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CONSIDERATIONS

Occasioned by a

PROPOSAL

FOR

Reducing INTEREST
to Three *per Cent.*

WITH

Some general THOUGHTS upon
REDUCTIONS.



L O N D O N :

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CONSIDERATIONS

Occasioned by a Proposal, &c.

IN the *Daily Journal* of Friday March 18th, 1737. there is a Proposal towards lowering the Interest of all the redeemable National Debts to 3 per Cent. per Annum.

And thereby to enable the *Parliament* to give immediate Ease to his Majesty's Subjects, by taking off *some* of the *Taxes* which are most burthensome to the Poor, and especially to the Manufacturers.

As likewise to give Ease to the People, by lessening the annual Taxes for the current Service of the Year.

By this Proposal all the Proprietors of the *South-Sea* Annuities, as well Old as New, are to be at *Liberty* to make their *Option*, for the whole, or any Part of their Capital, of one or more of the Particulars undermention'd, *viz.*

1. To be paid their Money, and to enter their Names and Sums in a Book for that Purpose.
2. May have Annuities for certain Terms of Years, if they like it better, and their Capital to be annihilated, at the following Rates, *viz.*

For 47 Years at 4 per Cent. per Ann.
 31 Years at 5.
 23½ Years at 6.
 19 Years at 7.
 16 Years at 8.
 13¼ Years at 9.
 12 Years at 10.

Then comes the *Clincher*, which says,

That the Proprietors of so much of the Capital as shall NOT be claimed in Money, NOR subscribed into some of the Annuities for Terms of Years, SHALL FOR THE FUTURE be intitled to an Annuity of THREE PER CENT. per Ann. ONLY.

This is a pretty *Liberty* indeed to come out of the Mouth, or drop from the Pen of an *Englishman!* for the Proprietors of the publick Debts to make their *Option* for the whole or any Part of their Estates, of one or the other of the above Particulars; either of which upon the first View is much worse than what they have already; nay, I will venture to say, not so good as an Annuity of 3 per Cent.; and then to say if they do not accept of one or other of these, They shall for the future be entituled to (*i. e.* be absolutely obliged to take) an Annuity of 3 per Cent. only. By which they will stand reduced to 3 per Cent. of Course, if they do not agree to take what is really worse.

Is not this Compulsion in the highest Degree, to say if they will not take what is offer'd, they shall have

have but 3 per Cent. for the future whether they will or not? This would come more properly by an *Arrêt* from *France*, than from an *Englishman* zealous for *Liberty* and *Property*.

Perhaps it will be said that the Money is offered and therefore no Injury can be done to any one.

I deny that the Money is offer'd by this Proposal. It only says, That all who desire to be paid their Money, are to enter their Names and Sums in a Book. And should they all do so, where are the many Millions sufficient to pay them? It is to be fear'd the Proposer would not in that Case desire to have it understood, that the Money was tendered; and might then desire to be excused paying what every one knows to be impossible at once.

Therefore 'tis plain that this Part of the Proposal could be made with no other View but upon a Presumption that nobody would prefer Money to 3 per Cent. Annuities, which at present are 6l. 10s. per Cent. better at Market. Though I must observe by the way, that even this 3 per Cent. is not by this Proposal directly offer'd to the Proprietors of the 4 per Cent. Annuities; that would have been too gross: But by an *Innuendo*, or Sort of Side-Stroke, afterwards the Projector says,

“ And for the *Encouragement of the Annuitants*
 “ to accept of 3 per Cent. per Ann. it is proposed,
 “ That they be not subject to Redemption or
 “ Diminution of their Annuities for the Term of
 “ fourteen Years.”

Very bountiful this! to take away one quarter Part of a Man's Estate at once, and for his Comfort assure him no more shall be taken from him till the Expiration of fourteen Years, (the usual Term

Term of a Patent,) when, for the same Reasons as are offered for this, the other three Quarters may be asked, *viz.* "To give ease to his Majesty's Subjects, by taking off some of the Taxes; and likewise to give ease to the People, by lessening the annual Taxes for the current Service of the Year.

For God's sake, why must all this Ease be given by the Proprietors of the 4 per Cent. Annuities only? who have already so largely contributed, by being abated one third Part of their Income; whose Money, or the greatest Part, was advanced to the Government in Times of Need, for the Service of the Publick, to defend and save the Nation from the Attempts of powerful Enemies to destroy it. It is to be hoped the same Necessity will never happen again; but if it should, 'tis also to be feared this Treatment of the publick Creditors will not be forgotten.

