

119-3



0351

TESTS
OF THE
NATIONAL WEALTH
AND
FINANCES
OF
GREAT BRITAIN
IN
DECEMBER, 1798.

L O N D O N :

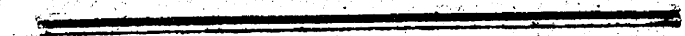
PRINTED FOR J. WHITE, FLEET-STREET.

1799.

ADVERTISEMENT.

THE following pages are intended to afford an honest consolation to those whose ears are perpetually assailed by the gloomy predictions of writers and declaimers, who concur with our enemies in directing their strongest efforts to the destruction of our National Credit and Finances. The writer, though not insensible to the ambition of literary fame, has no such view in this little tract. For the attacks, either open or insidious, of Jacobin Critics, he is not unprepared.

January 3, 1799.



T E S T S

OF THE

NATIONAL WEALTH, &c.



AMID the dangers that threaten this country, as well as every other established government of Europe, (dangers of which it would ill become us to appear insensible,) we surely ought not to weaken our minds and our efforts by any unfounded alarms.

The evils of war are undoubtedly numerous and great; and the vast burdens they impose on the people, and the diversions which they cause of that capital, which would otherwise be the source of future wealth, afford not only themes for the turbulent and disaffected, but are the just subjects of lamentation and regret to all considerate men.

(8)

But, great as are the evils of war, it will be necessary, before it be proved that we ought not to incur them, to prove that the evils from which they defend us are not essentially greater. This, I think, cannot be proved in the war in which we are at present engaged, unless we admit that revolution, proscription, murder, and the despotic dominion of the French over us, are better to be endured, than the burdens present and future, which we suffer from the former.

The object with which I have taken up my pen is to shew, that some of these evils (though if they were a thousand times greater than the most seditious declaimer ever dared to represent them, they would yet be lighter than those from which they defend us) are so far from giving ground for the despondence which too many have indulged, that they are in no degree alarming: I mean the finances of the Country.

In the statements I shall make, which are founded upon public documents, errors, if I fall into them, must arise from my misapprehension or incapacity, and not from my wish to mislead. I have no other end in the pursuit than truth; I am no dependant on ministers, nor have ever received the slightest notice from them; I belong to no public office; I have been taught no lesson; I have imbibed no prejudices from the conversation of ministerial societies, but have sought in
solitude,

(9)

solitude, by patient investigation, the result which I am now about to communicate.

I pretend not to any thing recondite or new; but, by such an honest selection of a few facts out of a large mass, as is neither garbled nor tedious, to afford consolation to those who want the will or the opportunity to wade through many volumes.

Nobody is ignorant that the expences incurred during the present war have been beyond all example. And, however fair it might be in Mr. Vanfittart, in the beginning of 1796*, to compare them with those of the American war (expensive as it was), to do so now is impossible. By such a comparison, indeed, no minister ought to be tried, without considering the nature of the contest, as well as the variation in the price of articles, and value of money.

The only question is, *what proportion the debt bears to the advantages gained, and to the comparative riches of the nation.* The former of these, which I believe to be no less than the salvation of the country, I do not mean here to discuss. I shall confine myself to what I conceive to be a few undeniable proofs of the latter.

In the American war, at the end of which we were supposed to have arrived at the last limit of taxation,

* Enquiry into the Finances, in answer to Mr. Morgan's "Facts."

The

(10)

	£.	s.	d.
The interest of the new debt amounted to	4,864,000	0	0
But the taxes, imposed to pay it, produced an annual sum only of	1,755,259	0	0
Leaving an annual deficiency of	3,108,741	0	0

I admit that this exhibited a truly alarming appearance of an exhausted nation; yet, even two years after the close of the war, on Jan. 5, 1786, when Mr. Pitt had funded the vast floating debt which Lord North had left, the interest of the whole national debt amounted only to £.9,275,769*.

But from this frightful degree of depression, when the nation seemed incapable of paying an additional annual burden of four (or even two) millions, Mr. Pitt, during nine years of peace, brought back its finances into a state of unparalleled prosperity.

The annual charge for the permanent debt contracted during the present war, including the supplies for 1799, cannot be less than eight millions and a quarter.

* On 5th January, 1791, the interest and charges were £.9,317,972.

The

(11)

The following statements will shew in what manner this charge has hitherto been paid.

	£.	s.	d.
The permanent taxes in 1787 produced	12,389,555	1	1½
Ditto . . . 1788	12,923,134	17	2¼
Ditto . . . 1789	12,832,206	10	7¾
Ditto . . . 1790	13,745,424	16	3¼
Ditto . . . 1791	14,072,978	9	7¾
Ditto . . . 1792	14,132,000	0	0

The additional charge, for which taxes were imposed in 1793, was	252,812	10	0
Do. 1794 . . .	773,324	0	9
Do. 1795 . . .	1,227,415	3	11
Do. 1796 . . .	1,851,226	18	4
Do. 1797 . . .	2,344,000	0	0
Do. 1798 . . .	763,500	0	0
Do. 1799 . . .	about 900,000	0	0

Now, let us see what the permanent taxes have actually produced since Oct. 10, 1794, distinguishing the new from the old duties, that, by a comparison with the sum at which they were estimated, and with the produce of the latter before the

(12)

the war, it may be seen how far they have failed, and where the failure has taken place.

