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# M E A S U R E S

RECOMMENDED FOR THE  
SUPPORT OF PUBLIC CREDIT.

By CAPTAIN JAMES BURNEY.



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**PLAN of Preparation against INVASION;**

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**T**HE restoration of Public Credit is an object that can be obtained only by peace; and to be replaced on as firm a basis as heretofore, not merely peace, but an established system of good management will be requisite. As peace, however, is not the work of a day (though I believe not of many, if attempted in such manner as offered the greatest probability of success) the more immediate object is to prevent the public credit from sinking below its present state. The stoppage of payment at the Bank is alledged to be temporary during the present necessity. A plain question will serve to give an idea of the probable extent of the word temporary. Whilst the war continues, will the necessity be more or less to-morrow than it was yesterday? more or less the next year than at present? Must not our deficiencies continue to increase, whilst the expenditure of government exceeds more than double the revenue, at the same time that the produce of the country, lessened by the interruptions to commerce, and by the great number of our labouring people taken from their former employments, is so disproportioned to the increased consumption

sumption and waste which the support of a warfare of such magnitude must occasion? There is reason then to apprehend the suspension of payment may be continued during a necessity that is increasing; and that, in the prospect before us, the time of payment, instead of approaching, recedes. What appears to me necessary, in the present instance, to obviate such a consequence, and necessary likewise on the score both of prudence and honesty, I shall briefly state.

As the quantity of cash at the Bank cannot be increased, so as to answer the demands to which they are liable, those demands should be lessened. To effect this, in the first place, no more Bank notes should be issued till the Bank are in a state to pay, and declare themselves ready to pay their notes in cash, on demand.

The debt due from Government to the Bank should be funded; and any of the Public that chose to subscribe in Bank notes for a share of the stock so funded, at the same rate as taken by the Bank, should be allowed to be purchasers. Such Bank notes, being paid to the Bank as part of their debt, should be cancelled, until the Bank paper in circulation is reduced to a sum to be determined by Parliament; which sum, for the support of public credit in the present circumstances, it would be adviseable to fix considerably within the amount of the Bank notes before in circulation.

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An account and description of the notes, which were thus legally authorized to remain in circulation, should be published, as well for the more readily detecting forgeries, as that the Public might the more reasonably have confidence in them. For the sake of regularity and clearness, it might be worth while to call in the old notes, and issue new ones in their stead, which should be regularly classed and numbered.

When the Bank again make full payment in cash, they might be allowed a larger latitude; but an unlimited licence to issue their notes to any amount cannot be either safe or necessary.

Let us estimate and compare the probable effects of each of the two different modes of procedure; the diminishing the quantity of Bank paper, and the increasing.

The most forcible objection which is publicly argued against the restriction of Bank paper is, the detriment to trade by men in business not being accommodated with the means of discounting. There are other modes of accommodation, to which men in business might have recourse till the Bank were in circumstances more proper to afford them relief. Securities, on which the Bank will make advances, are in general such good pledges, that, in most cases, either Bankers or other commercial men

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would receive them. In many instances, the party, who at a distant period was liable, would, for the discount being deducted, make ready payment. If found necessary, rather than to relieve the difficulties of individuals by means which shall endanger the public safety, it might be made legal to increase the terms of discount till the Bank should again be in a proper condition to make the usual accommodation.

If the necessities of Administration make any part of the objection, those necessities should be wholly and without reserve laid before Parliament, who alone are competent to apply the proper remedy. The preferring present accommodation to distant considerations, of whatever importance, has had no small share in producing the present distress.

We are told, that the stoppage at the Bank was necessary to provide for the army and navy. If this had been urged only as a matter of necessity, and that neither Administration nor Parliament could make provision for the army and navy, to have acquiesced, if convinced of the fact, would have been a duty. Such, however, thank God, does not appear to be the fact, neither has it been pretended; but it has been advanced, as a matter of right, on the ground that the army and navy were public creditors equally with the stockholder. Are then