I ask pardon for this Digression, and will go on to consider what I think is only offered in this Proposal, and that is, the Annuities for certain Terms of Years, *viz.* from forty seven to twelve Years, and from 4 to 10 per Cent. per Annum, the Capital then to be annihilated. The Annuities for Lives being much of the same Nature, as the Capital is to be also sunk, and only thrown into the Proposal as Paper and Packthread, with an "If the Parliament should be willing to indulge any Persons, not being Foreigners, who may be advanced in Years," then the old and new Annuitants may have a lumping Bargain; I shall not spend any time about that part of the Proposal.

And here I need only ask what Annuitant in his Senses will be willing to take the same Interest he now has, and agree to sink his Capital at the end
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of forty seven Years; or indeed any of the other higher Rates, from 5 to 10 per Cent, as the Terms of Years are proportionably shortened, even to twelve Years; when the Capital is to be also sunk and lost?

'Tis true, this will enable a Man to live a little the better for the Present, and keep his Coach upon the Wheels a little longer; but at the End of those several Terms, he and his Family must be unavoidably undone, and thereby many useful Members lost to the Society.

It may be also true, that many People under the present Pressure of Reductions upon Reductions, will be under the Necessity of taking a higher Interest for a short Term of Years; but if they do, nothing but Ruin ever after can attend them and their Children, or any other Relation who may have a Dependance on them; and even those as yet unborn will inevitably feel the severe Weight of such a Scheme taking Place.

Besides, what will it avail the Publick, that any Proposal should succeed, that must eventually ruin and undo its Individuals? The Riches of a Nation does not consist merely in the Number of Inhabitants, but in the Number of such as have a proper Substance to improve and increase the Wealth of their Country; unless this Projector can shew that absolute Beggars are useful Members to Society.

These Calculations I understand are taken from Mr. Smart's Tables of Compound Interest at the Rate of 3 per Cent, supposing the whole of the Annuity received to be immediately laid out at Interest.

But is that possible to be done, especially on small Sums belonging to Widows and Orphans, on whom the Weight of this Scheme is chiefly to fall?

fall? And must they not first take out 3 *per Cent.* for their Support and Maintainance, and leave only the small Remnant to make this Interest upon Interest? And where will they find a proper Security on which to place such small Sums as must necessarily arise on the Receipt of every half Years Annuity? Or will the Parliament provide them with such a Convenience?

As all the Rates of these Annuities for Terms of Years are equally calculated according to their different Incomes and Times they are proposed to continue, before the *Capital is sunk*; I shall only take Notice of one of them which may serve for all the rest, and that shall be the last of the seven different Rates, *viz.* an Annuity for twelve Years at 10 *per Cent.*, because that being the shortest Term will most easily appear to view.

If then a Proprietor of the 4 *per Cent. South Sea* Annuities exchanges his 100 *l.* of those Annuities for an Annuity of 10 *per Cent.* for twelve Years, he will in that time receive of the Publick 120 *l.* and no more, if ten times twelve be 120; that is, his 100 *l.* Principal, and 20 *l.* for twelve Years Interest; whereas if he keeps his 100 *l.* at 3 *per Cent.* only, he will receive 36 *l.* for Interest in the same Time, which is 16 *l.* more than he will receive in the twelve Years Annuity at 10 *per Cent.*; and if he will have that 16 *l.* he must raise it, by making Interest upon Interest of the additional Annuity he is to receive, over and above 3 *per Cent.*, that he must retain for his Subsistence; which I apprehend can only be done in Figures and not in Fact, there being no way that I know of to improve such small Sums at compound Interest: On the contrary, I rather think the People, especially those whose Fortunes
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are not very great, will be induced to, or thoughtlessly spend their whole Income, to the utter Destruction of themselves and Families at the end of the twelve Years. To this I must add a certain and immediate Loss (on their Acceptance of this Proposal) of 12 *per Cent.* the present advanced Price of these 4 *per Cent.* Annuities, and for which they may be sold, if this Scheme does not take Place.

This leads me to take Notice of another odd Paragraph in the Proposal; for they stand so sprinkled up and down, some certain, but more uncertain, that 'tis impossible to speak of them, but in the confused Order in which they are placed by the Proposer. The Paragraph is this:

“ 'Tis apprehended, that this Offer will be
“ more beneficial to the Proprietors, than the
“ remaining in their present Situation, and re-
“ ceiving a Million at a Time, to be divided
“ alternately between the old and new An-
“ nuity; which must affect them in a very
“ *high Manner*, as it tends greatly to reduce
“ their Capital, by continual laying out the
“ Money paid off in new Annuities at advanced
“ Prices.