	£.	s.	d.
Permanent taxes for the year ending Oct. 10, 1795. } Old duties *	13,353,573	11	5½
Duties of 1791	699,954	14	9½
Ditto 1794	596,648	15	3½
Ditto 1795	1,015,696	10	11
	<u>£. 15,665,873</u>	12	5½

	£.	s.	d.
Permanent taxes Oct. 10, 1796.—Old duties †	12,798,327	15	2½
Duties of 1791	615,099	6	3
Ditto 1794	500,802	1	3
Ditto 1795	1,372,366	18	10
Ditto 1796	215,772	15	1½
	<u>£. 15,502,368</u>	16	8

* £. 116,935, not included in the above, were paid out of the revenue of customs for raising seamen, which makes the produce £. 13,470,507.

† Loss on the distilleries £. 554,181. Bounties on corn, paid from the customs, £. 449,381. Bounties paid from the customs to seamen £. 51,491, making this year's produce £. 13,853,379.

Permanent

(13)

	£.	s.	d.
Permanent taxes Oct. 10, 1797.—Old duties *	13,341,636	14	6
Duties of 1793	209,101	0	0
Ditto 1794	914,241	10	5½
Ditto 1795	1,152,626	8	0½
Ditto 1796	1,096,990	13	6½
Ditto 1797	760,044	19	8
	<u>£. 17,474,641</u>	6	2½

	£.	s.	d.
Permanent taxes, year ending April 5, 1798 †	13,437,668	13	1½
Duties of 1793	210,272	0	0
Ditto 1794	937,559	1	3½
Ditto 1795	1,191,078	10	10½
Ditto 1796	1,236,984	6	4½
Ditto 1797	1,556,924	7	11½
	<u>£. 18,570,486</u>	19	7 †

* Allowance, as in 1796, for bounties and loss on distilleries, makes it £. 13,758,937. 15s. 5d.

† This of course includes the latter half of the preceding year, before stated.

	£.	s.	d.
Mr. Vanfittart states the permanent taxes, 1793, at	13,953,000	0	0
1794	13,827,000	0	0
			If

(14)

If we take the old taxes at the average of what they produced during the six years of peace from 1787 to 1792, and make due allowances for the deficiencies that generally arise in the first year's collection of the new taxes, I think every candid man must be fully satisfied how astonishingly productive they have been.

Mr. Pitt, several months ago, computed that all the permanent taxes, including those of 1797, would in future produce £. 20,470,000. Estimating the old duties at the amount of their produce in 1791, viz. £. 13,472,286, and adding to them all the subsequent charges up to 1797 inclusive, they will amount to £. 19,921,064. 13s. The newspapers inform us, that a year's taxes to the 3d of December, 1798, have amounted to £. 20,570,621. 9s. 2d. This must include the first half year's produce of the £. 763,500. imposed in the present year, the half of which sum, added to the former taxes, up to 1797, makes £. 20,304,314. 13s. and leaves a surplus of £. 266,306. 16s. 2d.

Now mark the words of Mr. Morgan *, in the commencement of 1796, before four millions of the present annual charge were incurred. "In the last three years, though additional taxes have been laid to the amount of four millions,

* Facts, p. 39, 40.

" these

(15)

" these deficiencies have constantly increased, so as, in the present year, to fall very little short of two millions. It is probable, therefore, that annual loans will become necessary in future to provide for the ordinary expences of a peace establishment; and these loans, by requiring new taxes, will produce further deficiencies, so that by borrowing each year, not only to pay the deficiencies of the preceding year, but also the interest on the deficiencies in former years, the national debt will be increasing as compound interest in the same manner as it is reduced, but with this alarming difference, that the operations in one case are ten times more powerful than in the other.

" That the deficiency in the revenue proceeds chiefly from the distressed and overburthened state of the nation, is evident."—&c.

Such are the desponding reflections of Mr. Morgan.—The statements I have brought forward will, I hope, be thought sufficiently to refute them.—But what will the unprejudiced reader say, when, in addition to these statements, I recall to his mind the financial operations of the present year?

The

	£.
The produce of the increased Assessed Taxes (evaded as it has been) will at least be	} 4,000,000*
To these add the Voluntary Contributions, which already, by the last report, amount to	} 1,618,099
	<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> £. 5,618,099

If we suppose that these together will, in the whole year, produce six millions, they alone are half as much more as the annual interest of the debt incurred in the American war amounted to, and more than three times as much as the taxes imposed to pay those charges actually produced. Nay, the Voluntary Contributions alone have exceeded the produce of those taxes. But even these sink to nothing before the substitute which the Minister has proposed in his late budget,—that of raising ten millions of the supplies within the year, by taxing the tenth of all income.—Perhaps this great man's stupendous powers ne-

* It has been estimated at four millions and a half.

ver

ver appeared so admirable as on the present occasion*.

* "From the time that deliberative assemblies have existed, I doubt whether any man ever heard a display of this nature equally astonishing for its extent, its precision, and the talents of its author.
 "It is not a speech spoken by the minister; it is a complete course of public œconomy, a work, and one of the finest works, upon practical and theoretical finance, that ever distinguished the pen of a philosopher and statesman.
 "We may add this statement to the learned researches of such men as Adam Smith, Arthur Young, and Stuart, whom the minister honoured with his quotations."

Mallet du Pan's British Mercury, No. VIII.
 15 December, 1798.

B

The

The following is the Table on which he calculated the Produce of this Tax.

