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SUBSTANCE
OF THE
SPEECH
OF
W. HUSKISSON, ESQ.

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SUBSTANCE
OF THE
SPEECH
OF
W. HUSKISSON, ESQ.
IN THE
HOUSE OF COMMONS,
IN A COMMITTEE OF THE WHOLE HOUSE,
UPON THE
RESOLUTIONS
PROPOSED BY THE CHANCELLOR OF THE EXCHEQUER
RESPECTING THE
STATE OF THE FINANCES
AND THE
Sinking Fund
OF
GREAT BRITAIN,
On Thursday, the 25th of March 1813.

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SUBSTANCE,

&c.

MR. LUSHINGTON,

Much as we must all have lamented the circumstance which occasioned the frequent postponement of this debate; the delay, I trust, has been attended with this good effect, that it has enabled Gentlemen to examine more attentively the principles of the measure which is now under our consideration. In rising to submit to the Committee such observations as have occurred to me on the subject, I can assure you, Sir, that I never offered myself to their notice under feelings of anxiety equal to those which I experience at this moment:—an anxiety arising not from any apprehension that I shall not be heard by the Committee with their usual kindness and indulgence, but from the deep sense which I entertain of the vast importance of the question now before us, compared with my own conscious inability to do any thing like justice even to the view which I feel myself com-

pelled to take of it. Nor is this my only difficulty. There are others arising out of the very nature of the subject itself. A measure, in my opinion, more important in all its bearings, in all its effects and consequences, never was agitated in this House; but at the same time it is one devoid of every thing which can give attraction to debate; one not very familiar perhaps to many Gentlemen now present, and requiring therefore, on the part of the person who undertakes to explain its tendency, a degree of clearness and perspicuity which I cannot flatter myself that I shall be able to bring to the discussion. Notwithstanding all these difficulties, and the consequent dread of failing in the task which I have imposed upon myself, I feel still more strongly that it would be a dereliction of duty were I to shrink from the attempt, and not to endeavour to claim for this subject, some share of that public attention which has lately been painfully engrossed by concerns of a very different description—concerns which I trust will never again occupy this House, and of which the agitation out of doors cannot be too much or too soon discouraged by every man who values the best interests of the country, or has a proper feeling for the honour and character of the age in which we live.

Before I enter upon the Resolutions now under discussion, I cannot refuse to myself the satisfaction of acknowledging the uniform courtesy and attention of the Chancellor of the Exchequer, in furnishing me with every facility of information. On my part, I trust my Right Hon. Friend will not think me unwarranted in referring to my past conduct as the best guarantee that I am not actuated by any disposition to throw difficulties in the way of his financial arrangements. I hope therefore, that, both with him and the Committee, I shall have credit for sincerity, when, as the result of the most anxious and deliberate consideration which I have been able to give to the present plan, I am compelled to declare my conscientious conviction, that, by adopting it, we should incur the risk of losing the fruits of all the sacrifices which we have made for the last twenty years;—that we should lay ourselves open not to the mere possibility, but, as it appears to me, to the probable and imminent danger (in the event of a long continuance of the war), of undermining, if not destroying altogether, that system of public credit which is the foundation of our present safety and independence, and the best support of that pre-eminent rank which we are now struggling to maintain among the nations of the world.

There is another question of a magnitude not inferior to this, which cannot be put out of sight in the examination of these proposals—a question respecting which the feelings of Gentlemen will not be less alive, nor their understandings less anxious to arrive at a satisfactory result, than even upon a matter so nearly connected with the public safety: I mean, Sir, the maintenance of public faith, on all occasions so essential to the honour of the country, and, in this instance, more especially so to the honour and character of Parliament. The highest considerations of public policy and public justice are therefore equally involved in the present discussion. To these I must be allowed to add another consideration, of a more limited nature certainly; but at the same time one which has great weight with me, and will, I trust, have its weight with many other Gentlemen in this House. The edifice of the Sinking Fund, which we are this day called upon to disfigure and half pull down, is perhaps the proudest monument which was raised by the virtues and genius of Mr. Pitt to his own fair fame. So it was held in his own estimation; so it is held in the estimation of his friends, and not only of his friends, but of those who were his political enemies, and of the whole world. Upon his friends then I call, from the reverence and affection which

