

210-23



0381

A N
E X A M I N A T I O N
O F
M R . P I T T ' S P L A N
F O R
D I M I N I S H I N G T H E P U B L I C D E B T S
B Y M E A N S O F
A S I N K I N G F U N D .

L O N D O N :
P R I N T E D F O R J O H N S T O C K D A L E , O P P O S I T E B U R -
L I N G T O N - H O U S E , P I C C A D I L L Y .

M D C C L X X X V I I .

[Price One Shilling.]

(3)

A N
E X A M I N A T I O N
O F
M R . P I T T ' s P L A N , & c .

IT is much to be wondered at, and more to be lamented, that in a country like this, where we possess the important right of freely canvassing all the measures of Government, we should be so inattentive to that material branch of it, the administration of the finances. It is in this depart-

A 2

ment

(4)

ment our constitution is more liable to receive a blow, than in any other, because, it operates with secrecy and silence by means of corruption, whereas any open attack would be more likely to alarm us to a speedy and successful opposition.

To prove this we need only revert to the immediate and steady resistance made to general warrants, seizure of papers, &c. while we tamely acquiesced in all the wild projects of an unjust and impolitic war, which has burthened us with an hundred millions additional debt, one half of which was squandered in jobs, to procure the requisite consents for the expenditure of the other half.

So different a conduct in the same people cannot be attributed to any want of zeal, in support of those rights which their ancestors have transmitted to them, but must be accounted for on this principle: That an open violation

(5)

violation of the personal security of an individual, is a matter which strikes every understanding at once, and which nobody doubts his own competency to judge of; while our finances are commonly supposed to be so wrapt up in mystery and endless detail, that few have the resolution to attempt even the smallest acquaintance with them. Can we but once get the better of this prejudice, these good consequences will speedily follow. It will not be in the power of any self-interested faction much to embarrass any Minister, whose conduct really merits the confidence of the Public; nor will it be possible for a corrupt or arbitrary Minister long to maintain himself in any dangerous degree of authority. An honest administrator of our finances will be encouraged, by knowing his actions are observed and approved by his country; an ignorant, avaricious, ambitious, or careless one, will soon find himself controuled, and obliged to deliver

(6)

deliver up his office into properer hands. Whenever this is effected, our national debt, frightful as its magnitude has become, will cease to be deemed insuperable. On the contrary, many persons now living may reasonably expect to see all the future increase of it, which future wars can possibly bring on; or such a diminution, as will, in spite of all probable events, admit of a gradual diminution of our annual burthens, as far as either our interest or our security can possibly require.

These reflections suggested the idea of trying to give so clear and particular an account of the present plan for reducing the public debts, as might be perfectly intelligible to those who have no other knowledge of computation, than what is necessary in the daily occurrences of every family.

At

(7)

At the beginning of the year 1786, the amount of the public debts was about 240 millions, of which about three-fourths bear an interest of only 3 per cent. It was proposed by Mr. Pitt, that the sum of one million per ann. should be employed, not in paying off the creditors such trifling proportions of their debts as that sum would be equal to, that is about a penny in the pound, but in purchasing for the public such stock, at the market price, as any person should be found desirous to part with. For this purpose it was directed, that the Treasury should issue to the Bank, against every day the transfer-office was open, an equal proportion of the half million, which is to be so employed in every half year.

Some people, either through folly or wickedness, have most absurdly held out, that it would at this rate require 240 years to pay off the present debt, in which time a
new

(8)

new one of four or five times the same magnitude would be incurred. If such nonsense had any foundation, our situation would be discouraging indeed; but we shall soon have a much pleasanter prospect to contemplate.

That no confusion may arise in the mind of the reader from the different interests which different stocks bear, and consequently the prices which they bear in the market, we will begin by supposing all the money to be laid out in the 3 per cent. consolidated annuities, of which near half the public debts consist; the price of these have lately varied from 70 to 75 per cent. that is, 100l. of stock might be bought for 70l. or 75l. but that no suspicion may arise of a more favourable account being made for the public, than the truth will warrant, we will suppose, that from Midsummer 1786, to Christmas 1790, they may be bought in,
all

(9)

all expences included, for 80l. each 100l. stock.

