms proposed, and to think with them that it was chiefly calculated for the Advantage of the Proprietors of *South-Sea* Stock, and with a Design to let them into the Profits of the *East-India* Trade for less than a valuable Consideration. Supposing the present Capital of *East-India* Stock to be 3 Millions, and their Income 10 *per Cent.* or 300000, the Advantage of Ingrafting our Annuities are at first sight so considerable, as to leave no Room for any Hesitation about it. The Addition of 450000, the Interest of the ingrafted Annuities, will make the Whole of their Income, after the *Ingraftment*, 750000. The Capital on which it is to be divided by the Additional Proprietors will be made 10500000, and by the Distribution of 20 *per Cent.* Stock to the old Proprietors will be 11100000, on which the above Income of 750000 will divide for the future more than

6 *l.* 15 *s. per Cent.* and that without any Supposition that the Encrease of the *East-India* Company's Capital may possibly put them into a Condition to carry on that Trade with more Advantage for the future; which however we have Reason to believe that the Directors of the *East-India* Company, when they were persuaded to agree to these Proposals, must have formed to themselves some Expectations of, because without it, they, in common with the old Proprietors of that Stock, must find their Dividend considerably abated, however better they may be secured.

Upon the whole, I think it further appears undoubtedly true, that those Proposals for an *Ingraftment* could not be at first projected, or promoted now, with a Design of advancing the Interest of the Proprietors of *Bank* and *East-India* Stock, separately from that of the Proprietors of *South-Sea* Stock; That if the old Proprietors of *Bank* and *East-India* Stock should be Gainers by it, the Proprietor of ingrafted Annuities must be considerably more so; and that if the latter should lose, the old Proprietors must suffer considerably more by it, nay must be considerable Losers if the Ingrafter is not a Gainer.

And though it appears probable, that the Execution of this Scheme for an *Ingraftment* will be of Service to the Publick, and of Convenience and Credit to the Gentlemen

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men at the Head of our Finances; yet I am not able to see even how their Interest, or that of the Publick, can be intended by these Proposals, separately from that of the Proprietors of *South-Sea* Stock. The most obvious Convenience to the Publick, and the Gentlemen in the Administration, to be brought about by this *Ingraftment*, being as I conceive the Rise of *South-Sea* Stock, and that by that Means the Necessities of the Publick may be for the future supplied at a reasonable Rate of Interest, as well as that the Interest of such of the present Funds, as are now Redeemable, may be brought into a Possibility of Reduction; either of which are by no Means to be effected while *South-Sea* Stock continues to be sold at a Price so much below what was originally given for the Purchase of that Company's Interest from the Government, and when so much more is ordinarily expected as a Dividend on a Sum of Money laid out in *South-Sea* Stock than the Government can well afford to pay for the Use of it.

The Prospect of Advantage to the Proprietors of *South-Sea* Stock by the Execution of this Scheme, and the great Reason there is to believe that it must be intended principally for their Service, have put me on looking further than to the Scheme itself; for the Causes of the general Aversion to it. And, I think, I find it commonly owing to certain Prejudices, which some of my

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my Fellow Proprietors have receiv'd from their Disappointment in the Prices of *South-Sea* Stock, since these Proposals have been talked of, and which they charge on the Conduct of a Great Man the reputed Author of them. To refuse a Proposal apparently beneficial for this Reason only, that we are angry with the Author of it, is an Instance of that sort of Perverseness with which it is in vain to expostulate; and to which I should say nothing, if it did not appear to me that these People were as much mistaken in their Resentments, as they are in the Use they make of them; for, it's plain, they ought by no Means to indulge themselves in their Complaints of being disappointed in their Expectations from this Scheme, till they have made Trial of what would be effected by the Execution of it. I must however agree with that Gentleman's little Enemies, that this Scheme, though it should never be executed, has not been without an Effect, and that perhaps of the highest and most useful Importance to the Publick and every Proprietor of the Stock in Particular. If we look back to the Time when our Eyes were first turned on, and our Expectations formed from that Gentleman's Endeavours to help us, those of the Adventurers in the Stock, who had been so successful as to sell out at high Prices, and who had engrossed almost our current Paper, had also from the same Caution drained our

Goldsmiths,

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Goldsmiths of their Species, and were crowding with the same Design to the *Bank*, to the utter Destruction of all that was left amongst us of Paper Credit. Now it is almost as plain, that this Run on the *Bank* could be diverted by no other Means than by tempting the Authors of it to adventure again in the Stocks by the Prospect of further Gains from the Rise of them, as it is that it was that Way actually diverted. How fatal the Consequences would have been, if those few enterprising Men, who had thus possess'd themselves of our current Paper, had went on to seize on our Species to, and how much we are obliged to those Means that prevented it as well as to the Author of them; it's owing to the Success of those Means, that we no better know.