That the Proprietors are in a bad Situation at present, and *must be affected in a very high Manner*, by being paid off a Million at a time, I readily agree; because they must lose 12 or 13 *per Cent.* (the present Premium) on the Capital they receive every time they are paid off: But I am very far from thinking, that being paid off in Money (were there Money to do it) or taking the proposed Annuities for Terms of Years, and *sinking their Capital* at the end of those several Terms, will be more beneficial to the Proprietors than remaining in their present Situation,
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bad as it is; because in their present Situation, they will receive a small Part of their Principal once in a Year, alternately; which they can as easily improve in this way of compound Interest, (and will certainly think themselves more indispensably obliged to do, because they know it is Principal which they receive) as they can that, which, by accepting these Annuities for Terms of Years, they will receive half yearly by way of Interest only; though in Reality, all they receive above 3 *per Cent.* will be in part of Principal. Add to this, that in their present Condition, they will be receiving all the while 4 *per Cent. per Ann.* Interest, instead of *three.*

Besides, they have a Chance in their present Situation, before they are paid off, of Money becoming more valuable; and in that Case receiving their Principal will be no Prejudice to them. But should Money continue at the low Rate it now is, it is better the Evil should come gradually on them, than to receive that fatal Stroke all at once; which must be the Case, if this Proposal should receive the Sanction and Authority of Parliament.

It must be owned, that in their present Situation, of being liable to be paid off by a Million at a Time, and the Money so received continually laid out in new Annuities at advanced Prices, the Proprietors may, by the Time their Principal is in that Manner discharged, lose a considerable Part of their Principal; but should they accept of these proposed Annuities, for Terms of Years, I fear, not one in ten of them will see one Shilling at the End of the Time they agree for.

I will now reduce this Proposal into the narrow Compass in which it really lies, and then con-

sider what Advantage it can be to the Government, Landed Interest, or any other Property.

This Proposal then consists of four Parts, one certain, *viz.* the Annuities for Terms of Years, and the other three by Innuendo only.

1. All who desire to be paid their Money, to enter their Names and Sums in a Book.

2. Annuities for several Terms of Years at different Rates.

3. For the Encouragement of the Annuitants to accept of 3 *per Cent.* it is proposed, that they be not subject to Redemption or Diminution of their Annuities for the Term of fourteen Years. And,

4^{thly}, That if the Parliament should be willing to *indulge* any Persons, not being Foreigners, who may be advanced in Years, with Annuities for Terms of Life, 'tis submitted whether such Persons may not have them, being of the Age and at the Rates therein mentioned.

As to the first, I have said before, it is not an Offer of their Money, but is only a License given to the Proprietors to enter their Names and Sums in a Book, to signify their Desire to be paid their Money. If the Proposer indeed can shew that One Million will pay off about Seven and Twenty Millions, it may amount to an Offer of the whole Money to the Proprietors; otherwise, as before hinted, it could be made on a Presumption only, in order to take Advantage of the present Necessity of the Publick Creditors, who heedlessly run into redeemable Funds at a low

Interest, not considering if Money should again advance to 5 or 6 *per Cent.* as the Contract is not mutual, these 3 and 4 *per Cent.* Annuities must sell at a Discount (instead of a Premium) in Proportion to the Rise of Money; for the Creditors of those Funds are ty'd down to take their Money whenever the Publick can borrow cheaper; whereas they have no Demand on the Publick for their Principal, if Money should ever come to be worth more than it is at present: Therefore this Side-wind Offer of Money when it is not to be had, if the Proprietors should desire to be paid, seems to me to be of the same nature with what *Teague* says in the Comedy, *That his Landlord had robb'd him of a Hundred Pounds that he ow'd him.*

The second indeed seems to be a direct Offer of Annuities for Terms of Years, and to annihilate the Capital.

The third is an Offer by *Innuendo* only, to exchange 4 *per Cent.* for 3 *per Cent.* Annuities not redeemable in 14 Years; which, I think, might as well have been offer'd directly, and plac'd the first in the Proposal, for it is by much the best of the four; but I suppose it was done in this manner to avoid the Imputation of a general Reduction all at once, without giving the *Liberty of an Option* of either of the other three, which are in truth all of them much worse; for this seems to be the only Point in view, as appears by the Front of the Proposal, and the Clincher which immediately follows the second Offer of Annuities for Terms of Years, which I cannot but repeat, "That the Proprietors of
" so much of the Capital as shall not be claim'd
" in Money, nor subscrib'd into some of the
" Annuities for Terms of Years, SHALL, FOR
" THE

" THE FUTURE, be entitled to an Annuity of
" 3 *per Cent.* per Annum ONLY.

The fourth, of Annuities for Lives, being only submitted to Consideration, and restrain'd to Persons, not being Foreigners, advanc'd in Years, doth not need any Observation.

The Sum then of this grand Proposal, which may be entitled, *The Budget open'd*, amounts to no more nor less than this, "That whoever of the Proprietors of the New and Old *South-Sea* Annuities will not claim their Capital in Money (which is not to be had if they should) nor subscribe their Capital into some of the Annuities for Terms of Years (which are plainly worse than 3 *per Cent.* Annuities) shall for the future stand reduc'd of course, and be ty'd down to an Annuity of *Three per Cent.* only." So that if the Proprietors will not ask for what they cannot have, nor accept the other, which in Prudence and Justice to themselves and Families they ought to refuse, they shall be reduc'd to 3 *per Cent.* whether they will or not. If this *Liberty of an Option*, as it is call'd, be not *Compulsion* in the fullest and strongest Meaning of the Word, I know not what is or can be so.