It may be necessary here to introduce a short account (for the information of those who are wholly unacquainted with the funds) of the manner of conducting this part of the business.

The particular fund which is taken for the example, is transferable four days in each week, and the interest is paid half-yearly, at Midsummer and Christmas, but the books are shut, that is, no transfer can be made for a few weeks before and after the day the interest is due. That time is appropriated to carrying a fresh account into other books; that is, if A sold to B 100l. stock the last transfer day before the books shut, that stock is taken from the account of A, and placed to the account of B, in whose name a warrant is made out,
B before

(10)

before the books open again, for the half-year's interest of that 100l. together with the interest of any other sums B might happen to possess. So that it would be a matter of indifference what day the stock was bought for the public, but for another consideration, which is, that so large a sum coming into the market at once would give a short temporary rise to the stock beyond the fair and natural value. To avoid this it is provided, that the whole sum to be laid out shall be disposed into as many parts, nearly equal, as there are transfer days in each half year. By these means, whatever effect is produced on the price of stock, by the public being a constant buyer, will be still a permanent effect; and should it in time occasion the price to be very high, the disadvantage to the public will only be, that a somewhat, and not a much longer time, will be requisite for getting rid of any given

(11)

proportion of the debt. But this will be amply compensated by the consequent low interest of money, which must give life and vigour to our trade and manufactures; and if a war should oblige us to have recourse to fresh loans, we shall have them on so much better terms, and consequently, shall not increase our debts so fast as we should otherwise do.

It is now time to examine the proceeding of the public broker, in his half-yearly account.

The first article will be, that he received from Treasury, between the 10th of July and 24th of December, 1786, 500,000l. which he laid out during that time in the purchase of 625,000l. 3 per cent. stock, having bought 100l. stock for every 80l. of money.

The next is, that between the 10th of January and 24th of June, 1787, he received first 9375l. for half a year's interest on 625,000l. stock, and secondly, he received from Treasury the sum of 500,000l.

The Computation at Length, of the Operation of a SINKING FUND for Four Years and an Half, on the Supposition of Money being improved at the clear Rate of 3l. 15s. per Cent.

	Particular fums re- ceived by the Bank Broker.	Whole fums to be laid out by the Bank Broker.	Stock transf'r'd each half- year into the name of the Public.
	£.	£.	£.
1786, } July 10. } Dec. 24. }	BY monies advanced from the Treasury against each transfer day to the Bank for the purchase of stock Monies laid out during the period in 3 per cents. Stock bought on an average at 80l. per cent. all expences included	500,000 500,000	 625,000
1787, } Jan. 10. } June 24. }	By interest of the stock standing in the public name, due at the opening of the books, and to be laid out in stock, viz. half a year's interest By monies from Treasury as before Monies laid out in stock as before Stock bought as before	9375 500,000 509,375	 636,718
	Total stock standing in the public name at Midsummer 1787		1,261,718
July 10. } Dec. 24. }	By half a year's interest on the stock in hand By monies from Treasury as before Monies laid out this half-year Which monies purchase stock as before	18,925 500,000 518,925	 648,681
	Total stock belonging to the public at Christmas 1787		1,910,399

	£.	£.	£.
1788, } Jan. 10. } June 24. }	By half a year's interest on stock in hand By monies from Treasury as before Monies laid out as before Stock bought as before	28,655 500,000 528,655	 660,818
	Total stock possessed by the public at Midsummer 1788		2,571,217
July 10. } Dec. 24. }	By interest on public stock for half a year By monies from Treasury as before Monies laid out as before Stock bought as before	38,568 500,000 538,568	 673,210
	Total stock in public's hand at Christmas 1788		3,244,420
1789, } Jan. 10. } June 24. }	By interest on stock for half a year By monies from Treasury Monies laid out as before Stock bought	48,666 500,000 548,666	 685,832
	Total of the public stock at Midsummer 1789		3,930,252
July 10. } Dec. 24. }	By interest for half a year on the public stock By monies from Treasury Monies laid out Stock bought	58,953 500,000 558,953	 698,686
	Total public stock at Christmas 1789		4,628,938
1790, } Jan. 10. } June 24. }	By interest on stock By monies from Treasury Monies laid out Stock bought	69,434 500,000 569,434	 711,792
	Total stock possessed by the public at Midsummer 1790		5,340,730
	Which at 3 per cent. produces an annual income of 160,221l. 18s.		
July 10. } Dec. 24. }	Interest on stock Money from Treasury Laid out Stock bought	80,110 500,000 580,110	 725,137
	Total stock in the public name at Christmas 1790		6,065,867
	Annual interest in four years and an half		181,976

