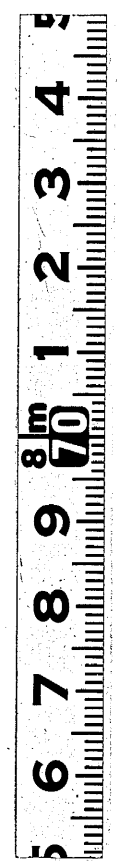


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SKETCH
OF
FINANCIAL AND COMMERCIAL
AFFAIRS

IN THE AUTUMN OF 1797.

Si Robt Herrick

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OF

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IN THE AUTUMN OF 1797.

IN WHICH, AMONG OTHER THINGS, THE MODE

OF CONDUCTING THE

LOYALTY LOAN

IS FULLY CONSIDERED; AND MEANS OF REDRESS

TO THE SUBSCRIBERS TO THAT LOAN

SUGGESTED, WITHOUT PREJUDICE

TO THE STATE.

LONDON:

PRINTED FOR J. WRIGHT, NO. 169, PICCADILLY,

OPPOSITE OLD BOND STREET.

1797.

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THE author of this Sketch of what, in modern phraseology, may be called existing circumstances, neither conscious of any prejudice against him, nor vain enough to think that the addition of his name to the title-page would the more recommend it to notice, will abide the event of an anonymous publication, and content himself with avowing, and endeavouring to justify in private conversation, his opinions; but by no means will he reply publicly to objections, or engage in any political controversy.

He must further beg leave to premise, that nothing but a sense of the duty, which every man owes to his country, could tempt him to offer those opinions in any way, at a time so eventful as the present. For though satisfied in his own mind, that if at all attended to, they may be of some use; and though his long experience, in the trade of different countries, may entitle him to some degree of credit in that line, as well as in the politics with which general trade is connected; yet he is

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aware that any thing out of the common track, however preventive it may appear of dreaded evils, will, from the private interests that it may be supposed to affect, be opposed.

It must rest then with those, who have the power in their hands, to adopt or reject his ideas, which, by being first communicated to the public at large, will be prejudged both by the friends of Ministry and of Opposition, if either shall think it worth their while to bestow a thought upon them. Be that as it may, the author will have the secret satisfaction of having done all that is within the compass of his little means, by simply stating what he thinks the most conducive to the common weal, in the present exigency of our political and commercial affairs. And now, submitting the whole to the candour of the public, he will, without saying any thing more of himself or his motives, venture to proceed.

Peace, or a continuance of war, is the present question in every man's mouth; but it is a question which perhaps neither the members of the British Cabinet, or of the French Directory, can at present pretend to resolve. Little time, however, will pass before the issue of the pending ne-

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gotiation be publicly known. Perhaps it may, before this present writing goes to the press. In this case the subject will be resumed; but in the mean time, considering the event as doubtful, it will be necessary to view the object in opposite lights.

The general voice in this country is certainly in favour of peace. The clamour for it has even been so great as would almost justify our Ministers in assenting to terms degrading to the nation, and such as would soon bring on a new war, when we should not probably be in so good a situation to resist the enemy, as we now are. Let us then hope, that no terms which do not establish our security from danger by surprise, and allow us a fair competition in commerce, and the arts of peace, will be agreed to. Let us also hope, that our enemies, if not from reason, will, from the urgency of their affairs, be induced to submit to such conditions.

But viewing this great object in the other light, and considering that political events proceed more from whim, caprice, or private interest, than from reason and justice, we ought to lay our account with the worst, and look to our means of con-

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tinuing the war, with the least possible injury to our property, and to every thing that we hold dear in life.

To discover those means, we ought also to reflect, that we often overlook the most natural ones, because simple, and lying as it were at our feet, for the sake of attaining the greater, but more distant, and that from the apparently least causes great events often spring.

Among other examples of this, we have only to look back to what happened at a general Court of our East India Company towards the end of the year 1771, where the advice of a proprietor, given with the sole view of extricating that Company from its temporary embarrassments in money matters (by an unfortunate dereliction of the original principle in those to whom the execution of his plan was committed), was the immediate, and perhaps the chief, cause of the American war. That war ended with the loss of thirteen colonies, and afterwards was in a great measure the cause of a Revolution in France, fatal to that country, and almost equally so to most of the other nations of Europe.

After saying thus much of the baneful conse-

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quences of a measure generally approved, but ill carried into effect, it may be proper to refer the reader to the Paper in the Appendix, No. I. that paper being an exact copy of a plan for the relief of the East India Company at the time before-mentioned; and though a thousand copies of it were ordered to be printed at the expence of the Company, yet it is doubtful whether any of them, or of those reprinted in the newspapers and periodical publications at the time, be now extant.

But to return to our means of going on with the war, if forced so to do; it seems evident that there exists in this country a fund of wealth, of which a small part spared, in due proportion, would more than suffice for the expences of war for many years to come, by laying the burden on those who can best bear it, and easing others who, either now or hereafter, may feel themselves oppressed. No person, however elevated his station, whose yearly income exceeds a certain sum, ought to be exempted from paying annually such a proportion, whether arising from lands, mortgages, money at interest in private hands, public funds, or otherwise, trade only excepted. All ought to consider, that they would have to

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pay a much greater proportion in case of the overthrow of our present government, either by the exertions of our enemies, or by our own mismanagement, neglect, or party feuds; and that giving only a small part annually, is like paying an annual premium of insurance against fire or any other risk. But though men in trade would be taxed by an invading enemy, or by a new government, in common with others, without considering that their income is precarious, and that their credit depends upon its not being revealed; yet our present government ought to be satisfied with a due proportion from the trading interest, collected in some other way; and by adapting our commercial laws and regulations to the circumstances of the times, or in other words, to the spirit and practice of trade, as at present carried on in this and other countries, more might result to that interest from new sources of commerce, than several times the amount of the present sacrifices required from this class of the community.

Here it may not be improper to request the reader to cast his eye over the copy of a letter to a late chancellor of the exchequer, in the Appendix, No. II. and to remark that what is there sug-

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gested on the subject of free ports, may be extended like trade in general, while the capital is adequate, almost *ad infinitum*. But no free ports, or any thing of the kind will ever answer, unless under such regulations, as that the state to which they belong be benefited by them in the first instance; the traders of that state in the next; and thirdly, those of other nations at peace with us, these last contributing to the good and advantage of the other two, while profiting themselves by the intercourse thus promoted among them.

It will be proper to say more on this subject, and on the various other improvements that may be proposed in the trade of Great Britain and her foreign possessions, when the success of the negotiation of peace shall be known. And in the mean time the reader is further requested to give a look at the Journals of the House of Commons in the spring of the year 1783, in order that he may, from what then passed on the subject of opening a trade with the new States of North America, be the better able to judge of the justness and propriety of what has either been already hinted, or in the progress of this Sketch may be further said, on the subject either of the trade or of the re-

sources of this country in point of finance, above all others.

That the mode of conducting the loan of 18 millions in the month of January last, commonly called the Loyalty Loan, shewed a proper application of those resources, the subscribers will deny. For it was clearly understood between the contracting parties, that no other loan should take place in the same year; and though the Minister may excuse himself to the nation at large, for having infringed an agreement so understood, by the necessity he was under, from the enemy having abruptly and unexpectedly broke off the negotiation for peace; yet surely the subscribers are not the less entitled in common justice to full compensation for the prejudice they sustain; not only by an additional loan, but by the subscription to the Loyalty loan having been stopped without their consent; to the exclusion of other equally loyal subjects, who in case of its proving a profitable concern, had an equal right to share in it, and who otherwise would have borne their share of the loss. The injustice done to both by not allowing the subscription to go on, as far as the voluntary disposition of the people in every part

of the kingdom might have carried it, was at the same time a prejudice to the community at large, by lessening in the eye of the enemy our pecuniary resource, in this voluntary way, and consequently by inclining that enemy the less to listen to reasonable terms of peace. Neither was this restraint on the subscription of any advantage to the state, but the reverse, in as much as the sacrifice in obtaining another loan, in the old way, was just so much needless loss to the nation, besides what the loyalty subscribers suffer in their own particular; their loan selling often at more loss than the other yielded profit.

Had those concerned in both loans been the same persons, and their respective subscriptions been nearly for the same sums, there would have been less cause of complaint; but this could not be, as every one had at first engaged for as much as he could conveniently pay up, at the different instalments in the course of the year. But had new subscribers been suffered to follow each other, new means of fulfilling their engagements respectively would have been found, and by extending the term of subscription, so as to give time to receive answers from every part of the kingdom,

without limiting the sum total, there would, in all probability, have been much more subscribed during that term, than could possibly have been wanted for the service of the year, and consequently, the second loan would have been unnecessary. There would then probably have been a surplus subscription, which, by being employed in a proportionate diminution of the whole subscriptions, would so far have eased the subscribers in general, in respect to the heavy loss, which the rupture of the negotiation at Paris necessarily occasioned, in this most unfortunate of all engagements of the kind, that perhaps was ever heard of, in this or any other country.

The Chancellor of the Exchequer, no doubt, sensible of all that has just been related, moved for a compensation in his place in the House of Commons, towards the close of the last session of Parliament; but though what he proposed was much less than what was expected, or what might, strictly speaking, be due; yet it passed in the first instance with so small a majority, that he did not think fit to bring it forward a second time. Perhaps the opposition to this motion proceeded partly from the nature and circumstances of the question not

having been generally understood, and partly also from the Speaker having declared that members concerned could not vote; though from the newspaper account of his speech on this occasion, it appeared that he meant to quote some cases of exception, had the matter come again before the House.

However this may be, the subscribers to the loan of 18 millions are hitherto without relief, and all men thereby deterred from coming forward hereafter, in a voluntary way, on the like occasions, were the country in ever so much need of their pecuniary aid, and the granting of that aid ever so convenient to themselves.

If too much has not already been said on the subject of this unlucky loan, the writer would beg leave to add, that a mode of compensation for the loss sustained occurs to him, which might at the same time answer other good purposes, and could not prejudice any one. But to prepare the reader for this, he must first beg leave to refer him to the copy of a paper (written more than a year ago) in the Appendix, No. III. and of a letter following that paper, No. V (written some time afterwards), explanatory of it, and addressed to a friend who

had not at first comprehended all that it was intended to convey to him, and to the very few others to whom it was shewn.

Among these few were some friends of the members of our present Administration; but from the writer's not having been asked any questions on the subject, he concluded that his plan was not approved of, and he rested satisfied with having done all that could be expected of him in his private station, for the public good. When, however, he considers how the loan of 11,81 millions was managed, and what happened to the Bank of England last spring, he now cannot but look back to a plan, which, though intended to prevent evils, rather than to be applied as a remedy after they had happened, yet, by varying the mode of execution, and adapting that plan of finance to the circumstances and exigencies of the present time, might still really be made to answer the purpose of a remedy, or at least to avert further evils.

If then all be admitted, which in the plan of the War Fund is stated as so many facts, and if our Administration should now be induced to adopt that plan, modified as before mentioned, for the purpose of raising in part the supplies of the next

year, whether for winding up the public accounts, or for the prosecution of the war, it will occur to every one, that the subscribers to the Loyalty loan ought to have the preference in subscribing to the proposed fund; and that as many of them may not, from having already reconciled themselves to their loss, choose to engage further, the deficiency of the sum wanted ought to be made up by the subscription of others, giving time to the inhabitants of the distant parts of the kingdom to send their orders for that purpose, by advertising in the London Gazette, that the subscription will only be closed on a certain day, and that all exceeding a certain sum will diminish proportionally, the surplus subscriptions, the subscribers to the Loyalty loan being always excepted from such diminution; provided none of them exceed in subscribing to the fund in question, their original subscriptions to the loan of 11,81 millions, in January, 1797.

Here the writer, on being informed of Lord Malmesbury's return, could not but pause for several days. He was at first led to hope that the negotiation would not end with that event; he still hopes it may not; yet from his knowledge of the French nation, and of their extraordinary

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resources, he cannot but fear the worst; for in all the changes of their government since the year 1792, they never have lost sight of the design formed about that time to revolutionize all Europe.