	Annual Income.	Deduction for Part under £.60, which will pay Nothing, and Part under £.200, which will pay on an Average 1-50th.	Taxable Income.
	£.	£.	£.
40,000,000 Acres, cultivated, estimated at 12s. 6d. per Acre,			
Landlord's Rent, - - -	25,000,000	1-5 5,000,000	20,000,000
Tenant's Rent, at 3-4ths,	19,000,000	2-3 13,000,000	6,000,000
Tythes, - - - - -	5,000,000	1-5 1,000,000	4,000,000
Mines, Navigations, and Timber, - - - - -	3,000,000	- - -	3,000,000
Houses, - - - - -	6,000,000	1-6 1,000,000	5,000,000
Professions, - - - -	2,000,000	- - -	2,000,000
Scotland, - - - - -	5,000,000	- - -	5,000,000
Income from Possessions beyond Sea, - - - - -	5,000,000	- - -	5,000,000
Interest in Funds, after deducting Sums issued to Commissioners of the Sinking Fund, and Interest of Capital redeemed	15,000,000	1-5 3,000,000	12,000,000
Profit on Foreign Trade, suppose 15 per Cent. on 80,000,000 Capital insured, - - - - -	12,000,000	- - -	12,000,000
Ditto, Home Trade, 120 Millions, at 15 per Cent. } Other Trade, - - - - -	18,000,000 } 10,000,000 }	- - - } - - - }	28,000,000
Total -			£. 102,000,000

This is not the time or place for stating the subsequent modifications of the bill which has not yet been passed *. For the great outline will remain the same; and no material difference, I presume, will take place in the estimate of the produce.

On the 30th of June, 1784, Mr. Pitt stated that there remained unfunded of the debt, occasioned by the American war, £.12,000,000 in navy bills, and £.1,000,000 in ordnance debentures, and proposed funding that year only £.7,000,000. In April, 1785, he estimated the whole of the public expenditure (including the interest of the public debt, together with the probable expences of the peace establishment) at £.14,400,000 per annum. The probable future amount of the permanent taxes he computed, at the highest, at £.12,600,000; at the lowest at £.12,000,000. Adding the land and malt (at £.2,450,000) to these, he expected there would be an overplus of nearly a million, for the purposes of the sinking fund †.

Now, let us compare these fifteen millions with the following produce of the year 1798, after five years of the most expensive war in which we ever were engaged.

* December 28, 1798.

† Dodley's Annual Register for 1784 and 1785, p. 190*.

	£.	s.	d.
Permanent Taxes,	20,570,621	9	2
Assessed Taxes,	4,000,000	0	0
Voluntary Contributions,	2,000,000	0	0
Land and Malt,	2,700,000	0	0
Convoy Duty,	1,700,000	0	0
	<hr/>		
	£.30,970,621	9	2
	<hr/>		
Produce in 1787,	12,389,555	1	1½
Land and Malt,	2,450,000	0	0
	<hr/>		
	£.14,839,555	1	1½
	<hr/>		
Difference,	£.16,131,066	8	0½

If we add the estimated addition of the tax on income, (*viz.* four millions,) it will make more than twenty millions above the produce of 1787.

What now become of the prophecies of those desponders, who have made it their business to destroy hope, and sow discontent? who have insisted we could never pay even the burthens created by the American war—and, more than three years ago, were sure, that the more taxes were imposed, the less they would produce?

How are we to account for this wonderful produce, but from the rapid and almost incalculable increase of the national wealth; an increase, of which

which the proof depends not on the credit, the oratory, or the statements of the wisest financier, but on the infallible test of experience. “Of our commerce,” says the minister, speaking of the produce of the insurance duty on exports and imports, (on the 3d of December last), “I feel peculiar pleasure in being able to say, that though, upon former occasions, it has been doubted, by some gentlemen, whether the statement made of our commerce had not been over-rated, that, now it is brought to the test of a specific duty, it appears that it greatly exceeds the largest sum at which it has ever been stated.”

But these are not all, nor even the principal consolations, which I derive from the facts I have stated. It is indeed a glorious reflection, that we are able not only to pay the interest of our debt, but a large surplus. But it is the mighty step that the minister has taken, even during unexampled difficulties and dangers, and amid unparalleled calls for expence, to terminate the ruinous system of FUNDING, which I contemplate with such inexpressible satisfaction!

That system, not only all our ablest writers on the subject, of whom Adam Smith is at the head, but even common sense tells us, must one day end in the bankruptcy of the nation which continues to pursue it. Every war must add to

(22)

the burden more than any peace can ever pay off; and, if the capital of the national wealth does not continue to increase in proportion (which it is utterly impossible that it should always do), ruin must be the inevitable consequence. The debt left by the American war, small as it may now appear, was such, that, had not our subsequent commerce, industry, and good fortune, made an almost incredible addition to our riches, the expenses of the present war must necessarily have terminated our political existence.

But these are not all the evils of the funding system. During its most flourishing operations, the bad effects of it are extremely essential. It not only is a most uneconomical mode of raising supplies, by charging the nation with the capital of a debt, always large in comparison, and often double, to the sum actually received; but, by withdrawing the capital of individuals from employment in productive labour, from agriculture, manufactures, and commerce, it lessens and dries up the sources of that future increase of wealth, upon which alone it is possible that the continuance of the system can depend.* Who can borrow money at 5 per cent. the highest interest that an individual can legally pay, when the minister

* Sir William Pulteney made an excellent speech on this subject in November, 1797, when the minister proposed the Affected Taxes.

offers

(23)

offers 7 or 8 per cent.? Hence the money, that ought to circulate and give life through a whole country, is drawn to London, to enrich stock-jobbers, and feed drones, whose inordinate fortunes are spent in wasteful and destructive luxuries, and insolent contempt and provocation of those who are their superiors in birth, education, and every mental and moral quality.

