

13-6



0506

O B S E R V A T I O N S

ON

MR. P I T T ' S P L A N ,

FOR THE

REDUCTION OF THE NATIONAL DEBT.

By CHARLES EARL STANHOPE, F.R.S.

L O N D O N :

PRINTED BY J. DAVIS,

FOR P. ELMSLY, IN THE STRAND.

MDCCLXXXVI.

OBSERVATIONS

ON

MR. PITT'S PLAN.

§ 1. **W**HEN a Minister (however laudable his intentions may be) is attempting to carry a Scheme into execution which is highly injurious to the Public, and which, in its consequences, may prove ruinous to the Nation, it is the duty of an honest and independent Citizen to deliver his opinion freely upon the subject.

MR. PITT'S PLAN.

§ 2. The Plan to which I allude, as it appears by the Bill which is now before the House of Commons, and which (having already passed the Committee) has been printed with the Amendments, is simply as follows, viz.

It is proposed by that Bill, that, at the end of every quarter of a year, ending the fifth day of January, the fifth day of April, the fifth day of July, and the tenth day of October in every year, there shall be issued or set apart, at his Majesty's Receipt of Exchequer, out of the surplusses, excesses, and overplus monies composing the Sinking Fund, a sum of *two hundred and fifty thousand*

A 2

pounds;

[4]

pounds; and if there shall not be sufficient money for that purpose in any particular quarter, the Bill provides for the making good such deficiency in the following manner; namely, the deficiency of one quarter is to be made good out of the said surplusses, excesses, and overplus monies of the *next* quarter, and so forth to the end of the year; and, at the end of the year (ending the fifth day of January), the amount of such deficiency or deficiencies is proposed to be made good out of the aids or supplies which shall be, or which shall have been, granted by Parliament for the service of the then current year.

§ 3. The monies set apart in the manner above mentioned are directed by the Bill to be forthwith issued and paid to the Governor and Company of the Bank of England, and to be by them placed in their books to the account of six Commissioners appointed by the Bill; which Commissioners are to be the Speaker of the House of Commons, the Chancellor of his Majesty's Exchequer, the Master of the Rolls, the Accomptant General of the Court of Chancery, and the Governor and Deputy Governor of the Bank of England for the time being; and these Commissioners are directed by the Bill to apply the said four sums of *two hundred and fifty thousand pounds* each (making together the sum of *one million*) towards the Reduction of the National Debt, and to no other purpose.

And these Commissioners are also directed to apply hereafter to the same purpose all the *public annuities* for long terms of years, or for lives that may fall in; and likewise all *dividends* now payable on the principal or capital stock of such public annuities as shall at any time *hereafter* have been redeemed or paid off by the said Commissioners.

§ 4. *N. B.* For the sake of brevity and of perspicuity, I shall hereafter call the said sum of *one million* annual surplus, together with its *increase* (by the falling in of the said annuities, and by the saving of *interest* upon stock redeemed) the **FREE REVENUE**.

§ 5. The said Commissioners are directed by the Bill to lay out the said Free Revenue each year, in the purchase of such redeemable public annuities as **THEY** shall "deem it expedient" to redeem.

§ 6. If the said Commissioners shall "deem it expedient" to purchase redeemable public annuities which shall be *at* or *above* par, the sum to be applied to such redemption is to be *equally* distributed on every hundred pounds

of

[5]

of such capital stock; and public notice of the intention of the said Commissioners to redeem such stock is to be given in the *London Gazette* some weeks before.

§ 7. But if the said Commissioners shall "deem it expedient", to apply the monies to the purchase of redeemable public annuities which shall be *below* par, then the *Free Revenue* which shall have been placed at the Bank to the account of the said Commissioners, between certain days mentioned in the Bill, the said Commissioners are *positively enjoined* by the Bill to apply "to the purchase of such annuities, in *equal* portions (as nearly as may be) on *every day* (Saturdays and Mondays excepted) on which the same shall be *transferrable* between the first day of the calendar month which shall commence next after the end of such quarter, and the first day of the Kalendar month which shall commence next after the end of the quarter next ensuing."

§ 8. The account of stock redeemed, &c. is to be laid *each year* before both Houses of Parliament.

§ 9. The *Free Revenue* is never to be allowed to increase to more than to the sum of *four millions* in any one year, and all overplus monies (above the said four millions) are to be disposed of as Parliament shall direct.

§ 10. The *first* quarterly sum of *two hundred and fifty thousand pounds* is to be set apart at the end of the quarter of a year which will end on the 5th day of July, in this present year, 1786.

The *fourth* quarterly sum of *two hundred and fifty thousand pounds* will, therefore, be set apart on the *fifth day of April in the year 1787*, which said fifth day of April 1787 I shall, consequently, consider as the *end* of the *first year* of this Plan.

First Objection to Mr. Pitt's Plan.

§ 11. The Commissioners may, by means of the powers given them by this Bill, make large fortunes by *gambling in the public funds*.

P R O O F.

We have seen above (§ 5.) that the Commissioners are empowered by the Bill to lay out the *Free Revenue* each year in the purchase of such redeemable public annuities as **THEY** shall "deem it expedient" to redeem.

The Commissioners will know, therefore, in their own minds, in which of the Public Funds they mean to lay out the *Free Revenue* (which Free Revenue is finally to increase to the *annual* sum of *four millions*). But, the public will

[6]

will *not* know their intentions in *that* respect. Consequently, the said Commissioners, or any *one* of them who is in possession of this important secret, may employ unknown and unsuspected agents to lay out, by degrees, very large sums of money *in that stock* which the Commissioners *mean* to redeem with the Free Revenue. Therefore, when *that* stock comes to be raised by this application of the *public* money, the *private* property of the said Commissioner or Commissioners will be *proportionably increased*, and they may make enormous fortunes by *stock-jobbing* in the way above stated.

I shall NOT, I am sure, be suspected of insinuating that *this* was the intention with which this Bill was brought forwards; or that any of the respectable persons who are meant to be appointed Commissioners by this Bill would *use* the powers given them in *this* way: but I maintain that the Bill, as it now stands, is glaringly liable to this *strong* objection.

§ 12. I shall prove hereafter that it is *not necessary* that *this evil* should accompany an *economical* plan of redemption of the Public Debt.

§ 13. If it be said that the account of stock sold, &c. is to be laid every year before *both Houses of Parliament* (see § 8), and that Parliament will prevent the Commissioners from exercising their powers in an *improper* way; I shall answer, that, if, in certain given situations of the country, it were a question which could *not* be subject to any *fair difference of opinion*, which of the public funds ought to be redeemed *first*, and which *next*, &c. so as to pay off the whole Debt (or any specific portion of the Debt,) in the shortest time, with a given Free Revenue; I should admit that what is stated above would be some kind of answer to my objection.

But, as it is well known to every person who is at all versed in calculations, that there are ways which may not appear at *first* sight to be the most eligible, which may, however, be upon the *whole* the best, and that very *nice* * questions may arise upon such a subject, and that opposite opinions may be supported by very *plausible* arguments on both sides, the check of Parliament becomes wonderfully weakened. For, even if it *should be proved*, in Parliament, that the Commissioners had redeemed the public stocks un-

* Suppose, as an instance, that the 3 per cents were at 77, and that the 4 per cents were *at* or *above* par. It *might* become a question whether it would be better to obtain a *present* advantage, by redeeming the 4 per cents *at par*, or a *future* advantage by *preventing* those particular 3 per cents from rising to 90 or 100.

[7]

wisely; it would *not* follow that they had acted *dishonestly*; for, their improper conduct might have proceeded solely from an *error in judgment*.

§ 14. I may be told that there are *other* provisions in the Bill, which may *prevent* the evil which I have stated above (§ 11). I will now examine whether those *other* provisions afford any answer to my objection.

I must refer the reader to § 6, and § 7, to see the nature of those provisions.

§ 15. Every person knows that there are *three* kinds of stocks; those that are (at any *given* time) *above par*, those that are *at par*, and those that are *below par*: suppose, for the sake of argument, that the Commissioners, or any of them, mean to *gamble* in the funds in the manner above-mentioned. Will these provisions prevent them?—Unquestionably not.—For, the Commissioners can gain *nothing* (in the manner aforesaid) by laying out their *private* property in the stocks which are *at* or *above par*. But they may *gain* enormously by purchasing into the stocks that are *below par*.

Now, it is not a little curious to observe the provisions of this Bill. In the case when the stocks are supposed to be *at par*, or *above par*, the Bill *provides guards* and *checks*; that is to say, in the case when there is *no danger*. But, in the case when the stocks are *below par*, that is to say, in the case when there is *great danger*, the Bill does NOT provide any guard, or any *check* whatever!

Second Objection to Mr. Pitt's Plan.

§ 16. This Plan does *not* propose any *conversion* of stock or any *free subscriptions by individuals*: therefore, it becomes necessary to consider *how* the Free Revenue can be applied in a *proper* way under the powers given to the Commissioners by this Bill.

I will grant that they will buy up stock *judiciously*.

I will suppose that the Plan of the Minister is, *first* to redeem 25 millions of the present 4 * per cents, then to redeem the 17 or 18 millions of the

* There might be some gain (under the provisions of Mr. Pitt's Bill) by purchasing a few millions of the 3 per cents whilst the stocks remain *below* 75; but, if the Free Revenue were to be *thus applied*, that advantage would probably not be great, as the power of purchasing the 3 per cents *below* 75 would probably *not* be of long duration; inasmuch, as the throwing the *whole Free Revenue* upon the *present* 3 per cent. stock would tend considerably to *raise* it.