Tho' one should not be merry upon so melancholy an Occasion, wherein the Well-being of so many Thousand People are so nearly concern'd, yet I cannot help telling a Story which this Proposal has brought fresh to my Remembrance.

Three *Irish* Men, for Crimes committed in a remote Country, receiv'd Sentence of Death; they were to be hang'd on a Tree (that usually serv'd for a Gallows) which grew at the Brink of a deep River, and by constant Use or Accident, I know not which, hung very much over the Water; the first two that were to suffer, were ty'd

ty'd up so carelessly that the Rope split, and both fell into the River; they swam to shore on the other side, and made their Escape; the third, who stood ready on the Bank to receive his Fate, besought the Hangman with Tears in his Eyes to tie him up fast, for should he fall into the River as the other two had done, he could not swim, and must be drown'd.

Having shewn how disadvantageous it will be for the Proprietors of the Funds to accept this Proposal, I am now to consider what Advantage it can be to the Government, Landed-Interest, or any other Property; or indeed what Benefit to either, that Reductions should be carry'd on any further, which seem to me already lower than is consistent with the Good of the whole.

In order to this, I shall throw out of this Proposal two of the seeming Propositions, *viz.* that for the Proprietors to enter their Names for Money, because it does not appear by any Part of the Proposal, the Proposer does at all desire that Part of his Scheme should take place; and

The indirect Offer of Annuities at 3 *per Cent.* not redeemable in fourteen Years, because it is Compulsive; and I cannot think that any such Measures will be taken by a *British* Legislature.

There only then remains the two Sorts of Annuities for certain Terms of Years and for Lives; which being so nearly alike with respect to the Publick, differing only in Terms of Years certain and uncertain, the Consideration of the former will serve for the latter; and the Consideration of two of those several Terms proposed, the first and the last, may serve for all the other five.

If then the Proprietors should pitch upon the first, which will indeed be putting the Evil Day afar off, and subscribe for an Annuity of 4 *per Cent. per Ann.* for a Term of forty seven Years certain, it can be no present Advantage to the Government, nor until forty seven Years are expired. This would turn the present Channel, and prevent their being paid off by a Million yearly out of the Sinking Fund, which will discharge both Principal and Interest in a shorter Term.

If they should prefer the latter, and subscribe for an Annuity of 10 *per Cent.* for a certain Term of twelve Years, the Government in that Case must raise that additional 6 *per Cent.* from 4 to 10, during the Term of twelve Years; and where can new Taxes be found, or on what can they be levied, for that Purpose? The same must be done in Proportion, should the Proprietors chuse any of the other five lesser Annuities proposed for longer Terms of Years.

This surely is highly inconsistent with what is aim'd at in the Front of the Proposal, to enable the Parliament to give *immediate Ease* to his Majesty's Subjects, *by taking off* some of the Taxes, which are most burthensome to the Poor, &c. as likewise to give Ease to the People, by lessening the *Annual Taxes* for the Current Service of the Year. Nothing can answer these Ends but a compulsive Reduction to 3 *per Cent.* (which I cannot suppose will be done) by which Taxes may be taken off to the Amount of that Saving; or by applying the Sinking Fund to the current Service of the Year, and thereby *Ease the Poor, the Manufacturers, and the People, by taking off or lessening the most burthensome Taxes.*

For these Reasons I do not think any Part of this Extraordinary Proposal can be drawn into Practice, at least I hope it will not; since, if it should, it must prove highly prejudicial to the Proprietors of the *South-Sea* Annuities, and no Advantage, but a present Detriment to the Publick. In a word, 'tis a Scheme (if put in practice) that must infallibly ruin the present or future Generation; and, like the *Frenchman's Wife*, is all for the worse, and no for the better.

That I may not, in these Observations on this Scheme, be thought partial to my own Interest, I declare in the most solemn manner, that I am not a Proprietor of one Shilling in any of the redeemable Annuities; nor ever was, but for a very short time, on the Division of the *South-Sea* Stock, when I was obliged to take three Quarters of my Capital in those Annuities; and the Reason of my dislike to them I will submit to the Consideration of those who have never thought of this Matter, which I may venture to suppose are by far the greatest Part of the present Proprietors of the redeemable Annuities.