they feel for his memory; upon those who were his enemies I call, from their love of justice and of their country, to lend their aid to my feeble efforts for preserving this monument of public utility and individual fame, unmutilated and entire, in all the beauty of design, in all the strength and symmetry of proportion, assigned to it by the hands of its immortal author.

The name of Mr. Pitt naturally brings me to the origin of this great measure of a *permanent* Sinking Fund, and to a short review of its progress and completion under his auspices, as preparatory to the examination of those proposals of my Right Hon. Friend the Chancellor of the Exchequer, which I cannot but consider as an invasion of it.

When Mr. Pitt was called to the head of affairs, and to the management of our finances, at the close of the American war, credit was at its lowest ebb, our revenue deplorably deficient, and our resources for improving it apparently exhausted. Yet such at that time were the real resources of the country, when properly called forth, and wisely administered, that in the year 1786, Mr. Pitt was enabled, after making provision for the interest of the public debt, and for all the expenses of a peace es-

tablishment, to set aside and appropriate a surplus of income, amounting to one million annually, as the foundation of a Sinking Fund for the redemption of the then existing debt of 238 millions. By the Act of Parliament which was passed for this purpose (26 Geo. III. cap. 31), it was provided, that this sum of one million should be laid out, either in the redemption of stock, if at par, or, if under par, in the purchase of it in the open market at the current price of the day;—that the interest arising from all stock so redeemed should be added to the principal, and be laid out in the same manner, until, by their joint accumulation at *compound* interest, they should amount to the annual sum of four millions;—that, when this Sinking Fund had reached that amount, it should continue from thenceforth to be laid out at simple interest only, leaving the amount of interest annually redeemed at the disposal of Parliament. Such is the outline of the original plan devised by Mr. Pitt for the reduction of the National Debt, which, up to the year 1786, had been allowed to accumulate without any permanent provision being made for its gradual and ultimate liquidation. But he did not stop here. He wished, in the event of any future war, to guard the country against the evils arising from too rapid an accumulation of debt, and consequent depression of public credit; and to place

us beyond the reach of that helplessness, despondency, and alarm, which had brought the finances of the country to the brink of ruin in the American war. Mr. Pitt felt at that time, that the greatest difficulty which he had to contend with, in framing any *permanent* system of a Sinking Fund, was to find the means of protecting it from the danger of future alienation, before it should have accomplished the purpose for which it was formed. The plan which he submitted to Parliament in 1792 was framed with the specific view of guarding against this danger, and of holding out to the Public a guarantee, that any future debts which the State might have occasion to contract, should, from the moment of their being incurred, be placed in a course of liquidation, uniform and unalterable. This plan contained within itself a principle of *permanency*, which, being applied to every loan at the time of making the contract, could not, from that moment, be varied or departed from, without a breach of such contract. Under this plan, not only the Sinking Fund which it provides, but the application and accumulation of that Sinking Fund, are so interwoven and bound up with the contract for the loan, as to remain a condition between the borrower and the lender, until every obligation of that contract shall be cancelled by the extinction of the loan.

itself. That such was Mr. Pitt's understanding of the plan which he proposed to Parliament in 1792, is, I think, placed beyond all doubt (if, indeed, there could exist a doubt on the subject) by what passed in this House on that occasion. It was made an objection to the measure (and I entreat Gentlemen to recollect this circumstance when we come to the discussion of the present proposals) that it would place the reimbursement of all future loans beyond the discretion and control of Parliament;—an objection which was answered by Mr. Pitt in such a manner as to show that, in his judgment, this very objection was the principal merit and recommendation of his plan. Another advantage of the plan is, that by the mode in which it is carried into effect, the power of the Sinking Fund is always necessarily increased, directly in proportion as public credit is depressed at the time of making the loan to which such Sinking Fund is annexed.