Perhaps persons may reply to this, that, as in either case the same sum will be wanted by government, it will be equally drawn away from those productive uses to which I have said it ought to be applied. The answer is, No.—If the supplies be raised within the year, they are drawn from the luxuries and superfluities of income, by imposing economy on those from whom they are drawn, and who would otherwise have dedicated but a small part, at any rate, to the purposes of improvement. But if the supplies are raised by a loan, they are raised by taking a part of a capital already existing, of which the interest alone is paid out of the savings of income. After having hinted this, let me refer those, who wish to see this matter more ably and fully discussed, to Adam Smith's celebrated book on the Wealth of Nations.

The next objection, perhaps, to this plan may be the impossibility of raising, within the year, sums as large as the exigencies of government

B 4

require.

(24)

require. To this also there seems to be a satisfactory reply, in which I am confirmed by the opinion of a very able and acute mind, that of Sir William Pulteney, who appears peculiarly conversant with matters of finance. Were there an end to public loans, the borrowing money would be in the power of individuals; and thus might they raise what they could not supply from the superfluities of their income. To the objection that here also there would be a misapplication of capital, it may be answered, that though upon large contributions it might partially take place, it would bear no proportion to the quantity of capital which the funding system absorbs, while no debt would be incurred beyond what is paid or received, and no exorbitant and ruinous interest paid to those detestable jobbers who fatten on the exhaustion of the land.

I have no doubt, then, that if loans were absolutely to cease, that twenty-five millions would be more easily raised within the twelve months, than the ten millions will now be drawn from a tax upon income, though this latter is beyond all comparison, not only in the sum which it is expected to produce, but in its equity, superior to the late increase of the Assessed Taxes, which I was always perfectly convinced were a most erroneous test of wealth.

Here

(25)

Here then let me express my fears, that as all human powers, however great, may sometimes be mistaken, all human efforts, however honest, may sometimes be wrong-directed, the plan for the redemption of the land-tax is erroneous in its principle, and will at any rate effect only partially those benefits which the bolder measures at which I have hinted would have secured, while the evils to which the plan is liable seem truly formidable.

The professed object is to take eighty millions of stock out of the market—undoubtedly a great object, if the price at which it will be gained be not too high. But from what fund is it to be brought? Why, from that of the landholders; and, if that fails, from the very monied interest, which is already too weak to satisfy the public stocks!

I. As to the landholders, there is the strongest reason to question even the possibility of by far the greatest part of them becoming purchasers. They are so far in general from being possessed of funded or other personal property at interest, that their estates are heavily mortgaged, both to strangers, and for the payment of the portions of the younger branches of their families. Add to these their bond debts, which, since the funds have afforded such a temptation from the offer of higher than legal interest, have been in a very

(26)

very alarming degree called in by their merciless and unjust creditors! When we farther add the heavy imposts of the present war, the present assessed taxes, and the other new duties on bricks, tiles, iron, timber, (which all touch the landholder, by increasing his bills for repairs,) together with the contribution towards raising men for the militia and navy, (which, by augmenting the poor-rates, fall also on the landholder,) what can possibly be spared from his income, even for the improvement of agriculture, much less for purchasing his land-tax? Suppose, for a moment, his land-tax amounts to a single shilling in the pound of his present rents, and suppose him to be capable of buying it at twenty years purchase—take an estate of £.1,000 a year, let it nett £.800; even then, if we admit a case where there is no debt, it would take for four succeeding years £.250 out of the £.800 to buy it. Has the bill for taxing income made any provision for this deduction? If not, the deduction of another £.80 would leave but £.470 to this nominal possessor of £.1,000.—This is surely a case the most favourable to the act that can be put.

“No,” say its defenders, “the landholder, who cannot purchase out of his income, may sell a portion of his land to redeem the tax on the remainder.” To this there seem three objections at least, which do not appear flight.

1. It

(27)

1. It very frequently happens that no small portion of an estate can be selected without a material injury to the rest.

2. If a proper selection can be made, purchasers at a fair price, during the present temptations of the funds, cannot be found. In the House of Commons I must regret the too great prevalence and activity of the *monied interest**; and to that I attribute the reiterated assertion, that the price of land has not fallen (at least materially) since the war: a more unfounded assertion never was uttered. The price of land for three or four years preceding the war was from thirty-five to forty years purchase. It has now fallen to 27, at the highest, but, generally, to 25 years † purchase, if it can be sold at all: but no large estate can find bidders; not even, I think, were the

* Lord Sheffield, in his speech on this bill, reminded the House of “an observation of Sir Robert Walpole. He likened the landed interest to a sheep, which lies quietly to be shorn without noise or murmur; and he likened the monied interest to the hog: touch but a bristle, and he grunts, and snorts, and squalls, till he obtains attention.” De-brett's Debates, V. 601.

† They, who, allowing this, yet insist on the comparative value of this price, because the depreciation is not equal to that of the funds, must recollect, that where (as happens in most cases where a sale takes place) there is a positive charge on an estate that does not vary with the times, but must be paid off, the advantage to be gained is only on the remainder, which can never equal the loss.

owner

owner willing to sell at 20 years purchase, unless he would let the greater part of the money remain on mortgage, which, as he who sells at a low price, sells from want of that very money, he of course cannot do. If this be the case with land at present, to what will it fall, or where will purchasers be found, when such an immensely additional quantity is brought to market!