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all the public creditors equally the creditors of the Bank? Are the army and navy in any particular creditors of the Bank? The necessities of Administration, and the securities of the public creditor, are they to be thus confounded? The engagements of the Bank with the Public are specific engagements, not alterable by the authority or will of either Administration or of the Bank Directors. The performance of the engagement, indeed, may be set aside by them, certainly not as a matter of right, but the engagement itself must remain unless altered by the mutual consent of the parties themselves—the Public and the Bank. Parliament is the agent of the Public, who has made this contract for them with the Bank. The duty of Parliament is likewise to be the guardian of the public rights. The Bank have funds allotted them for the express purpose of paying interest to the public creditor. If the performance of specific engagements are set aside to answer purposes for which there has been no contract, wherein is the right? or how can such a measure have for its object, “*the preservation and maintenance of public faith?*”

Diminishing the quantity of Bank notes would necessarily increase the circulation of money; for those who had money and had not paper, must make use of their money. The demands on the Bank being lessened, and the Public being assured that more notes should not be issued, would

would so much increase the credit of those in circulation, that if the restriction of payment might not be immediately taken off, at least a time might be specified, or a portion of each might be made payable immediately, and stated periods named for the remainder.

On the contrary, by increasing the quantity, suspicion is increased, and men who have Bank paper will, as a matter of common prudence, supply their necessities with that paper, in preference to parting with their money, from the fear that the one may only answer for the present, and the belief that the other will at all times. And in this instance Bank paper only experiences a similar fate to any other commodity, it acting as a general principle, that as any commodity increases in quantity it lessens in value.

Observe the effect of the stoppage at the Bank in the first instance, how it operated in keeping money out of circulation. All the Bankers in London, and all over the kingdom, at least I have not heard of one instance to the contrary, immediately stopped payment in cash. Most of the Bankers had been increasing their stock of cash, expecting a run upon them; yet, with all this provision, immediately the Bank stopped, the Bankers likewise kept fast their cash, and answered all demands in paper. If Bank notes should be made a legal tender, and should suffer

suffer a depreciation, what a field would be opened for speculation!

Let it be supposed, a case which, though not of necessity, is to be apprehended, that the stoppage of payment at the Bank is continued, and that Administration make use of the specie in the Bank for purposes foreign to any present engagements of the Bank. When that money shall be expended, how will more be obtained? Then may requisitions, inquiries, and all the tyranny of extortion be expected, sanctioned by a plea of necessity too firmly grounded to be disallowed. Yet will it not produce gold. The light of the sun shines not upon gold in such times. Yet even then would the competency of the Bank be asserted. As much as was deducted from their stock in cash, so much would appear in their books added to the sums before due to them, and apparently, the balance of the account in their favour would be the same.

If the quantity of Bank paper is not diminished, but allowed to increase, all the taxes will of course be paid in paper, and money be kept wholly out of circulation; or if any individuals should, from patriotic, or other motives, pay money, it would probably be intercepted in its way to the Treasury, and Bank paper substituted, so that the revenue would not produce any relief of cash to the Government; the consequence of which would be, that

that money in a short time would wholly disappear. What then would be the value of Bank paper?

On the other hand, if the Bank paper is taken out of circulation, the taxes must be paid in money; and if Parliament authorize and make provision for Administration to issue fresh stock for that specific purpose, as much Bank paper may be taken out of circulation as shall be judged necessary, and so much would the debt due from Government to the Bank be diminished.

Another circumstance by which the revenue will be affected is, that already, since the stoppage at the Bank, trade has considerably decreased. The alarm given has occasioned a very visible and general retrenchment in private life. This in itself may be a good, but its effect on the Government will be, that all the revenues will fall short.

What has been the conduct of the Bank on the present occasion? In compliance with a requisition from the Privy Council, they ceased to issue cash for notes which they had negotiated with the Public as payable on demand, at the same time they continued to issue new notes, which are likewise expressed to be payable on demand. At the time the former notes were issued, the intention undoubtedly was, that they should be paid

on demand; and it was as undoubtedly the intention, that the others should not be paid on demand; and to express them in the same terms as the former, when not issued with the intention expressed, is, however defended by the excuse of adhering to forms, a reprehensible conduct in the Bank. Increasing their paper under such circumstances I conceive to be an injury to their creditors, the holders of the Bank notes already in circulation. It is contracting more debts at the same time that they refuse to discharge those already contracted: and the at least probable injury is, that it removes to a greater distance the prospect of payment. As they complied with the order of Privy Council, to forbear issuing cash in payment until the sense of Parliament should be taken on the subject, I conceive it became their duty to have forbore issuing fresh notes until the sense of Parliament should be taken on the propriety of that measure likewise; and, at all events, they should not have been expressed payable on demand, unless it were the intention so to pay them. No doubt that the want of money made the issue of small notes necessary; but they might have been issued only in change for large notes, which, being cancelled, this purpose of public convenience would have been answered without increasing the demands on the Bank.