These were the principles laid down by Mr. Pitt in 1792, as the foundation of a Sinking Fund applicable to the liquidation of any new debt. The mode provided by him for carrying these principles into effect is so simple, that, for the explanation of it, little more can be necessary than to refer to that portion of the Act

(32 Geo. III. cap. 55) which provides for this measure. Indeed, Sir, the words of the enactment which particularly relate to this purpose, are so essential to a fair discussion of the proposals now before us, that I must request that the third section of this Act may be read. [*The section in question was here read by the Clerk*.*]

The enactment, therefore, applicable to every loan that should be raised after 1792, is simply

** "And, for more effectually preventing the inconvenient and dangerous accumulation of debt hereafter, in consequence of any future loans, be it further enacted by the authority aforesaid, That whenever any sums of money shall hereafter be raised by loans for public purposes, a separate account shall be kept, at the receipt of His Majesty's Exchequer, of the annuities or annual interest to be incurred in respect of the same; and in case the said loan shall be raised for any other purpose than that of paying off some existing capital stock, bearing a higher rate of interest than the capital stock to be created by such loan, and shall be raised by perpetual redeemable annuities, and provision shall not have been made by Parliament for paying off, within forty-five years, the whole of the capital stock to be created by such loan, from thenceforth, at the end of every quarter subsequent to the day on which the Act or Acts of Parliament, by which such loans shall be created, shall have received the Royal Assent, an additional sum shall be set apart out of the monies composing the consolidated fund, and shall be issued at the said receipt of the Exchequer to the Governor and Company of the Bank of England, to be by them placed to the account of the Commissioners for the reduction of the national debt; the total annual amount of which additional sum shall be equal to one hundredth part of the capital stock created by such loans."*

this;—that *either* some specific provision should be made *at the time of such loan being raised*, for paying it off within a period which might extend to, but should not exceed, forty-five years; *or*, in default of such provision, that a Sinking Fund, equal to one per cent. not on the amount of the money borrowed, but of the capital stock created, should "*from thenceforth*" issue from the Exchequer, and be applied at compound interest to the liquidation of such loan. It is therefore obvious, that, *at the time of making* a loan, the Government is at liberty to adopt either of these modes for its gradual redemption. It may declare to the parties, *with* whom it may be dealing, first, that it will provide for paying off in each year one forty-fifth of the capital to be borrowed;—*or*, 2dly, that it will raise the loan by granting an annuity terminable in forty-five years;—*or*, 3dly, that, instead of making provision, in one or other of these modes, for paying off any portion of such loan immediately, a Sinking Fund shall be assigned, to begin to operate at some future period, and of such an amount, as to ensure the extinction of the loan between the date of the commencement of such Sinking Fund, and the end of the prescribed term of forty-five years. But if no specific provision is made for the redemption of the loan, *at the time of contracting* for it, then, and *thenceforth*, the other alterna-

tive of a one per cent. Sinking Fund takes effect quite as a matter of course.

The principle upon which the period of forty-five years was fixed upon as the extreme term beyond which the liquidation of any future debt should in no case be protracted, may, I think, be collected from this circumstance; that a Sinking Fund of one per cent. operating at compound interest, and supposing the rate of that interest to be invariably three per cent. will redeem a capital equal to one hundred times its amount, in little more than forty-five years. It may here be necessary to remind the Committee, that we are not at liberty to compel the public creditor to accept the repayment of his stock at any price below par:—at par every portion of the public debt is redeemable; but below that price, the State, like any other purchaser, may go into the market, and buy at the price of the day. Now, the great bulk of our debt, as every body knows, consists of a three per cent. stock; and we have none which has been funded at a lower rate. Consequently, the lowest rate of compound interest, at which the Sinking Fund can improve, is three per cent. It is the rate at which it would improve, if the three per cent. stock was uniformly paid off at par. In proportion as the stock, instead of being paid off, is purchased

