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Examination and Explanation  
O F T H E  
*South-Sea* Company's  
S C H E M E,  
For taking in the  
P U B L I C K D E B T S.

S H E W I N G,

*That it is not encouraging to those who shall become Proprietors of the engrafted Stock, to join with the present Proprietors of the Company, at any advanced Price.*

*And that it is against the Interest of those Proprietors, who shall remain with their Stock till they are paid off by the Government, that the Company should make annually greater Dividends than their Profits will warrant.*

2 *With some National Considerations and useful Observations.*

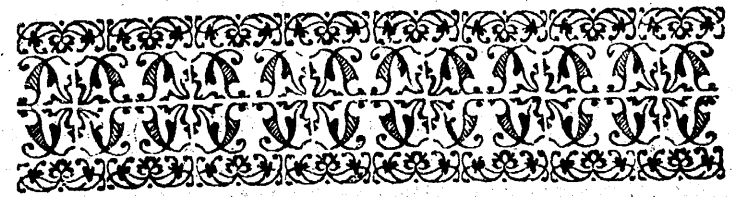
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The General Interest of a Nation ought to be the Care of particular Men; the main Bent of their Studies, and the chief Pursuit of their Inquiries.

*Preface to the Translation of Xenophon's Discourse, upon improving the Revenue of the State of Athens.* By WALTER MOYLE, Esq;

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LONDON: Printed, and Sold by J. ROBERTS  
in Warwick-Lane. 1720. [Price Six-pence.]



*An Examination and Explanation of the South-Sea Company's Scheme, &c.*



THE *South-Sea* Company propose that they will pay into the *Exchequer*, for the Service of the Publick, and to be applied for paying off the Publick Debts; provided for by Parliament before *Christmas* 1716, the Sum of Four Millions, by Four equal Payments; the First whereof to be at *Lady-Day* 1721; and also upon the Annuities for certain Terms of Years, which this Company shall take into their Capital, before the first Day of *March* 1721, after the Rate of Four Years and a Half Purchase by Four quarterly Payments; which if all the Annuities be taken into the Company, will amount to the Sum of 3,565,500 *l.* or thereabouts; to which being added the said 4,000,000, will amount in the whole to 7,565,500 *l.*

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And the Company, to shew their sincere Intentions to use their best Endeavours to take in all the said Annuities for Ninety Six, and Ninety Nine Years, which amounts to 667,705 l. 8 s. 1 d. per Annum, offer to give and pay into his Majesty's Exchequer, for the Service of the Publick, by Four equal Quarterly Payments, One Year's Purchase upon all those Annuities, as shall happen not to come into the Company's Capital, within the Time aforesaid.

The Proposal being, in short, that the Company are to give the Government Four Millions certain, and after the Rate of Four Years and a Half Purchase for the Annuities they take into their Capital, and one Year's Purchase for those that happen not to come in; our present Consideration is, how the Company are to repay themselves the Money they contract to give the Publick; I conceive it must be thus.

That the Government adding to the *South-Sea* Company's present Capital Stock, One Hundred Pound for every Hundred they shall take in of the publick Debts, the Company are to repay themselves what they shall give the Publick, by disposing of every Hundred Pound engrafted in their present Capital,

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at such advanced Price above One Hundred, as will not only answer their doing this, but gain a very considerable Sum to the Company. So that the Scheme is no other, than that the *South-Sea* Company contracts to give the Nation so many Millions as aforesaid, which they are to repay themselves by Means of those, who shall take the engrafted Stock at such advanced Price as they shall dispose of it at, above One Hundred.

From whence the following Observations must necessarily occur, that those who buy or take of the Company the engrafted Stock, at so much above One Hundred, as will answer the Money they shall give the Government, are the only Persons that pay the Sum that the Publick shall receive of the Company; and that if the Company dispose of the engrafted Stock at such Prices as will not only answer the Money they shall pay the Government, but will also bring in a Surplus of a very great Sum, this is likewise paid by those who shall buy, and become the Proprietors of such engrafted Stock.

Upon this Supposition, the plain Fact and naked Truth is, that the Buyers, or those

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those who shall become the Proprietors of the engrafted Stock, will be the Persons whose Estates are to be diminish'd of so Money as is to be divided between the Government and the present Directors, and other Proprietors of the *South-Sea* Company. But to make what has been said evident, I shall give a supposed Calculation.

If the whole Annuities are taken in by the Company, the Amount of them and the redeemable Debts we will suppose to be 30,000,000, which added to their present Capital, we will also suppose to make 40,000,000. Now in case the Company get the engrafted Stock subscribed for, or disposed of at 150 *l.* for every Hundred Pound, then 15,000,000 will be gained thereby; One Moyety of which will pay the Government, and the other \* Moyety remains to be divided among the Proprietors of the aforementioned 40,000,000.