[8]

present 5 per cents, (which cannot, by Act of Parliament, be redeemed, until 25 millions either of the 4 per cents, or of the 3 per cents, or of both, shall have been redeemed)—Then, I will suppose that the remaining 7 or 8 millions of present 4 per cents be redeemed *next*; and then, that the Free Revenue be applied to redeem the *present 3 per cents*.

§ 17. As soon as a *few* millions of the present 3 per cents shall have been paid off, the *Free Revenue* will have increased to *four millions* per annum by the falling in of Annuities, and by the saving of Interest upon the 50 millions of the present 4 and 5 per cents, added to the *original million* annual surplus. The 3 per cents will then *rise* considerably; so large a sum as 4 millions per annum being applied *solely* to the redemption of the 3 per cents. The *last* 3 per cents to be paid off would be redeemed *at par*. And I make a supposition very *favourable* indeed to Mr. Pitt's Plan, if I suppose that the 3 per cents, under the circumstances above stated, would be redeemed, *on an average, so low as 90*.

135 If the said four millions, Free Revenue, instead of being applied as proposed by Mr. Pitt (see § 9) were to be allowed to accumulate at *compound interest*; it is easy to be *proved*, that the 3 per cents would *not* be redeemed so low as 90, upon an average, or any thing like it. This I shall demonstrate hereafter. But, I am willing to give every advantage possible to Mr. Pitt's Plan. Therefore, in the calculations which I shall make hereafter, I shall suppose that he *does* redeem the 3 per cents at 90 upon an average.

§ 18. Now, I object to Mr. Pitt's Plan upon this *very* ground, viz. that his Plan is *so contrived*, that he will put the nation to a most enormous expence in redeeming the capital of the *present 3 per cents*. That Capital is no less a sum than *One Hundred and Eighty-six Millions*. He contrives to redeem it at 90 on an average; although the *market-price* of the said 3 per cents is actually *below 70*. But of *this* more will be said hereafter, when I shall prove that this *waste* of the public property is perfectly *without necessity*.

GENERAL

[9]

GENERAL PRINCIPLES on which the respective Plans of Mr. PITT, and of Mr. FOX, are founded.

§ 19. There are *two* great Plans upon this momentous question of redeeming the Public Debt. The one is the Plan of Mr. FOX; the other is the Plan of Mr. PITT. *Both* have been supported with eloquence and ability.

§ 20. The Plan of Mr. FOX (as far as I have been able to collect it from his various speeches, in the House of Commons, upon this subject), is, to discharge *in time of peace* the debts contracted in time of *war*; and, *when a new war* comes, to stop paying off the debt in order that the nation may have the full effect of its finance resources at the moment when it has the greatest occasion for every possible assistance.

Mr. FOX has declared in the House of Commons that his ideas went far beyond those of Mr. PITT, as to the propriety of providing *only one million* annual surplus; and he has, in that, been perfectly *consistent*. For, if the National Debt is to be paid off *solely in time of peace*, and *only* at the rate of *one million* (or rather more) each year, it is more than probable, that we shall not have paid off, *before* another war comes, as many millions as will be expended in *two* or *three* years of war, or perhaps in *one* year of war.

Consequently, if we contract debts *fast*, and discharge them *slow*, the nation must soon be bankrupt. Mr. FOX is fully sensible of this, when he maintains that a *million per annum*, applied solely in *time of peace*, is not sufficient to save the nation from *utter and inevitable ruin*.

§ 21. Mr. PITT, on the contrary, has adopted a very different mode of reasoning.—The *Principle of his Plan* (for I must distinguish between the *Principle* of his Plan and his *Plan* itself) is to *begin* to discharge the debt in time of *peace*, and to *continue* to discharge it in time of *war*. First, to apply *only one million* annual surplus for that purpose; but, afterwards to apply the interest of debt which shall have been redeemed, to form a *new capital*; or, in other words, to pay off the debt by a *million constantly applied at compound interest*; to which he proposes to add the *annuities* for long terms of years, and for lives, as fast as they shall fall in, in order to quicken the operation of the *new Sinking Fund* which he proposes to establish for the Reduction of the Public Debt.

B

§ 22. Mr.

[10]

§ 22. Mr. Pitt may urge in support of *his principle*, that it is *more economical* to redeem the debt in time of *war*, because the stocks in time of war bear a *lower price*.

§ 23. Mr. Pitt may also urge, that the great advantage of *compound interest* arises from the money applied at compound interest being *applied for a sufficient time*; which advantage *exists* if you continue (uninterruptedly) to pay off the debt, *both* in time of *war*, and in time of *peace*; but that advantage *ceases*, if you pay off the debt *only in time of peace*; that is to say, if you pay off the debt only during a short or a moderate period.

For example, *one million* per annum *uninterruptedly* applied at *compound interest* during *sixty* years, would discharge a debt of *two hundred and eighty-nine millions, four hundred and ninety-seven thousand, nine hundred and fifty-three pounds*; supposing the interest of money to be at *four and an half* per cent. Whereas, if it were required to redeem the *same* sum of *two hundred and eighty-nine millions, four hundred and ninety-seven thousand, nine hundred and fifty-three pounds* in the space of *fifteen** years, (which is a *quarter* of the other period just mentioned) it would take, for that purpose, no less a sum than *thirteen millions, nine hundred and twenty-eight thousand, eight hundred and forty-nine pounds*, to be applied *annually* for the said *fifteen* years, at *compound interest*.

Therefore, in order to be able, in *fifteen years of peace* (for instance) to pay off any *considerable portion* of the national debt; it is necessary, that the Free Revenue (if applied solely in time of *peace*) should be *immense*: that is to say, in other words, that the *addition to be made to our annual taxes* should amount to *many millions per annum* more than at *present*, which the nation would certainly *not* be able to bear. Consequently, the *best principle*

* Proof of the above statement.—By Smart's Tables of Compound Interest (page 78), it appears that 1,000,000 l. annually applied at compound interest (the interest of money being supposed to be $4\frac{1}{2}$ per cent.) will in *sixty* years increase to the sum of 289,497,953 l.

By the same tables (page 47), it appears, that 1,000,000 l. annually applied at compound interest, (the interest of money being supposed to be at the *same* rate of $4\frac{1}{2}$ per cent.) will, in *fifteen* years, only increase to the sum of 20,784,054 l.

Now, 13,928,849 l. is to 289,497,949 l. in the same proportion as 1,000,000 l. is to 20,784,054 l. Q^d E^d D^m.

[11]

to adopt is, to apply the annual surplus (whatever it may be) **UNINTERRUPTEDLY** and **INVARIABLY** at *compound interest*, to the redemption of the debt for a greater *length of time*, whether in time of *war* or in time of *peace*.

This principle has been satisfactorily proved by that learned and excellent man Dr. Richard Price, Fellow of the Royal Society, in his various publications upon this subject.

§ 26. Mr. Pitt may likewise urge, that *the principle* which he adopts may be the means of *borrowing* money upon *more advantageous* terms in time of *war*.

§ 25. Mr. Pitt may moreover urge in support of *his principle*, that, if it were generally known, that the Plan for redeeming the National Debt were *always to be interrupted when a war comes*, that circumstance might operate strongly upon the minds of Ministers in foreign cabinets who may (now or hereafter) have hostile intentions with respect to this country; and might tend to *induce* those Ministers to wage war upon this nation, in order to bring bankruptcy upon this kingdom, in the *surest* way; namely, by *breaking our funds*. Whereas, those Ministers of foreign powers would *not* have (at least) that temptation to go to war with us, if the Plan for redeeming our Public Debt were *not to be interrupted, by war*; but, were to be allowed to operate, with all the astonishing advantages of *compound interest*, both during *war and peace*.

§ 26. Other strong arguments may be urged in favour of the *principle* of Mr. Pitt's Bill; and I confess that, having considered this subject with the utmost attention, I do adopt that *principle* in its full extent. But, as much as I *approve* of the *Principle* of Mr. Pitt's Bill, as much I do *disapprove* of the *Bill* itself, which is perfectly and completely *inconsistent* with the *principle* upon which, it is supposed to be founded.

This leads me to my *next* objection.

Third Objection to Mr. Pitt's Plan.

§ 27. Mr. Pitt by his Bill now before the House of Commons, does *not* act, either upon his *own principle*, or upon *that* of Mr. Fox. He neither provides a *very large annual surplus*, so as to discharge the debt, (or any considerable

[12]

portion of the debt) *before* the time, that we may, probably, happen to be engaged in another war.

Nor, does he take any *effectual means* of preventing the Free Revenue which he means to provide, from being *seized* upon by any *other* Minister, or from being, when a war shall come, *instantly diverted* from the purpose to which it is *now* intended to be applied; namely, the *gradual Redemption of the Public Debt*.

§ 28. By an account from the Exchequer (laid before the House of Commons) of the amount of the Public Debts, as they stood at the receipt of his Majesty's Exchequer on the 5th day of January 1786, it appears that (exclusive of annuities for long terms, annuities for two or three lives, Exchequer Bills made out for interest of old bills, and annuities for lives with the benefit of survivorship),

		£.	s.	d.
There are, of 3 per cents	- -	186,611,254	15	4 $\frac{1}{2}$
— of 4 per cents	- -	32,750,000	0	0
And of 5 per cents	- -	17,869,993	9	10
Making together the enormous sum of		237,231,248	5	2 $\frac{1}{2}$

§ 29. This nation in latter times has never been *long at peace*; and fortunate indeed, it is for us, that we enjoy the blessings of peace, in the *present* moment. If, like wise men, we are to judge of the future by the past, we must look forwards to *another* war. And when we consider that our public debts (as above stated) exceed the sum of *two hundred and thirty-seven millions*, it is but too evident how *weak* a measure it is to attempt to pay off *such* a debt, with only *one million annual surplus*; unless, *effectual means* be taken to make the said *annual surplus* perfectly UNALIENABLE; which great object, I shall demonstrate hereafter, may *easily* be accomplished, by *another* plan which I shall propose.