3. Admit that a person can select a proper part of his estate for sale, and that he can find a purchaser for it at a fair price, still, will it be advisable for him to embrace the plan? will he sell an improveable estate, with all the incidents which give a preference to land, at 25, or even 27, or 30 years purchase, to buy an unimproveable rent-charge with none of those incidents at 20? Surely, if he is guided by a consistency with those sentiments which have hitherto induced him to prefer a landed estate, even though its returns be small, he will not hesitate to decline it!

II. I come now to the monied interest, to whom, on the refusal of the landholders, the purchase of this tax is to be offered. I am at a loss to guess why they should buy it, or what material benefit would accrue to the publick if they did.

1. It affords less interest than the other funds. It will be certainly less convertible into cash, and, I should suppose, less convenient in the receipt.

cept. Then as to the security, it excites my surprize that the adherents of a minister should clothe in words the idea of any more safe deposit for money than the public funds. If we are admitted, indeed, to contemplate the possible arrival of a period when the taxes will not be able to pay the annual interest, and there must be a proportional defalcation from the dividends of all stock-holders; then, indeed, a small rent-charge, charged on a specific estate, of which it is not more than equal to a tenth, or perhaps a twentieth, in value, might be more advantageous. But surely there is no cause to provide for such a time, and no wisdom in admitting its possibility.—

There are, indeed, two advantages to the purchaser. 1st, That of the quantum of the annuity or interest being never liable to be lessened, which, if it can be so bought that the purchaser can make five per cent, seems a benefit not unimportant. Where there is a settled funded property belonging to landholders, or their wives, or children, the purchase of their own land-tax seems a desirable security in all cases where the stock has not been bought at a price higher than that at which it is converted to this purpose. 2d, That in case the landholder should hereafter, according to the provisions of the act, redeem this purchase from the stranger, the stranger, though the funds should be lower than when he purchased, may demand

(30)

demand in money the sum he paid; but, if the funds should rise, he is to be repaid in stock.

2. The material good which the nation is to derive from it, if purchasers of this kind can be found, escapes my penetration. It cannot be the same capital which now supplies the public loans, because that is a circulating capital, which the holders would never so lock up—or, if they would, instead of making future loans more advantageous, it would absolutely destroy the possibility of filling them. Whence then is it to come? Partly, perhaps, by converting into this security the stock of the permanent holders, which stock, by this change of its nature, would be considered as taken out of the market; and partly by the savings from income, which would create a new capital. But as to this latter, is it meant, that the superior security, and other advantages which this new fund holds out, will induce people to save what they would not otherwise save? This is to be sanguine indeed, and to be sanguine, I believe, without any foundation!

If there be no new savings, then will the money, which before either fed the stocks, or was employed in its better functions of cherishing agriculture, manufactures, and commerce, be swallowed up by this new land-fund.

I have

(31)

I have endeavoured to state the matter fairly: I am not arguing as an advocate, or party-man.

Whence, then, will arise the advantages to the nation from this plan? The taking eighty millions out of the market has, I admit, a tendency to increase the confidence of the remaining, and future stock-holders, and therefore promises to save a considerable interest (and even capital) to the country in the contract for future loans. These, I presume, are the proposed advantages. But is the good equal to the evil which will arise from forcing money from its most productive employments? Does it not partake of, or rather aggravate, the mischiefs of the funding system*?

We were told, by some of the inferior supporters of the measure, that at the present alarming crisis we must forget *partial* evils! But are these evils *partial*? If they were, why is the landholder, the most useful member of the state, to be always the subject on whom they are to fall? I shall be told, perhaps, that it is at his option to incur them. But can that be said to be at his option, which to decline will excite all his honest passions and prejudices, and which, rather than decline, he will struggle till he is caught in the

* The speeches of Sir William Pulteney, Lord Sheffield, and Sir John Sinclair, on the occasion, are all worthy of deep consideration.

toils

(32)

toils that will ruin him, and essentially injure his country *?

Such are the reasons which induce me to disapprove of the bill for the redemption of the land-tax.—To these I have to add the obstacles it may throw in the way of a future plan, in which, as it strikes me, the incalculably superior benefits would entirely overweigh the similar evils to which it is incident: I mean, the sale of the tithes.—This, at thirty years purchase, would raise one hundred and fifty millions. But take it at twenty-five years purchase, and say only one hundred and twenty-five millions.—Is it possible to contemplate the effect either on the funds, or on the solid wealth of the kingdom, (the agricultural wealth) without the most inexpressible consolation? I know it would be attended with difficulties, but not such as are insuperable. Let most liberal annuities, secured on the most stable and specific funds, and increasing with the annual average price of the articles which constitute tithes, be granted in their place—and will the Clergy have a right to complain? will they be injured? nay, while the measure promotes peace instead of ill-will and dissension in their parishes, will not they, whose forbearance has hi-

* A remedy to these objections, however, has occurred to the writer, who has communicated it to the properest judge of its efficacy, and subjoined a copy of his letter to these pages.

therto

(33)

therto made them be content with half their dues, have their income doubled without their own interference, and be enriched with the good wishes of all?