By

By the above process it appears, that more than six millions of 3 per cent. stock will be transferred to the public in four years and an half, being bought at 80 per cent. which is just equivalent to improving money at the rate of 3 l. 15 s. or $3\frac{1}{4}$ per cent.

And after that period, if we consider the one million per ann. out of the Sinking Fund to go on as before, and a separate account to be kept of the annuities received half-yearly, it will be easy to see the operation of the fund for any proposed length of time. As for example.

At Christmas 1790, the public will possess six millions of three per cents. which produce an annual income of one hundred and eighty thousand pounds.

Now

Now by the same rule that one million did, in four years and an half, amount to six millions; one hundred and eighty thousand pounds per ann. will in four years and an half more amount to six times itself, that is one million and eighty thousand pounds, and the one million per ann. continued will amount also to six millions, so that at Midsummer 1795, being four years and an half from Christmas 1790, the public account will stand thus, viz.

Stock in hand	—	—	£. 6,000,000
Annual interest thereof	180,000		
	\times by 6		
	1,080,000	—	1,080,000
One million per ann.	—	—	6,000,000
			<hr/>
Stock possessed by the public, Midsummer 1795			13,080,000
Annual interest $392,400 \times 6$		—	2,354,400
Amount of one million as before		—	6,000,000
			<hr/>
Stock possessed at Christmas 1799		—	21,434,400
			<hr/>
Annual interest 643,032			6
			<hr/>
		3,858,192	
At Midsummer 1804, amount of stock			21,434,400
Amount of interest in four years and an half			3,858,192
Amount of one million		—	6,000,000
			<hr/>
			31,292,592

By

By the above accounts we see, that in eighteen years the public will have bought up of its own debts above thirty millions.

But this fund increases prodigiously faster as it is longer continued. Nor should it ever be allowed to cease its operation until it has cleared off the accumulation of future wars, and such reduction as may be deemed expedient, of our present debt.

Following the same mode of account as above, it will be seen, that a fund of one million per ann. would in

27 years amount to above 56 millions.
36 - - 72
45 - - 91
54 - - 210
63 - - 305
72 - - 366
81 - - 524
90 - - 742
99 - - 1041

If

If to the present debt of 240 millions we suppose an addition of ten millions every third year on an average for peace and war, or seventy millions in every twenty-one years, then in sixty-three years all the future accumulations would have been paid off, and 100 millions of the present debt.

	Stock.	Annual Interest.
At Christmas 1790	6,000,000	180,000 6 1,080,000
At Midsummer 1795	13,080,000	392,400 6
Millions per Ann.	2,354,400 6,000,000	2,354,400
Stock at Christ. 1799	21,434,400	Ann. Int. 643,032 6
	3,858,192 6,000,000	3,858,192
18 Yrs. Midf. 1804	31,292,592	Ann. Int. 938,777 6
	5,632,662 6,000,000	5,632,662
Christmas 1808	42,925,254	Ann. Int. 1,287,757 6
	7,726,542 6,000,000	7,726,542
27 Yrs. Midf. 1813	56,651,796	Ann. Int. 1,699,553 6
	10,197,318 6,000,000	10,197,318

£

Stock.