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\* Which Moyety will be so much less, as the Company shall give more than 20 Years Purchase for the Annuities. As suppose, if they give 1666 *l.* 13 *s.* 4 *d.* *South-Sea* Stock when at 150 *l.* it will be 2500 *l.* which is  
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This supposed Calculation demonstrates, that it is only those who shall become the Proprietors of the 30,000,000, that will pay the 15,000,000 which is supposed to be gained by the Company, of which 7,500,000 being paid the Government, they only receive back 5,625,000 *l.* the present Proprietors of the supposed 10,000,000 *l.* receiving the Residue, which is 1,875,000 *l.*

No marvel therefore the present Proprietors are so zealous for effecting the Scheme, and so sollicitous to raise the Stock; by which, whether the Scheme succeeds or not, no doubt the cunning Men have made Advantages of already.

This supposed Calculation at 150 *l.* for every Hundred Capital Stock, is only given to explain the Nature of the Project, and to shew who will answer the Money contracted to pay the Government, and generally discoursed to be divided among the Proprietors, by the great Profit the Company hope to make by their Bargain with the Publick.

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Five Years Purchase; and on, 660,000 *l.* amounts to 3,300,000 *l.* So that there will remain to be divided 4,200,000 *l.* viz. to the New Proprietors 3,150,000 *l.* to the Old ones 1,050,000 *l.* and so in like Proportion upon any other Supposition.  
And

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And as this supposed Calculation is only a Foundation for making a Judgment who are to answer the Money that shall be paid the Government, as well as what shall be divided among the Proprietors, if the engrafted Stock shall be disposed of at more than 125 *l.* Pounds for every Hundred: so it is to be observed, that if the supposed 30,000,000 of engrafted Stock shall be disposed of at not above 125 *l.* then those who become the Proprietors of it will just answer the Sum of Money which the Company contracts to pay the Government.

But if it should happen that the engrafted Stock should not be disposed of by the Company for 125 *l.* then what it shall be disposed of under that Price, and above One Hundred, is paid by the Proprietors of the supposed 30,000,000 *l.* in part of the 7,500,000 *l.* to the Government; the Residue whereof must be then raised upon, and paid by the Proprietors of the whole 40,000,000 *l.*

As for Example. If the 30,000,000 *l.* be taken in at 110 *l.* there will be 3,000,000 *l.* in part, and the conjoined 40,000,000 *l.* are to pay the remaining 4,500,000 *l.* In such Case the New Proprietors pay 3,375,000 *l.* of that Sum likewise, and the old or present Proprietors

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of the *South-Sea* Company only 1,125,000 *l.* which will make the Proportion, thus, the New Proprietors 6,375,000 *l.* and the Old 1,125,000 *l.*

But let us suppose the *South-Sea* Company had got, or are able to get, all the Annuities in at 20 Years Purchase, which is the Purchase allow'd and paid them by the Government; and that they do not dispose of the engrafted Stock of 30,000,000 *l.* at more than One Hundred Pound, then the 7,500,000 *l.* must be raised upon, and paid by the Proprietors of the 40,000,000, of which the New Ones would pay 5,625,000, and the Old Ones 1,875,000; which seems most just and equitable should be the Case, unless the Proprietors of the supposed 10,000,000, or the Directors of the Company can shew those they shall encourage to become Proprietors of the supposed 30,000,000, that by incorporating themselves with them, they will have given them, and be let into a Share of great Profits and Advantages; which it is generally thought they are not able to shew in any clear and certain Light, or upon any true and solid Foundation; it being notorious, that the Company have been very great Losers by Trading, which the Bargain they made last Year

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with the Government (tho' near 70,000 *l.* Advantage to them) will not be able to answer by some Hundred Thousand Pounds, even admitting they should obtain any Satisfaction from the King of *Spain*, for the Seizures he made of their Effects in the *Indies*. But when ever it is endeavoured to be shewn, that the Company are to be great Gainers by Trading, it is here promised that it shall be endeavour'd to be also shewn, that they can never be any great Gainers thereby: nay, if they should, that it will be at the Expence of all the People of *Great Britain*; and that our Exportations and Importations, our Customs and Excises, will consequently lessen and decrease; and besides the Decay of Trade and Manufactures, and ruining many Traders and Manufacturers, or obliging them to go into foreign Countries, the Consequence thereof must be, that the Principal of this Debt will be so far from being in a Method of being paid off, that the Funds given will not answer to pay the annual Interest.

Upon the foregoing Supposition, there will naturally arise this Observation, That instead of any Advantages accruing to those who shall become Proprietors of the engrafted Stock, they will be answerable for, and liable to pay their Share

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Share of the Debts and Demands which may be upon the *South Sea* Company at present: and if the Company are indebted a Million, (which, whether it has been divided among the Proprietors, or lost in Trade, it matters not) they must pay Two and a Half *per Cent.* on every Hundred Pound principal Stock, even supposing the Amount of the Capital to be 40,000,000.