But, if eighty millions drawn from the landholders produce such evils as have been described, what must be the consequence of drawing from them one hundred and fifty millions? I answer—a good that more than counterbalances the evil *, because this latter sum will be applied to purchase a highly improveable instead of an unimproveable estate, and to remove the heaviest obstacles to the amelioration of agriculture;—and will therefore be the most certain and beneficial means of augmenting the national wealth.—

After the infallible proofs then of riches we have exhibited, and while we have in contemplation such future resources, and are likely to receive such an accession of strength from the Union of Ireland, whose agriculture and commerce will derive incalculable benefits from that event, what have we to fear?

The few plain facts to which the writer of these pages has confined himself seem incapable of an answer. They are intended, by their simple brevity, to impress themselves on those who

* The only evil will be removed, in the writers apprehension, by the remedy hereafter mentioned.

C

will

will not enter into long details, or abstruse speculations.—Such speculations are not unfamiliar, or unpleasant to the writer, but he reserves them for more leisure, and other purposes.—He has set out with admitting the very large expences of the present war; but, taking for granted (what nobody, he presumes, will deny) that it is not the positive but relative amount of a debt that becomes alarming, he has shewn by the productiveness of the taxes, both old and new, and by the large supplies that have been raised within the year, that our wealth has demonstrably increased with our necessities, and that our expenditure (however positively larger) does not bear the same proportion to our strength as that which was incurred in the American war. He has had occasion too to praise that noble union of ability and courage, which has enabled the minister to set the example in the sixth year of a most perilous contest, of putting a check to the ruinous plan of FUNDING*. He has only regretted that these

* In January, 1784, Mr. Arthur Young commenced his Annals of Agriculture. They open with a very excellent "Essay on the surest Means of adding to our National Resources," to which time has given the stamp of truth. In page 33, after enumerating our resources, he has this passage: "These several criteria of national prosperity being upon the whole so favourable in a time of war, and, " in

these bold measures have not been carried farther, and ended that fatal system! And he has found more

" in some respects of distress, it may be asked to what then
 " was owing that undoubted and, in some instances, de-
 " plorable want of money which was felt lately in most of
 " our counties. Land at twenty years purchase, farms un-
 " tenanted, and the 3 per cents. at 58, were signs that ap-
 " peared to be unequivocal. The apparent contradiction is
 " very easily explained and reconciled. It was owing to
 " an impeded circulation. The mass of wealth circulating
 " through the most distant parts of this kingdom, in time
 " of peace, is very great, and at a moderate interest; but
 " when annual loans, to the amount of ten or twelve millions,
 " are negociated at the Treasury at a much greater interest,
 " who can be found to invest money in estates, in permanent
 " funds, on simple contracts, bonds, or mortgages, or in any
 " new speculations of commerce or manufactures? It ne-
 " cessarily follows, that a very great proportion of the mo-
 " ney usually circulating in these channels is drawn from
 " them to answer treasury dealings. The distress occasioned
 " by this deviation of wealth may be very great to indivi-
 " duals in certain situations, but it is in its nature not last-
 " ing. It is not wealth annihilated or lost to the nation; it is
 " simply turned into a new channel, to the enriching mo-
 " ney-jobbers. To this want of circulation was almost sin-
 " gly owing all the distress we experienced from the war.
 " The bankruptcy of Mr. Fordyce, and the events, in every
 " one's recollection, that followed it, were great evils at the
 " time; but it has long been generally agreed, that, in the
 " event, they were beneficial, &c.—
 " If our statesmen are ever to look beyond the year for
 " resources, the conclusion of the account may easily be
 " conjectured.

more reason to lament it, because, in that case, there would have been no occasion to have resorted to the sale of the land-tax, which, in its present provisions, he has been impelled by his conviction to represent inadequate to the proposed object. Yet, thinking as he does, that there are means of curing the defects of this scheme, and seeing new mines of wealth opening before us, he views prosperity in our finances whichever way he turns his eyes; and the consolation he derives from the prospect, he has endeavoured in these few pages to communicate to others*.

“ conjectured. But if, on the contrary, a total and eternal stop was to be put to the funding system, in such case this vast debt would be found, in reality, as it appears to be, a real wealth, income, and resource. The habit, the ideas, the vice of continuing the system, is quite another affair, and carries a countenance truly threatening.”

* The few who know the author, know he is incapable of writing but from conviction. He is so little under the influence of ministers, that, on another subject, he has, in an equally public manner, condemned their conduct.

The

The Writer of the preceding Pages takes the Opportunity of adding to them the following Copy of a Letter to Mr. PITT, containing a Proposition for facilitating the Redemption of the Land Tax; which, even if it deserve Consideration, may, in the Multiplicity of his Engagements, have escaped his Notice.

The Repetition of a small Part of the foregoing Observations cannot be avoided without materially altering the Letter itself.

A
LETTER

TO THE

RIGHT HON. WILLIAM PITT,

CHANCELLOR OF THE EXCHEQUER, &c.

SIR, YOU will excuse a few suggestions from an obscure anonymous writer, upon a most important subject, which has occupied his thoughts for a few days past, and has induced him to believe

(38)

lieve that the proposition, to which it has led, is not totally undeserving your attention. An enlargement of mind, which inclines you to admit of an amelioration of your own plans, seems to be among your characteristics.