(18)

	Stock.	Annual Interest.
Christmas 1817	72,849,114 13,112,838 6,000,000	Ann. Int. 2,185,473 6 13,112,838
36 Yrs. Midf. 1822	91,961,952 16,553,148 6,000,000	Ann. Int. 2,758,858 6 16,553,148
Christmas 1826	114,515,100 20,612,718 6,000,000	Ann. Int. 3,435,453 6 20,612,718
45 Yrs. Midf. 1831	141,127,818 26,003,004 6,000,000	Ann. Int. 4,333,834 6 26,003,004
49½ Yrs. Christ. 1835	173,130,822 31,163,544 6,000,000	Ann. Int. 5,193,924 6 31,163,544
54 Years	210,294,366 37,852,980 6,000,000	Ann. Int. 6,308,830 6 37,852,980
58½ Years	254,147,346 45,746,520 6,000,000	Ann. Int. 7,624,420 6 45,746,520
63 Years	305,893,866 55,060,890 6,000,000	Ann. Int. 9,176,815 6 55,060,890
67½ Years	366,954,756 66,051,852 6,000,000	Ann. Int. 11,008,642 6 66,051,852
72 Years	439,006,608	72 Years

(19)

	Stock.	Annual Interest.
72 Years	439,006,608 79,021,188 6,000,000	Ann. Int. 13,170,198 6 79,021,188
76½ Years	524,027,796 94,324,998 6,000,000	Ann. Int. 15,720,833 6 94,324,998
81 Years	624,352,794 112,383,498 6,000,000	Ann. Int. 18,730,583 6 112,383,498
85½ Years	742,736,292 133,792,528 6,000,000	Ann. Int. 22,282,088 6 133,792,528
90 Years	882,528,820 158,855,184	Ann. Int. 26,475,864 6 158,855,184
94½ Years	1,041,384,004	Ann. Int. 31,241,520
99 Years above	1,200,000,000	36,000,000

Supposing any course of events which may occasion the stocks to rise or fall, here follow two tables, one supposing them to get up to 90, the other to fall to 60.

In any of these cases, the public would add ten millions to the national debt of 3 per cents. for six, eight, or nine millions of money borrowed; but the faster the debt

accumulated, the faster it would be paid off, and vice versa. So that resuming the period of 63 years, which was before shewn to be the time in which 100 millions of the present debt would be paid, together with all probable accumulation in that time, the same would be performed in 49 years at 60 per cent. but would require 70 years to do at 90 per cent. but as the accumulation would be less rapid when nine millions of money could be had for ten millions of 3 per cents. than when only eight or six millions could be had for the same; it would make less difference to the public than can generally be imagined at what rate the stocks are bought, *provided the Sinking Fund be faithfully applied* in war as well as in peace: and that Minister who shall propose, or that Parliament which shall suffer, it to be diverted, will deserve, and I trust meet with the general execration of the country, for having, with eyes open, embraced the detestable expedient of wilful and fraudulent bankruptcy.

At 60 per Cent.

	Cash.	Laid out.	Stock in Hand.
	£.	£.	£.
1786, July 10. } Dec. 24. }	500,000	500,000	833,333
1787, Jan. 10. } June 24. }	12,500 500,000	512,500	854,166
			1,687,499
July 10. } Dec. 24. }	25,312 500,000	525,312	875,520
			2,563,019
1788, Jan. 10. } June 24. }	38,445 500,000	538,445	897,408
			3,460,427
July 10. } Dec. 24. }	51,906 500,000	551,906	919,676
			4,380,103
1789, Jan. 10. } June 24. }	65,701 500,000	565,701	942,835
			5,322,938
July 10. } Dec. 24. }	79,845 500,000	579,845	966,408
			6,289,346

Or three years and an half to perform what the first rate required four years and an half to do.

At 90 per Cent.