Robespierre and his associates thought that this might be done quickly; and that the sacrifice of the lives and fortunes of so many of their fellow citizens, and of the trade, manufactures, and agriculture of France, would only be necessary for a short time to attain their end. After his time, separate treaties of peace with the inferior powers were thought of, in order to conceal from the greater the original plan to overthrow all; and latterly, feeling that France had lost every thing, but what her unparalleled success over other countries on the Continent had procured to her armies, while the bulk of the people were suffering under lawless oppression, the immediate aim seems to have been to pull down the remaining independent states to a level with the internal anarchy and misery in their own country.

Whether the present Directory will find means to put their armies in motion, or whether the advanced season may not help to obstruct their progress, will soon be seen; but it is but too pro-

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bable they will be favoured by the inhabitants of other countries, where the tree of liberty has not been already planted, as nothing, it would seem, but experience will convince the unthinking multitude. We have all been surprised at the rapid progress of revolutionary principles in the southern states of Europe; and though the Germans think more solidly, and are therefore less easily moved to action; yet their minds are still open, in a degree, to the insinuating poison of the innumerable daily publications in that country, where the defects which, by the process of time, now appear in the old governments, must naturally be favourable to that regeneration, which the French preach up, and back with their swords.

It is then to be feared, that nothing but intestine troubles, in the present dominions of France, will effectually secure the other nations on the Continent from its ravages, and in the mean time the old fabric of the German empire may fall to the ground. Great Britain and Ireland forming the next object, must continue to incur an increasing expence of war establishment, not only for what concerns the British empire, but also by loans and otherwise, in support of the Continental

Powers, who may be fighting in the same cause; a cause which is now common to all the remaining independent governments in Europe, and which all ought to support according to their means. So far, however, from doing this, they have hitherto been divided by party jealousy and private interests, without considering that true policy in all political combinations ought to have for object the common interest.

Great Britain has thus been left almost single in the field; the Emperor of Germany, with all his good faith, having been last spring under the necessity of subscribing to preliminaries of a peace, which, though not yet rightly understood by the public, cannot be favourable to the common cause.

He will probably however have good grounds to renew hostilities; and we ought, in political wisdom and self-preservation, to go still further lengths in assisting him to support his pecuniary credit by the adjunction of our own, were it only on the mercantile principle of securing the better the repayment of the sums for which we already stand engaged for his Imperial Majesty, by guaranty or otherwise.

But there are many among us who think no public credit of consequence but our own, and that our insulated situation ought to exempt us from lending any assistance or support, though ever so necessary, to Continental Powers. Such men cannot surely have a right notion of trade, to which we must chiefly ascribe our pre-eminence among nations: for our victorious seamen, and brave soldiers, must both be paid; and will the landholders undertake to do this, as well as to supply the other expences of Government, without the aids arising from commerce and manufactures? or, in other words, are there any men among us, who, on a moment's reflection, will maintain that trade confined to the bounds of our insulated situation can continue to exist, or that other nations will be foolish enough to give us every advantage, and ask nothing for themselves?

Commerce, rightly understood, admits of no bounds among civilized nations, and even extends itself, with proper precaution, to the savage tribes. Neither is it the less beneficial to all concerned, from increasing extension; yet some states may be more or less benefited, according to their treaties with one another; and here it may be

proper to remark, that the prohibition, by Joseph the Second, of our manufactures in his hereditary dominions, ought to have been withdrawn, when his successor, the present Emperor of Germany, entered into treaties of alliance with us. It is not enough that those manufactures have, nevertheless, found their way into his dominions. They also do it into the heart of France, in a contraband way, by the help of dealers in neighbouring states, by whom we are perhaps better paid, than were the intercourse direct: but all clandestine trade ought to be discouraged by both the parties, to subsisting treaties between sovereign states.

We ought not, however, but in commercial matters, wherein we ourselves may happen to be interested, to take any part in, or concern ourselves with the government, religion, laws, or liberties of the Continental Powers. Neither ought we to interfere with them, or meddle in their settlement among themselves, of what they call the balance of power, provided they submit to our continuing to hold singly the dominion of the seas.

This should always be our main object, as it is our chief pride; and though it cannot be a mat-

ter of indifference to us, that the power of our greatest rival now extends along a line of coast, where we had formerly friends and allies; yet with an increased peace establishment, of ships of war, and of land forces, whether regular or militia, we may still bid defiance to that rival, in case of any sudden attack. But after the dismantling of the barrier towns in Flanders; and the possession of the strongholds of Holland, by the troops of the French Republic, we should not otherwise be at all safe in times of peace, nor more than we now are while continuing the war.

Let us then, without troubling ourselves further with Continental affairs, than in the way of still extending our commerce, endeavour to promote a friendly intercourse with all the states on the Continent, with which we remain at peace, and be aiding and assisting to them, especially to our great ally the Emperor of Germany, in the loan of our paper credit (money we have not to spare), to such extent as Parliament may prescribe, and on such security as may be thought adequate.

To be able to do this, while we at the same

time provide for our own expences, and to enable the northern powers to co-operate in resisting the already widely extended power of France, by holding out to them future commercial advantage, it is proposed, To revise the project of the War Fund of last year, which, as before mentioned, will be found in the Appendix, No. III, and to adapt it to the exigencies of the present day, by separating from the operation of that fund the banking part, and instituting for this part a distinct establishment, under the denomination of the *Auxiliary Banking Fund*, so called from the aid that it is intended to afford to the state, and at the same time to the trading interest of the country, while relieving from heavy and unmerited loss the subscribers to the loan of eighteen millions, by future advantage. Yet that separate establishment must remain so far connected with the original War Fund, as to draw from the new sources of revenue of this last (as will be hereafter explained), the means of stability to the notes, which the auxiliary fund would issue. For that and other good purposes, at a time when no new loan, in the common way, can be

obtained, without depressing very materially the prices of the stocks (if to be obtained at all), it would be proper and expedient to raise the supplies in some other way, — as by taxing the income of every man in the kingdom, in the receipt of more than £500. per annum, for ^{any} part of that income, men in trade, whose income is precarious, and ought not to be disclosed, and who would pay their share in another way, only excepted, levying this tax according to the last year's rent rolls of lands, houses (those inhabited by the owners, excepted), or of any other immovable property in Great Britain, or in our colonies, where the owners do not personally reside, and on the income from property in the public funds, or in the joint stock of any chartered companies or corporations, as may appear by the books of the Bank of England, East India Company, &c. &c. All places and pensions from government and church livings, exceeding £500. per annum as aforesaid, to be subject to the same tax, and ^{also} of incomes, arising from sinecure places, or places performed by deputies, whether at home or in our colonies, or from the plurality of church benefices, where the incumbents neither reside nor

do duty, to be applied during the same period to the War Fund.

All men concerned in trade to contribute to the War Fund, in the following proportions:

Bankers, brewers, distillers, and every one interested directly or indirectly as partners or sharers in those branches of trade; or in any kind of manufacture whatever, and whose yearly income, from such concerns, shall exceed £ 500, to pay for a licence

Merchants of every description in the same manner.

Warehousemen and wholesale dealers
Shopkeepers and salesmen

Besides those taxes upon trade, there is another that ought to be submitted to, in time of war, for the benefit of convoys to protect our merchant ships; and this perhaps can best be levied in proportion to their measurement, at so much per ton, subjecting the masters or the owners of all ships, who shall be found to have wilfully departed from convoys at sea to a heavy penalty, by way of additional tax, for the benefit of the same fund. This penalty, half to go to the informer, ought to be levied whether the ships, so

departing from convoy, shall arrive safe or fall into the hands of the enemy; whose privateers would by this means be greatly diminished, while the defaulters would contribute to the public burdens.

Lawyers (the judges always excepted) ought likewise to contribute to this fund; and so ought men of the medical faculty, according to the different degrees in those professions.

7°. Army and navy agents, factors and brokers of every description, and auctioneers, ought equally to pay annually towards the same fund, and in the same manner, as being in their different lines of business also interested in the success of the war.

All these, and some other contributions which may be afterwards thought of, and found equally applicable to the War Fund, it is presumed would amount to a very considerable annual sum, and as the issuing of notes of the auxiliary fund to such an extent annually, as Parliament in its wisdom might determine, would come in further aid of the public wants, without being attended with any expence but to the subscribers; these taking all expence upon themselves, in consideration of the

See the calculation in the Appendix, No. IV.

difference of interest, and as their loan to government in their notes, so authorized by Parliament, would not occasion any disbursement to themselves, the interest being only payable, along with the principal, at distant periods: it is therefore suggested, that, with great propriety, such a portion of the contributions to the War Fund, as shall with the growing yearly interest be equal to the payment of notes so issued, should be employed in the purchase of so much of the loan of eighteen millions of 1797, sometimes called the loyalty, and sometimes the contributory loan, in the names of trustees, for the security of the subscribers to the auxiliary fund, who would be ultimately answerable for those notes.

But by whatever means the unlucky loan of eighteen millions can be taken, partly or wholly out of the stock market, the object will appear no less desirable for the good of the state, than for the interest of the subscribers to that loan, the reimbursement of which, whether in money or in three per cent. stock, as the option of the holders may determine, being only to take place two years after the peace, so the notes to be issued on this security, by the auxiliary banking fund, ought to

be payable at the same term, and all the proposed contributions to the War Fund, ought equally to continue till that period; when, it is presumed, there would be a balance on the account of the War Fund, to a great amount in favour of the state; which might either then, or at gradual previous periods, be applied to the reduction of troublesome and unproductive taxes, or to the present sinking fund, for the purpose of extinguishing the national debt, and in addition to the monies already appropriated by Parliament for the same purpose.

It will remain with the Minister of the day to provide for the extinction of the loan of eighteen millions, 1797, when the time shall come. That matter does not concern the present proposed auxiliary fund further, than by means of this, to be aiding to the public good, as has been already mentioned.

Yet it may be proper to observe here, that if at that distance of time there should be any greater scarcity than at present of British gold, or bank notes, for the payment of the loan of eighteen millions, there may be an option left to the drawers of the notes of the auxiliary banking fund, and of

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which the payment is secured by means of that loan, to pay them in such case in foreign coin, with the authority of the King's proclamation, and at the current prices of such coin.

It will now be proper to consider, how far the issue of notes, in the manner proposed, may be more or less expedient at this time, than appeared to be the case about a year ago, when the War Fund was first thought of; and in doing this, it will be necessary to look back to what happened some time after that, to the Bank of England, and to what has since followed.

From the obligation of that Bank, and from the practice of all the private bankers in Great Britain, who imitated it in promising to pay their notes in specie on demand; it is obvious, that they undertook what at all times could not be performed, even at a considerable loss, when the price of bullion exceeds the price of coin, not to speak of the great expence of coinage.

Yet both the Bank and Bankers had long gone on prosperously in their different lines, and it was natural that they should therefore be averse to introduce innovation. They still do go on, and with perhaps additional credit, meaning the Bank of

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England, from its concerns having been laid open to the inspection of Parliament; but from the nature of the parliamentary restraint, while it shall continue to subsist, the profits of the banking business must continue diminished: for the high stamp duties, to which the notes of private bankers are subjected, is more than equivalent to the saving of interest, during the short time they may be supposed to remain in circulation, and recourse for gold to pay those notes, cannot, during that restraint, be had as formerly upon the Bank of England; no notes, but those of the Bank itself, being now protected from the demand of payment in gold; nor can these with prudence be issued as formerly, and still less in the increased proportion that the present increased trade of the country seems to require; nay, in no other than a limited way, while the term of the restraint shall remain uncertain, and the coinage of gold be attended, as at present, with so much loss.

The want, therefore, of some other circulating medium, becomes every day more and more obvious, and if that want should not soon be supplied, the consequence to the private credit of the trading interest, which must neces-

sarily affect that of the public, may be indeed dreadful.