§ 30. The mischiefs that *may* befall this country by the *alienation of the Free Revenue*, which, by Mr. Pitt's Plan, is meant to be applied, at present, towards the Redemption of the National Debt, are infinite in number, and boundless in extent.

Suppose

[13]

Suppose, that any *future* Minister in this country should have any wild project, or any absurd war, *in contemplation*, (which, after the mad and accursed *American War*, is perhaps no very *unnatural* supposition); *such* a Minister, if the whole *Free Revenue* were placed *beyond his reach*, might be *prevented* from pursuing his extravagant scheme. Because, in order to *pursue* it, he must provide *money*; and, in order to provide money, he must lay *heavy taxes* upon the people. The taxes would make him *unpopular*; and in the present State of our taxes, any *considerable increase* to our heavy and grievous burdens would spread *universal alarm* throughout the kingdom. The probable consequence of *such alarm* would be, that *that ruinous project would be stopt*, and the Nation saved from destruction.

§ 31. But, suppose that *Mr. Pitt's bill were to pass* (which I trust it never will, in its *present* shape); what might not be the consequence? The Minister, who I have supposed above to have a calamitous plan in contemplation, would have *no restraint*. He would have *Parliament* to support him; or else he would *not* be *Minister*; which is contrary to our *supposition*. Having *Parliament* to support him, he would *repeal Mr. Pitt's Bill*, and would *seize* upon the Free Revenue, which, according to Mr. Pitt's Plan (see § 9), might perhaps, by that time, have *increased* even to *four millions per annum*. *Such* a Minister would justify *this* act, by stating the situation of the country; the advantages, or the necessity, of the war which he had projected; the enormous load of taxes under which the people labour, and the impossibility (or at least the impolicy) of laying on fresh burdens. Loans and contracts would be held out, in private, as inducements to some men to support the Minister. Others would be allowed to raise new regiments, upon advantageous terms. Others would have a prospect of advancement in the army or the navy. In short, *Parliament might* be brought to adopt the plan.

The people out of doors would *not* set their faces *against* the plan of *seizing* upon the Free Revenue: for, they would be told, that *such* a measure was in order to *save them new taxes*, which must *otherwise* be laid on. The reflecting part of mankind might dread the consequences of *such* a measure; but the people *at large* would acquiesce: for, no people upon earth were ever known to shew *general dissatisfaction*, because they were *not* made to pay *new taxes*.

If

[14]

If the Minister were an *able* man (and all great projectors have some ability) he would *repeal* that partial, oppressive, and unpopular tax, the *Shop Tax*, in order to gratify the metropolis and other towns. He might repeal the *House Tax*, in order to please the country. The amount of these taxes would be but *little*, when compared with the total of the Free Revenue of *four millions per annum*, of which Free Revenue he would have taken possession. He would, at the *beginning* of his administration, take some such measures as *these* to *purchase popularity*, by the very means he was taking to *ruin the country*; and he would thereby, become the better enabled to lead a deluded nation *headlong* to inevitable destruction.

These are the fatal consequences which *may* follow from *Mr. Pitt's Plan*; BECAUSE it does *not* place the *Free Revenue* which is to discharge the Public Debt *out* of the reach of any profligate Minister; by taking steps *now*, which shall *hereafter* render that Free Revenue perfectly UNALIENABLE.

§ 32. Having stated the outline of some of my objections to *Mr Pitt's Plan*, I shall now state the *principles* on which *my Plan* for paying off the National Debt is founded. I shall then give the Plan itself; and shall prove, first, that it would be highly *beneficial*; and secondly, that it is *practicable*.

PRINCIPLES on which EARL STANHOPE'S PLAN is founded.

A X I O M I.

§ 33. WHEN a commodity, which is intended to be purchased, is *cheap*, it ought to be bought *before* it becomes *dear*. And if the party, intending to purchase, has *not* money sufficient to buy the commodity, forthwith; he ought to *bargain* for it; the *price* ought to be fixed; and the *time* in which the money is to be paid ought to be correctly ascertained.

§ 34. For want of attending to *this plain principle*, the present Minister has suffered the time *to pass* when the 3 per cents. were at 60, without ever attempting

[15]

ing to *fix their price*. He has laid heavy and burdensome *taxes* on the people, and has held out to the public the *sure prospect of one million annual surplus*. He has *first raised* the value of the 3 per cents, to 70; which 3 per cents were at 60; and *then* he sets about to *pay off* the debt. A sum equal to *ten per cent.* upon the *whole capital* of the 3 per cents, has, therefore, been *wasted*; which, upon a capital of 186 millions of 3 per cents, is no less a sum than *eighteen millions, six hundred thousand pounds*. It is much to be lamented, that the unpopular measure of laying the *new taxes* has not *even* answered the purpose of *hastening the period of the final redemption of the debt*; but, on the contrary. For, the laying the *new taxes*, and the holding out so *strong an expectation* of so large a surplus, to be applied towards the discharge of the National Debt has raised the funds to their *present height*; and the raising of the funds, *before* any bargain was made with the holders of the 3 per cents, has *already* been the occasion of the *waste* of upwards of *eighteen millions, six hundred thousand pounds*.

Enormous as that sum is;---were that *all*, I might perhaps have remained silent. But when (added to that sum) a *still larger sum* of the public money is going to be *squandered*, from the *same* error, by Mr. Pitt's Bill *now* before the House of Commons, it is necessary to apprise the thinking part of the nation, of the pernicious consequences of *such* a measure, *before that* Bill has received the approbation of Parliament.

EARL STANHOPE'S PLAN.

§ 35. BY *my Plan* I endeavour to *fix the price* of the 3 per cents, which are *now* below 70; in order, to prevent the public from redeeming them at 100, or even at 90, on an average. This object I accomplish in the following manner.

I propose that new books should be opened at the Bank, and that all subscribers of 100 l. should be intitled to receive 4 per cent. per annum, interest. That those persons *only* should be permitted so to subscribe, who shall actually be *holders* of 3 per cent. stock, and who shall be willing to *convert the said stock* which now bears interest at 3 per cent. into *these* 4 per cents, which I shall hereafter distinguish from the *present* 4 per cents, by the appellation of the NEW FOUR PER CENTS.

And every person who shall thus *voluntarily surrender* 400 l. of the *present* 3 per

[16]

3 per cents (the interest of which 400 l. at 3 l. per annum for each 100 l. is 12 l. per annum) shall be *intituled* to receive 300 l. of these *new* 4 per cents (the interest of which 300 l. at 4 l. per annum for each 100 l. is likewise 12 l. per annum).

§ 36. The first question that I shall be asked will be, What means I am to use to induce the holders of the *present* 3 per cents to make *this conversion*, by which, the said holders of the *present* 3 per cents will be brought *voluntarily* to *surrender*, in the manner above mentioned, 400 l. capital for 300 l. capital; or in other words, *voluntarily* to *surrender* 100 l. of *present* 3 per cents for 75 l. of the *new* 4 per cents?

My answer is, I shall make it their *interest so to do*, as I shall demonstrate by calculations hereafter.

§ 37. A person *not well versed* in calculations of this kind may naturally say, that there *must* be some fallacy in my calculations; inasmuch, as it cannot be for the *interest*, both of the *stockholder* and of the *public*, that *this* proposed *conversion* should take place. That, if it be *not* for the interest of the *Public*, it should *not be done at all*. And that if it be *not* for the interest of the *stockholder*, he (the *stockholder*) will *not subscribe*.

To which I reply, that, singular as it may (at first sight) seem to some people, yet, upon a very little consideration, it will appear, that BOTH the *Public* and the *Stockholder* will be *gainers* by this proposed bargain; and for *this* reason, namely, BECAUSE the *public* has it (most fortunately) in its power to *give* to the holder of 3 per cent. stock, THAT which it will *not cost* the *Public* any thing to *give*, but which it will be very *advantageous* to the said *stockholder* to *receive*. And *this* is the hinge upon which the whole of my plan turns. I will now explain this distinctly.

§ 38. The nature of the agreement, which *now* subsists between the *stockholder* and the *public*, is this.

The *public* has promised to pay 3 pounds per annum as interest for every 100 l. capital of consolidated 3 per cents (for instance). The *public* has promised also never to pay off this 100 l. capital at less than 100 l. unless the holder of that stock, for the time being, shall be willing (at any time) to *accept* of less than the said 100 l. But, the *Public* has NOT promised to pay off the said capital *upon demand*. The *public* has NOT promised to pay off the said capital either on any *fixed day*, or within any *given time*. And the *public*

1

has

[17]

has NOT bound itself to pay off the said consolidated 3 per cents in any *given order*. But, the *public* are at perfect liberty to give the *preference*, in that respect, to whichever of the holders of the said 3 per cents the *public* may *deem it expedient* to prefer.

Therefore, *what the public has to give* to the holder of consolidated 3 per cents, and which it will *cost nothing* to the *public* so to give, is the RIGHT of PRIORITY of REDEMPTION. But this right of *priority of redemption* is, however, of *great value* to the said holder of 3 per cent. stock to *receive*.

A X I O M II.

§ 39. Whenever a man has a *bargain* to make, and has *any thing to dispose of*, which it is NO *loss* to him to *part with*, which it is not improper for him to *sell*, and which is of *great value* to the person with whom he is about to bargain, to *receive*; that man ought *not* to neglect to make *that thing* a *consideration* in the bargain, or else (in some other way) to obtain some *valuable consideration* for such thing.

Mr. Pitt neglects this *principle*; for, he has (with the consent of Parliament) the above-mentioned *right of priority of redemption* to dispose of; and yet, he does *not* attempt, by his Bill, to obtain (for the *public*) *from* the *stockholder* any *valuable consideration* for *that right of priority of redemption*.