Administration countenance the increase of Bank notes. Prudence and safety most men must believe to be

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be in the opposite measure. But Ministers, like all others who have been playing a deep losing game, cannot afterwards content themselves with small stakes. What they have already lost makes them desperate, and they prefer the large stake, with the chances against them, to the moderate stake, with the probability in their favour.

Shall I be accused of wishing to excite alarm? Every species of warning is liable to a similar construction. If of two ways any person believes the one to be safe and the other dangerous, will he be excusable, if silent, for fear of creating alarm, when he sees that road pursued which he believes leads to most mischief? His silence, if he had no personal interest, would be criminal. If embarked in the same cause, and under such circumstances, wishing to speak, for what good purpose, or from what good motive, can he impose silence on himself? In the fate of the Public the fate of every individual is involved. This is not a time to be silent, or to shut our eyes in expectation of benefit from reposing confidence. It is by opening our eyes only, and examining in what we ought to have confidence, that benefit is to be expected.

If, unfortunately, Bank notes should suffer a depreciation, not only the holders of Bank notes, but the whole kingdom, would be sufferers. The Directors of the

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Bank have informed the Public, that the dividend warrants are to be paid in Bank notes. Nothing can so much tend to the depreciation of Bank notes as increasing the quantity in circulation. Should they come to a discount, it would be an insult to suppose the dividends would be paid with them without allowing the discount; all which would have a tendency to increase the quantity, and to lessen the value of the paper. If there is no limitation to the issues, there is no other security, than the honesty of individuals, against the possibility of millions being issued after millions, till the whole property of the kingdom shall be exchanged for paper, which, gradually lessening in public estimation, might leave the original proprietors in poverty. If no other security could be had than individual respectability of character, I should not object; but no respectability of character will warrant or excuse the improvidence of placing unnecessarily a trust of such magnitude in any hands. I say unnecessarily, because it appears *perfectly unnecessary* that the Bank shall be authorized or permitted to issue their notes to any amount without limitation, even at any time; and because it appears more particularly necessary that they should be restrained under the present circumstances.

The support of public credit is equally the interest of the proprietor of land as of the proprietor of stock.

The landholder may not be aware how much his interest is implicated; and men are apt to say, "If there should be a bankruptcy, thank God, the land remains." I say too, thank God, that the land remains; and that no extravagance of mankind, however they may injure the produce, can annihilate the land. If mankind could have had such communication with the inhabitants of the sun or of the moon, or with any other agents, visible or invisible, as by parting with territory from the face of the earth to have obtained the means of supplying their immediate purposes, long before our time there would not have been a foot of land for an Englishman, or, probably, for a man of any other country, to have been born upon.

The public debt is a debt owing by the nation; the proprietor of stock is the creditor; and if all the property in the kingdom, the land only excepted, were wasted, the fair claim of the stockholder would remain, and the land would, both in justice and in law, be responsible for the debt. This I mention, that the landholder may see how immediately his interest is connected with the public credit. Let him understand, that the national debt is not a debt owing by Government, but a debt owing by the Nation; Government being only the agent through whose hands the money borrowed for national purposes, as well as that paid to the national creditor, passes.

The greater part of what I have written has been frequently and well urged; not with the merited effect: till that is produced, it cannot be too often repeated. To use a simile applicable, though perhaps coarse, it is not by a single stroke of the hammer that the nail arrives at its destined station; not even the best pointed, when employed on obdurate substances.

I have not taken notice of the advantages which the Bank would lose by the limitation of the amount of their notes. If left to their choice, they ought not to hesitate between profit and credit. The greatest advantage the Bank can receive at present, is the restoration of their credit with the Public; and the credit of the Bank is to the Public of infinitely more importance than the difference, which the adoption of the measure here recommended, would make in the accommodation of discounts.