Thus it appearing, that the *South-Sea* Company's paying the Government the 7,500,000, and the expected Profit to be divided amongst the Proprietors is only founded upon the Supposition of their disposing of the engrafted Stock at a considerable advanced Price above one hundred, it ought to be considered whether any Reasons can be assigned why this Stock should bear any higher Rate, than its Capital, of one hundred. If the Company had a greater Interest paid by the Government than other Societies have, or the National Interest is at; or if they had gained Money by Trading, or were certain or likely of making any Advantages by it, something might be said for its being so; but as neither the Interest is greater than the Interest of any other Society or the National Interest, nor any Money (if we may judge by what has been, and what has happened to other Companies)

either certainly or likely to be gained by Trading, nor by the Contract with the Publick, but what arises from and comes out of the Pockets of the new or old Proprietors; it is wonderful, and even amazing to think what Men can mean, who are for running so madly into it, as to give any such Price for the Stock, as it has been at any time since the Proposal was accepted by the House of Commons.

The general Reason given out for this Stock's rising as it has done, and for its being to reach 200 or more, has been, and is, because 'tis discours'd the Company intend to divide Ten *per Cent.* or more Annually. This Argument surely could never prevail, or be of any weight, was it but considered, that a Dividend of Ten *per Cent.* upon 40,000,000, is 4,000,000. 'Tis true the Company receive 5 *per Cent.* of the Government for seven Years, which is two Millions; but whence are they to get the other 2,000,000? Those who give this out, perhaps will tell us, it is by the Bargain they have made with the Publick; which if they get any Thing by, it is already shewn that it must be gained of the new Proprietors; if such a way of getting, can be deemed gaining; and this can't hold above two or three Years at most

most if such Dividends be made Annually, tho' the engrafted Stock should be disposed of by the Company at the advanced Price, even of 150 *l.* But if the Company should divide more than Ten *per Cent.* then the Question will more strongly recur whence they are to get it? Perhaps we may be told the Profits they shall gain by Trading will warrant the dividing Annually five *per Cent.* more than the Interest: If it does, they must then Trade for a considerable Sum, for Millions Annually; nay, for more than all the Merchants and Traders of *Great Britain* together have done for many Years past, or do at present; which as every honest and thinking *Briton* ought to dread seeing them do, so sure it is if they should go about or attempt, an End will soon be put to the Trade of *Great Britain*, and all its Manufactures; then farewell Liberty, farewell Trade; we shall then no longer hold the Ballance of Power throughout *Europe*, nor ride Masters of the Ocean.

I forbear to mention what Influence 'tis to be feared this Company will have upon all the Trading or Manufacturing Counties and Corporations, and even amongst those, who should be the Guardians of our Constitution.

If the Company shall not get a much more

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more considerable Sum of Money out of the Pockets of those who become Proprietors of the engrafted Stock, than will pay the Government, or shall not make 2,000,000 by Trading, it will be of no real Advantage to the Proprietors, (I speak not of such as may be so for Weeks, Months, or perhaps Years, but of those who shall remain in, or be Proprietors at the end of the Government paying them off,) that any such Dividend as *Ten per Cent.* should be made, or that the Company should divide more than their annual Interest and Profits; but on the contrary, a real Detriment: For if they divide more, they only divide, in effect, out of the Principal of the Proprietors Capital; and such extraordinary and impolitick Dividends, the Company will be never able to make, if the Proprietors are not contented, as lately they have been, to be paid them in Bonds, with Interest; or that they should not be continued the Liberty to borrow Money at Pleasure, upon their Common Seal: Which manner of borrowing Money, truly deserves the Consideration as well of the Proprietors, as of a *British* Parliament.

As the making Dividends in this way, is making the Proprietors pay Interest for the Money they divide, and is no other than

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than if they borrow'd Money themselves; so it is only putting Money into one Pocket of the Proprietors, to take it out of another; which is just the Case of those who shall become Proprietors (upon the Company's Scheme) of the engrafted Stock, and are amused with great Advantages, and great Dividends; which when examined and explained, are only to accrue or arise by their buying the engrafted Stock at an advanced Price, above One Hundred Twenty Five Pounds for every One Hundred Pounds Capital.

It cannot surely give Offence, if I should observe, that not many Years ago\*, there was so much publick Vertue and Honesty among all Ranks and Orders of Men, as not to have encouraged, or given an Opportunity

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\* *Whoever will read the Proceedings of Parliament in the Year 1694, in relation to Bribery and Corruption, in the Second Volume of State Tracts, p. 425. will find Committees of both Houses appointed to examine the East-India Company's Books, and the Persons concerned; and in the Speeches made upon the Occasion, one Member thus expressing himself. 'I do agree with the worthy Person near me, that there never were greater or more general Instances of Corruption, and Necessity of speedy Remedy. That it is very fit that this House should let the World see they are in earnest. I ask leave to put you in mind, what Practices and Arts have*



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portunity to cunning and designing Men to impose and prey upon the Innocent and Ignorant, nor to have approved (however seemingly advantageous to the Publick) any Schemes, or Measures, which promoted and sanctified Gaming; for what is Stock-Jobbing else? that not only depraves, and debauches the Morals and Manners of Mankind, but turns them aside from pursuing their proper Business and Callings, whereby they might maintain and enrich themselves and their Families, as well as be the Means of bringing Treasure into the