§ 40. My Plan is fundamentally different; for, I would have the *public* give that *right of priority of redemption*, to such *only* of the holders of 3 per cent. stock as shall be willing to give to the *public*, in return, a *valuable consideration*; that is to say, to those *only* who shall be willing *voluntarily* to *surrender* (by the Act of Conversion) 25 pounds (for instance) out of each 100 pounds of their *nominal capital*, but no part of their *annual interest*.

The *valuable consideration* to be received by the *public*, will be a *gain* to the *public*; inasmuch, as THAT, for which, *this valuable consideration* is to be *received*, is NO *loss* to the *public* to *part with*.

And the *valuable consideration* which the holder of 3 per cent. stock is here called upon *voluntarily* to *give*, is *not equal* to the *advantage*, which, he (the *stockholder*) will *receive*, by obtaining the *right of priority of redemption*. But, before I can prove *this* proposition by calculations, I must explain the *rest* of my Plan, in order that the reader may be able to understand upon *what* those calculations are founded.

C

§ 41. In

[18]

§ 41. In order to induce the present holder of 3 per cent stock to *convert* his stock in the manner, and upon the terms, above mentioned; I should endeavour to make his *condition as good as possible*, if he should *consent* so to *convert*. And the more certainly to *insure* his converting, I should (without doing any act of injustice to the *stockholder* himself, or without either distressing *Government* or injuring the *Nation* at large) endeavour to make this stockholder's *condition*, if he does *not* consent to convert, *comparatively extremely bad*.

§ 42. Therefore, the Act of Parliament which is to establish the Free Revenue, or New Sinking Fund, ought (beside other matters hereafter to be mentioned) to stipulate *three* things. The first, *favourable* to that *whole* body of men who may be willing to *convert* their *present* 3 per cents into *new* 4 per cents, in the manner, and upon the terms, proposed above, (§ 35 and § 36). The second, *favourable* to those who shall come and convert *first*. And the third, *unfavourable* to such holders of *present* 3 per cents as shall *not* be willing to *convert* their stock.

§ 43. The Act should, consequently, enact some provision to the following effect, or something (at least) upon similar principles.

That, with respect to those *individuals* who shall be willing *voluntarily* to *surrender* 100 pounds of capital of stock bearing 3 per cent. interest, and to receive (in exchange for the same) 75 pounds of capital of stock bearing 4 per cent. interest; the public should, by this Act of Parliament, *solemnly pledge itself* to those *individuals*, that NO part whatever of the *annual surplus* or of its *increase*, by the falling in of *annuities* for long terms of years, or for lives, or by the accumulation of *interest* saved upon stock to be redeemed; that is to say, that NO part whatever of the *Free Revenue* should ever be applied to any *other purpose* than to the gradual *redemption* of the National Debt. And the public should, *moreover*, *solemnly pledge itself* to those *individuals*, who shall be willing so to *convert* as aforesaid, that NO part whatever of the *Free Revenue* should ever be applied to *redeem* any *OTHER* debt or debts *actually* contracted, or *hereafter* to be contracted, *until* every farthing of this *new* 4 per cent. stock, shall have been *redeemed* by the Free Revenue.

§ 44. And in order the better to *induce* the holders of *present* 3 per cents to *convert*

2

[19]

convert, and to *convert early*; and in order also the more *completely* to *pledge the public* to those *individuals* who should so *convert*; it ought to be enacted, that those persons who should *first* (in point of time) *convert* their 3 per cents into *new* 4 per cents should be paid off *first*, before any *other* of the holders of this *new* 4 per cents stock shall be paid off. In short, that *each* of the holders of *new* 4 per cents should be intitled to be paid off in the *exact* order of his *Conversion*; upon a principle, somewhat similar to *that*, upon which, the holders of *Navy Bills* are intitled to have their *Bills* paid off according to their *priority of date*.

§ 45. And with respect to those holders of *new* 4 per Cents who should have subscribed their names, at the Bank, on the *very same day*, the *right of priority of Redemption*, between those persons, might be enacted to be determined *by lot*; or else, that an *equal* portion of their respective 100 pounds subscriptions should be paid off at the *same time*, by the Free Revenue.

§ 46. It is perfectly evident, that *several* of the holders of *present* 3 per cents would, upon the passing of the Act of Parliament *instantly convert their stock*; because, the *first* persons who should *convert* would be intitled to receive *directly*, or in a *short time*, 75 pounds for *that*, for which, they cannot *now* get, at market, more than 70 pounds.

I shall prove, hereafter, that it will be for the *interest* of every one of the holders of *present* 3 per cents to *convert* his stock in the manner aforesaid; and that it will be for the interest, even of the *very last man* who shall so convert.

I, therefore, consider *my Plan*, not only as highly beneficial to the *public* (as it will soon be made to appear that it is); but, I consider it, moreover, as a boon to the 3 per cent. *stockholders themselves*.

§ 47. But, if any holder of 3 per cents should be so *absurd* as to *refuse* to accept of this advantageous offer, I should say unto that man; "The public are bound to pay you your *dividend* of 3 pounds per cent. per annum, *until* they shall find it convenient to *repay* you your principal; but the public are NOT bound to repay you your principal within any *given time*. Therefore, if you will *not convert* your stock (in the expectation of receiving perhaps some day or other 100 pounds, instead of receiving 75 pounds) I will, *before* I repay you one farthing of your principal, pay off ALL the *new* 4 per cents; also the whole FIFTY MILLIONS of the *present* 4 and 5 per Cents; and likewise *all debts* hereafter to be contracted by the public,

C 2

" by

“ by any new loans on account of any future war or wars. Nay, I will do more; for, if you do not convert, I will pay you off by a Sinking Fund which shall never grow to exceed two millions in any one year; but, if you will convert your stock into the new 4 per cents, you shall be paid off by a Sinking Fund, accumulating without limit, at compound interest.” The comparative situation of those who do convert, and of those who do not, will be calculated hereafter.

§ 48. Consequently, the Act of Parliament ought to declare and enact, that all the new 4 per cents should be redeemed first, and in the manner I have explained above (§ 44 and § 45.)

That all the present 5 per cents should be redeemed next; subject to an observation hereafter to be made.

That all the present 4 per cents should be redeemed next; subject to a similar observation hereafter to be made.

That all public debts which shall have been contracted after the fifth day of April, in the year 1786, on account of any war or wars, or otherwise, should be redeemed next. Provided always, that such public debts should bear interest at 3 per cent. per annum, or at more than 3 per cent. per annum.

And that the present unconverted 3 per cents, if any such should then exist, should be redeemed the last of all.

§ 49. The Act of Parliament ought to enact, that (instead of the annual Free Revenue being limited to four millions, as it is by Mr. Pitt's Plan; or instead of its being limited to any other given sum) the said Free Revenue should be permitted to accumulate at compound interest, as long as it can be applied to the redemption of the new 4 per cents; that is to say, as long as there shall remain any of the said new 4 per cents unredeemed.

§ 50. But, it should, in the Act of Parliament, be declared and enacted, that, (when all the converted 3 per cents shall be redeemed, that is to say, in other words,) when all the new 4 per cents shall be redeemed; then, the Free Revenue shall no longer continue to accumulate at compound interest; but, from that time, shall become limited, so as never to exceed two millions per annum: but, the surplus of such Free Revenue shall remain to be disposed of, by Parliament; and that taxes amounting annually to a sum equal to the said surplus, shall thenceforth be taken off.

Provided always, nevertheless, if, when all the new 4 per cents shall be redeemed,

redeemed, there shall remain NONE of the 3 per cents UNCONVERTED; that then, and in such case, the Free Revenue, instead of becoming limited to two millions per annum, shall continue to accumulate, as before, at compound interest, until all the present 5 per cents, and also all the present 4 per cents, shall be redeemed.

§ 51. By a subsequent part of this Plan, another inducement is given to the holders of 3 per cent. Stock to convert such 3 per cents. into new 4 per cents. But that part of this Plan will be much better understood by being mentioned hereafter.

COMPARISON between Mr. PITT'S PLAN and EARL STANHOPE'S.

§ 52. I will now compare my Plan with Mr. Pitt's.

I suppose, in all the following calculations, the same annual surplus of one million, which Mr. Pitt has promised the public.—I also suppose the adding to that surplus, the annuities for long terms of years, at the periods at which they shall respectively fall in; exactly the same as by Mr. Pitt's Plan. I have omitted, on both sides, the Annuities on Lives; as the times at which they will fall in cannot be ascertained with precision. I have also omitted (on both sides) to calculate the saving of the expenses of management on the debts which shall have been redeemed; otherwise, the calculations would have been more operative, without being in a comparative view) more satisfactory. But, I have not omitted (on either side) the expenses of management of the annuities for long terms of years.

§ 53. There is a great difficulty in the making of these kind of calculations, which arises from the not being able to ascertain at present, what prices the Stocks will hereafter bear, at different periods of the whole time of redemption.

Therefore, in calculating the time that my Plan will take to redeem the whole of the present National Debt; I shall first suppose the price of the unconverted 3 per cents. to be below £ 75. In the second calculation, I shall suppose the price of the said unconverted 3 per cents. to be at, or above 75, and below 80. And in the third calculation of my Plan, I shall suppose the unconverted 3 per cents. to be at 80, or at any price whatsoever between 80 and 100.

D

The

The grounds of the above statement will be seen hereafter.