To avert this evil, as well as to remedy in the manner before mentioned the evil of the loyalty loan, and without meaning to interfere with, or counteract otherwise the present order of things, the notes of the auxiliary fund, as an experiment, and merely in a temporary way, are offered to the consideration of the public.

It has been a generally received opinion, that all kinds of paper currency are hurtful to the state, and tend to enhance the prices of the necessaries of life; but surely that opinion is either erroneous, or admits of many exceptions, as may be seen by what is mentioned on this subject in the letter copied in the Appendix, No. V. Besides the circumstance of bank notes, for instance, while exchangeable at pleasure for coin, precludes all idea of depreciation compared with coin; and therefore, if in value equal to money, as they are still justly admitted to be, how is it possible that paper currency should tend more than coin itself to enhance the price of any necessary of life? But it is not so of our public debt, to the great increase of which, with more propriety, might be

ascribed the increased price of provisions. For that debt, passes by transfer in the books of the Bank of England, as the money lodged in the Bank of Amsterdam, passed for the convenience of the trade of that city, but with this difference, that the agio of bank money in Holland, seldom varied above five per cent; whereas the prices of our stocks, or national debt, have varied very considerably, although affording an annual interest paid half yearly. Both, with those differences, have served in a degree the same purpose of promoting general circulation of property, by means of transfer, instead of representation on paper, as in bank notes. It is therefore to our great load of national debt, that may chiefly be ascribed (were it only by the increased taxes upon almost every thing) the great additional expence of living, to which we are at present exposed, and consequently it were much to be wished, that that debt could be more quickly diminished, than our present sinking fund can do it. It must, indeed, be obvious to every one, who is not wedded to the old theories of money and credit, and who has at all bestowed a thought on those subjects, that so far from a paper currency, established

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on proper security, and kept within the bounds, being hurtful to the public, it is of the greatest advantage in all trading countries, insomuch that without this aid trade could scarcely be carried on.

For the precious metals, though produced in some parts of Europe, are not to be procured without an equivalent in value of something else, and are only so much dead stock, in countries which have not credit to dispense with them by a representative in paper, and allow part at least of that stock to pass, in the course of trade, to other countries, where the ebb of credit is lowest, as it is in such that the precious metals must necessarily be always most in request.

In the dawn of commerce, when neither bank notes nor even bills of exchange were known, it was natural that nations, having balances arising from their reciprocal wants and redundancies of produce to make good to one another, should have done it by means of gold and silver, of almost equal appreciation in all, and the most portable from country to country, as being contained in the smallest compass; but as commerce began to spread, and as those possessing it began to gain reputation either for riches, or for that re-

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gular and upright conduct, which also constitutes credit in trade, they, from becoming likewise more learned and enlightened, began to pass first verbal promises, and afterwards promises on paper, improved into what is at present called bills of exchange, for the payment of sums in distant parts, and in consideration of the agreed value either in the precious metals, or in any thing else, being paid to them at the places of their residence. It might, therefore, with as much propriety be said, that the invention of bills of exchange has contributed to heighten the prices of necessaries and luxuries, as that bank notes (provided they be only issued as before mentioned, on proper security and with due caution) have had this effect. Indeed, it is impossible that they can have such an effect, while enjoying the same credit as gold and silver, and affording more conveniency.

It must, however, be owned that, except in Great Britain and Ireland, paper currency has seldom kept pace in value with current coin; indeed no such currency of paper has ever, in point of stability, had more than the security either of the state, or of some particular bank established in such state.

Now, states may at times be ill governed, and collective bodies of individuals may be tempted, from motives of self-interest, to overstep the bounds of prudence in their banking operations; thence will flow, in either case, a distinction between such paper currency and the coin of the country; and in such cases, if the prices of commodities be compared with depreciated paper, the paper will naturally sink, and the commodities rise in value; but it is not any paper currency of this sort, or of any kind that was ever invented perhaps since the world began, that is now held out to the public to answer our present exigencies; a certain number of respectable men being proposed to be bound to the holders of the notes of the auxiliary banking fund, and the state of Great Britain as payee conjoined with them in the same security.

This kind of aid to the circulating medium of Great Britain, in the present increased state of our trade, appears in every point of view to be so desirable, that it would not be surprising, if after the term of two years, from the signing of a definitive treaty of peace with France, we should so much feel the want of it, as to induce Parliament to devise means of keeping up a like aid for some

time longer; and indeed until the Bank of England shall be in a situation to issue its notes, in full confidence, that the payment of those notes, according to their tenour, may be made on demand, without loss or inconvenience to that respectable establishment; but which, for the reasons already given, cannot at present be done, without an alteration in the standard of our coin, or an alteration in the charter of the Bank, by which they are obliged, at present, to pay according to that charter, granted originally, (as has likewise been before mentioned either in the text of this Sketch or in the Appendix,) above a hundred years ago, when circumstances were almost as different from those of the present day, as light is from darkness.

There is a natural aversion to change of system, in men engaged in the direction of a profitable concern in business, whose time is not for life, and who therefore do not aim at doing every thing in that time that they may think right, while their successors in rotation may think it wrong; and who are obliged to trust a great deal to those under them in the management, who do not think of any thing but the work before them; by these

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means any kind of improvement in business, where innovation is indispensable, is avoided till necessity absolutely requires a change. Its utility is obvious. This is perhaps the only way to account for our having persevered so long in the practice of coinage, founded in the last century on the respectable authority of Locke and other great men; but of men who were not versed in the practice of trade, and who adopted ideas of more remote theorists, so remote, it would appear, that if they had intended our coin to be in value as much superior to that of other nations, as our manufactures are, when compared with theirs, and like any other manufacture sent there for sale, they could not better have established the present system of our mint, or thought of rendering unchangeable, what from the nature of things cannot but vary, like any other article of trade, according to times and circumstances. They surely did not consider that this nation would not always remain in the situation of the Dutch, who, as is mentioned in the Appendix, have ducats coined of pure gold, for the purpose of bartering to the greater advantage for the produce of other countries; or in the situation of the Venetians, who in remote times had

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chains of gold, to answer various purposes of dress, and made of the most pure metal, in order that in all situations the possessors might, in cases of need, supply by that means their immediate wants. Nor was it probably foreseen, that Great Britain, instead of having balances of trade to pay in specie to other nations, would receive, as she does at this day, an average balance from the whole of the trading world, to a very great amount. It therefore seems reasonable, that we should not do any injustice to other nations, if we were, in justice to ourselves, to new model our mint, and adapt the standard of our future coin to something like the average of the present coins of the principal trading nations on the Continent of Europe. It would, no doubt, after our exchanges with those nations, and occasion a temporary confusion until the new courses should be fixed; but after that, we should not run the risk of having our coin exported, for the mere purpose of traffic, and our bank would no longer be prevented from coining, to supply the demands of specie for the notes of that bank, by the loss at present attending it. The state too would profit by such a regula-

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tion, as is just and right that it should; for if coin be a manufacture of the precious metals, it seems unreasonable that the state should be at the expence of this manufacture, without being paid for what tradesmen call the fashion of the work; but while other nations are so paid, and even have a duty into the bargain, we work at loss, when we work at all in the way of coining; but we do as little as possible in this way towards the close of wars, when gold and silver come in a less degree from Spanish America.

We used, indeed, to get considerable supplies of gold from the Brazils, by way of Lisbon, but of late years the Portuguese government have contented themselves with coining the bullion which comes from the Brazils, and suffering it to return there, in payment of the increased produce of cotton, &c.

On the whole, if it be considered, that the increase of luxury consumes great quantities both of gold and silver, and that as before mentioned, wars, especially towards their close, interrupt the regular supplies, some substitute of paper will appear the more necessary, were it only for the temporary purpose of waiting the return of peace.

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It is evident, however, for the reasons already given, that the Bank of England cannot be expected, in the present situation of things, to extend its circulation of notes, in proportion to the want of their aid in trade and otherwise. And though a second bank, as proposed by a great Commoner, might have probably had all the good consequences which he so judiciously foresaw, and especially that of rather increasing than diminishing the profits of the old Bank, since it is evident that a fair competition in trade is never hurtful to the parties; yet it is not so clear, that, without very particular precautions, they would, for many years to come, have been on an equal footing of competition, new establishments of all kinds labouring under great disadvantages; and therefore that great Commoner, and those who offered to come forth in support of his plan, are entitled to so much the more merit in the public opinion.

That plan was not proposed until after the country banks, whose number had been greatly reduced by the failures in 1793, had, on the order of Council, in the month of February last, respecting the Bank of England, reduced the circulation of their notes; and though they may

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perhaps gradually increase it again; whilst the voluntary disposition of the people at large, in every part of the kingdom, manifested on that occasion, shall continue to favour that circulation, yet such a disposition may change when least expected; prudence therefore will deter the country bankers, as well as those of the capital, from launching out on that uncertain ground.

It may therefore be proper to repeat here, that nothing but some such succedaneum to supply the deficiency of the sign of moving property, withdrawn by the various means already mentioned from the circles of trade, can enable us to profit of all the advantages, which our skill in manufactures, our steady and upright conduct in our dealings with other nations, and, above all, our naval power, have given us over every nation in the world, in so much, that, could we continue the war with a reduced expence, it would evidently, in the present circumstances, be our interest to do it, or at least until the enemy shall be reduced to sue for peace in his turn.

Yet it must not be inferred from this, that peace, so desirable for the sake of humanity, ought

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not on our part to continue to be wished for, or that it would make our situation, when obtained on a permanent basis, worse than in time of war, because we have an advantage above all other nations, in point of capital; and in commerce, capital, especially when joined to steady and upright conduct, will always command a preference, and insure final success.

We at present, however, seem to have no choice, the enemy appearing determined to wear us out, in the hope of exhausting our resources, and that revolution and anarchy may follow our loss of credit. They are perhaps, too, encouraged in this hope, by the supposed enmity which neutral nations, and even those on the best terms with us, are thought to bear at present to the very name of an Englishman, merely because they see us enjoying, from our insular situation and other advantages, that prosperity, of which in their situation they are by the war deprived, and perhaps likewise because too little pains have been taken on our part to conciliate their good opinion. Let us therefore hope, that if we have been inattentive, this will be remedied, and that if we cannot gain by other means the good will and friendship

of those with whom we are at peace, opportunities may offer in the prosecution of the war, to make it their interest to come forward, and assist in it.

With this view, we might hold out to all the maritime powers of Europe, with which we are at peace, as well as to the United States of North America, the protection of our fleets, in any trade that they may choose to undertake to St. Domingo, or the possessions of the Spaniards in South America; and while France exhausts her remaining strength in endeavours to revolutionize the rest of the Continent of Europe, we may thus, with less expence of money and men to ourselves, add to our own trade, and cut off the supplies of the enemy, by distressing those allies whom that enemy has acquired, contrary to their good faith pledged to us, and broken without provocation on our part. We ought not to aim at more conquests; we have more than enough of them, or than we wish to keep; yet, while the war lasts, we ought not only to endeavour to keep them, in self-defence, but also to make the most of those now in our possession.

But if we condemn the French for that spirit

of revolt, which they are by every means endeavouring to stir up, in the remaining unrevolutionized parts of Europe, it may be said, that we ought not to follow a bad example, in lending our protection by sea for the like purpose, in the possessions of the Spaniards in America. There is certainly some reason in this; but as the laws of war would authorize us to endeavour to conquer those countries, if the conquest would suit our purpose, so we may stand justified in aiming only at opening a trade with them, and allowing our neutral friends to profit by it, in common with ourselves.

The loss to the Spaniards would not be the less, and it would be becoming of that magnanimity, which ought ever to distinguish the character of Englishmen, to offer them beforehand, and in a public manner, such terms of a separate peace, as may be thought just and reasonable for both parties. We ought to act in the same manner with respect to the Dutch, in order that both may thus see how far the present French Directory have consulted the interest of those two allies in breaking off the late negotiation at Lisle. With respect to the Portugueze, who,

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from their known fidelity to their engagements with this country, will not surely ratify the treaty that has been concluded with France in the name of their Queen; we ought to continue to treat them as friends, while they continue so to act; but if they should break with us, and, as others of our allies have done, become our open enemies, they cannot expect that their colonies in South America should be merely laid open in point of trade, if we can conquer and keep possession of them.