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*have been used to stifle and stop your Discovery; so that what you have is, as it were, by the utmost Force and Constraint. You cannot wonder at it, when you find so great a Man at the Bottom. But there is no Person in a Post so high, that this House cannot reach; no Man's Practice or Art so deep, that this House cannot discover. — It is fit to speak plainly on such Occasions; The House ought to endeavour to remove such a Person from the King's Council and Presence. What Security can the Nation have, when we are bought and sold to one another? We have seen our Designs defeated, our Attempts betrayed; and what wonder is it? Can any Man think it more strange, that our Counsels should be sold Abroad, than that Charters should be at Home. Certainly a Man may reasonably believe, that he who will sell the Subjects, will sell the Kingdom, if he can have a sufficient Bribe. What Prince can be safe in such Councils, which are given for private Advantage?*

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Kingdom, and encouraging of the Manufactures of *Great-Britain*, the Decay whereof, is more owing to the Itch the People are fallen into of Stock-Jobbing, than to any other Cause whatsoever.

'Tis the proper Business of Governors and Magistrates as well to see that the People are not dishonestly and disadvantageously employ'd, as to prevent their becoming loose in their Lives, and depraved in their Morals: And as it is certain, no real Advantages can accrue to the Nation by so many of its Subjects employing their Time in Gaming\* and Stock-Jobbing; but on the contrary, great Inconveniencies and Damages do thereby attend it; so it would be an Injury to the Publick (how little soever I approve some things he has therein advanced) not to mention here a Passage out of one of Mr. *Hutchinson's* Pieces, intitled, *Calculations and Remarks, &c.* And it must be added, that it will

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\* *Gaming upon the Account of Trade, as well as other Reasons, may well deserve to be restrained; since Gamesters, in order to their play, keep great Sums of Money by them, which there lies dead. For tho' Gamesters Money shift Masters oftner than any, and is tumbled up and down with every Cast of a Die, yet as to the Publick, it lies perfectly still, and no more of it comes into Trade, than they spend in eating or wearing.*

Mr. Lock.

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be a great Misfortune to the Kingdom, if what he has said in the whole Paragraph from which this Passage is taken, has not the immediate Consideration of the Legislature. " I shall (says this Gentleman) " mention but one Thing more, which I " think will tend very much to turn " Mens Thoughts to the Improvement of " those Trades which be really beneficial " to the Kingdom, (*viz.*) if their " Thoughts could be effectually turned " from the pernicious Trade, or rather, " Gaming in *Exchange-Alley*, where " the Brokers, like other Box-Keepers, " are the chief Gainers. In this new " sort of Trade, or Gaming, the Nobility, the Gentry, the Merchants, and almost all sorts of People are universally concern'd: And I believe where one Bargain is made for the real Sale of Stocks with Intention to keep the same, there are hundreds made in the Way of Stock-Jobbing only for a few Days; and it is well known that the Bear-Skin, the Putts, the Refusals, and paying the Difference, are some of the most considerable Branches in this new way of Commerce.

Since I have mention'd Stock jobbing, I will add, that besides the Misfortunes which happen to a great many Persons

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concerned therein, The mischievous Influence it has upon our general Trade is such, as is not to be believed, but by those, who make it their Study to consider it. The corrupting of the Morals of the People, with relation to common Honesty; the engaging them in an Itch of Gaming for prodigious Sums; the taking up almost all the Time, which they ought to employ in the proper Business of their Trades; the endeavouring by mean Compliances, or base Artifices to get into the Direction of the several real Stocks, or imaginary Bubbles of them, that thereby they may have Opportunities of imposing on the Understandings of their Fellow Subjects, in hopes of growing prodigious Rich in a short time, are only some of the bad Consequences of this malevolent way of Life; for it would take up a Volume to paint them all out.

I would not be misunderstood, as if I desired to hinder any Persons from improving their Money, by laying it out in real Stock, or when they have it there from selling it, that they may employ it in Trade, or other necessary and honest ways; but I should think it a great Happiness to the Nation, that the buying without Money, or selling without Stock,

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could be prevented ; which is a Practice much worse than wagering : for there every Person knows what Sum his Wager is for ; but here no Man can tell how high the Stocks may rise, after he has engaged to deliver Stock which he has not, nor how long it may fall, after he has engaged to accept it without Money to pay for it ; which has been the Ruin of so many Persons, by paying the difference in both these Cases. To prevent which, I will venture to propose a Method, which tho' I cannot positively affirm will prove successful ; yet it seems to me to be calculated, at least, to prevent a great deal of that prodigious Gaming that there has been in Stocks: It is this, That it be provided by Law, that after such a Day no Person shall be obliged to deliver any Stock which he may have engaged himself to deliver within a certain fixed Time, nor be obliged either in Law or Equity, to pay any difference of Price, by reason of such Engagement, unless the Person to whom the Obligation is made, and the Person obliging himself so to deliver, do go to the Transfer Office of that Company or Stock, whereto the said Contract has relation, and there enter the Contract, whereby the said Stock should be inhibited to be sold, till the