§ 54. In order to be able the better to make a *fair comparison* between Mr. Pitt's Plan and mine; inasmuch as by *his* Plan, the Free Revenue is supposed to be *limited* to four millions (See § 9.), and that by *my* Plan it is *not* supposed to be so *limited* (See § 49); I shall state the calculations *two* different ways. I shall *first* suppose, that the Free Revenue to be applied according to *his* Plan, is to accumulate at compound interest, without limit, in order to compare his Plan with mine, under the circumstances of *my* Plan. And I shall then suppose that the Free Revenue to be applied according to *my* Plan is to be *limited* to a *fixed* Free Revenue; in the same manner, as by Mr. Pitt's Plan, the Free Revenue would become *limited* to four millions. By which means, I shall be able to compare my Plan with his, under the circumstances of *his* Plan.

§ 55. In the *first* calculation of *my* Plan described above, I suppose the price of the *unconverted* 3 per cents. to be *below* 75. And it appears by the Table in the Appendix, No. 8, that by *that* Plan of mine, the whole of the *present* National Debt of this country, would be paid off in fifty-one years, reckoning from the 5th day of April of the present year 1786. And that at the *end* of that period I shall have, of *overplus monies*, the sum of £. 8,208,928.

It appears by the Table in the Appendix, No. 13, that in the *same time* of fifty-one years, Mr. Pitt, by *his* Plan, will NOT have paid off the whole of the *present* National Debt by £. 28,559,118.

Therefore, under the above suppositions, the *clear gain* by my Plan, (or in other words the *clear loss* by Mr. Pitt's) will be the amount of those two sums added together; namely, the enormous sum of £. 36,768,046.

§ 56. In the *second* calculation of *my* Plan, I suppose the *price* of the *unconverted* 3 per cents. to be *at*, or *above* 75, and *below* 80; and it appears by the Table in the Appendix, No. 9, that, by my Plan (under these circumstances) the *whole* of the *present* National Debt would be paid off, in fifty-one years. And that, at the *end* of *that* period, I shall have, of *overplus monies*, the sum of £. 7,157,532.

It appears by the Table in the Appendix, No. 13, that in the *same time* of fifty-one years, Mr. Pitt, by *his* said Plan, will NOT have paid off the *whole* of the *present* National Debt by £. 28,559,118.

Consequently,

Consequently, under the above suppositions, the *clear gain* by *my* Plan, as compared with Mr. Pitt's, will be the amount of those two last mentioned sums added together; namely, £. 35,716,650.

§ 57. In the *third* calculation of *my* Plan, I suppose the price of the *unconverted* 3 per cents. to be *at* 86, or *at any* price whatsoever between 80 and 100. And it appears by the Table, No. 10, that, (even under these *last mentioned* circumstances) the *whole* of the *present* National Debt, would be paid off, by *my* Plan in fifty-one years. And that at the *end* of that period I shall have of *overplus monies* the sum of £5,391,664.

It appears by the Table in the Appendix, No. 13, that, at the *same time* of fifty-one years, Mr. Pitt, by *his* said Plan, will NOT have paid off the *whole* of the *present* national debt by £28,559,118.

Consequently, under the *last mentioned* suppositions, the *clear gain* by *my* plan, as compared with Mr. Pitt's, will be the amount of those two sums added together, namely, no less a sum than £33,950,782.

§ 58. The next comparison which I have promised to make between Mr. Pitt's Plan and mine, is, supposing *my* Plan to be *limited*, in order to compare it with *his*, under the circumstances of *his* Plan.

I have stated, in the Table in the Appendix, No. 18, the results of my calculations upon this supposition. And in the Appendix, No. 16, and in the Appendix, No. 17, I have explained the manner in which those calculations were made; in order that those of my readers, who may wish to take the trouble of examining them, may see, that there is NO FALLACY in the *statements*, or *mistake* in the *figures*.

And I have, from the same reason, laid it down as a general rule to myself, with respect also to all the other Tables in the Appendix, to explain, either in some part of the Appendix, or in some part of these Observations, the manner in which those Tables have been formed. And for fear (from the shortness of the time which I have before the meeting of parliament to write these observations, and to revise these calculations) I have had all my calculations, where errors could accumulate, revised, under my own eye, by *two other* persons: and various parts of those calculations I have proved likewise in another way: so that, I think, I may venture to give them as perfectly *correct*. Except the errors of the *press*, if any such shall be made by the printer.

§ 59. Now, it appears by the Appendix, No. 14, that on the fifth day of April, 1855, that is to say, at the end of about *sixty-eight* years from the present time, the *whole* of the *present* national debt will be paid off by my Plan; supposing that I should *limit* the Free Revenue to a fixed sum (not of £4,000,000. per annum, as by Mr. Pitt's Plan; but) of £3,342,600. per annum.

It appears, by the Appendix, No. 15, that the end of the same period of *sixty-eight* years from the present time (or rather later) Mr. Pitt would, by his Plan, have redeemed the *whole* of the *present* national debt, by *limiting* the Free Revenue to *four millions* per annum.

Therefore, in this point of view, that is to say, in respect to *time*, we stand upon perfectly *equal* grounds.

§ 60. But, it appears, by the *second column* of the Table in the above-mentioned Appendix, No. 18, that, on the fifth day of April, 1815, namely, at the end of the *twenty-ninth* year of the Plan of Redemption, I should, by my Plan (*limited* as aforesaid) ease the people of *taxes* to the amount of £356,244.

Whereas Mr. Pitt, by his Plan, would, on the said fifth day of April, 1815, only ease the public of taxes to the amount of £28,895. as appears by the *third column* of the Table in the said Appendix, No. 18.

Therefore, I, by my Plan (*so limited*) should ease the people of *more taxes* than Mr. Pitt does, by *his* Plan, by the sum of £327,347.

§ 61. The reader will find, in the Table contained in the Appendix, No. 18, an account, year by year, of the amount of the *taxes* which would be to be taken off, according to my plan (if *limited* as above mentioned); also an account of the amount of the *taxes* which would be to be taken off according to Mr. Pitt's Plan; and likewise the amount of the *difference in my favour*; which difference is NO LESS, in any *one* year, than £327,347. but rises gradually up to £342,187.

So that, by my Plan, I should save, *annually*, TAXES to the amount of about *five* times the produce of that odious tax, the SHOP TAX.

It is *unnecessary* for me to add, that the Plan of Mr. Pitt is NOT a Plan of *economy*!

§ 62. We have seen above, in No. 11, and in the following sections, that Mr. Pitt's proposed Bill is liable to the objection, that certain individuals (namely,

(namely, the commissioners) may, by means of the powers given them by that bill, make large fortunes by gambling in the public funds, in the manner above set forth.

But my Plan above-mentioned is *not*, in the smallest degree, liable to that objection; inasmuch, as by what was said, in No. 48, and also in No. 44 and No. 45, it appears; that, by my Plan, the order in which the stocks are to be redeemed, is settled by the act of parliament. Consequently, no *option*, or *arbitrary power*, in that respect, would be left, by my Plan, to the said commissioners.

The commissioners therefore *cannot*, by my Plan, enrich themselves by *stock jobbing* in the manner above specified.

Free Revenue rendered UNALIENABLE by Earl Stanhope's Plan.

§. But, of all the advantages of my Plan, THAT which I prize, beyond comparison, the most, is, "That it makes the Million annual surplus, and 'the whole of the Free Revenue (or New Sinking Fund) UNALIENABLE.'"

There is NO act of *one* parliament which may *not* be repealed by a *succeeding* parliament; or which may *not* be repealed by the same parliament in a *subsequent* session. But there are, nevertheless, acts of parliament that are *sacred*.—Those acts of parliament which confirm a BARGAIN, between the public and individuals, may be said to be amongst that number.

The dividend of the public creditor has *never* been attacked by parliament, notwithstanding the necessities of the public.—Why so?—Because it is a Bargain and a Contract. The creditor lent his money upon the *express, stipulated condition* of receiving, each year, a given sum as *interest*.—The public have ever kept *their faith* with those who have lent money to the state.—The publicity of our public accounts (which can never be too great), and the *constant, unremitting good faith*, kept by the public, with the public creditors, are the principal pillars of the credit of this country; and those, without which, it cannot stand one moment.

§ 64. Should Mr. Pitt's bill pass; a future parliament may repeal it.—Why?—Because it is NO bargain.—It would establish a New Sinking Fund: because, in the year 1786, parliament thought that it was expedient to redeem the debt. A future parliament might, in other situations of the country, deem it *inexpedient* to continue that Sinking Fund.

Therefore,

Therefore, they might *diminish* the said *Free Revenue*, in any given ratio; or they might *repeal* the *whole act*. What is there that would *prevent* them from so doing?

§ 65. The bill of Mr. Pitt, in its preamble, recognizes (in the strongest terms) my *principle*. It recites, that "*Whereas, by the great increase of the national debt, it is now become necessary to establish a PERMANENT Plan, for the reduction of the same; We, your Majesty's most dutiful and loyal subjects, the Commons of Great Britain in Parliament assembled, being desirous of making a LASTING provision for the maintenance of the Public Credit.*" &c.

This is the great problem to be solved; expressed in distinct language.—That bill however, does NOT solve that problem. But, my proposition does.

For, I have proposed in the foregoing pages, THAT which, is in every point of view, a BARGAIN and a COMPACT—A compact neither more nor less *sacred*, than the compact between the public and stockholder, with respect to the *dividend* itself.

§ 66. It is proposed by my Plan, that the public creditor, who is an holder of 3 per cent-stock, should voluntarily *sell* to the public, *twenty-five pounds per centum*, of his *present capital*; and that the *price* to be paid, by the public, for the said *portion* of the said capital, is the *right*, (which the public creditor has NOT at present, but) which my Plan proposes to *give* to the said *public creditor*, of being repaid his *principal*, on a *precise, given day*.

For, the being paid off, in a *fixed and certain order*, with a *given sum*, to accumulate constantly, at compound interest, is, to all intents and purposes, the being paid off, on a *precise, given day*.