It seems much to be regretted, that after having got possession of the island of Corsica, we should have abandoned that conquest, without the reserve of some port or road, where such a part of our navy as might at times be spared, could be secure from tempests, and serve as a protection to our navigation and trade in the Mediterranean, as well as in what is called the Levant. San Fiorenzo seems to have been a place well calculated for this purpose, and if an annual sum, much inferior to what the whole government of the island cost us, had been offered to some leading chief of the Corsicans, we might thus have established a free port for the vent of our manufactures, and main-

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tained in a degree a trade that was once of great consequence; but which, since the abandonment of Corsica has been in a manner totally suspended, excepting perhaps by neutral ships, who, by clearing from England, or being bound to any port of the British dominions, are sure to be taken and condemned by our enemies, when met by any of their cruizers. Thus the British insurers have the value of the goods to pay, and the neutral captains receive full freight, without performing the whole of the voyage.

With respect to St. Domingo, it has cost us much more than Corsica, and though a much more desirable object, yet we ought not to think of adding that great island to our West India possessions; but by keeping some port or post for such a purpose, as was mentioned in speaking of Corsica, and encouraging others of the maritime powers to do the same, we might thus the better keep the footing we have got, or at least hope to keep it with much less expence, until the return of peace, when we may either give up our possession to France, leaving her to try to civilize the inhabitants, or content herself with some port of that most valuable island. But even if

we had the whole to offer to France, along with every other conquest from that power, something more would probably be demanded of us; as long as our credit shall remain unshaken, and our share in the trade of the world unimpaired; nothing, as has been before remarked, but the ruin of this country appearing to be the object of the present government of France. Yet that government being subject to frequent change, it must be hoped, that peace, though apparently remote at present, may one day take place on equitable and honourable conditions.

In the mean time our great object ought to be to look forward to a continuance of war, with a considerably diminished expence, yet neither our navy nor our army can well be less than at present; the one being as necessary for our external defence, and the protection of our trade, as the other is for our internal defence, in case the enemy should, at any time, succeed in any considerable landing. Our savings therefore must be in other ways, and our resources arise partly from such aids as have been pointed out by means of paper credit, which, while current among ourselves, and uniting the lower classes of the people in the ge-

neral defence of property, we need the less care how much our enemies trust to the precious metals, as the only representative of moving property that can now avail them. We might even, if we should be so disposed, or at all inclined to make the sacrifice, deprive them in a great measure of their metal money; as for this purpose we would only have to offer, by means of agents at places of exchange on the frontiers of France, high prices for Louisd'ors, and increase those prices in proportion as the scarcity should heighten their value in that country, or induce the people to hoard them up.

Those Louisd'ors so sent, for instance, to Hamburg as fast as they should arrive, and paid for by bills of exchange on that place, where the effective coin would arrive in time to pay those bills. Thus, by credit only, we might deprive France of a great part of her gold; and though we should be great losers by the operation, it would nevertheless prove the practicability of drawing gold, at any time, and from every country, to any one given place, by means of a premium sufficiently great to tempt the possessors to part with

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it, as with any article of trade, when the offers exceed in their opinion the real value. It may, therefore, be fairly asserted, that paper, in many cases, can better represent property than any metal whatever, and is not subject, like gold or silver, to be drained from countries where it answers the same purpose, and from whence, if it were drained, it could easily be replaced by more, with new advantage to such countries, provided always that the original security be unquestionable, and the issue of the paper confined, according to times and circumstances, within proper bounds.

The reader will now perhaps think this rather too long a Sketch of the present times; and the more by having found little in it that does not, in a general way, propose the sacrifice of some part of private property.

The writer also begins to feel tired of a task which he has imposed upon himself. Yet he cannot conclude without expressing a hope, that should his hasty production find favour in the opinion of reasonable men, and his ideas be adopted by Parliament, the first year's produce of the *War Fund*, would, perhaps, more than the

APPENDIX.

No. I.

THE following Plan was formed on the natural suggestion of a Proprietor of East India Stock, whose private concerns in trade had prevented him from attending to those of that Company at any of the General Courts, where various other plans had been proposed and found inefficient.

That Proprietor, uninformed of more on the subject, than that the sum of fourteen hundred thousand pounds, at the end of six weeks, was wanted to prevent the Company from stopping payment, (the aid of Government, and of the Bank of England, by reason of previous advances having been refused,) asked a member of that Court, who happened to be sitting next to him, was there nothing in the warehouses that could be turned into cash?—Certainly: was the answer, and much more than enough, if the law allowed a drawback on tea:—and why not get the law altered? was replied. This simple idea, which, perhaps by being so, had not occurred to any one at any of the preceding General Courts, produced an immediate application to the First Lord

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of the Treasury, who instantly offered to support a bill in Parliament, for allowing the drawback on teas, when the Company should apply for it.

Another General Court was called for this purpose, as well as to lay before the proprietors the plan in question, which in the mean time had been prepared. But no sooner did a member rise with the plan in his hand, than the chairman of the Direction spoke to order, and pleaded his right of preference (after some handsome compliments to its author) to take the lead in the whole management of the business. The matter thus falling into the hands of the Direction, and unexpected means having been found to avert the evil that had threatened the credit of the Company, the proposed application to Parliament was postponed, and the proper time for exporting the tea to the Dutch, and other European markets, allowed to pass from January to April, 1772; when the Chancellor of the Exchequer, without the application of the Court of Directors, carried a bill through Parliament, empowering the Lords of the Treasury to grant licences for the free exportation of tea, when properly applied for by that Court; who, in the month of June of the same year, on finding that the markets in Europe were then otherwise supplied, applied for permission to send some of their surplus stock of tea to Boston in North America, when, for want of the old subsidy (of about three-pence per pound), being,

with the other duties, drawn back, it was thrown into the sea; and thence ensued the fatal consequences, for ever to be regretted, of the perverted management of a natural and well meant operation in trade.

Plan for relieving the East India Company from the present temporary Distress in point of Cash.

On the Company's acquiring the revenues of Bengal, it became necessary, in order to realize them in Great Britain, to increase their investments in India.

This could not be effected to a sufficient extent in the manufactures of Bengal, because their consumption in this country is greatly circumscribed by the use and encouragement given to our own manufactures of cotton and linen, and by the prohibition of the wear of all foreign printed, painted, and stained goods.

The Company, therefore, naturally turned their thoughts to the article of tea; they, by means of those revenues, increased their importation of this article, and, in order to promote a proportionable legal consumption, they procured an act of Parliament, taking off the duty of one shilling per pound on all black and single teas for five

years, undertaking to indemnify the revenue for any deficiency, on a calculation of the average for the five years preceding, in hopes that the other duties of customs and excise, on the extraordinary quantity they might sell, would be more than sufficient for that purpose.

In pursuance of this experimental law, the Company enlarged their sales, the prices declined in proportion, and the *ad valorem* duties of customs and excise keeping pace with those prices, did not amount to more money, on the increased quantity, than they would have amounted to on a lesser quantity sold at higher prices.

The buyers, on the other hand, looking forward, insisted on being indemnified by the Company for the one shilling per pound on all teas bought at their sales, that might remain uncleared after the expiration of that act.

This the Company complied with until their sale in March, 1772, when they refused to grant such indemnification any longer.

The very large sums paid by the Company to the public, on account of the indemnity, as well as what they have already paid, and still have to pay, to the buyers in consequence of the guarantee, not to mention the loss they have sustained by selling their teas at low prices, have fully proved that this experiment, notwithstanding those sacrifices, has not answered the laudable purpose it was intended to serve.

It was therefore natural, that the buyers should beat down the prices, at the last September sale, to the level of the indemnified tea; and thus the tea trade stands at present: a large quantity belonging to the buyers in their own hands; a large quantity sold, but uncleared in the Company's warehouses; and a still larger quantity in those warehouses unsold, besides the large supplies expected to arrive in the course of the two next years.

There now remain in the Company's warehouses unsold 17,000,000 lbs. Expected to arrive in 1773, 13 ships, whose cargoes will amount to above 8,000,000 lbs. The 10 ships taken up this year, with the Bombay ship, will bring home, in 1774, 6,000,000 lbs.

31,000,000 lbs. The Company's sales for the years 1773 and 1774, it is presumed, cannot exceed 6,500,000 per annum

13,000,000 There will therefore remain in the Company's warehouses unsold, after the September sale, 1774 18,000,000 lbs.

It appears, then, that there must remain in the Company's warehouses, after both their sales in 1774, eighteen millions of pounds of tea unsold, besides about six millions of pounds sold, but uncleared, (if we suppose that the uncleared teas, at that time, shall be in proportion to the present uncleared quantity,) which, together with what is in the hands of the dealers, would in all amount to near four years' usual consumption.

Now it is presumed, that one year's provision, or stock on hand belonging to the Company, together with the cleared and uncleared teas belonging to the buyers, may be fully sufficient, at all times, to guard against a want of goods, in case of a war, or any other unforeseen event; whereas they have now unsold, as has been already observed,

And the quantity expected will (as has been shewn) exceed the expected amount of sales for the two ensuing years

18,000,000

Deduct the supposed necessary extra provision for one year 6,500,000

And the unnecessary stock would then be 11,500,000 lbs.

The amount of this superfluous stock of

11,500,000 lbs. of tea, calculated at the average price of the last September sale, would be about £.1,900,000
 Deduct customs included in the sale prices, 25 per cent. 475,000
 Remain £.1,425,000

Which sum of £.1,425,000 cannot, in the course of the ordinary sales, be in cash for two years to come; and the interest for that time, at four per cent. per ann. will amount to £.114,000
 Add to this, the loss in quality and weight, warehouse rent, and other charges in keeping the goods, according to the opinion of eminent dealers in tea, six per cent. per ann. 171,000

£.285,000

Thus it appears, that were the tea trade to be carried on upon the present footing, it would be at the disadvantage of £.142,500 per annum; which yearly loss, during the remaining term of the charter, would, at compound interest of four per cent. per annum, amount to above one million nine hundred thousand pounds sterling. Nor can this be avoided, unless by diminishing the trade to China, or procuring a foreign vent for the superfluous stock of teas on hand.

Now, if the China trade has always been found profitable to the other East India Companies of Europe, it ought to be more so to our Company, considering our superior advantages in many respects.

As a trading Company, we ought therefore to cherish this branch; and, in a national view, it appears equally an object of great importance.

Both those purposes would be answered, and our superiority over foreign Companies fully ascertained, had we the same liberty which they all enjoy, to re-export, free of duties, our surplus importations of tea.

Our sole object, in this trade, has hitherto been confined to the supplying our own consumption. It is perhaps the only article of commerce, which it has been judged proper to preclude ourselves from re-exporting to foreign nations.

It has been fully ascertained, by the experiment made at the expence of the East India Company, that a reduction of the inland duties, cannot, by an increase of the consumption, indemnify the revenue; and, therefore, it might be hazardous to attempt any new modification of those duties.

Meanwhile, from the gradual accumulation of teas on hand, beyond the ordinary consumption, there seems to be an indispensable necessity of looking out for other markets, to take off the extraordinary quantity. At the same time, the situation of the Company's affairs calls for an imme-

mediate attention to the only natural means of relief from the growing want of cash, a want which, instead of being diminished, must even be increased by the arrival of the ships from China, expected in the course of the two ensuing years, whose freights alone, amounting to above £.400,000, the Company must pay, while their cargoes will remain a dead weight on their hands.

Whether or not Government may think it safe, to pass a permanent law for allowing the exportation of tea to the foreign markets of Europe, the present situation of the affairs of the East India Company seems, at least, to render a temporary law absolutely necessary, in order to enable them to support their drooping credit, and prevent an impending evil, which, in its consequences, would also affect the credit of the nation in general.