The bill for *the Redemption of the Land Tax* has for its object, if I comprehend you, the taking eighty millions of funded stock out of the market. The objections which have been made to this plan are, 1st. the utter incapability of the landholders to buy, which, if it be so, would make the scheme a very hard one upon them; because, whether it be prejudice or passion, or whencesoever it may arise, it still must materially hurt and disgust them to have it bought by strangers, and indeed render their estates relatively less valuable and saleable in future, by lowering the quality of them, compared with those few whose owners may have been able to purchase. Nor is this the principal evil. It would surely, in a considerable degree, defeat the object of the bill. For, I presume, strangers will scarcely be found sufficient, who are willing to purchase the major part of this rent-charge. With regard to the fact of the incapability of the landholders, I feel a conviction that it is so, both from my own knowledge and from all I hear. Landholders have in general no funded property, and their estates are for the most part (even heavily) mortgaged. But even in the most

(39)

most favourable case, where there is no debt; and the tax is no more than a shilling in the pound of the actual rent, it will, after deducting the tax on income, (in which I see no provision for the deduction arising from these payments towards this new purchase,) take at least a third of a person's whole *nett* annual produce, during the four years allowed him to pay it, at twenty years purchase. As suppose a rental of £.1,000, which pays a clear £.800, deduct £.80 for the tax on income; it will take £.250 annually out of the remaining £.720, which is of course more than a third. Is it possible then that the landholders in general can buy?

2. If the landholders could buy by a saving from their income or otherwise, there arises the great evil (as Adam Smith, Arthur Young, and all the best writers on political œconomy agree) of drawing away this capital or income from improvements in agriculture, and from productive labour, to feed the funds, and enrich the stockholder.

There is indeed a power given of raising the necessary sum by a sale of part of an estate: but this is often neither adviseable nor possible. Not adviseable, because an improveable estate is exchanged for an unimproveable rent-charge. Not possible, because land has already fallen in general

C 4 ral

(40)

ral to twenty-five, and always to twenty-seven years purchase; and considerable estates cannot find purchasers at any rate. What will be the case when such a large addition is brought to market?

A temptation is opened to strangers to purchase, by giving them, in certain cases, some of the advantages of the future rise of the funds. I am sure you are inclined to shew an equal favour to the landholders, where it can be done fairly.

The plan I have to propose may be liable to objections, of which I (to whom it must be confessed the study of these subjects is new) am not aware. But this plan seems to me to counteract the hardships and evils I have mentioned, and equally to benefit all parties; the landholders, the stockholders, and the publick, in the grand object of the bill.

It is to enable the landholder to borrow for his purchase, by encouraging the stockholder to lend. For this purpose I propose the following power to be given, *viz.* that the stockholder, who will lend the stock to a person willing to purchase his own tax, (I do not say to the full amount of the stock to be paid, but as near as it may be agreed on by the parties—the remainder of course to be paid by the purchaser himself,) shall be entitled

(41)

entitled to an interest equal * to the dividend the stockholder receives from the stock; and, on the repayment, shall never receive less than the value of that stock, at the time of the loan, however low the funds sink, but shall at a future time, under certain limitations, (perhaps determined by the same rule as that at which landholders are allowed to redeem from strangers,) be paid, if they call in the principal, according to the advanced price of that stock. This will hold out as great temptation to the stranger to lend, as the act now affords him to buy: and it cannot injure the borrower; first, because his borrowing is optional †; and, secondly, because, whenever the stocks shall so rise, the value of his land-tax will rise proportionably, and would, if then bought, have cost him the same difference.

The advantage to the public would be not only increasing the probability of the whole eighty

* It surely cannot be objected, that this is an extension of the power of making more than legal interest. That power already exists from the depreciation of the funds—and it only allows the continuance of it upon this new land-fund.

† A friend objects to the danger of borrowing money at 7 per cent. to purchase what will pay only 5 per cent. But this would apply also to money borrowed on mortgage, to buy land itself.

In cases of entailed estates, indeed, the remainder-man ought not to be so charged, where his consent cannot be obtained.

millions

millions being finally taken out of the market, but the certainty that, instead of its requiring four years, the whole, or greater part, might be taken out *immediately* *.

This plan struck me yesterday morning, (in the progress of a little pamphlet I was putting together on the late infallible proofs of the national wealth,) and seems fraught with such vast advantages to my mind, that I am apt to suspect there must be some latent objection which has escaped my penetration. Yet as I have too little opinion of my own knowledge in these matters, to be much mortified at being either mistaken or found ignorant, the chance of its deserving your attention is worth the trial.

For this I feel a farther inducement, when I consider that a subject, of still more importance than the redemption of the land-tax, which has lately been frequently mentioned in the newspapers, is probably under your present discussion. *This is the Sale of Tithes.*

If liberal annuities, secured on the most stable and specific funds, and increasing with the annual average price of the articles which constitute the tithes themselves, be granted in their place,

* The very stamps alone to the mortgage-deeds would finally add no inconsiderable sum to the revenue—if it were not better to forego these, to encourage the plan.

how

how can the Clergy object? Nor, from what I hear, are they inclined to object *! As to themselves,

* Since this was written and sent, a friend with whom I have corresponded, himself a clergyman, of cool and temperate judgement, of experience in country affairs, and of most strong attachment to the welfare of the established government, is of opinion, that, violent as the prejudices are upon this subject, the scheme is almost too delicate to touch. He asserts the *responsibility of the lands of each parish* for their own *corn-rents, in lieu of tithes, to be a sine-quâ-non*. If so, there seems to be an end of the plan, as an object of *immediate finance*. It would, indeed, be still an excellent mode of removing the obstacles to future improvement, which tithes create. But, if there be no more *pressing* inducement, (particularly to a plan which must be attended with laborious consideration, and complicated difficulties,) than the future benefits to AGRICULTURE, I must own that, upon reflecting how little attention this most essential source of national wealth has ever received from the legislature, I despair!