I should think however, that a little Attention to what could not but follow from it at that Juncture of our Affairs, will unavoidably represent to us the entire Suspension of all our Commerce and Credit in Trade; the engrossing of our Stocks and publick Securities, of our Lands, Merchandises and Labour, may, perhaps, of the Necessaries for Life, by the Masters of our Species at their own Prices; all that Distress that is the Consequence of universal Poverty; Ungovernable, but ineffectual Clamour for Revenge, from the Unfortunate; and at last the Loss of our Liberties, and the Subversion of our Laws and present happy Constitution.

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And if these Mischiefs or any of them were prevented, or the Danger of them averted, only by the Expectations of a further Rise of *South-Sea* Stock, formed from this Scheme (or another Affair also complained of, the Agreement with the *Bank*) and could have been prevented no other Way, I think the greatest Sufferer by his Disappointments in them, has bought his present Security at as low a Rate as possible, and has little Reason to complain, though this Scheme should never be put in Execution, or not then answer all that he has expected from it.

But after all, if we attend to the particular Cases of those who join in their Complaints upon this Account, we shall be obliged to conclude, that few or none could in Reality suffer in any Degree by these Expectations or their Disappointment in them, except those who had sold out their Stock at the highest Prices; because they only can be generally supposed to have Money for the Purchase of Stock, and consequently were the only People in a Condition to be at that Time induced to purchase Stock on these Expectations; and I think it is universally agreed, that it was of absolute Necessity to the publick Welfare, that these Gentlemen should not have been permitted to play their next Game as successfully as the first: Yet even these have much less Reason to complain of their Disappointments on this Account, than they would have had of what I

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fear would otherwise have been unavoidable, a Scrutiny into their Estates, and Laws to oblige them to refund their Gains, or some part of them to be applied to the Relief of the Sufferers. As for the Gentlemen who were then Proprietors of Stock, and who complain that they were prevailed on by these Expectations to continue Adventurers in the Stock, and lose their Opportunities of selling at Prices they say they might have had, in hopes of still better Prices; I hope they will be silent, when they consider that they owed the Opportunities they then had of selling at better Prices than they can now sell for, to those Expectations that they now accuse as the Cause of their not making use of them; and that without these the Stock had subsided much faster, and probably had left them without any Opportunity of selling even at the present Prices, or any other Price.

If it were admitted therefore that our Expectations of the Rise of Stock were carried higher than what could possibly be effected by this Scheme, or any other formed upon it; it must, I think, be also allowed, that few or none either did, or could really suffer by their Disappointment in them; and could we think with that Temper, which I fear our late Losses have hardly left us Masters of, we should see, with the utmost Certainty, that the greatest Sufferer on this Account, is much more than made Amends
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by his Share of the Publick Safety. That Gentleman, whom they complain of, it must be confessed had Reason enough to apprehend, that though we could not really suffer by them, we should complain loudly of our Disappointments; that in the Anguish of those Losses we had then lately met with, we should quarrel with every Body we had to do with; that he might serve us indeed, but that to please us was impossible; and that it was easier much to make us as happy as our Circumstances then would admit of, than to make us easy under them. But to all wise Men, certainly the Merit of this important Service to the Publick will by no Means appear the less, on Account that he engaged in it without a View to the ordinary Reward of and Temptation to great Actions, Popularity and Applause, and at the Expence of his own private Interest and Reputation with the unthinking Part of Mankind.

I shall conclude with one Consideration more, which I think proper to be laid before the Proprietors of *South-Sea* Stock, and that is, that very great (and perhaps the greatest Part) of our present Strength, to obtain Favour from the Legislature, is the Influence that the very great Losses sustained lately by Numbers of our Proprietors have on the Minds of People, and that this Influence ought to be improv'd to their Advantage as soon as possible, and before it wears off with the Memory of those Losses, or before the
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greatest Sufferers by the Fall of Stocks begin to be so evidently distinguish'd by their want of Property in them, as to make it for the future less popular to bestow such Favours on the Company as are expensive to the Publick under the Name and Colour of relieving them.

F I N I S.