This Dislike originally arose, from considering the unequal Nature of the Bargain, *viz.* That the Lender may be paid off by the Debtor at Pleasure, while he, on the other hand, has no Demand for his Principal, but the Interest only. Thus the Debtor can oblige the Lender to take his Money at any time, *without Limitation*, whether it suits him or not; and the Lender cannot receive what he has lent, though his Necessities are ever so great; but must carry his Debt to Market, like other Goods that he has absolutely bought, and there take what a Purchaser will please to give him. In this Situation therefore, bound fast on the one Side, and loose on the other,

ther, the Debtor 'twas apprehended might defer paying his Creditor, till he could borrow Money cheaper; but if the Interest of Money should rise, and the Lender wants the Sum lent, to improve it for the Benefit of himself and Family, there was no way of getting at any part, but by allowing a Discount in Proportion to the Value Money might then be of. Whether this has been at all the Case, is submitted to those who have had any Experience this Way. In short, such Contracts are in Effect the same as, *Cross I win, Pile You lose*. It is a Bargain that may swim pretty well in fair Weather and in a smooth Sea; but should a Storm arise and continue for a time, I fear *3 per Cent.* held on these Conditions, will be swallowed up in such Discounts as I do not care to mention. All other Bargains are mutual, as in reason they ought; and for my own part I am determined never to make any but what are equal on both Sides.

Such a Situation would make a benevolent Mind extremely unhappy on another Account, *viz.* he would live in a Sort of continual Enmity with his native Country; and, contrary to his own Temper and Inclination, would desire, as I fear many do, rather War than Peace, for the Preservation of his Property, so necessary to support the Exigencies of Life. Hard Condition! for a Man to be under the Necessity of preferring Troubles and Difficulties, of which he must take his Share; nor be able with a safe Conscience to pray for that most desirable Blessing, Peace and Tranquility; without being liable to continual Embarrassments, and without hazarding the Loss of some Part of his Income, which he cannot afford to part with!

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To comply with my Promise, I shall now consider how far the carrying on any further Reductions of Interest will operate, and whether it can prove of any real Advantage to the Owners of Landed Estates, or the Traders of the Nation in general, or not.

It is a received Notion that the lower the Interest of Money is sunk, the higher the Value of Lands will rise; and the cheaper the Trader can borrow Money to trade with, the greater will be his Profit: But I think there is not any solid Foundation in Reason to support these Maxims.

All Sorts of Property, whether in Lands, Goods or Money, are Links of the same Chain; and one of those Links being disabled, the others must feel their Proportion of that Disability: and I may add, that Money is the chief Prop and Support of the other two, as it is the Medium or Standard by which their Value is found.

To prove this, I will suppose myself to have lent a Sum of Money to the Publick some Years ago, at an Interest of 6 *per Cent.* when Money was at that rate, which brought me in 600*l.* a Year; and now, by a strange Sort of a Method that I cannot comprehend, but has been call'd offering the whole Money, I am reduced to 3 *per Cent.* and receive but 300*l.* a Year instead of six, and my other 300*l.* goes yearly to discharge its own Principal; like the Pelican feeding himself out of his own Bowels. In this Case, I presume it will be allowed, that I must spend 300*l.* a Year less, or break into my Capital, and be undone: And if so, I can take but one half of what I could have done before, of the Butcher, Brewer, Baker, Cornfactor, Clothier, and all those who take of the Farmer the Produce of his Land.

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If then I am under the Necessity of consuming so much less of the Productions of Land, the Farmer cannot sell the same Quantity of that Product as otherwise he most certainly would; consequently his Profit cannot be so much upon that lesser Quantity, as it would and must be upon a greater; by which means he becomes disabled from paying the same Rent to his Landlord.

Here I am apprehensive it will be said, that Meat, Drink, and Cloaths are Necessaries of Life, and therefore no Abatement can be made in Quantity. This I will readily admit in some Measure, though not wholly: For a Man whose Income is reduced, must abate in Proportion at his Table, in his Cellar, and in Clothing for himself and Family; he must also lessen his Expence in Horses, and consequently will not consume so much Hay and Corn. But allowing that the Necessaries I have mentioned will not make any very considerable Difference in the Quantity to be consumed, the Abatement must be made somewhere; then it will fall upon the Quality, and I must content myself with Necessaries of an inferior Sort, and lower in Price; so that if I consume the same Quantity at lower Rates, the Farmer cannot make the same Profits on a small Sum laid out with him, as he might upon a greater. And therefore, in either Case, the Landlord will still find his Tenant under the same Disability.

But to put this Matter quite out of Doubt, I will lay down a Proposition which I think cannot be deny'd, *viz.* That Money and Goods must always meet, otherwise all Dealing must cease; for no one can give more than what he has to give: And this is the Reason why Markets rise and fall. For Proof of this, I will give a familiar

far Instance, that may be applied to every other Commodity.