the time of that Contract is expired, unless it be sooner transferred, and accepted by the Two contracting Persons. Nor any Person be obliged to accept any Stock, which he may have engaged himself to accept within a certain fixed Time ; nor be obliged either in Law or Equity, to pay any difference of Price, by reason of such Engagements, unless the Two contracting Parties shall go to the Transfer Office of such Society, to which the said Contract has relation, and there enter the Contract ; whereby the Stock so to be put by the Person having the said Stock, shall be secured from being disposed of to any Person, until the Time in the Contract be expired ; unless it be sooner put upon, and transferr'd to the Person so obliging himself to accept the same, within the Time limited. The Entries in the several Societies, or Companies whereto such Contracts have relation to be made, within Eight Days after the making the said Agreement, or else to be absolutely null and void ; and that no Contract whatsoever, either with relation to the accepting Stock, or giving the Refusal thereof, or the putting Stock upon, or obliging to be put upon, should be deemed to be valid, but such as should be so enter'd within Eight Days from the making the Agree-

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Agreement for the same; and that then the said Contracts should be binding, either in Law or Equity.

By thus securing Stock engaged by one or other of the contracting Parties, the Mischief of making Bargains for such vast Sums, as has frequently been the Practice, would in great Measure be prevented, and the generality of the People concerned therein would be obliged to return Home and mind their own Affairs; which would be none of the smallest Advantages to the Kingdom accruing by such a Regulation.

The Nation is perfectly run mad after Bubbles of several Kinds, which is the true Reason of the Decay of Trade; it would therefore, I think, be well worth the while of some of his Majesty's Ministers to advise him, or rather for One of the two Houses of Parliament to Address him, that he would be pleased to issue out his Orders to his proper Officers, to enquire into the Use that is made of the several Patents that are on foot by a *Quo Warranto*, to set aside such as should be found not used for the Purposes they were at first granted; which would hinder great Numbers of innocent but foolish Persons, from being cheated and imposed upon; and the designing and cunning

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ning Men from committing those things under Colour of Law, for which they deserve to be punish'd, much more than those poor indigent People, that so often suffer for Trifles in comparison to what is committed every Day with Impunity by them.

As all Governments subsist longest by observing the Methods by which they were constituted; so the *South-Sea* Company being to be formed on a Stock-Jobbing Foundation, is only to be preserved by it; and if the Stock-Jobbing Part was not the intended Business of it, one may charitably say there are many who appear very warmly for the Engraftment of so many Millions into the Company, who would not speak a Word for it, nor had put their Money in it, Weeks or Months ago. And when cunning and designing Men have gained their Ends, it may be foretold without the Spirit of Prophecy, we shall find they will have sold out their Stock to the Innocent and Ignorant, to the Fatherless and Widow, and leave them to be the chief Sufferers in the End, (just as the Gentlemen who managed for the old *East-India* and *African* Company did their Proprietors;) whereby 'tis to be feared more Families will in Time be ruin'd by far, than were undone by both these Companies,

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nies, and King *Charles* the Second shutting up the *Exchequer* together.

Which brings me to repeat again, that as there can be no Reason assigned, why the *South-Sea* Company's Stock should be at a higher Price than in Proportion to the Value of the National Interest; so likewise to observe, that we are told, that the Debt to the Company, supposing it 40,000,000 *l.* in the Method it is going to be put into, will be paid off in little more than Twenty Years; consequently after Three or Four, as it is calculated, some Millions will be annually paid off, to be divided among the Proprietors, as part of the Capital Debt owing them by the Government; which is but one Hundred Pounds, let it be called, or sold for never so much more in *Exchange-Alley*. Therefore whoever gives One Hundred and Fifty Pounds, or any greater or less Sum for one Hundred Pounds Stock in the *South-Sea* Company, will but receive back One Hundred Pound from the Government; nor till he is paid by the Government, not more than the annual Interest of Five Pounds *per Cent.* till *June* 1727. and but Four Pounds *per Cent.* after that Time, for every Hundred Pounds Capital Stock.

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It might be the Means of preventing cunning and designing Men from enriching themselves at the Expence of the Innocent and Ignorant, the Fatherless and Widow, if this Company, as well as all others, were laid under Restraints, not to divide Yearly more than their Profits; which is the Rule the Bank of *England* have always observ'd, and duly practis'd, to the Credit and Honour of that Society; and it has been shameful in those Companies, who have acted otherwise. It is that just and true Conduct which ought to be regarded by all Companies, as it will prevent the Ruin of many Men, and many Families, when ever their Bottoms shall come to be wound up, or an End come to be put to them, either by the general Agreement of the Proprietors, or by the Legislative Authority. For it is equally a Cheat upon such as shall buy in for the Managers of any Society, to divide more than the real Profits, in order to sell out their own Stock at a higher Price than it is intrinsickly worth, as it is upon their Members to divide less than their Profits, that they may buy in for their own Advantage, at less than the real Value: Therefore for the preventing any thing of this kind, it is propos'd that

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our Companies shall be obliged, at least once a Year, to deliver in Writing to Twenty Proprietors (exclusive of the Board of Directors) chosen by the whole Proprietors sometime, suppose 14 Days or more, before the Call of a General Court to consider of a Dividend; such a State of their Stock, as their Accomptant shall declare upon Oath, before One of the Barons of the *Exchequer*, to be the true State of such Company's Stock, to the best of his Knowledge and Belief.