§ 67. This *solemn contract* (I suppose) has been *assented* to, on the part of the *public*, by their trustees, the *Parliament*. It has been *assented* to, by the holders of *new 4 per cents themselves*, when they voluntarily *surrendered* their £.100 of converted 3 per cents for 75 of *new 4 per cents*; and wrote their names, for the *new subscription*, in books opened at the Bank.

Can ANY CONTRACT be more *sacred*? or, can the *terms* of any contract be more *clear*?

I ask, then this question. "Can the public *accept* from the stockholder, "*twenty-five pounds per centum* of the stockholder's CAPITAL; and, at the same time, *refuse to pay*, to the stockholder the equivalent; namely, the

" stipulated

" stipulated, VALUABLE CONSIDERATION in return?"—The answer, which I should receive, evidently would be; "That the public most certainly could NOT. For, that it would be as violent a *breach of contract*, and as GROSS A FRAUD; as if the public were to lay strong hands, on a "*fourth* (or any other) *part*, of the stockholder's DIVIDEND.

The public in this country, never have done, and never will do, such an act of injustice to individuals. And the public will be the less tempted to commit this act of injustice; on account, of the number, and of the weight, of those individuals.

§ 68. Now, the ALIENATION of the *Free Revenue* by any future Parliament, would, precisely, be that very *breach of contract*, and that very *Fraud*.

For, if the *Free Revenue* (or any part thereof) be alienated; in order to be applied to any other purpose, than the gradual, (yet, *sure*) redemption of the national debt, in the manner stipulated; the CONTRACT made, by the public, with the public creditor, to repay him his *principal*, on a given day, CANNOT be performed; because, without the said *Free Revenue*, there would NOT be the means, to perform it.

But, the said *sacred COMPACT* is NOT, by the public, intended to be violated. Therefore, the *Free Revenue* CANNOT be ALIENATED.

And this is the proposition, which I had proposed to prove.

EARL STANHOPE'S Plan is advantageous to the Stockholder.

§ I have promised to shew, in the next place, that my plan is *practicable*; that is to say, in other words, that it will be for the advantage of the stockholder, to convert his 3 per cents, into *new 4 per cents*, and upon the terms above-mentioned. For, if the said conversion takes place; my Plan becomes *practicable*, and even *easy* to be carried into execution.

§ 70. It does not require any great depth of knowledge, to perceive, that I confer a benefit upon a Man, if I give that man (as in is proposed, by my Plan) £.75 for that, for which he cannot now get at market, above £.70 (if so much).

I mean, here, to speak of the persons, who shall be the first to convert their present 3 per cents, into *new 4 per cents*, and who will be, to be paid off forthwith; that is, on the first quarter-day.

§ 71. The *new* class of persons, are *those* who will be to be paid off, in *one* year hence. To a person of *that* class I should, therefore, state; first, that his *nominal* £.100. 3 per cents is *now* worth (according to the price of stocks) *no more than* £.69 or £.70. Whereas, if he will *consent* to write his name in the books, to be opened at the Bank; that is to say, if he will *consent* to *convert* his £.100 of 3 per cents, into £.75 of *new* 4 per cents; that, then, and in such case, I shall *continue* to pay him the *same dividend* of £.3 per annum, which he has hitherto received; inasmuch as £.3 for the said £.75 of the said *new* 4 per cents, is *equivalent* to £.4 for £.100, of the said *new* 4 per cents. And secondly, that, I shall continue to pay him his dividend, of £.3 for one year, from the present time; and that, at the end of the said year I shall pay him in money £.75.

Consequently, the (*actual* or) *present value* of my offer to him is, the *present value* of £.75. to be received at the end of one year from the present time, added to the *present value* of an annuity of £.3. per annum for one year.

§ 72. In like manner, the *present value* of my offer to a person to be paid off in *two years hence*, is the *present value* of £.75. to be received at the end of two years from the present time, added to the *present value* of an annuity of £.3. per annum for the said term of *two years*.

It is upon *this* Principle, that the two Tables, contained in Appendix, No. 19 are formed.

§ 73. From the *two* Tables in the Appendix No. 19, I have formed the *two* Tables in the Appendix No. 21; and I have explained, in the Appendix No. 20, the manner of making the said *two* Tables in the Appendix No. 21.

I particularly beg to refer the Reader to the said *two* Tables, in the Appendix No. 21, where he will find, opposite each *fifth* year of the Period of Redemption, the *per Centage* of *present Inducement* (if I may be allowed the expression) which a present Holder of 3 per cent Stock will have to *convert* his 3 per cent Stock into new 4 per cents.

First, supposing his *new* 4 per cent Stock to be paid off first; that is to say in the present moment, or on the first Quarter day. Secondly, supposing his new 4 per cents, to be paid off at the end of 5 years from the present time. Then, supposing his new 4 per cents to be paid off at 10 years from the *present* time; and so forth.

§ 74. The Reader will, no doubt perceive, by comparing those two Tables, in the Appendix No. 21, that the Gain to be made is greater, or in other

words,

words, that the Inducement to convert is greater, when the *Rate of Interest* of Money is supposed to be at 4 and an half per cent (See Table 2d) than when it is supposed to be only at 4 and one Quarter per cent (See Table 1st).

For, the sake of *Argument*, I have given it, *both* ways; but, accurately, I ought to have stated it but *one*.

It appears, by the Table of the *Rate of Interest* in Appendix No. 22, that, when the 3 per cents are at *about* 70 and an half, (See Column 3d) that, the Interest of Money, is at 4 and one Quarter per cent (See Column 1st)—And, in order for the Interest of money, to be at 4 and an half per cent, (See Column 1st) that, it is necessary that the 3 per cents should be at 66 and two thirds. (See Column 3d.)

Now, the said Statement is *perfectly accurate*, upon the supposition, that the price of Stocks is regulated *solely* by the *common rate of Interest of Money*, in the Country, at any particular Period. But, there is *another* Circumstance, which determines the price of those Stocks *which are below par*; and that is, the *prospect of redemption*. If the prospect of *redemption* is, at an *infinite distance*, the price of the 3 per cents will be, as stated in the said Table of the *Rate of Interest*, No. 22; *this price*, that is to say, the price of 3 per cents *independent of any Idea of redemption*, is what, I shall call the NATURAL PRICE of the 3 per cents.

§ 75. But, if the prospect of Redemption be *any thing*, that is to say, in other words, if there be any *Average time* (however distant) at which, it is probable that the said 3 per cents *will* be paid off; then, an *additional value* is given to the said 3 per cents; which *additional value*, together with the NATURAL PRICE of the said 3 per cents, I shall call the ARTIFICIAL PRICE of the said 3 per cents.

§ 76. I suppose, as an instance, that Mr. Pitt had never *held out* to the Public, the prospect of redeeming the National Debt. And I suppose that, at this moment, the *general Rate of Interest* in the Country, were 4 and an half per cent. Then, the NATURAL PRICE of the 3 per cents would be 66 and two thirds, as above stated.

§ 77. Now, I suppose that Mr. Pitt comes forwards (as he did the last Session of Parliament) and *promises a Million Annual Surplus*, to be applied, according to his Plan. What is the natural consequence? The natural consequence is, that the 3 per cents will rise.—*How much* will they rise? I am going to state it.

[30]

§ 78. At the end of the 26th Year, he has not redeemed any of the 3 per cents; (See Appendix No. 11.)—He redeems the whole Debt (having limited his Free Revenue to 4 Millions) in the space of *sixty eight years*, or thereabouts (See Appendix No. 13.) Deduct the said 26 years, from the said 68 years, and there will remain 42 years. Therefore (the half, or) 21 years, added to the said 26 years; namely, 47 years (from the present time) is, nearly, the *Average time* in which, the Holders of the 3 per cents may expect to be paid off by Mr. Pitt's Plan.

Consequently, the NATURAL PRICE of 3 per cents being (as supposed above) 66 and two thirds; we must add to *that* Price, the *present value* of the difference between 66 and two thirds, and one hundred Pounds; that is to say, the *present value* of £.33 and one third, to be received at the end of the said 47 years, which (by Smart's Tables of compound Interest, Page 68, and Column 4½ per cent; and also page 3) appears to be £.4 4s. 2d.¾ making together with the said £.66 13s. 4d. the Sum* of £.70 17s. 6d.¾ which said last mentioned Sum will be the ARTIFICIAL PRICE of the said 3 per cents.

§ 79. Now, the *present Price* of the 3 per cents is *not*, by about one per cent, as high as Seventy Pounds, Seventeen Shillings, and Six Pence Three Farthings.

Consequently, the NATURAL PRICE of the 3 per cents, at present, is *not*, by about one per cent, as high as 66 and two thirds, that is to say, in other words, that the *present Rate of Interest*, in this Country, is not even so low as 4 and an half per cent.

Therefore, I do an Injury to *my own Plan*, by calculating the present Inducement to convert 3 per cents into new 4 per cents at so low an Interest as 4 and an half per cent.

§ 80. The bare Inspection of the fifth Column, in the two Tables contained in Appendix No. 21, is sufficient to shew the *present Inducement to convert* 3 per cents into new 4 per cents.

* Another plain proof of the above calculation, is this; by Smart's Tables, (page 84) column 4½ per cent, it appears that the *present value* of an Annuity of one pound per annum, for forty-seven years, is 19,414,708. Multiply the said number by 3, and we shall get the *present value* of an Annuity of 3 per annum, for the said 47 years; namely, 58,244,124. To which add 12,633,810 which by Smart's Tables (page 84), column 4½ per cent, appears to be the *present value* of £.100 to be received at the end of 47 years. The Sum Total will be the *present value* of £.100 of 3 per cents to be redeemed at par, in 47 years from the present time; the NATURAL PRICE of the 3 per cents being 66 and two thirds. The said Sum Total will be 70,877,934, which, by Smart's Tables (page 6) is £.70 17s. 6d.¾ as above stated.