below par, is that rate of improvement of the Sinking Fund increased. But, forasmuch as a one per cent. Sinking Fund, constantly operating at three per cent. would redeem the capital of any loan in a period of about forty-five years, it follows, from there being no stock below that rate of interest, that forty-five years is the ultimate term to which the liquidation of any debt, having a Sinking Fund of one per cent. can, by possibility, be postponed. It is the *maximum* of time which the redemption would require, on the supposition of the Sinking Fund being uniformly restrained, by the most flourishing state of public credit, to the *minimum* of velocity at which it can proceed. Now it is a fact, not immaterial to the present discussion, that for the last fifty years, the three per cents have never once been at par; that, within that period, they have been below fifty, and that for the last twenty years (that is, since this law of 1792 began to take effect), their average price has not exceeded sixty-seven.

Let us, then, see what has been, and is, the practical application of this law of 1792 to the loans which, since that year, have been raised for the public service. When a loan is wanted, the Chancellor of the Exchequer, acting on behalf of the Public, signifies to the parties disposed to lend their money, the particular stocks

in which he means to fund the loan. If, at the same time, or at any time before the contract, he has it in contemplation to make any provision for the redemption of such loan, other than a one per cent. Sinking Fund, he would of course apprise the parties of the nature of that provision; but if he should remain silent on this point, the law declares to them, without any confirmation from him (and, in point of fact, I believe I may add, that on no occasion have they ever demanded or received any such confirmation), that a Sinking Fund of one per cent. will issue of course, and will be employed at compound interest, for the gradual redemption of the new stock about to be created. Knowing this, the lenders are well aware that the efficacy of this Sinking Fund will be in proportion to the depression of the stock which they are to receive in return for their money;—if a three per cent. stock, for instance, be what they are to receive, and the price at which it is taken be 50; the Sinking Fund will be equal to *two* per cent. on the money capital borrowed; and the rate, in point of time, at which the redemption will then proceed, will be that of about twenty-three, instead of forty-five years. Thus, in proportion to the depression existing at the time, does this Sinking Fund operate at once as an improved check to prevent a further fall, and as a powerful lever to produce, at no distant period, a probable rise in the market. What is the con-

sequence? Why, that the lenders are enabled and induced, or, if you will, by the competition which exists among them, compelled, to give better terms to the Public. These better terms are the advantage which, in every past loan, the country has derived from a one per cent. Sinking Fund; but it is, as I conceive, an advantage obtained by incurring an obligation, from which we are not now at liberty to depart. The advantage and the obligation are reciprocal; they both commence with the commencement of the contract, and from that moment we are not at liberty to keep the one and to disregard the other.

If I have had the good fortune to make myself understood in the principles which I have now stated, I should hope that Gentlemen would be able to follow me in the application of them to the existing state of our Sinking Fund, and to the plan now under consideration.

The loans made since the year 1792, with some exceptions, which I shall have occasion to explain presently, have been made with a Sinking Fund of one per cent. If Gentlemen recollect what has been the general price of the stocks since the breaking out of the war, they will, I am sure, think that Government acted very wisely in preferring this mode of redemp-

tion to the less efficacious modes which were open to them under the other alternative of the Act.

The foundation of the new system now proposed to us is this:—my Right Honourable Friend, the Chancellor of the Exchequer, construes the Act of 1792, as leaving Parliament at liberty to regulate and modify, according to its discretion, *in any manner, and at any time*, the redemption of the whole debt contracted under the terms of that Act, provided the final liquidation of each of those separate loans, which together constitute the aggregate of that debt, is not protracted beyond the full period of forty-five years.