If our Companies were laid under such a Restraint, it would not be so easy for any particular Set of Men, or our Stock-jobbers to raise and fall Stocks at their Pleasure: and as the Bank always observed this Rule, it has been the Reason that we have never found their Stocks fluctuating to such a Degree as other Stocks have done: And as the Stock-jobbers well knew it would not therefore be equally possible for them to carry on their Trade, and make it equally advantageous to them, if the Bank's Proposal had been accepted, they were generally for the Parliament's Acceptance of the *South-Sea* Company's; which brings to my Mind, what was said to me by a considerable Stock-jobber the Day before the Scheme was accepted: He truly  
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talked and reason'd like a Stock-jobber; For, says he, the *South-Sea* Company's Proposal is what ought to be accepted before the Bank's, their Capital being twice as much; the Bank is confined to banking, and their annual Profits, every one that is conversant in Business, and the Circulation of Money, may pretty nearly make a Judgment of, were not their Books twice every Year ballanced, and their Accounts of Profit and Loss exposed to the Proprietors. But this is not the Circumstance of the *South-Sea* Company; they are not confined to banking only, but at Liberty to Trade both Abroad and at Home for Millions a Year; and consequently can't so easily expose or ascertain their Profit and Loss annually as the Bank can; and for every Million they Trade for annually, it may be given out by the Directors great Profits and Advantages have been made and accrued to the Company, which will warrant great Dividends; which Dividends will as certainly inance the Price of the Stock, as it is certain that the Company's Trading will ever be a Means of the Stocks continually fluctuating, or rising, or falling, either Hourly, or Daily,  
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ly, Weekly, or Monthly. Tho' (add-  
ed he) it is probable for every Million  
traded for, Three or Four Hundred  
Thousand Pounds will be lost. In  
either of which Cases I cannot but ob-  
serve, the Proprietors are blinded, by  
not knowing the true Circumstances of  
Things; and this shews the Necessity of  
the Company's being obliged to deliver  
to the Proprietors a true State of their  
Stock, upon the Oath of the Accomp-  
tant, as it has been here proposed for all  
our Companies to do.

Upon the whole, it is plain and evi-  
dent to me, that the *South-Sea* Company's  
Proposal, as it is here examined and ex-  
plained, is not encouraging to those who  
shall become Proprietors of the engrafted  
Stock at any advanced Price, above  
One Hundred; and that it is against the  
Interest of those Proprietors who shall re-  
main with their Stock till they are paid  
off by the Government, that the Com-  
pany should make annually greater Di-  
vidends than their Profits will warrant.

But from what has been hitherto ob-  
served it may probably be said, it is only  
shewn, that what one loses another gets,  
and the Nation in general is not at all  
richer or poorer. To such, it must be  
answered, that if this had been only the  
Case,

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Case, and no other ill Consequences  
likely to befall the Kingdom, by throwing  
so many Millions into the *South-Sea* Com-  
pany; instead of explaining their Proposal  
to the World, my Time should have been  
spent in writing Panegyricks on those  
who are thought so generous and pub-  
lick-spirited as to give so many Millions  
to the Government. But conceiving pri-  
vate Mens Interests ought not to be pre-  
judiced nor sacrificed to any thing but the  
manifest Advantage of the Publick, or  
that the *South-Sea* Company have no o-  
ther Method of getting by the Bargain,  
or saving themselves, but by raising their  
Stock; and from thence apprehending  
(especially if it rises, as it is generally  
discourged it will soon to above Two  
Hundred) that many more Millions will  
be carried out of the Nation by Foreign-  
ers, and partly gained by them by such  
a Conduct, than is given to and paid the  
Government by the *South-Sea* Company,  
even tho' the Annuitants are all taken in  
by them; it appear'd to me highly and  
absolutely necessary to hinder so great a  
Mischief from befalling my Country;  
and I could not think, nor do I know of,  
a more effectual Method than I have here  
taken.

Let

[ 30 ]

Let us suppose that Foreigners have in the Government, to the Value of 10,000,000 Principal Money; which is what I have not yet heard any Man dispute; and then let us consider, whether by our raising of *South-Sea* Stock, we do not consequently raise the Value of their Estates in our publick Securities; and if they shall find they can have double the Money for what they have in the Government, to what they gave, or their Securities cost them, it is reasonable to think they will sell out, and draw their Money into their own Country, under their own Management; which if they do, in any great Quantity at this Time, I dread what a Turn it must give to all Business, and the Destruction it will bring to all our Affairs, as well as what a sensible Loss it will be to the Kingdom: It is well if it will then have left in it any Gold and Silver, either in Bullion or in Coin.