§ 81.

[31]

§ 81. To the above Inducements to convert, I should certainly, in my own mind add, the following Inducements, were I an Holder of 3 per cent Stock; viz. the vast advantage of having my Money in a Stock, that can never, by War, sensibly fall in value, supposing that I subscribe early. For, if I am to receive £.75 in five Years hence, for instance, I shall equally be to receive £.3 per annum for five years, and to receive my £.75 at the end of five years;—whether there be War or Peace; or whether the Stocks be at 70 or at 54, as the consolidated 3 per cents were, in the last War.

Such a Fund, therefore, as that, which I propose should be established under the appellation of the new 4 per cent Fund, would be highly beneficial, in this respect. It would be peculiarly calculated for the laying out of Trust Money, and Money for the Portions of younger Children. It would no doubt be much sought after for such Purposes; which circumstance would greatly enhance its value. It is a Stock which would be particularly sought after when a War should happen, or even when a War only be apprehended.—At the very moment, when people would be most desirous to sell their property out of the other Funds, they would be the most desirous to buy into this.

§ 82. I must moreover add, to all these considerations, the incomparable advantage of having my Principal secure: for, if I were to be paid off in ten, twenty, or even in forty years, I should NOT lose my Property, if any great Public Calamity were to break the Funds, at any more distant period. But if I should be absurd and headstrong; and should refuse to convert my 3 per cents into new 4 per cents, as afore said; suppose that, in forty-five years hence, for instance, our Fleets should be destroyed, our West India Islands taken, and this Island even successfully invaded, our Funds might break; and my Family would lose both the Principal and the Interest of the Money in the Funds; because I had been obstinate enough to refuse to convert my 3 per cents.

§ 83. But, it may be objected to my Plan that the NATURAL PRICE of the present 3 per cents may be above 75; in which case it would never be worth the while of the Holders of 3 per cent Stock to convert their present 3 per cents into new 4 per cents. To this plausible objection I have a most complete answer, viz.

Suppose the NATURAL PRICE of the unconverted 3 per cents to be at 75; the NATURAL PRICE of the present existing 4 per cents will be

E 2

at

[32]

at £.100, that is to say at par. But the ARTIFICIAL PRICE of the unconverted 3 per cents will be, but little *different* from the NATURAL PRICE of the said unconverted 3 per cents; inasmuch as the *prospect* of Redemption of the said 3 per cents is so extremely distant; and it is *not only remote, but precarious*, from the above mentioned circumstance, viz. that *all Debts hereafter to be contracted* are to be redeemed before any of the unconverted 3 per cents. But, the *present* existing 4 per cents are to be paid off *before* all such *new Debts*.

§ 84. Now, when the 4 per cents are *at or above par*; we can open *new Books*, at the Bank, in order to *borrow* Money, for the Public, at 4 per cent.—Let us, then, at any time (after the 14th year * of my Plan of redemption,) when the 4 per cents shall be *at par*, borrow £. 17,869,993 at 4 per cent, in order to *pay off* all the present 5 per cents; or in other words, let the Interest of the *present* 5 per cents, (in the unexceptionable manner here stated,) be reduced from 5 to 4 per cent, which will afford the Public an *annual* Revenue of £. 178,699.

§ 85. Now, as much of the said annual Sum, as it shall be *necessary* to apply to induce the Holders of 3 per cents to *convert* their 3 per cents into *new* 4 per cents, so much of the said sum of £. 178,699 I would apply as a BONUS, for that purpose. Suppose, for instance, that the Funds being at 77 it should be necessary to induce the Holders of 3 per cents to *convert* 3,083,293 of their 3 per cents; namely, the Quantity of 3 per cents that it would be necessary to *convert* in order to create 2,312,470 of *new* 4 per cents; the same being the Quantity of *new* 4 per cents, that by my Plan (See Appendix No. 6) would be to be redeemed on the 20th year, for example.

Now, the said sum of 178,699 is between 6 and 7 per cent on the said 3,083,293 and is therefore *abundantly more than sufficient* for the purpose above stated.

§ 86. The *Residue* of the said sum of 178,699 I should propose to apply to hasten the Operation of the *Free Revenue*.

* By Earl Stanhope's Plan, there will be redeemed, in 14 years, 19,262,087 of new 4 per cents (See Appendix, No. 5). Now, as soon as even £. 18,750,000 of the new 4 per cents shall be redeemed, the 17,869,993 of 5 per cents *may* be paid off; inasmuch as the 18,750,000 of new 4 per cents actually *were* 25,000,000 of 3 per cents.

This

[33]

This is another great advantage of my Plan which I have neglected to compute in all the Comparisons I have made above, between my Plan and Mr. Pitt's.

It is evident, however, *how great* this advantage *might* be; for, suppose the Stocks first to *rise*, and then, on account of War, afterwards to *fall*. I should then not want *any part* of the said annual sum of £. 178,699 to be applied as a BONUS to induce the 3 per cents Stock Holders to *convert*: but, I might add the whole of the said sum of £. 178,699, each year, to my *new* Sinking Fund.

§ 87. Suppose the Stocks were to rise still more.—Suppose they were to rise to 85 and *seven tenths*, for instance,

It will now be objected to me, *that*, in *that* case, to the whole of my (£. 178,699) BONUS would be *insufficient* for the purpose of inducing the Holders of 3 per cent Stock, to accept of £. 75, for *that* which he would then, be able to sell at Market, for 85 or 86.

Will my BONUS be insufficient? Then I will provide *another*, in *addition* to the *first*.

For, there being then, £. 32,750,000 of *present*, existing 4 per cents; and there being also 17,869,993 of old 5 per cents *reduced* (as aforesaid) to 4 per cents; making together the sum of 50,619,993 of 4 per cents; an operation *exactly similar* to that above explained, might be performed by opening Books at the Bank to receive Subscriptions at 3 *and an half* per cent. (See the Table of Rates of Interest in the Appendix No. 22.) By this operation I should obtain another *annual* sum of £. 258,100 which added to the £. 178,699 above mentioned, would afford me a Free annual Sum of no less than £. 436,799, to be applied in the manner aforesaid; namely, as a BONUS in time of *Peace*; or as an *addition* to the *Sinking Fund* in time of *War*; or else, in particular Situations of the Funds, I should apply it, in a proper *proportion*, to *both* those purposes.

§ 87. Were the 3 per cents to rise to *par*, I should open Books at 3 per cent, and should obtain for the Public another annual Sum of £. 258,100 being another *half* per cent on the £. 50,619,993 of *reduced* 3 *and an half* per cents (old 5 and old 4 per cents.)

The said sum of £. 258,100 will, together with the above mentioned sum of £. 436,799, make an *annual* sum of £. 664,899, free to be applied, for the purposes above mentioned.

§ 88.

[34]

§ 88. If it should be objected to me that there may be a *sudden and surprizing increase of Wealth* in the Country, particularly *before* 14 years, that is to say, *before* I can obtain my *first* BONUS from the 5 per cents; that then, my *Plan of Conversion* would not succeed.

I can easily conceive events that might *suddenly impoverish* the Country; but, I cannot quite so easily conceive those *surprizing* Events, which are thus *suddenly to increase* its wealth; but, for the sake of Argument, Let it be granted.

If my BONUS, at any *particular* Period of the Plan of Redemption, could *not* be obtained; as for Instance, before the 14th year, or if it were *not quite* adequate to its purpose, in certain *unexpected* and *surprizing* Situations of the Country, I would *borrow* a BONUS from the *Free Revenue*;—which upon an *Average*, I should more than *repay*, in *less unexpected* and *less surprizing* situations of this Country. But, suppose, (in order to give every advantage against myself) that I were to *take* a BONUS even, every year, from the Free Revenue for so long a time as *Twenty* years together, and to take *no less* a sum than *one hundred thousand pounds*, in each year. I should, (even under these unfavourable suppositions gain, for the Public, about THIRTY MILLIONS, more at the *End of fifty one* years, than Mr. Pitt would do in the *same* time, by his proposed Plan; even if he were to *permit* his Plan to operate *without limit*, upon compound Interest.

§ 89. It may perhaps be said, that the *new* 4 per cent. stock may get above *par*, and that the holders of *new* 4 per cents. would no longer find it for their interest to be *paid off*, and would *not insist* upon having the CONTRACT performed on the *part of the public*; and that *this* would render the Free Revenue *alienable*, which would consequently defeat the Plan.

To which I reply, that the *manner* in which I propose to *apply* the BONUS *entirely does away this objection*, which would otherwise be an objection of considerable weight.

I do *not* mean that the BONUS should be given to the stock holder at the *time of his converting*; but, at the time of his being *paid off*. Therefore, it will *only* be, by his being *paid off*, that he will profit by the BONUS.

§ 90. I should therefore propose, that, in order to carry this Plan of mine into effect, that it should be enacted, in the act of parliament, that if, at any time, the six commissioners, or any four of them, should find, by the *then price of stocks*, that, by opening new books at the Bank, a gain of *one eighth*

[35]

eighth per cent can be obtained, upon the interest of any fund, or funds, which shall then, by law, be *redeemable*, the said commissioners should be authorised and required to open such books in manner aforesaid; and that all interest so saved, should, by the said commissioners be added to the Free Revenue. And that the *new* subscribed stock should, in respect of *priority of redemption*, be exactly in the same predicament as the higher-interest stock paid off by the said new subscriptions.