The question of public faith which arises upon this construction is:—whether, having made our option, at the time of the contract for each loan, in favour of a one per cent. Sinking Fund, and having received the benefit accruing from that option, the issue of that one per cent. from the Exchequer, and its progressive accumulation, and uninterrupted application, be not thenceforth conditions of the contract itself, from which we are not at liberty to deviate, so long as any part of that loan shall continue unredeemed?

Now, that there is nothing in the clause which has been read to authorize any option subsequent to the time of making the contract, is

quite clear. The enactment is imperative, the words of it are peremptory, and admit but of one construction: "If provision *shall not have been made* by Parliament for paying off within forty-five years the whole of the capital stock to be created by such loan." These words cannot be understood as having reference to any but a provision antecedent to, or, at the utmost, actually concurrent with, the formation of the contract. Well, Sir, the clause proceeds thus: "From *thenceforth*, at the end of every quarter, subsequent to the day on which the Act of Parliament by which such loan shall be created, shall have received the Royal Assent, an additional sum shall be set apart out of the monies composing the Consolidated Fund, and shall be issued at the said receipt of the Exchequer, to the Governor and Company of the Bank of England, to be by them placed to the account of the Commissioners for the reduction of the national debt; the total annual amount of which additional sum shall be equal to one hundredth part of the capital stock created by such loans." Here the enactment ends. If it had been the intention of the Legislature to reserve to itself a *subsequent* power of reverting to the first alternative of forty-five years, should we not have found at the end of this clause some words declaratory of this intention?—some "until," or other such word, to qualify that peremptory "*thenceforth*" which governs this

part of the enactment? It is just as clear, then, from the whole of this clause, both from what it says, and from what it omits to say, that we have no subsequent option, as it is clear that we have such an option at the time of making the contract. By the fifth section of the same Act, it is directed that "The Sinking Fund of each *separate* loan shall be set apart, and issued at the receipt of the Exchequer at the end of each quarter *in the order in which such loans shall have respectively taken place.*" And the eighth section provides, that all such Sinking Funds shall be applied to the redemption of debt;—that *all stock redeemed shall be transferred to the account of the same Commissioners for the reduction of the national debt, to whom the one per cents are issued, and be placed to their account; and lastly, that the separate Sinking Fund of each new loan, and also the dividends payable on any stock redeemed or purchased in each quarter, shall be placed to a separate account in the name of the said Commissioners, to be kept in consequence of every such loan respectively.*

This Act, therefore, positively enjoins three things to be done with respect to every loan that has been raised with a one per cent. Sinking Fund: first, the regular quarterly issue of that one per cent. from the Exchequer, to be laid out quarterly in the redemption or purchase of stock;

secondly, that all stock so redeemed or purchased shall be transferred to the Commissioners for the reduction of the national debt, and the dividends of such stock carried to the same account as the one per cent. issued quarterly from the Exchequer; and, thirdly, that a distinct account shall be kept of the progress made by each separate one per cent. and the dividends arising from it, in the redemption of the *specific* loan for the liquidation of which that one per cent. was assigned.

The Act does not in terms prescribe any period when the issue of the one per cent. on each separate loan, and its accumulation at compound interest, shall cease and determine; but, as by this Act each loan is a separate debt with its own distinct Sinking Fund; and as that Sinking Fund can have no other application than the liquidation of the particular loan in respect of which it was originally issued; there can be no doubt that, according to the intent and meaning of the Act, the whole charge of such loan, as well for interest as for Sinking Fund, is set free, and reverts to the Consolidated Fund as soon as that liquidation is completed. This construction of the law will not be disputed by any one.