To restore public credit to its present state, every one must be convinced can only be effected by peace. There are no advantages we could possibly attain by the most successful war, that would be an adequate compensation to the inhabitants at large of Great Britain for the mischiefs which the loss of public credit must bring upon them; and to secure us against such an evil an *immediate* peace is necessary; for though peace can never  
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come at an unwelcome time, yet, if it should be deferred another year only— The seeds of ruin have been long sown; of ruin to our property, to our integrity, to our constitution; of ruin to every thing which can produce or secure happiness; the crop is in full growth; the hand of peace only can prevent so pernicious a harvest.

How have the Public so long and so patiently supported the weight of the present war? They were encouraged in the commencement by the hope of a speedy termination. This hope has been all along continued; every campaign was to be the last; yet at the end of each, peace always appeared as far distant as at the beginning. And even now the Public wait in silent expectation of peace, founded on no better consideration than their belief that we are not able to go on with the war.

Let not such uncertain consequences be depended upon. Has not France carried on war through all the stages of bankruptcy, though oppressed at the same time with famine, with civil war, and with every species of misery?

At the beginning of the troubles in France, the advantages then possessed by this country, I am firmly persuaded, were such as, if we had been so inclined, might

might have enabled us to have brought about a general peace. If we had effected so excellent a purpose, how different would have been the state of Europe! How different our own! If blessed with such means, instead of endeavouring to conciliate, we have been principally instrumental in producing a general war; if we have so miserably misapplied our advantages as to convert them into evils, not only to ourselves but to all mankind, too justly are we humbled! If thus entangled in our own snares, it is not misfortune; it is among the natural consequences of such hardened and mistaken policy.

It has been asserted, that unless we could have a permanent peace, it is better to continue the war. The history of the world has never yet afforded an instance of a permanent peace; the idea may serve for a pretext, but the wildest politician of Utopia could not expect it should be realised.

The great virtue of this country is industry, the most productive of all the virtues: if, whilst we have yet the means to encourage that virtue, peace arrives, it may possibly be in our power, not only to place every thing in such a train as in a few years to bring us within reach of our former prosperity, but I believe likewise, if we had the wisdom and fortitude to make the proper exertions, we

we might almost immediately restore our finances to as good a condition as before the war. To descant upon this at present would be out of season. The first step, and which is the *sine qua non*, is peace: the present consideration should be to determine on the most probable means of obtaining the best peace.

The principal obstacle to peace, I believe to be the continuance in power of the present Administration. The next to antipathy, which subsists between them and the French Directory, place the means of candid and conciliating negotiation out of our reach, of which the want of cordiality, and the readiness on each side to take offence in the late negotiation, is proof sufficient. What were the terms offered? On the two principal points in dispute, the Austrian Netherlands and the Cape of Good Hope, our proposals were, that if they would relinquish the Netherlands, we would consent to retain the Dutch possessions.

A fortunate minister will rest his credit on the prosperity of his country. An unfortunate minister may be tempted to make the fate of the country only a secondary consideration, and attendant upon his own credit, and under such temptation may be induced to stake the remaining interests of his country for the chance of retrieving his own credit.

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If the present Ministry were even determined on making peace, it is not at all to be expected they could make it on such good terms as any other Administration, and still less probable, that they should be able to negotiate so readily, and with such advantage, as might be done by men, on the sincerity of whose professions the whole world placed reliance.

The advantages with which such an Administration might negotiate a peace is well described by Mr. Erskine. "The Nation would suffer no humiliation, though Ministers (the former ones) would be disgraced. Such a peace would be a peace of liberal choice, not, as we look forward to it at present, of baffled necessity."

I am aware that some of the topics on which I have touched are of more importance than will excuse such cursory mention. It has been my endeavour to steer clear of whatever was not connected with the two points which I am principally anxious to impress—the necessity of diminishing and limiting the Bank paper for the present support of public credit, and the necessity of a speedy peace, that we may not lose all chance of being enabled to re-establish that credit on its former solid foundation. This we may never more hope to effect,

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if we longer continue to exhibit to mankind, the disgraceful spectacle of the two nations of the earth the most advanced in civilization, actuated by unrelenting animosity, with such stupid obstinacy, impelling and pursuing each other in the high road to destruction.

**F I N I S.**