It is not my business to enter here into the details of the plan for selling the tithes, should it ever be brought forward; but I cannot resist mentioning the following suggestions of my friend. "If," says he, "it be *possible* to surmount the difficulties,

I. The money to be paid in lieu of corn-rents should be calculated upon the average of the markets of the *whole* county, for each *whole half-year*.

II. The whole value of the tithes, great and small, with all other incidental advantages, should be ascertained, by mixt commissioners, strictly sworn, aided by the information of surveyors, equally sworn.

III. As

felves, while the measure promotes peace, instead of ill-will and disunion in their parishes, will not they, whose forbearance has hitherto made them be content with half their dues, have their income doubled without their own interference, and be enriched with the good-will of all?

The heavy obstacle † which tithes are to the improvement of agriculture I need not mention, because the fact is univerfally allowed.

Would

III. As a certain quantity of grain and fodder produce to the clergyman *double* the advantage of the real value; where there is a deficiency of glebe, some addition should be made as part of the commutation for the tithes. "I do not think," he adds, "it is necessary that the Clergy should be great farmers; but I do think it necessary they should be able to raise about enough for their families, and to work two or three horses, and keep a couple of cows."

IV. "The stipends must not be payable from Government. If they are, it is obvious what must soon follow.—I do not say the scheme is impracticable, but it is difficult, and perhaps not free from danger."

V. Lay-tithes must be sold, as well as those held by the clergy.

† To shew the importance of agriculture, I must take the liberty to copy the following curious calculation from Mr. Middleton's Agricultural Survey of Middlesex, p. 434.

"Agriculture may very properly be considered as the art of manufacturing the soil, and unquestionably ranks the highest in the class of manufactures; since it not only makes a greater return for the labour bestowed, than all the rest put

Would not these then be well worth thirty years purchase to the landholder? And what a quantity put together, but is also of the first necessity, the demands for its products being urgent and irrefragable.

"All the artists, manufacturers, and commercialists, in the world, are employed in the produce of the soil, and on that only. The watchmaker and the anchor-smith, the clothier and the lace-maker, the goldsmith, and the lapidary, are all, and each of them, equally engaged in one object; namely, that of rendering the productions of the earth subservient to the use and convenience of man. The stock of every warehouse and shop, the furniture of every mansion and cottage, all implements and utensils, may easily be traced to the same origin. Even the books of the scholar, and the ink and quills through whose means he communicates his thoughts to others, are derived from the same source as the material on which the naval and civil architect exercises his ingenuity and skill. The loftiest spire and smallest needle are both the effects of labour and skill exercised on the soil.

"In this point of view the seed grain, amounting to about 15s. an acre, may be said to constitute the raw material. When the corn and straw, produced from this seed, are dressed and sent to market, the greater part of it is then fit for consumption, and may be called a finished manufacture. The additional value above 15s. is entirely the produce of labour, and amounts to about £.9 5s. an acre, or £.1,233 per cent. on the cost of the raw material. Wheat is still farther manufactured into bread; but, exclusive of the operation of the miller and the baker, this is certainly not above the average for the produce of the arable land of this county; and some parts of Surrey, Kent, and Essex, yield in the same proportion.

"The

quantity of stock would they take out of the market?

But

“ The raw material, on an average of the arable of the whole of South Britain, amounts to about 16s. per acre, which is increased in value by labour £.5, or £.525 per cent. Hence the labour bestowed on fifteen millions three hundred thousand acres, produces a return of £.64,260,000 sterling.

“ I shall here particularize the annual produce of the soil.

“ The arable land, as before stated,	£.
“ The hop-gardens make returns to the amount of £.30 an acre for labour, or about,	64,260,000
“ Nurfery-grounds produce upwards of £.65 per acre. Deduct the raw material, and the produce of labour will not be less than £.60 on 10,000 acres.	1,000,000
“ The fruit and kitchen gardens are the most valuable, and make the greatest return, probably to upwards of £.100 per acre, on an average of Great Britain; but I shall only estimate them at that sum on 50,000 acres.	600,000
“ The grass-land and cyder countries, cultivated in South Britain, make returns to the amount of £.3 on twenty millions of acres,	5,000,000
“ The commons, eight millions, at 1s. 3d. an acre,	60,000,000
	500,000
	£. 131,360,000

“ I shall not presume to offer the foregoing statement as one, that either is, or can be, made out with accuracy and

But where can the money be found to purchase them, especially after what has been pre-occupied by the redemption of the land-tax?

Yet give the power I have mentioned, in this case also, to stockholders, to induce them to lend, and surely nothing can be more easy! By these means, instead of eighty millions, two hundred and thirty millions might be taken out of the market, with the aid of a very small sum, which did not exist there before; so small, that it might be the saving from luxuries, instead of being drawn from productive employments.

* * *

A Captain of Yeomanry.

Dec. 30, 1798.

and precision. But, under all the circumstances of the case, I think I may fairly state the annual agricultural produce of South Britain at one hundred and thirty millions; which must be allowed to surpass all other manufactures that can be brought in competition with it, not only as to the gross produce, but also as to its superior usefulness.

“ The farming capital, which makes this great annual return, by the cultivation of forty millions of acres, is about £.5 an acre, or two hundred millions.”

THE END.

0374