As I fear this is beginning to operate already, by observing who are the Persons that have sold for some Days past *South Sea* Stock, and other Government Securities; so I cannot think what the Projectors \* and Promoters of raising *South-*

\* A Statesman who would compute with any Effect conducive to the Publick Good, must consult variety of Men,

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*South-Sea* Stock will be able to say, or how to answer it to their Country. It is surprizing to hear it said that any who are Servants under the Crown should give into Measures for the doing of this, (the natural Consequence of raising other Publick Securities) which there is no Dispute they have done, if it be true that they have given considerable Sums of Money for the Refusal of *South-Sea* Stock, at certain Prices, for certain Times.

So that upon the whole, it is also plain and evident to me, that the raising of *South Sea* Stock (the Consequence of raising all the other Securities of the Government) will give Foreigners an Oppor-

Men, and Men of different Talents; and in any Scheme he is to form, above all Things he must avoid Projectors, for they are always too full of their own Thoughts and Business to judge rightly of it; he by consulting all sorts of Men, and by contemplating the universal Posture of the Nation, its Power, Strength, Trade, Wealth and Revenues in any Council he is to offer, by summing up the Difficulties on either Side, and by computing upon the whole, shall be able to form a sound Judgment, and to give a right Advice; — Miserable is that Country, where the Men of Business do not reckon right, and where in Matters very important, and on which the whole Welfare of a People depends, they are allowed to say, they are mistaken.

Dr. Davenent's Discourse on the Publick Revenues: tunity



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tunity of carrying their Money out of the Kingdom, with great Advantage to other Countries, and a very sensible Loss to the Nation.

But 'tis probable it will be said that it had been our Interest never to have had any foreign Money among us, and that it is our Interest none should any longer remain with us; something to this Purpose is said by Mr. *Hutcheson*, which 'tis recommended he will review and consider, and it's presumed he will find upon so doing, that he was very hasty and very wrong in saying, That "whenever the Nation shall think fit to get rid of their foreign Debt, great Advantages will result to the Publick therefrom, and that it can on no Supposition be attended with any ill Consequences whatsoever. But I will take the Liberty to make one Supposition, which I think he cannot withstand, which is, That upon the Rise of the *South-Sea* Stock, if Foreigners shall sell their Interest therein at such advanced Price, we shall indeed get rid of this foreign Debt, but great \*Disadvantages will result to the Publick therefrom.

But

\* This will be a Loss to the Kingdom, and such a Loss as here in England ought chiefly to be looked after, for

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But hitherto it may safely be advanced tho' they may have gained considerably by dealing with the Government, they have not taken out their Money from us in great Numbers, nor to any great Value at any one time. Indeed they have never had any such Encouragement for it as now, nothing in the least equal to 40 or 50 *per Cent.* in Two Months, or less; or what they have at this Time, or are likely to have in a little longer Time, if *South-Sea* Stock is to rise so high as it is given out, and as our Refusal Men expect it, and is their Interest to bring it to.

As there has not been any Opportunity like this, for Foreigners to get by the Money they have lent the Government; so it is well known, that many of them have been frightened and scar'd at the Rebellions we have had, and the Invasions we have been threaten'd with, as

for we having no Mines, nor any other way of getting of Riches amongst us but by way of Trade, so much of our Trade as is lost, so much of our Riches must necessarily go with it; and the Over-ballancing of Trade between us and our Neighbours must inevitably carry away our Money, and quickly leave us Poor. Gold and Silver, tho' they serve for few, yet they command all the Conveniences of Life; and therefore in a Plenty of them consists Riches.

Mr. Locke.

E

well

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well as the Instability of our Affairs at Times; and have, during such their Apprehensions, sold out of our Funds; tho' it's probable they may have come in again, and with considerable Loss for such their Conduct: But this has not been their Case alone, but that of many wary, over-cautious, fearful *Britons*.

It is owned, that borrowing of Money of Foreigners upon Interest, carries away some of our Gain, or annually so much Money out of the Kingdom as the Interest amounts to; yet, upon Examination, it will not be found so disadvantageous an Article to the Nation as is generally imagined: For the Money of Foreigners may so circulate the Trade and Manufactures of a Country, as to occasion the bringing into it annually a much greater Sum than the Interest Money sent out of it may amount to. And 'tis highly probable this may have been our Case, as to all the Money lent the Publick by Foreigners; it supplying the place of what otherwise must have been taken out of Trade by our selves; since Money is as necessary to the carrying on of Trade, as Trade is to the producing of Riches.