And that if, at any time, the quantity of *new* 4 per cents, arising as aforesaid from *converted* 3 per cents, should NOT be sufficient to employ the *whole* of the Free Revenue, for the *then next ten years* (at the least) in the discharging of the said *new* 4 per cents; then, and in such case, the said commissioners should be empowered and required to appropriate *such part or portion* of the Free Revenue as should amount, according to the then price of stocks, to an inducement of 2 per cent to be given to the holders of 3 per cents, to *convert* their stock into new 4 per cents; so as, at all times, to have, before hand, at least as many *unredeemed new* 4 per cents, as it would take *ten years* to redeem: (providing, of course, for the *latter years* of the period of conversion.)

§ 91. Mr. Pitt's Plan has *not* the advantage which mine has, of being able to *reduce the interest* of the 5 per cents, and of the 4 per cents. in order to *accelerate* the operations of his *new sinking* fund.

Because, he will pay off the said 4 per cents. and the said 5 per cents. at the beginning of the period of redemption; whereas, I do it only at the *end*. If, on the contrary, he was, *without adopting the measure of conversion*, to pay off those stocks *at the end* of the period of redemption, that is to say, in other words, if he were to pay off the *unconverted* 3 per cents. *first*, he would do *still worse* than he proposes to do by his Plan.

§ 92. If the time before the meeting of parliament had been *less short*, I should have added other tables in the Appendix; particularly, one to prove that Mr. Pitt would not be able to redeem the 3 per cents. by *his* Plan, so low as 90, *on an average*. The outline of my mode of proof would have been *this*: I should have stated; that, the *twenty-seventh year* of his Plan is the *first year* in which he would be to pay off any 3 per cents. (See Appendix, No. 11.) Therefore, that, if a man who, at the end of the said twenty-seventh year, had 3 per cents. to sell, were to refuse to sell to those commissioners, at *their* price, he could only be punished by being paid off *last*; and that, if Mr. Pitt's *annual surplus* were *not* to be limited to four millions, it would be for the *interest* of the holders of the said 3 per cents. to *hold out*, and

and not to *consent* to part with their stock at *so low* a price as 90, on an average; even were the NATURAL PRICE of the said 3 per cents. to be as low as 70 and an half at the time when the 3 per cents. would, by Mr. Pitt's Plan, begin to be redeemed, which Mr. Pitt will *not* contend is likely to be the case.

Consequently, in the calculations which I have stated above, I have given *too great an advantage* to Mr. Pitt.

I trust that my Plan, will, by this time, appear to have *some* advantages, and to be founded on *principles* not liable to exception.

§ 93. Mr. Pitt's Plan, on the contrary, does NOT answer any ONE DEFINITION of a *good Plan* for the redemption of the national debt.

Suppose any man should say, that a *good Plan* is that by means whereof a *given sum of money*, annually applied, would redeem the greatest portion of debt, in a *given time*, such as *fifty one years*, for instance.

We have seen above, that Mr. Pitt's Plan is NOT *that Plan*. For *his Plan* (even unlimited) would *not* discharge in *fifty one years* as much debt as mine would do, by upwards of *Thirty Millions*.

§ 94. Suppose a *second* person should define a *good Plan* to be that, by means of which the *whole* of the *present Debt* would be *discharged* in the *shortest time possible*, by means of *One Million* annual surplus, and the Public *Annuities* that may fall in.

Mr. Pitt's Plan would NOT answer *that Definition*. For, by the limited manner in which *his Plan*, as set forth in his Bill *now* before Parliament, is proposed to operate, it will require *upwards of Sixty eight years* to redeem the whole of the *existing Debt*.

Whereas, my Plan would redeem the *whole* of the *existing Debt* in less than *Fifty one years*.

§ 95. If a *third* Man should define a *good Plan* to be *that* by means of which, the *most Taxes* would be *saved to the People*, at the end of a *given time*, such as *Twenty nine years*, for Instance:

Mr. Pitt's Plan is evidently NOT *that Plan*, for, by my Plan (if limited), I should *save*, annually, to the People, after the end of the said *twenty-ninth year*, *Taxes* to the amount of upwards of *three hundred thousand pounds*, per annum, more than Mr. Pitt's would do; and yet I should redeem the *whole Debt* as soon as Mr. Pitt; as we have seen above. But I do not approve of *limiting* the operation of my own Plan.

§ 96. Suppose a *fourth* Man should define a *good Plan* to be, *that*, by means of which the *most Taxes* would be *saved* in the *present moment*: the whole Debt being to be redeemed, at any *given* but *distant* Period; such as *sixty-eight years* for instance.

Mr. Pitt by *his Plan*, takes the said *sixty-eight years*, to redeem the *whole* of the *present Debt*. And he proposes to apply for *that purpose*, *one million*, annual surplus; and also all the *Annuities* that may fall in, which will amount to upwards of *half a million* more,—*annually*.

Whereas, it would NOT require near *six hundred thousand pounds* per annum, *unalienably applied at compound interest* to redeem the *whole* of the *present Debt*, in the said *sixty-eight years*; if the said Debt were all *converted* into 4 per cents. even without applying to that purpose, any of the said *half million* of *Annuities*. (See Smart's Tables of Compound Interest, page 78, column of 4 per cent.)

Mr. Pitt's Plan, therefore, in *this point of view*, would make the people pay *taxes* to the amount of upwards of *four hundred thousand pounds* a year more than it would be necessary for them to pay; and *that* even from the *present moment*.

§ 97. The 3 per cents. were *below* 60, not only long after Mr. Pitt came into office; but they were so even a *few months ago*. Now, if Mr. Pitt had at that time *converted* the present 3 per cents into *new 4 and a half per cents*. which would have been *equivalent* to the *stopping* of the *present 3 per cents*. at 66 and *two thirds* (see Appendix, No. 22); then and in such case, the *whole* of the *present national debt* might have been redeemed, in the said *sixty-eight years*, by a sum of between *four and five hundred thousand pounds*, invariably applied each year at compound interest; and *that*, without the assistance of the said *half million of annuities* (see Smart's Tables of compound interest, page 78, column of 4 and one-half per cent.)

Mr. Pitt's Plan therefore, if considered in *this point of view*, actually wastes, every year, a *sum more than equal to the LAND TAX* at *one shilling in the pound*; and that, even, from the *present moment*.

§ 98. A *fifth* person might perhaps define a *good Plan* to be, (*not that*, by which a *given* annual surplus would discharge the *whole* debt in the *shortest time*, or with the *best* prospect of giving, at the end of any given period of time, the greatest relief to the subject, by the *reduction of taxes*; but he might define it to be) THAT, by which, at the end of a *given period*, such as

twenty-nine years, for instance; the *greatest number of nominal millions* of the present Debt would be redeemed.

This would (by the bye) be a very whimsical Definition of a GOOD Plan. But, Mr. Pitt's Plan, does not answer to *this Definition*, any more, than to any of the former. For, the *best way*, of paying off *the greatest number of Millions*, in the space of *twenty nine years* (to reckon from the present time) would be to convert £. 25,000,000 of present 3 per cents into £. 18,750,000 of *new* 4 per cents; then, to redeem the said *new* 4 per cents; (which would be done, in less than 14 years) next, to redeem the £. 17,869,993 of 5 per cents. And then, to redeem 4 per cents again to the end of the Period of 29 Years.

§ 99. Suppose, that a *sixth* Person; namely, Mr. Fox, were to define a *good Plan*, That, which would pay off *the most Debt, in time of Peace*; in order, to enable the Nation the better to meet an Enemy *in time of War*, and in order, also, the better to *deter* our Rivals *from going to War*, with us.

A Person who professes *those* Principles must, of course, oppose the Plan of Mr. Pitt; which is founded upon Principles diametrically opposite.

§ 100. Suppose that a seventh Person; namely, the Marquis of Lansdown, Dr. Price, Sir Adam Ferguson, or any other Man of a strong Understanding, were to give *another Definition* of a *good Plan*; and were to lay it down as a general Principle, "that the Free Revenue which is to be applied towards the "Redemption of the National Debt, ought, by all means, to be rendered "UNALIENABLE." Such a Man cannot possibly *approve* of the Plan of Mr. Pitt, which does NOT put the Free Revenue *out of the reach* of any abandoned Minister.

§ 101. A Plan which neither pays off much Debt in time of *Peace*, nor INSURES its being redeemed in time of *War*, is a Plan to DELUDE the *Public*. And the present Minister, who does NOT mean to delude the *Public*, does evidently *delude himself*. He thinks, no doubt, that his Plan for redeeming the National Debt is to save the Nation; and if it be well managed, it (unquestionably) may SAVE it. But, if it be conducted, in the way proposed by the Bill now before the House of Commons; we shall neither profit by the *Peace*, nor be prepared for *War*. We may let slip the *present* (favorable opportunity of restoring our Finances; and such an opportunity may perhaps never present itself again. Mr. Pitt's Plan, for the reasons that I have assigned above, may be the *very means* of involving us in WARS, in which we might otherwise never be engaged. And those *new Wars* may accumulate such a Load of *new Debt*

A

upon

upon the Nation, that, even, when *another Peace* shall come, the People may *not* be able to *bear* the enormous weight of *additional Taxes*, which it would *then* be necessary to lay, in order to provide *another sinking fund*. Mr. Pitt's project, therefore, may bring RUIN upon *this* country.—But I sincerely hope and trust that it will be *altered* by parliament.—Nay, I am even sanguine enough to hope, that the Minister himself will *re-consider* his *first* opinion; and that he will, with a *candour* that would do him everlasting honour, adopt, either the specific Plan which I have proposed, or some *other* Plan, which shall be founded on *those leading principles* which I have laid down above, and without which, it will evidently be *impossible* for him to accomplish the great and desirable object, so clearly pointed out in the *Preamble* of his *own* Bill.

0526