The immediate advantage that would result to the Company, from such a temporary law, is not alone confined to the preservation of their credit in trade; it extends also to the probability of profit, arising from the difference of prices of teas, at their last sales, compared with those of Sweden, Holland, and France.

It appears, by the annexed statement of comparisons, that the prices of tea in September last, of the English East India Company, were, on an average, of Boheas, Congous, and Singlos, 46 $\frac{1}{3}$ per cent. under the prices at Gottenburg, 34 $\frac{2}{3}$ per cent. under the prices in Holland.

15 $\frac{1}{3}$ per cent. under the prices at L'Orient; or 2 per cent. under the prices at all those different places taken on an average.

It must further be observed, and is also demonstrated by the abovementioned statement of comparisons, that the Company's savings, by the measure of exportation, would exceed by 7 $\frac{1}{2}$ per cent. the charges of shipping, freight, insurance, commission, and all other charges; which 7 $\frac{1}{2}$ per cent. added to the average difference of price, would make the object of profit to the Company amount to 19 $\frac{1}{2}$ per cent.

But it is natural to suppose, that large exportation, however judiciously divided among the various markets of Europe, would greatly affect the present prices at those markets; yet admitting this, the measure would still be advisable. Nay, even were no profit at all to arise to the Company on such exportation, they would at least, by this means, be enabled to provide for all their payments. For whether, by immediate sales abroad, or by advances procured on the goods, in case of any of those sales being delayed, or found for the time impracticable, it is not doubted that the exportation of a part of the unnecessary stock of tea, now on hand, would produce a sum fully sufficient for that purpose.

Another advantage arising to the Company, from the proposed exportation, would consist in its deterring the other Companies of Europe from

sending out hereafter their usual number of ships to China. Consequently, were there even some present loss to ensue, it might produce future good effects. This, however, is only a matter of opinion. It is not proposed, that the Company should really make any present sacrifice; but, on the contrary, that they should reap profit from the very means of relief.

It seems needless then to urge further the expediency of a temporary exportation, in respect to the interest of the Company; but it will be very proper to consider, whether the revenue may thereby be affected.

In the first place, the duties of customs are only received on the goods being sold, and the excise on their being cleared out of the Company's warehouses; consequently, never having been received on what is now proposed to be exported for sale abroad, nothing remains to be paid back. Government will neither gain nor lose by this exportation, and never can expect to receive duties on teas imported, beyond the quantity sufficient for the consumption of the country. Were Parliament then to refuse the liberty of such exportation, and the East India Company to keep those teas till they could be consumed at home, the Company would be obliged to diminish its future imports, in proportion to the consumption, however prejudicial to its trading interest, and to that of the nation in general.

Secondly, it is not imagined, that the exportation of those teas, for account of the Company, would be liable to the same objection, as if they were exposed to sale here, and exported for account of the buyers, since the Company, were it only for their own sake, would take care that they should be fairly landed, and sold at public auction in foreign parts; nor is it to be feared, that the smuggling of teas would thereby be increased, unless we were to suppose, that our smugglers cannot be supplied by the other East India Companies: but the fact is, that they constantly are supplied, and that, while the duties in England shall so enhance our consumpt price, those desperate traders will always have sufficient temptation, although this temptation would no doubt be greater, were the prices abroad to be materially affected by the proposed exportation. Yet a reduction in those prices of three-pence or even six-pence in the lb. although a great object to the fair trader, is little additional temptation to a smuggler, who has at least half-a-crown per pound profit in view, nay, considerably more on high priced teas.

It is therefore presumed, that the proposed exportation of tea, would not in any way affect the revenue.

The returns for the goods so exported, would bring money into the kingdom at a time of general distress in trade, when perhaps it never was more wanted; our ships would be employed in

the transport of the goods; the East India Company would be relieved; their credit re-established, and the revenue would also be benefited, by the Company's being enabled to fulfil their engagements to Government.

Should the proposed measure therefore be adopted, the mode of executing it will appear as plain and simple as the measure itself. The person who first thought of it, has also formed a plan of execution; which, without exposing the Directors to any extraordinary trouble, or the Company to any unusual risk, provides an advance of money for the greatest part of the value of the goods exported, and security (if required) for the trust.

Comparative View of the Prices of Tea, at the following Places:

L'ORIENT.

The prices of teas at the sales at Port L'Orient the 8th October, 1772, converted into English money, exchange $31 \frac{7}{16}$, being the course fixed at the sale.

N.B. The French pound, *poid de marc*, is nine per cent. heavier than the English, and the discount and allowances made by the English,

East India Company are six per cent. more than the French.

	£. s. d.	£. s. d.	per lb. Eng.
Bohea	2 12 to 2 9 6	Av. 2 10 9	equal to 2 2
Verd Superieur, or Singlo	6 0 to 5 12 0	5 16 0	4 11 1/2
Hyson	9 0 to 8 16 0	8 18 0	7 6 1/2
Camphow, or Congou	4 14 to 2 16 0	3 15 0	7 3 1/2

GOTTENBURG.

The prices of teas at the sale at Gottenburg, the 20th August, 1772, converted into English money, at 70 dalers per pound sterling.

The Dutch pound is nine per cent. heavier than the English, and the discount and allowances made by the English East India Company, are six per cent. more than at Gottenburg.

	per lb. Eng.
Bohea	68 to 80 Average 74 equal to 2 3
Congou	97 to 138 118 3 7 1/4
Hyson	234 to 313 274 8 4 3/8
Singlo	252 to 267 260 7 11 1/4

AMSTERDAM.

The prices of teas at Amsterdam, in October and November, 1772, converted into English money, at 35. 4. per pound sterling.

The Dutch pound is nine per cent. heavier than the English, and the discount and allowances made by the English East India Company, are six per cent. more than the Dutch.

	Stivers.	per lb. Eng.
Bohea	26 to 23 Average 24 1/2	equal to 2 2 1/8
Congou	60 to 40 50	4 6 7/8
Hyson	85 to 76 80 1/2	7 4 3/8
Singlo	60 to 55 57 1/2	5 3 3/4

LONDON.

Prices at the sales in London, in September, 1772.

	Av. price.	less 25 per cent. for customs
Bohea	2 5 5/8	1 10 1/4
Congou	4 0 3/4	3 0 1/4
Singlo	5 3 3/8	4 0
Hyson	9 9 1/4	7 4

Recapitulation of the comparative view of prices at the last sales, at

	L'Orient.	Gottenburg.	Amsterdam.	London.
Bohea	2 2	2 3	2 2 1/8	1 10 1/4
Congou	3 2 1/4	3 7 1/4	4 6 7/8	3 0 1/4
Singlo	4 11 1/2	7 11 1/4	5 3 3/8	4 0
Hyson	7 6 1/2	8 4 1/4	7 4 3/8	7 4

Statement, representing how much per cent. higher than in London, the four following kinds of tea sold for at the last sales, at the following places:

APPENDIX.

	L'Orient. per cent.	Gottenb. per cent.	Amsterd. per cent.	Amsterd. per cent.	
Bohea	17	21 $\frac{1}{4}$	21	} and with } 7 $\frac{1}{2}$ per } cent. as } below	
Congou	5 $\frac{1}{2}$	19 $\frac{1}{2}$	51 $\frac{1}{2}$		28 $\frac{1}{2}$
Singlo	24	98 $\frac{1}{2}$	31 $\frac{1}{2}$		58 $\frac{1}{2}$
Hyson	2 $\frac{1}{4}$	14	0 $\frac{1}{2}$		39

Statement, representing the savings by an immediate sale of teas, in the articles of interest of money, preservation of quality, warehouse rent, &c. compared with the charges attending a sale in Holland.

SAVINGS.

Interest of money for two years four per cent. per annum, as it is evident the teas must otherwise remain, at least that time, unsold in the warehouses here 8 per cent.
 Green teas are said to lose 7 $\frac{1}{2}$ per cent. Black, 2 $\frac{1}{2}$ per cent. per annum in quality. Suppose the one with the other 5 per cent. which is for two years 10
 Warehouse rent and other charges of keeping, at least one per cent. per annum, are for two years 2

20 per cent.

Charges of Exportation and Sale.

All charges of shipping in London estimated at $\frac{1}{2}$ per cent.
 Freight and insurance 2
 Unloading, weighing, and weighing money $\frac{3}{4}$
 Warehouse rent 1
 Brokerage 1
 Duty, import, and passports $\frac{1}{4}$
 Commission 2
 Difference between bank and current money, as the above prices are reckoned in bank, and the sales are made in current money $4\frac{1}{2}$

12 $\frac{1}{2}$

Difference $7\frac{1}{2}$ per cent.

Average difference of prices of Bohea, Congou, and Singlo teas, at the following places:

At Amsterdam $34\frac{2}{3}$ } per cent. higher than at
 At Gottenburg $46\frac{1}{3}$ } London, and on an ave-
 At L'Orient $15\frac{1}{3}$ } rage 32 per cent.

Add to this what the savings already narrated exceed the charges of shipping here, and sale abroad $7\frac{1}{2}$ per cent.

Profit by a sale abroad $39\frac{1}{2}$ per cent.

Proforma Invoice and Account Sales of three chests Bohea tea, bought at London, and sold at Amsterdam.

3 Chests containing 1000 lbs. English, free of tare, and bought at $22\frac{1}{4}d.$ - - - - - £. 92 14 2
 Discount $6\frac{1}{2}$ per cent. for money - - - - - 6 10 6
 £. 86 13 8
 Charges for shipping $\frac{1}{2}$ per cent. - - - - - 8 7
 Prime cost free on board - - - - - £. 87 2 3

S A L E S.

3 Chests containing 1000 lbs. English, at 109 for 100, is 917 lbs. of Amsterdam, sold at $24\frac{1}{2}$ stivers current money - - - - - F. 1123 6 6
N. B. The tare and tret allowed in London, are supposed equivalent to the tare in Amsterdam.

C H A R G E S.

Freight and insur. 2 per cent. F. 13 0 0
 Unloading, weighing, and weigh money - - - - - 7 10
 Warehouse rent - - - - - 11 0
 Brokerage 1 per cent. - - - - - 11 4
 Duty, premium, and passport 8 6
 Commission 2 per cent. 22 9
 - - - - - 78 5 0
 Current florins 1045 3 6

At $4\frac{1}{2}$ per cent.agio F. 1000, 3 Banco Exchange, at 35s. 4d. - - - - - £. 94 7 1
 Deduct prime cost as above - - - - - 87 2 3
 Profit - - - - - £. 7 4 10

Which, on £. 87 2s. 3d. is $8\frac{1}{3}$ per cent. Saved two years interest at 4 per cent. per annum - - - - - 8
 Saved in quality, two years at 5 per cent. per annum - - - - - 10
 Saved in warehouse rent and charges of keeping, 1 per cent. per annum - - - - - 2
 £. 28 $\frac{1}{3}$ per cent.
 And, by the general statement, it appears to be $28\frac{1}{2}$ per cent.

N. B. There is no discount allowed in the above sales to the buyer in Holland, though probably it may be customary to allow one or two per cent. at private sales, and the profit would thereby be so far diminished.

No. II.
Copy of a Letter, dated the 28th May, 1783, and addressed to the late Lord John Cavendish, then Chancellor of the Exchequer.

MY LORD,
THE place you hold in his Majesty's councils, and the readiness you have shewn in listening to whatever may concern the public good, encourage me to hope that you will pardon the liberty I take, in addressing you on matters which, from experience and observation, I am led to consider as of national importance.

Of no less importance, my Lord, than the future success of the trade and navigation of Great Britain, which, in general, must be materially affected by the particular laws and regulations, that the separation of North America from the mother country, may, at this present time, render necessary. And as trade ought never to be suffered to stand still, it becomes necessary, in the first place, that we should take some shorter method of giving new life to the American branches than can be expected from the tedious negotiations of commercial treaties, especially if the negotiators, on either side, have not definitive powers to bind their constituents, whose ratification of such trea-

ties, doubtful at best, might still prove more tardy.