Suppose then that two Bushels of Corn are brought to Market to be sold, and there come ten Shillings in Money to buy Corn, it will then sell for 5 s. a Bushel; but if there comes but 5 s. to buy Corn, it must sell for half a Crown a Bushel, if there is any dealing; and if there be no dealing, the Farmer must carry home his Corn, and the others take back their Money. But this Stagnation cannot last long; for the Farmer will soon find himself under the fatal Necessity of complying, when he is called upon for some other Necessaries of Life which his Farm does not produce, nor can be had without Money; or when his Landlord's pressing Occasions will not allow a longer Forbearance of his Rent.

I think I need not go farther to prove, that Reductions of Interest must affect Lands in Proportion, than to appeal to Experience in the present Time; which plainly shews the Reductions hitherto made do now begin to affect the Lands, if it be true what is heard from all Quarters, that Tenants were never so backward in paying, nor so much in Arrears with their Rents, as they now are. I am credibly informed, that several Gentlemen have forgiven their Tenants, in general, a great Part of their Arrears, to induce them to hold their Farms at the same Rents, and to try a little longer; others have been obliged to take their Rents in Corn, Cattle and other Produce, at any Price the Farmer has pleased to set, which when turned into Money afterwards has not yielded near sufficient to compleat the Rent for which it was taken; and others, not willing to come into either of these Methods, have their Farms reduced to beggary by the Poverty

verty of the Farmers, and at last thrown upon their Hands in that Condition.

There are two things which has hitherto kept this Calamity from being more general, from the past Reductions; one is, the Demand, that has subsisted for some time past, of Corn from Abroad, occasioned by the Troubles in *Europe*: How long this Demand may continue, no one can pretend to say; but most agree, that had it not been for that Export, the Farmers could not have paid their Landlords even in the Manner they have done, bad as it is.

The other is, the great Difficulty upon every one to reduce his Expences, and live in a meaner Degree than what he has been accustomed to. Every one must be sensible in his own Breast, how hard it is to deny himself what Custom and Use has made habitual, even in little Matters, and much more in the Conveniencies of Life. From this Cause I have too much reason to doubt, (for I know some Instances of it) that many People of middling Fortunes, whose all is in the publick Funds, destitute of all other Means of Support, and who, before their Income was reduced, could live within the Compass of their yearly Annuity, now find it impossible with great Frugality to do so; and therefore are under the miserable Necessity, to the Ruin of themselves and their Posterity, of breaking in upon their Capital daily, till at last their whole Substance must be spent; and then they can go no longer to Market for any of those Necessaries produced from Land.

I have heard it said indeed, that People of this Class may go into *Yorkshire*, or some other remote and cheap Country. Some Persons I believe have done so, and prudently retired with their

their Families from *London*; others have transported themselves and Substance to a Foreign Country, where a better Improvement can be made to support Life even in Exile. Hard Sentence! that so considerable a Number of the Subjects of *England* as are in this unhappy Situation, must be driven from their native Homes, from their nearest Relations, Friends and Acquaintance, to remote Corners of the Kingdom, or some other Part of the World, merely for the Support of Life, for no other Cause but that of having advanced their little Substance for the publick Service. No, they will rather stay and spend their whole, though they should be at last chargeable to the Parishes they belong to; which in time may become a greater Burthen than most Parishes will be able to bear.

But should they prevail on themselves to put in practice so disagreeable a Method, in order to find Support, how will it answer their End? Will they find Habitations in *Yorkshire*, or any other County, already built sufficient to receive them? Or who must build and provide such Conveniencies for them? Perhaps there may be Room for some, but not for all; and what must the Landlords do with those Houses which these Persons now inhabit in the Cities of *London* and *Westminster*? And what will become of the Trade of these Cities, so depopulated? Those who are Owners of Houses in either of these two great Cities, I fear already feel too sensibly the want of Tenants, and an Abatement of Rents, occasion'd by the Reductions of Interest; for it is most certain that Rents in Town, as Leases expire, do fall; and it is as certain that great Numbers of Houses do now, and have for some Time, stood empty, more than ever were known in

in the Memory of Man; and even several Hundreds in the High Streets, and Places most noted for Business. To what other Cause can this great Inconvenience be attributed, but to such Reductions? For this was not the Case before.

Besides, should all these unhappy People retire into *Yorkshire*, their Misery must follow them; for the Increase of Inhabitants in any particular Place will occasion a proportionate Scarcity of Provisions and Necessaries there, and which must then be brought to them from distant Countries, and thereby enhance the Price. Thus Living will soon become as dear in any remote Place as it is in *London*; for there is no other Reason that I know of why Living is dearer here, but from the great Number of Inhabitants got together on one Spot, and the Country round about not being sufficient to supply their necessary Consumption, tho' more improv'd and more fertile than any other Spot in the Kingdom; and therefore Supplies are brought from very distant Parts at a very great Expence before it can come to Market for the Use of the Consumer. To the same Cause is also owing the great Rise of Provisions and Necessaries, even in the cheapest Countries, where Armies and Camps are form'd.