But let us hear how Mr. *Locke* argues upon this Subject. "Our growing Rich or Poor, (*says he*) depends not at all  
upon

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"upon our borrowing upon *Interest* or  
"not: but only which is greater or less,  
"our Importation or Exportation of con-  
"sumable Commodities: For supposing  
"Two Millions of Money will drive the  
"Trade of *England*, and that we have  
"Money enough of our own to do it;  
"if we consume of our own Product and  
"Manufacture, and what we Purchase  
"by it of foreign Commodities, One  
"Million; but of the other Million con-  
"sume nothing, but make a Return of  
"Ten *per Cent. per Ann.* we must then  
"every Year be One Hundred Thousand  
"Pounds Richer, and our Stock be so  
"much encreas'd: But if we Import  
"more consumable Commodities than  
"we Export, our Money must go out to  
"pay for them, and we grow poorer.  
"Suppose therefore all Husbandry hath  
"brought us to One Million Stock, and  
"we borrow the other Million (as we must,  
"or lose half our Trade) at Six *per Cent.*  
"if we consume one Moyety, and make  
"still Ten *per Cent. per Ann.* Return of  
"the other Million, the Kingdom gets  
"Forty Thousand Pounds *per Annum*,  
"tho' it pay Sixty Thousand Pounds *per*  
"Ann. Use. So that if the Merchant's  
"Return be more than his Use, (which  
"tis

"tis certain it is, or else he will not  
 "Trade) and all that is so Traded for on  
 "borrowed Money be but the Over-  
 "ballance of our Exportation to our Im-  
 "portation, the Kingdom gets by this  
 "borrowing so much as the Merchant's  
 "Gain is above his Use. But if we bor-  
 "row only for our own Expences, we  
 "grow doubly poor, by paying Money  
 "for the Commodity we consume, and  
 "Use for that Money; tho' the Merchant  
 "gets all this while, by making Returns  
 "greater than his Use. And therefore  
 "Borrowing of Foreigners in it self  
 "makes not the Kingdom rich or poor;  
 "for it may do either: But spending  
 "more than our Fruits or Manufactures  
 "will pay for, brings in Poverty, and  
 "Poverty borrowing.

This is sufficient to shew, that it may  
 not be so much to the Nation's Preju-  
 dice to have foreign Money in the King-  
 dom as some may imagine; and as it ought  
 certainly to be the Care and Business of  
 those who conduct the Publick Affairs,  
 to see that the Treasure of the Nation  
 is not vainly and profusely spent and  
 squandred away, or sent into foreign  
 Countries, by any extraordinary Steps ta-  
 ken by and Measures pursued among  
 our selves; so certainly it is, that if our  
 Money

Money \* diminish our Trade and Bu-  
 siness will consequently diminish; and  
 by how much our Trade and Business is  
 lessend, and also by how much Trea-  
 sure is exported in the Manner, and for the  
 Purpose supposed, by so much is the Na-  
 tion made poorer. For as Dr. *Davenant*  
 observes, "Gold and Silver being the  
 "Measure of Trade, all Things are dear  
 "or cheap, as that sort of Wealth is  
 "wanted or abounding: And in all  
 "Countries in the World, where Money  
 "is rare and scarce, the Product of the  
 "Earth is cheap. As for Instance; In  
 "Scotland, Ireland, the Northern King-  
 doms

\* Money is necessary to the carrying on of Trade. For  
 where Money fails, Men cannot buy, and Trade stops.  
 Credit will supply the Defect of it to some degree for  
 a little while. But Credit being nothing but the Expe-  
 ctation of Money within some limited Time; Money  
 must be had, or Credit will fail.  
 Money also is necessary to us, in a certain Propor-  
 tion to the Plenty of it amongst our Neighbours. For  
 if any of our Neighbours have it in a much greater  
 abundance than we, we are many ways obnoxious to  
 them. 1. They can maintain a greater Force. 2. They  
 can tempt away our People by greater Wages, to serve  
 them by Land or Sea, or in any Labour. 3. They can  
 command the Markets, and thereby break our Trade,  
 and make us poor. 4. They can on any Occasion in-  
 gross Naval and Warlike Stores, and thereby endanger  
 us,

Mr. Locke.

" doms,

“doms, Germany and most Parts of Asia  
 and America.”  
 I shall conclude with the following  
 Speech of the Old Earl of Shaftsbury,  
 in the House of Lords, in 1679. upon  
 Considering the State of the Nation at  
 that Time,  
 “My Lords, If I have been too plain,  
 “I ask your Pardon. I thought it was  
 at the Duty of an English Nobleman at  
 this Time, to speak plain, or never. I  
 “am sure I mean well, and if any Man can  
 “answer and oppose Reason to what I say,  
 “I beg they would do it, and that this De-  
 “bate may last some Days, that we may  
 “go to the Bottom of this Matter, and  
 “see if these Things are so or no, and what  
 “Cure there is of the Evil we are in.  
 “However, we know who hears, and I  
 “am glad of this, that your Lordships  
 “have dealt so honourably and so clearly  
 “in the King’s Presence, and in the  
 “King’s Hearing; that he cannot say he  
 “wants a right State of Things; he hath  
 “it before him, and may take Counsel  
 “as he thinks fit.

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