However unequal I may feel myself to the task of pointing out what ought, or ought not to be done on this occasion; yet as I find my opinions are different from those of others in many essential points, I think it a duty that I owe to my country, to my constituents, and to myself, thus to declare mine; in order that they may be adopted or rejected, according as they may be found well or ill grounded. And as men in trade are generally suspected to have particular views towards their own interest, in whatever they propose or recommend to Ministers for the public good, I will farther declare, that on the present occasion, I aim at nothing but that favour, which every man, who does his best, to deserve of the public, is more or less entitled to: for I feel myself sufficiently independent to act up to my principles, in disdaining to cloak what is vulgarly called a job, under any other name; yet I am not above sharing in the general good, according to the station in which I may happen to be placed. I beg pardon, my Lord, for saying so much, or any thing, of myself: nothing could have induced me to do it, but the fear that what is to follow might otherwise be received with some prejudice.

In all other countries of Europe, there are certain laws and regulations, particularly adapted to

the trade and navigation of those countries, and publicly made known for the rule of conduct of their inhabitants, and others trading with them. Yet as no general laws can provide for every possible case that may happen, there are also councils of commerce, empowered to act in such cases, until the old laws can be amended, or new ones made and published, in the form of edicts, ordinances, &c.

But in Great Britain we are defective in this point, having little more for our guide than the act of navigation, which has been so much altered at different times, that it is difficult to collect the true meaning, among the multitude of laws passed since the time of Charles the III. Indeed, in our courts the practice of merchants is often admitted as law in trade, but much depends on the judge who interprets this practice to the jury.

Nothing, therefore, seems to be more necessary, in the present circumstances, than a Council of Trade and Navigation, something similar to what the late Board of Trade and Plantations was originally intended to be. This Council should be composed of two or three of the members of each House of Parliament, and of the Privy Council, the Chancellor of the Exchequer, the Attorney-General, one of the Commissioners of the Customs, and also two or three of the most respectable merchants in the different branches of trade, with a president to be named by his Majesty.

The Council so constituted, ought to be vested with sufficient powers, similar, in some respects, to the powers vested in the Commissioners of Accounts, to act in all cases, and unforeseen emergencies, where there is any question of trade or navigation; and instructed to report their proceedings, from time to time, to Parliament, in order that such of our commercial laws, as may be found inapplicable to the present times, may be altered or amended, and such new laws made as circumstances may seem to require.

It is not proposed that the members of the council should have any immediate appointments of salaries, or rewards for their time and attendance; and for this reason, it may be proper that the King should confer on them some commercial title, or mark of distinction, in order that they may be the more animated to exert themselves in the laborious task to be committed to their charge; and that farther, they may be encouraged to hope, that out of the fund which must necessarily arise from the additional trade proposed to be created, by means of new regulations under their direction, Parliament will dedicate some part, as a yearly recompence to those counsellors of trade, independent of what must at all events be allowed for the salaries of inferior officers, and necessary clerks, &c.

It is impossible to guess what that fund may produce annually, but it may fairly be presumed

that, after the payment of those salaries, and every incidental expence, as well as the salaries of the necessary and additional revenue officers, there will remain a considerable surplus, which may be applied towards the erection or support of such public works, as the trade and navigation of the kingdom may, in the opinion and wisdom of Parliament, from time to time require; and until it be so appropriated, to be invested in bank stock.

Whatever this surplus may be, it will be so much gained by this nation, without prejudice to any other branch of revenue; and without interfering in the least with the duties as they now are, or hereafter may be established: since it will solely arise from duties on a carrying trade, which though we have hitherto in part enjoyed, yet we have lost more in drawbacks by false entries, than any revenue which that part of such trade could be supposed to yield.

The temptations in this, and other ways are so great, that many persons, naturally inclined to be honest, fall into fraudulent practices, from a conviction that they cannot otherwise pretend to a competition with their neighbours; and thus they excuse their error by a plea of self-defence in the way of their business.

No less do the present revenue laws invite to collusive agreements between smugglers of all ranks and the revenue officers, in all cases where

the duty on goods exceeds a due proportion to their real value, which ought to be the guide in all taxation of this kind; and had this been constantly the case we should not now be exposed to have run in upon us, from the neighbouring countries, some of the produce of the French West India islands, to the great detriment of our own West India planters, and of the revenue of Great Britain.

Another very important business would be, to contrive some means to prevent the exportation of our coin, and to establish the coinage on such a footing, as that it may, as in other countries, yield a revenue to the state, instead of continuing a charge on the Bank of England. As the matter now stands, there is too great a temptation to foreigners to carry away our specie, as they have lately done, and still continue to do, to a very great amount.

If to correct the errors and abuses that have gradually crept into trade, to the prejudice of the public revenue, a Council of Trade be necessary, it could not in any case be more so, than to inquire into the quantity of seized goods obtruded free of duty on the consumption; and above all, to endeavour to form some plan of consolidating the various and complicated duties, so as the expence of collection might be lessened, dispatch in business of the customhouse promoted, and smuggling discouraged, by lowering and duly propor-

tioning the duties; all drawbacks would then be abolished, and the revenue would be considerably increased.

This would be, indeed, a great reform in our customs, which originally seem to have been more calculated to bring in ready money to the King, than to produce permanent revenue to the state, otherwise the duties would have been less, and no drawbacks allowed; but, as the payment of drawbacks has always been tardy, there was a convenience in the use of the money, and the higher the duties on goods entered for exportation were raised, the more this convenience became an object of state policy, in the same manner as lottery tickets were formerly sold at double price, in order that Government might have the use of the overcharge, which was afterwards returned as the price of the blanks. But the Ministers of those times were not, perhaps, aware of the frauds to which this mode of collecting that branch of the revenue exposed the state; and their successors in office, averse to innovation, have suffered the error to take root, by winking at the fraudulent practices, which, the more the duties were increased, were the more encouraged, and the revenue consequently lessened.

If the attention of the proposed Council ought to be directed to every sort of reformation of the abuses which have crept into trade in general, it surely ought to be equally directed to the great

good of a free navigation, both foreign and inland. Of the former, mention will be made in another place; but it may be proper to observe here, that the latter, in some parts of the kingdom, instead of being encouraged as a nursery for seamen, is clogged with duties, on coals for instance, from one side of a river to the other; when, if carried in carts at low water, no duty can be exacted. Thus, many other grievances, that cannot be coolly and dispassionately treated in the House of Commons, might, by means of the proposed Council, be redressed.

But no object would be more material, nor so immediately pressing, as that of contriving and adopting some general system of commerce with the American States; so as we may not only regain the benefits of a direct trade with those states, but also, by making it their interest, as well as ours, enjoy all the benefits of their carrying trade, with the other countries of Europe, that fell to our share before their separation from us. We might even hope to obtain more of this trade than we heretofore had, as it must be supposed to increase in proportion to their trade in general; besides the direct intercourse, which, in spite of our restraining laws, was formerly carried on between those states and some of our neighbouring nations in Europe, would, by means of the proposed regulations, come hereafter through this country.

We ought, therefore, to avail ourselves of our situation, and other natural advantages, in offering to the new American States, the same facilities which our neighbours, less favourably circumstanced, offer to them by means of transit ports. We might then hope to see the American trade, with every other country, pass through one or other of the British dominions; and British ships become the preferable carriers, to and from the different places of deposit, or staple ports, which it is proposed should be established for that and other purposes.

However eligible the establishment of transit ports, in Great Britain, may appear at the present moment, yet such a staple would be no less eligible at the port of Gibraltar, in order that we might also secure the benefit of the carrying trade between North America and Portugal, and the Mediterranean, which, with other advantages resulting from such an establishment, would be converting that anyiable but expensive possession into a gold mine, that might in time yield a produce that would greatly alleviate the charge of maintaining a garrison there, and render it of even more consequence, to the future trade of Great Britain, than it hitherto has been to her power and glory.

On the other hand, nothing could be more agreeable to the American States, than a staple so situated, whereby they might be enabled to trade

with the various countries within the Straits, which they could not, without some such medium, pretend to do, as it would not suit them, for the present at least, to incur the annual expence of presents; and of maintaining consuls in the different states of Barbary, without which no nation, less powerful at sea than England, France, &c. can pretend to carry on any trade in the Mediterranean seas.

It might be equally proper to establish a staple port in Bermudas, and another in one of the Bahama islands, which would perhaps be still more productive in point of revenue than even Gibraltar; since those ports, from their situation, might not only become the marts of the trade of North America, and our West India islands, but also of those of France and Spain, in the same way that the planters of those nations were in the practice of trading with the North American provinces, while in our possession.

But whatever the share might be that we formerly had of the carrying trade of North America, while under our dominion, we must now, that this is no longer the case, calculate on losing the whole, unless we hold out to the United States, and to the other powers who may now openly and directly trade with them, an advantage or convenience in stopping to pay a kind of toll, in the name of transit duty, at some port of the British dominions.

Those new states, in the infancy of their trade, must even find staple ports, or, in other words, general magazines, extremely necessary for the distribution of their produce to the different foreign markets, as well as for the purchase of the various commodities wanted in return from those markets; since it could never suit a planter, in Virginia, for instance, whose estate may produce various kinds of tobacco, suited to the consumption of different countries of Europe, to freight a ship that should make the round of all those countries partly loaded, when, by touching only at a staple port, her whole cargo might be sold at once, and another cargo ready to take in, composed of the various productions and manufactures of Europe, that the planter in Virginia might be in need of.

For the same reason, a merchant in Hamburg, for example, would not send a ship loaded with coarse linen, or any other commodity, that would be more than sufficient for the present consumption of any town or province; or even the whole of the new states, from port to port in America, till the whole of the cargo could be disposed of; when, by touching at a staple port in England, such cargo could be there vended and distributed, in small quantities, to the proper American markets.

It follows then, that, in regaining the carrying trade of the United States, we should, at the same

time, acquire that of the various nations of Europe, who, on the occasion of their emancipation, now seem vying with each other to open a trade with those States; and the question will only be, whether such trade, eagerly sought for by both parties, shall be carried on through the medium of Great Britain, or of France, Flanders, &c. where staple ports are already established. In a fair competition on this ground, we have natural advantages which will insure a preference to us, if we will but resolve to stand on that ground.

With respect to the rates of the transit duty, they ought to be less on goods imported in British, than in foreign ships; by which means we may hope to see our navigation increase, in proportion as the trade of America, with other nations, may increase, which (since we can no longer prevent) will surely be better that we should thus profit by it, than to sit still, and see that profit go into other hands.

No more need be said, to shew that the trade in view, and the transit duty which it must be supposed to produce, has nothing in it in common with the natural trade that has been hitherto carried on between Great Britain and her North American colonies, now declared independent states; since our manufactures, necessary for the use of those States, and the produce of America, consumed here, would still, independent of the staple ports, find their way into both countries.

But we should, by means of these staples, stand a much better chance than our European rivals in trade, of getting returns from America; since the produce of that country, that might even be adapted to their consumption, would come under our direction. And, as ages will elapse before the Americans be in a condition to export near the value of their imports, they would thus remain less in arrear to us, than to our neighbours.

All considered, then, I shall think it my duty, my Lord, as an individual, to do every thing in my power to promote so necessary and useful a measure; but little would my poor endeavours avail, without the support of the ruling power. At all events, I hope I shall stand exonerated in the opinion of Administration, and of the public at large, if, failing of that measure being adopted here, I should then endeavour to profit individually, by means of a free port in Austrian Flanders, where I have connections in trade, and where, in that case, the carrying trade between North America and the northern parts of Europe, must chiefly centre: at least, the tobacco, for the use of the French farmers general, would naturally centre there, as it is equally inconsistent with the system of that corporate body, to buy in America, as with the interest of the Americans to sell in a country where there is but one buyer. I am sorry to detain your Lordship any longer:

but I cannot avoid, on the present occasion, saying something on the advantages that may be procured, by the staples proposed, to the colonies and islands in America, which still remain under the King's dominion; were we, of our own free will, to put them on the same, or something nearly the same, favourable footing, in respect to a direct trade with the different parts of Europe, that the American States have acquired by the declaration of their independence.