I have also heard it said, that this Class of People should go into Trade, and improve their Fortunes that way.

For God's sake, if they sell out of the Publick Funds, must not others buy in? And will you say that none shall be Proprietors of the Funds but such as have other Estates, or are concern'd in Trade? If so, where can be found sufficient for the Purpose, when so many who have Estates are obliged to mortgage them, and most

most of those in Trade have no more Money than they can employ in that Way? But as most of the present Proprietors consist of Widows, Orphans under Trust, single Women, and those never educated in any Trade or Business, or who are past it; how is it possible they can turn their Hands or Minds that Way? And would they not from their Ignorance in Business, in all human Probability, lose their Whole? And should they thro' Necessity be prevail'd upon to enter into Trade, will not the Mischief be equal? For should all run into that Way, who will be left to purchase their Goods? And what Profit can be made when it is so divided? Trade is already fully stock'd, and I believe there are many already who find but little or no Advantage from it.

What has been said before will in a great measure answer the second Objection, *viz.* That the cheaper a Trader can borrow Money to trade with, the better it is for him; and therefore I shall say but little more to convince any reasonable Man that there can be little or no Advantage therein.

If a Trader borrows a Sum of Money at 1 or 2 *per Cent.* less than he could have done before, and lays it out in Goods for his Shop or Warehouse, and the Proprietors in the Funds, and the Owners of Lands consequent thereupon, are reduc'd also 1 or 2 *per Cent.* who are to be the Purchasers and Consumers of those Goods, they must unavoidably have an Abatement in Proportion to that Reduction; for they have no more to give, and consequently the Trader's Profit will be so much the less.

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It may be said, that this will only extend to the Traders and Shopkeepers at home, among ourselves; but will not affect a Merchant trading abroad, who will thereby be enabled to send his Export to a Foreign Market 1 or 2 *per Cent.* the Cheaper. Granted that he will: But when his Cargoe purchased here is sent abroad, sold there, and invested in the Commodities of that Country; those Returns, when brought home, will still lye under the same Necessity of a proportionate Abatement.

Here may arise a Difficulty which I am not unaware of, concerning our Trade from one Foreign Country to another, in which we are employed as Purchasers and Carriers from one Foreign Market to another; but as I do not pretend to be skilled in the particular Branches and Secrets of that Commerce, I shall leave the Consideration of that Circumstance to those who are better versed in this sort of Trade. However, I may venture to say, that the Money borrowed at a lower Rate, and employed in that Way only, cannot avail the Merchant beyond the Saving on that particular Account; and if the Profits arising from thence be brought home in any sort of Goods or Commodities for the home Consumption; I shall submit, in that Case, whether the Merchant will be availed or not, upon the Principle before laid down, that the Goods or Commodities so brought home must be under the same Necessity of a proportionate Abatement to the Disability of the Purchaser or Consumer.

From what has been said, I think it plainly appears, that all the different sorts of Property, whether in Lands, Goods or Money, are, as I have said, Links of the same Chain, and have a

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certain and immediate Dependance one upon another; that one cannot suffer alone, but the others must unavoidably bear their Proportion: For, *The Eye cannot say unto the Hand, I have no need of thee; nor the Head to the Feet, I have no need of you.*

I shall take Notice of one thing more before I free the Reader from any further Trouble, and that shall be, to declare my Sentiments of the Interest paid to Foreigners for the Money employ'd by them in our Publick Funds.

I do not know exactly how much that Sum may amount to; but it is said to be a very considerable one, and the Interest paid them to be a continual Drain, that will in the long run totally undo us.

If paying the Interest will undo us, may I not reasonably ask, Whether paying the Principal will not effectually do so? and that in a very short Time, if they are put under the Necessity of calling their Capital home? Which must unavoidably be the Case, if we do not pay them as much higher an Interest here, than can be made in their own respective Countries, as will be sufficient to answer the Commission and other Charges, with some Profit for the Risques which necessarily arise upon Estates committed to the Care of others in a distant Country. For if Reductions are continually carrying on, and no one knows where or when they may stop, and Schemes and Projects are ever on foot, though they do not take place; yet the Panick may seize these distant Proprietors or Lenders of Money to the Nation; and the Alarm once taken, no one can answer for the Event, or what may be the Consequence. It may sweep away such a Supply in a short Time as cannot be conveniently spared, and our own

Proprietors at home may thereby become great Sufferers in a double Capacity, not only in lowering their annual Interest, but also in falling their Principal by selling out so large a Sum.

But I cannot think paying Interest to Foreigners, so great a Mischief as some People imagine; for had they not sent in this Supply for the national Service, it must have been raised from among ourselves; and consequently been drawn out of our Trading Stock, and perhaps too at an higher Interest than has hitherto been paid: Though that would have been raised and paid within ourselves, and not have altered our Case for the worse or better; save only that a higher Interest occasions a brisker Circulation, leaves no room for Sums of Money to lye dead and unemployed.