	Cash.	Laid out.	Stock in Hand.
1786, } July 10. } Dec. 24. }	£. 500,000	£. 500,000	£. 555,000
1787, } Jan. 10. } June 24. }	½ Year's Int. 8325 500,000	508,325	564,850
			1,119,850
July 10. } Dec. 24. }	½ Year's Int. 16,797 500,000	516,797	574,228
			1,694,078
1788, } Jan. 10. } June 24. }	½ Year's Int. 25,411 500,000	525,411	583,790
			2,277,868
July 10. } Dec. 24. }	½ Year's Int. 34,168 500,000	534,168	593,520
			2,871,388
1789, } Jan. 10. } June 24. }	Interest 43,070 500,000	543,070	603,401
			3,474,789
July 10. } Dec. 24. }	Interest 52,121 500,000	552,121	613,467
			4,088,256
1790. } Jan. 10. } June 24. }	Interest 61,323 500,000	561,323	623,692
			4,711,948
			July

	Cash.	Laid out.	Stock in Hand.
July 10. } Dec. 24. }	£. 70,679 500,000	£. 570,679	£. 634,087
1791, } Jan. 10. } June 24. }	Interest 80,190 500,000	580,190	5,346,035 644,655
			5,990,690

Or five years to perform what the first rate did in four years and an half.

F I N I S.

NEW BOOKS printed for JOHN STOCK-DALE, PICCADILLY.

AN ESTIMATE of the COMPARATIVE STRENGTH of GREAT BRITAIN, during the present and four preceding Reigns; and of the Losses of her Trade from every War since the Revolution. New modelled and continued to 1785. By GEORGE CHALMERS, Esq; Price 3s. 6d. sewed.

The DEBATES of the LORDS and COMMONS, during the Fourth Session of the Sixteenth Parliament of Great Britain. Elegantly printed in Three Volumes, Octavo. Price 1l. 1s. half bound and lettered.

Also the DEBATES of the First, Second, and Third Sessions, Three Volumes each Set. Price 1l. 1s.

And the DEBATES of the Last Session of the late Parliament, in Six Volumes, Octavo. Price 1l. 11s. 6d. half bound and lettered.

The

BOOKS printed for JOHN STOCKDALE.

The **BEAUTIES** of the **BRITISH SENATE**; taken from the Debates of the Lords and Commons, from the Beginning of the Administration of Sir Robert Walpole, to the End of the Second Session of the Right Hon. William Pitt. Being an impartial Selection of, or faithful Extracts from, the most eminent Speeches, delivered in the Course of a most important and truly interesting Period of more than sixty Years, severally arranged under their respective Heads, with the Names of the Members, to whom they are ascribed, annexed thereto. To which is prefixed, The **LIFE** of Sir **ROBERT WALPOLE**. In Two Volumes, Octavo. Price 10s. 6d. in Boards, or 12s. bound in Calf and lettered.

NOTES on the **STATE** of **VIRGINIA**. By his Excellency **THOMAS JEFFERSON**, Minister Plenipotentiary from the United States to the Court of France. In One Volume, Octavo, Price 7s. in Boards, illustrated with a large Map, comprehending the whole of Virginia, Maryland, Delaware, and Pennsylvania, with Parts of several other of the United States of America.

The **HISTORY** of **NEW HOLLAND**, from its first Discovery in 1616, to the present Time. To which is prefixed, An Introductory Discourse on Banishment. By the Right Hon. **WILLIAM EDEN**. Illustrated with a Map of New Holland, a Chart of Botany Bay, and a general Chart from England to Botany Bay. Price 6s. in Boards.

A **COLLECTION** of **ORIGINAL LETTERS**, written by Charles the First and Second, James the First and Second, the King and Queen of Bohemia, Charles Lewis Count Palatine, Prince Rupert, and several others written by distinguished Persons, from the Year 1619 to 1665. Ornamented with elegant Portraits, from original Paintings by Cooper, Sir Peter Lely, &c. and engraved by Mess. Sherwins, of the Queen of Bohemia, Prince Rupert, Emanuel Scroop Howe, and Ruperta, natural Daughter of Prince Rupert; also, an Engraving of the Mourning Ring, with the Hair of Charles the First in it, worn by his Sister the Queen of Bohemia. Dedicated with Permission to his Majesty. By Sir **GEORGE BROMLEY**, Bart. In One Volume, Price 10s. 6d. in Boards.

An **ESSAY**, containing a few Strictures on the Union of Scotland with England, and on the present Situation of Ireland; being an Introduction to De Foe's History of the Union. By **J. L. DE LOLME**, Adv. Price 3s. 6d. sewed, containing 95 Pages in Quarto.