This would for ever bind them to the mother country, by motives of gratitude and interest, whilst we also should be gainers; as the increase, by this means, of the transit duty, would in all probability exceed the drawbacks now withheld on our colonial trade, supposing that we could continue to oblige our own planters to trade with other countries through our medium, at a disadvantage to themselves; and, for the sake of our sole benefit, to perform a needless and circuitous navigation, when they can, through the medium of the American States, easily avoid such burdens on that trade.

To elucidate the preceding article, it may be necessary to remark to your Lordship, that a merchant in Canada, cannot now procure the cheap wines of Catalonia, of which great quantities are consumed by the old French inhabitants, without bringing them round the coasts of France and Spain, to some port in England; there to be

landed, for the sake of paying a duty, reshipped afterwards, and sent back to the latitude of Gibraltar, from whence they came, since the ship, in coming to England, must pass the Straits, and, in going from England to Canada, must again go as far south, to get into the trade winds, before she cross the Atlantic. Thus the Canadian planter, as our laws now stand, is obliged to perform an useless navigation of nearly 600 leagues: whereas an American may go, in a direct line, from the Straits of Gibraltar to Philadelphia, Boston, &c. from whence those wines will find their way into Canada, and by being exempt from an additional and useless freight, as well as from the duty left in England, they can be afforded at a lower price, from which the inference is obvious.

Again, suppose a planter in Jamaica, would wish to send a cargo of sugar to Leghorn or Venice, he cannot do it without performing the same needless navigation of 600 leagues, by sending his ship as far north as England, and then again to go back south to the Straits' mouth; whereas, by touching on the coast of America, he may from thence find means to send his sugar directly to Italy. Surely this can never be consistent with the true spirit of the act of navigation, which, in restricting British traders to go to the fountain head, never could mean to oblige them to make circuitous voyages, while the subjects of the other

nations are permitted to take the direct course. But the error must arise from injudicious alterations, which the original act of navigation has undergone (some of them in the present reign), and which no doubt ought to be repealed; yet as something must be substituted in the room of it, this, among other essential matters, would necessarily come under the consideration of the proposed Council.

In the mean time, it is presumed that the purpose of those acts might be answered by establishing the transit-duty at different rates, according to circumstances, and to the different situations of the staple ports; and whatever those rates be, it may be proper, in order to encourage our own navigation, to make them lower, as has been before observed, on goods imported under British colours, than in foreign ships. It may also be proper to confine the staple ports in Great Britain to as small a number as possible, till their general utility can be judged of; because a certain expence must be incurred in order to secure the transit warehouses from the risk of any contraband practices.

With respect to the collecting of that duty, an easy method may be proposed, such as has been followed with success in other countries, by which there is scarcely a possibility of its not being paid on the true value of the goods; and thus, though small of itself, it would, as has been observed, amount to large sums at the different ports, where

no ships would be admitted without proper clearances, nor any goods reshipped without bonds to produce certificates of their being fairly landed in foreign parts.

I shall now conclude, my Lord, by observing, that however late we are in the present session, Parliament ought not to be prorogued until some act be passed for the general regulation of our trade, especially with the North American States; since it will be impossible for merchants to form their speculations, and enter into adventures by sea, without knowing before hand how they are to conduct themselves, and what orders they are to give for the conduct of the masters of their ships, in the course of trading voyages. Perhaps the revival of the Committee of Trade in the House of Commons, might tend to promote more dispatch to such a bill, than can be expected in a Committee of the whole House, where, in any new matter time is often lost in useless debate.

But by whatever means this necessary and desirable act may be obtained, the purpose of it cannot be answered (since no laws whatever can look forward to all the possible difficulties that may occur in circumstances altogether new) without the institution of such a council of trade and navigation, as has before been described, in order that, by this means, those difficulties may be overcome, and that trade may not be suspended, while Parliament is not sitting. It may indeed be urged

by some, that equal powers vested in the privy council might answer the purpose; but I would beg leave to submit to your Lordship, whether this would not meet with very great opposition in Parliament, and whether the members of that council could find sufficient time, or have sufficient knowledge of trade in general, to undertake additional business, enough in itself to occupy closely the united attention of various classes of men, collected together for the mere purpose of that business alone.

P. S. Nothing here proposed is meant to infringe on the original spirit of the Act of Navigation; nor to interfere with the bills brought into Parliament by the late and present administration, for the purpose of opening and promoting a direct trade with the North American States; yet it will soon be seen, that it is only by their carrying trade that we can for some time expect to profit, as there must at first be great loss on the sale in America of our manufactures, and of their produce in England.

It may indeed be urged that by this means those difficulties may be overcome, and that trade may not be suspended, while Parliament is not sitting. It may indeed be urged

No. III.

The following Plan of a War Fund was written in the Autumn of 1796, and submitted to the Inspection of a Friend; who thinking that it required Elucidation, the Letter, of which a Copy is afterwards given, was addressed to him for that purpose.

ADMITTING that the increase of the agriculture, commerce, and manufactures of Great Britain during the last hundred years requires a proportionable increase of the medium of exchange, whether this consist of gold, silver, and copper, or of bank paper.—That instead of such a proportion having been kept up, that medium is now greatly short of what the improved state of the country renders necessary for those purposes.—That this deficiency in the circulating value of property is always most felt in times of war, which naturally obstructs foreign supplies of the precious metals, and in countries exposed to its ravages, prompts their concealment.—That therefore wars exhaust so much the sooner the pecuniary resources of contending nations, and this so much the sooner inclines them towards the return of peace.—That the blessing of peace, by re-establishing a more general confidence, bringing forth hidden treasure,

and opening anew the avenues of trade, has hitherto never failed to prevent, while it lasted, the want of a sufficient circulating medium from being sensibly felt.—That peace, however, though suspending, does not effectually remove the evil, which originates in our old system of finance not being sufficiently applicable to the circumstances of the present day, and hence arise the complaints of late against the Directors of the Bank of England, who however at present cannot depart from that system, nor consistently with it, grant their aid, in proportion as increasing difficulties render it the more wanted.—That the effectual remedy, therefore, consists in such a change in the standard of our coin, as may prevent, both in times of war and of peace, other nations, as well as individuals among ourselves, from taking the advantage of our particular situation in that respect.—That those nations have been drawing a yearly income from their mints, while we have almost ever since the reign of King William been coming at a considerable loss; and that instead of preventing the exportation and melting down of our coin, we have been encouraging both, by suffering the temptation to exist.—That this temptation consists in the difference of price between the coin and the bullion of the same fineness; and though it may be said that the Dutch ducats have still less alloy than our guineas, yet ducats are not bank money in Holland, and are chiefly

come at the expence of individuals, for the purpose of exportation to the East Sea and other countries, where the finer the gold, the more they will purchase of goods of those countries. That if our last general coinage in that reign (William the Third) cost the state two millions and a half, it would now, from the increase of our wealth, cost in proportion more, unless we were at the same time to alter our standard, and new model our mint. — That so great a change in our system of finance, especially in time of war, when, as before mentioned, the evil is most felt, may well account for every administration since the above reign having avoided to make any alteration at all. — That this certainly is not the proper time; yet the present circumstances seem to call aloud for at least a temporary relief from an evil, which if suffered to take deeper root, may not only impede the wheels of government, but involve the state, as well as all classes of individuals, in one common discredit, the forerunner, in trading nations, of ruin.

Admitting all those facts, and also the possibility that none of the new plans for raising the supplies (without loans, as formerly) shall be found practicable or timely productive, it will in the mean time be well to consider how far a temporary expedient can be devised, that shall effectually answer the present purpose, and at the same time hasten the conclusion of a general peace,

by shewing the enemy how far at all times we can surpass them in point of finance, and without great inconvenience to ourselves, go on with the war for years to come, if forced so to do.

To attain this desirable end, it is proposed, to open, with the authority of Parliament, a voluntary subscription for the purpose of creating a *War Fund* to the extent of a hundred millions, and consisting of notes payable to order, at certain periods after the conclusion of a general peace, none for less than twenty shillings, nor for more than one thousand pounds. Those notes, to such an extent as Parliament may from time to time determine, to be lent to the state by the subscribers, who will according to their subscriptions only, (as in chartered companies) be answerable to the holders, as the state will be to the subscribers, not only for the principal, but also for an interest of 5 per cent. per annum on the sum total so lent; the subscribers taking on themselves all trouble and expence, in consideration of being permitted to issue some of the smaller notes without interest, and the larger at lower rates than the interest allowed to them by Government, which last will be also lower than any former loan has ever cost.

There will be no difficulty in paying away those notes in the same manner as money or bank paper, when it shall be declared and understood, that they will again be received in payment at all the public offices; and if this, together with

the Parliamentary obligation to provide for them as they shall become due, should not suffice to establish at once their general currency, other means to make it still more effectual would not be wanting. The matter of providing for the payment must be the business of the King's Ministers; and surely, though concerted before hand, may be better accomplished in times of peace and prosperity, than at present.

Should that wished for period be still, however, at some distance, and should we in this case be under the necessity of enabling our allies, by fresh loans or guarantees, the better to support us in continuing the war, such loans or subsidies may be granted by Parliament from the same fund, by varying the tenour of the notes, so as to render them also current in the countries of those allies, which, while preventing the exportation of specie from hence, would save to them the charge of conveyance, and other expences.

As the subscription towards that fund is proposed to be voluntary, so it ought to be open; and this, as well as the reduction in case of its surpassing the sum fixed, or a speedy conclusion of a general peace rendering less than that sum necessary, may easily be contrived.

Nothing is here meant that can interfere with the present order of things, further than as a temporary resource, that may answer the purposes of the state, and enable the different classes of indi-

viduals to support their credit, until efficacious remedies in the proper time can be applied to evils which have been growing with time, and would not now exist, had not our situation, with that of the rest of the world, very materially changed from what it was a hundred years ago.

On the whole, this hasty sketch of a plan, the more important as the present situation of public affairs is critical, will appear to bear on the face of it the stamp of almost moral certainty in the execution, as at once a means of aid to the state, and to the drooping credit of individuals, by combining together the credit and interest of both, for the purpose of supporting general confidence, and supplying the want complained of in our circulating medium; while at the same time it will promote, by an union of interests, its own success, until better plans already proposed, or that may hereafter be proposed, shall be adopted, and found efficient.

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No. IV.

Calculation of probable Savings and Gains.

Supposing the French, who can no longer draw any assistance from paper currency, were nevertheless encouraged by contributions from countries which they may still over-run; as well as by appropriating to themselves the wealth of other countries, which they either have already or may hereafter overcome, by a concession of peace on their own terms, to go on with the present war for three or four years longer; we should, in this case, stand in need of the whole of the hundred millions, proposed to be subscribed to the War Fund, and save by this mode of borrowing;

2 per cent. formerly given as a bonus	£ 2,000,000
3 per cent. formerly given as discount	3,000,000
Supposed stamp duty of the War Fund notes, in addition to the national revenue	50,000
Comparative national benefit	£ 5,050,000
Which for a period of four years is, per annum,	£ 1,262,500

The subscribers, without advance of capital, and with the Parliamentary security of Great Britain, could not, at an average of the lesser rates of interest (not to speak of the lost or unclaimed notes) be supposed to gain less than two per cent. after making ample allowance for the stamp duty, for the expence of paper, engraving, &c. and also for the attendance of their committee men, or annually, £ 500,000.

The holders, without either expence or deduction, and with the conjoined security of the state and of the subscribers (those in the dominions of our allies, on loans to them, would have a third), would profit more, according to the higher rates on the larger sums, which, whether large or small, would, while dormant, leave a proportionably growing interest.

Thus, the savings on the one hand, and the gains on the other, could not fail to unite the state, the subscribers, and the holders, in one common interest, founded on the true principle of financial commerce.

When the War Fund notes, in addition to the national revenue, would be issued, the comparative national benefit would be £ 5,050,000.