If then the Foreigners having afforded this Supply, has prevented our withdrawing the like Sum from our Stock in Trade, (for Lands or Goods could not do it) and that Sum so preserved in Trade hath produced no more than from 6 to 3 and 4 *per Cent.* Profit to the Nation, being what has been barely paid to Foreigners for Interest, (not to mention the Commission and Charges of Management paid to ourselves, which ought to be deducted) in that Case we are no Losers by what has been paid them. But I hope, and doubt not, our Case is still far better. When Money was at a much higher Rate of Interest than it is at this time, Trade was more flourishing, and the Profits thereon more certain, and higher in Proportion than I have heard they are at present; and if this be true, as I am persuaded it is, all that Sum thus preserved in our Trade, and so employed, must have produced a clear Profit to the Nation, from what has been paid to Foreigners for Interest

to the advanced Profits arising on their or the like Sum employed in Trade and Navigation.

Should this be allowed to be the Case with respect to our foreign Debt, we have still little to fear from the Consequences of paying them the annual Interest at so low a Rate as 3 or 4 *per Cent.* Though I must confess the Dread I have from the other Consequence, that of their being continually put under Fears and Apprehensions of further Reductions; and under such a Terror being obliged, for the Sake of Ease and Quiet, to withdraw and call home their Principal, of which I am persuaded we have tasted the Sweets.

I beg leave to mention one Argument more that I have heard in favour of Reductions, that had almost slipt my Memory; and 'tis indeed the most popular of any that has been produced.

'Tis urg'd that the national Debt is very great, and little if any thing lessened during the many Years we have enjoyed the Blessings of Peace. I will admit that the Nominal Capital may still remain about the same Sum; but if we consider the Alteration that was made in the Nature of the Debt, in which the Proprietors acquiesced, at the time the Irredeemables were chang'd, and made redeemable by Parliament; a Change that has proved very favourable to the Publick, upon which Reductions of one third and one half of the Interest has followed, which otherwise could not have happened, nor that great Convenience of the Sinking Fund obtained: I say, if we consider this Alteration made in the Nature of the Debt, we shall not find it altogether so formidable as some People imagine. For by this Change the greatest Part of the Debt is become an *Annuity only*, and the Publick has reserved an *Option* of re-
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deeming that Annuity at Pleasure, on Payment of the principal Sum; but the Annuitant hath made no Provision to be entitled to his Principal, if he should change his mind, and be desirous to receive it back.

By this means, though the nominal Capital is not much lessened, the Debt is far from being so burthensome to the Publick as it was in its first Creation, when Principal and Interest both were to be provided for; the Interest or Annuity only being now certain, but the Principal without Limitation and at Pleasure. And as Reductions of 2 and 3 *per Cent.* have followed hereupon, and could not otherwise have been accomplished, I think I may venture to say, that all the Saving arising from thence, and composing the Sinking Fund to the Amount of 12 or 14 hundred thousand Pounds *per Ann.* may be truly and justly said to be a lessening of the Debt to that Value. For if we compute Interest at 4 *per Cent.* every One *per Cent.* reduced, abated, taken off, and paid less, is equal to five and twenty *per Cent.* in Principal. To say, that the Capital still keeps up to the same Value, is no Argument to the contrary: This it may do if the Interest should be reduced yet lower, if there comes Money enough to the Market to purchase the Annuity at this Price.

These Reductions, from 6, 5, 4, to 3 *per Cent.* put me in Mind of an old Sailor I saw in the Streets some Years ago, who, being disabled in the Service of his Country, was reduced to beg for his Support. He had the Model of a Ship held by a little Boy, his Son, that attended him, while he was singing a Sea-Song, and twirling a Stick with the one Hand the Wars had left him, to draw the Attention of People passing by.
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Seeing so much Humour in a poor dismember'd Object, whom I thought could have little Reason to be so merry, I join'd many others who were got about him. Having finished his Song, he address'd himself to the Spectators in a moving Accent, in these Words: *Gentlemen and Ladies, I have, in the Service of my Country, lost One Eye, One Arm, One Leg, AND NO MORE.* Should such a Reduction as is propos'd take Place, Every One thus reduc'd from 6 *per Cent.* and ty'd down to 3, would have just the same Comfort left with our poor Sailor, *to have lost Half his Fortune, AND NO MORE.*

Upon the Whole, it cannot be doubted but such a proper Medium of Interest should remain, as will best preserve the Utility of the whole Society: What that Medium, or Rate, should be, I will not take upon me to determine; but I must own, I am very far from thinking that 3 *per Cent.* is that proper Medium.

March 22. 1737.