No. V.
 Copy of a Letter to _____, dated 5th Nov.
 1796, explanatory of the War Fund.

I WAS the more surprised at your not having at once perceived the bent and public utility of the proposed War Fund, as it is, in fact, only a part of your general system of public credit; which while you, by argument and sound sense, recommend to all regular governments to support, by the means proposed for carrying into execution the temporary measure of the War Fund, under our own Government, endeavour to court the concurrence of all ranks and degrees of our fellow subjects, through the medium either of saving or of gain. Thus, your reasoning addressed to the aggregate, is necessarily more general than mine, which is simply founded on the commercial principle of offering advantage, more or less, to all the parties concerned, without prejudice to any one; a principle, in trading nations, susceptible of almost infinite extension. I have, however, been told by others, who have seen my Paper, that they cannot conceive how the state is to save, or men of fortune find their interest, as subscribers; and still less, how the notes of the War Fund can better supply the want complained of

in the circulating medium of property, than exchequer bills, or debentures of any kind. To these objections I have, in the first place, to answer, that if the state, by means of that fund, can raise the necessary supplies, at an interest, for instance, of five per cent. without any allowance for discount and bonus, as in former loans, these sacrifices would surely be saved. Secondly, it appears equally evident that, though the subscribers to the proposed fund would not gain in proportion to what the subscribers to former loans may at the time have had in view, or may have really gained by the event: yet the first mentioned, being subject to no advance of money, nor almost any risk of loss, ought on this account to be satisfied with less profit than the last may have thought themselves entitled to expect. This reduced profit, as mentioned in the sketch of the plan, is to arise from the permission to issue the notes, the smaller ones at no interest, and others at lower rates of interest than five per cent. in proportion as the smallness of the sum may render them the more desirable; and surely such a profit, arising from the difference of interest, without any advance of money, and with the least of all possible risks, could not but be thought what is called a good thing, by men either in or out of trade. But, supposing the view of gain to the subscribers were confined within much more narrow bounds, may it not fairly be presumed, that

public spirit will also animate men of fortune to come forth as subscribers, to supply a general want; especially when by doing this to the extent of a small part of their fortunes, they protect the rest? Thirdly, with respect to the doubt of the notes of the War Fund being esteemed preferable to exchequer bills or Government debentures, in supplying the deficiency in the circulating medium, this doubt can best be resolved by comparison; and if it shall be found that no security, by means of Government paper, can bind more than the state, nor the notes of public banks, and private bankers, more than the concerned in those establishments, while the notes of the proposed temporary War Fund are meant to bind jointly the state and the subscribers to that fund, it is evident that the one gives the possessor a double security, and the other only a single one. Yet it is very possible, that the notes of the War Fund may require some time before they can answer the proposed purpose, every thing, in the least new, being subject to doubts and difficulties; but if they shall be found to rise by comparison, not only with the paper currency hitherto in use in this country, but also with all that has ever been in use in the other countries of Europe, those doubts will gradually vanish, especially when the advantage of a growing interest shall be thrown into the scale. Besides, the present measure is only intended to aid the present circulat-

ing medium, and by no means to preclude the choice of the creditor, in being paid in specie, or bank paper, if he should prefer either; and this option may always be given by the debtor, who, though he may not himself have money to pay to some public office, will easily find others who have, and will readily change his War Fund notes.

It has been observed, in objection to the plan of the War Fund, that its notes would be a kind of imitation of the French assignats; but surely there is a great difference between the two; the assignats having been issued on the sole security of a country that has often failed in its pecuniary engagements, the emissions unlimited, but by the necessity of the occasion, or the caprice of the reigning power of the day, and the funds proposed to secure their payment, depending on a government changing almost every day, and exposed to still more frequent changes; while the proposed notes of the War Fund, would only be issued from year to year, in a limited degree, and with the sanction of the British Parliament, by whose authority, not only the state (which has never yet failed in its engagements) would be bound for the punctual payment, as the payee of the notes, but ultimate recourse might also, in case of need, be had on the subscribers to the War Fund, as being individually bound, as drawers, to the extent of their respective subscriptions.

Another objection, which has not yet been

mentioned, might be urged against this measure by those who have hitherto supposed any sort of paper currency, whether temporary or permanent, prejudicial to the state. Yet it must be owned, that to this resource, of which we have exclusively profited during the whole of the present century, we owe a great part of our present possessions or wealth.

To be convinced of this, we have only to make a comparison with some other nation of Europe; and if, for instance, we take France, and suppose for the last hundred years, that she has, one time with another, stood in need of ninety millions sterling (Mr. Necker, and some others, make it two milliards of livres), as a circulating medium of exchange, in her agriculture, commerce, and manufactures. That in order to acquire that specie, she, at the beginning of the century, gave to Spain and Portugal, an equivalent value in other things. That this specie has left no interest to France from that time to the present, because she having daily use for it, could not lend, sell, or give it in exchange to any other nation. That, on the contrary, it has been constantly diminishing in several different ways: 1^o. In the wear of the coin. 2^o. By what was sent out of the country in time of war, for the pay of armies in foreign parts. 3^o. By what was hidden under ground in times of intestine troubles, and partly never discovered; and 4^o.

By the diminution of value, at times, from the increased importation into Europe, of gold and silver from South America. Thus France, for want of national confidence, could not, as Great Britain did about the same time (towards the close of the last century) create an artificial capital to the like amount, by the establishment of the Bank of England, and successively two chartered banks in Scotland, with a number of private banks and banking houses in different parts of the kingdom, whose notes, together with our other circulating paper, we shall suppose amounted, at least, to the same sum of ninety millions sterling, * have answered to us all the purposes that specie has answered to France, without costing us more than the paper (our own manufacture), and the expence of engraving. Now, if we admit that our farmers, merchants, and manufacturers, have not, on an average, gained less than ten per cent. per annum on this representative of capital, we shall find a real national saving, comparatively with France, of at least nine millions a year, and this, at compound interest, at that rate, for a hundred years, will amount to one billion, 240,161 millions

* To which two millions of livres, as the exchange from Paris on London, has sometimes run, particularly during the seven years war, would nearly amount; but at the nominal par of thirty pence, or twenty shillings for the louis d'or, the amount, in sterling, would only be about 83 millions, and the annual saving of 10 per cent. on this sum, for the same term of one hundred years, one billion 148,300 millions.

sterling, which we may fairly place to the account of paper credit, and which will account for so much of the real wealth we at this day possess, notwithstanding the public debt of the state, which is chiefly owing to the nation itself. Let us not, therefore, despond, but hope that, while we continue to deal fairly, we shall find confidence, as heretofore, and be enabled to support your favourite system of general public credit, along with our own.

I ought, however, to observe, before I leave the comparison between the real money of France, and our sign of it on paper, that the French have more than once tried to rival us in this business. First, by the help of our countryman Law, whose calculations having been proved by practice, would probably have enabled them to succeed, had not their regent artfully induced him to resign his patent, and convert a profitable private banking concern, into a royal public bank, which afterwards breaking *pour raisons d'Etat*, its founder became the victim. Secondly, Panchaud, a banker at Paris, but an Englishman by birth, was encouraged about twenty or thirty years ago, by the Abbé Terray, then controller general, to establish the Caisse d'Escompte, which succeeded very well, till it was also made an engine of the state; and lastly, the assignats were contrived to support the late revolution. On these a small interest was at first allowed, but on find-

ing that they answered so well every purpose of the state, as well as of individuals, it was presumed that the interest might be saved; and in fact, they continued to be current, without that interest, until the exigencies of the state required so great emissions (no efficient supplies having been raised by means of taxation), that in proportion to these extraordinary emissions, for the most part without the authority of law, their value gradually decreased, and at last was so much depreciated, as to bring them so low as a hundred to one, compared with specie. Yet it cannot be denied, that this measure of the new French government answered its purposes for several years, and might have continued to answer it much longer, had not the thing been overdone, and, as on former occasions in France, the use of paper money been thus turned to the worst of purposes.

Some other nations of Europe, more moderate in their views, have succeeded better in the attempt of representing the value of property by paper; but whether from the nature of such of their banks as do not issue notes, and are of no further use in the circulation of property by transfer, than the public funds of this country, or whether from the nature of the governments of countries, where emissions of notes have taken place, it is certain, that none of those countries can compare with Great Britain in the practice of the banking business, in the matter of issuing notes, while at the

same time they may have been superior to us in that sort of banking, which consists in arbitrations and dealings by means of bills of exchange, which may truly be said to have superseded all the old ideas that prevailed in the earlier periods of commerce, before that admirable invention. For then the balances due in the way of trade from one country to another, could only be paid in the precious metals, whose value was equally estimable in all. But now, when any country has such a balance to remit to another, it may be done by bringing many others into the arbitration, as for instance, London may remit to Hamburg bills on all the different places of Europe with which London exchanges, and all those bills can be negotiated at Hamburg for money of that place, in the same manner as remittances in specie, before the invention of bills of exchange, were wont to do.

But it has been observed, as an objection to the plan of the War Fund, that it only proposes an emission of paper money to supply the deficiency in our circulating medium of property, without providing a proportionable fund of specie in the manner our banks do. To this may be answered in the first place, that the nature of the two establishments are totally distinct, and that the mere temporary measure of giving currency to the War Fund notes, until they shall be provided for by Parliament, requires no more specie than any

other unfunded national debt (not to speak of the joint security of individuals, who in this case intervene for the state, and ease it of the expence and trouble of management, for the sake of a part of the saving by the operation, as their own emolument); or than the already funded debts of the nation do. And secondly, specie seems still the less necessary in the present case, as no payment can be demanded until the notes become due, nor then demanded but according to their tenour. It is quite different with respect to our Bank and Bankers notes of every kind, which do leave an option to the holder, of demanding specie in payment of them. Yet if this were to be demanded for all, the consequences would prove fatal to our paper credit, since we certainly have not in England any thing like a sufficient quantity of gold and silver, to answer the demand, and for all our paper currency; nor should we be able, perhaps, to find it in ransacking the other countries of Europe, who being all more dependent on the value attached to the precious metals than we are, would the less be inclined to part with what they have. It has likewise been objected, that we should be unjust to posterity in leaving any burthen on them, which we have been in use to support during our own time. This can only regard the interest of the War Fund notes and their amount; and as the measure itself is meant, by providing for a conti-

nuance of war to incline the enemy to reasonable conditions of peace, we may be said thus rather to favour posterity, by diminishing the expence which a longer continuance of war would necessarily occasion.

Besides, we are in the meanwhile endeavouring to acquire possessions, which we hope to leave to them in an improved state, and we also hope to live ourselves to bear our share of the taxation; which, whether in our time, or in the time of those who may succeed to us, as mentioned in the plan itself, can be better supported in time of peace and prosperity, than during the remainder of war.

After thus having answered such objections, to the proposed measure, as have hitherto come to my knowledge, I shall only further observe, that the aid, which the notes of the War Fund would give to the improvements in agriculture, the extension of our trade, and the encouragement of our manufactures, will be found the more desirable, as precluding so far as it extends the necessity, during the remainder of the war, of adding to the national debt. For that debt, though changing hands by transfer, naturally tends, in proportion to its increase, to diminish the floating medium of circulation, by locking up the property of individuals, towards the close of wars, when no man likes to sell what he may have bought at peace prices, nor even since the war, if the hope of peace

shall encourage him to wait the event. It also, by its increase, constantly enhances the value of every necessary of life, and therefore ought to be diminished, or at least kept under, by every means in our power.

It would be needless to repeat here, by any observation, what the proposed plan holds out, in the matter of saving to the state, of all expences in carrying it into execution, and the more so, as there is little probability of its being adopted. For though I have thought it a duty to the community, of which I am a member, not to withhold, at the present crisis, any little knowledge that I may have acquired of trade and finance, in a practice of near half a century, from some of my friends in the confidence of the Minister; yet I have not been told, that the sketch of the War Fund plan has merited their attention; and as I have long considered myself in a manner withdrawn from public affairs, it might be thought officious in me, were I to do more.

I am, &c.
FINIS.