Let us now examine whether the present plan of my Right Honourable Friend is consistent

with the three conditions prescribed by this Act. With the quarterly issue from the Exchequer of the several one per cents in respect of each loan, the plan does not interfere. But does it not break in upon the *concurrent* application of these several one per cents to the reduction of their respective loans, as well as upon the transfer of the stock purchased by each of these separate Sinking Funds, and the application of the dividends arising from that stock? That it does, and to what degree it does so, must be obvious to every one, from the simple statement that my Right Honourable Friend's practical measure, for withdrawing in the next four years, between seven and eight millions from the aggregate Sinking Fund, rests altogether upon the assumption, that no one of the several Sinking Funds which have been issued in respect of the different loans made since 1793 (that is, in respect of the whole debt of the present war, to which alone they are applicable), has yet begun to operate:—that the loan of 1793, for instance, and so on of every subsequent year, remains as yet unassailed by its specific Sinking Fund. My Right Honourable Friend having thus, very conveniently for his purpose, assumed that the whole of the public debt contracted since 1792, has hitherto had no Sinking Fund at all applied to it; he, with equal ease, assumes, in the next place, that the whole of the

debt prior to 1792 is actually paid off. Now this debt amounted to 238 millions; and for its separate liquidation, Mr. Pitt established the original Sinking Fund of one million in 1786. That million (which, for the sake of distinguishing it from the one per cent. Sinking Funds, I shall call the old Sinking Fund) with some other aid afforded to it, having continued to accumulate at compound interest ever since 1786, has actually reduced about 97 out of the 238 millions, which formed the old debt. Of the new debt about 116 millions have been paid off by the several one per cents issued from the Exchequer for that purpose. This is the abstract of the account as it actually stands in the books of the Commissioners for the reduction of the national debt. But, in the face of this account, we are now called upon to resolve, that the whole of the old, and not one shilling of the new debt, has been redeemed. How my Right Honourable Friend can reconcile such a resolution with the Act of 1792, I am utterly at a loss to conjecture.

But, leaving this task to his ingenuity, I must observe to the Committee, first, that the very foundation of his assumption that the old debt has been paid off, is laid in the circumstance of our having incurred a new debt of a much larger amount; and secondly, that, even allowing him that assumption, he would not have been able to

erect his present scheme upon it, if the credit of the country had not been for the last twenty years materially impaired by the pressure of that new debt. On the one hand, had the Sinking Fund been operating at three per cent. during that period, he could not have touched it, even under his own construction of the Act of 1792: on the other hand, had the price of the stocks been still lower than it has been, he would have taken from that Sinking Fund still more largely than he is now, according to his own rule, enabled to take. This then is the new doctrine of the Sinking Fund;—that having been originally established “to prevent the inconvenient and dangerous accumulation of debt hereafter” (to borrow the very words of the Act), and for the support and improvement of public credit; it is in the accumulation of new debt that my Right Honourable Friend finds at once the means and the pretence for invading that Sinking Fund: and the degree of the depression of public credit, is with him the measure of the extent to which that invasion may be carried. And this is the system of which it is gravely predicated, that it is no departure from the letter, and no violation of the spirit of the Act of 1792; and of which we are desired seriously to believe, that it is only the following up and improving upon the original measure of Mr.

Pitt!—of which measure the clear and governing intention was, that every future loan should, from *the moment of its creation*, carry with it the seeds of its destruction; and that the course of its reimbursement should, *from that moment*, be placed beyond the discretion and the controul of Parliament.

It appears to me to be so impossible that any man should entertain a serious opinion that the measure of my Right Honourable Friend can be carried into effect without a departure from the Act of 1792, and a consequent violation of the contracts made under that Act, that I could really wish, before we proceed one step in this business, that the intended arrangement of my Right Honourable Friend should be submitted as a case for legal opinion with a reference to that Act. This, I think, is the least that we can do in fairness to the whole body of the public creditors of the State; who, be it remembered, when they are at issue with you upon the extent of the obligations which their contract has imposed upon you, have no appeal but from your power to your justice. Let us show them, if we can, by the authority of the great luminaries of the law, that we have right on our side, when we are about to interfere with the accumulation, and to interrupt the application, of the one per cent. Sinking Funds issued

under the Act of 1792. I should wish to ask those who are best qualified to expound this statute, and I now ask my Right Honourable Friend;—If, under this statute, we can carry our interference to the extent proposed, what is there to prevent our going a step further, and meddling with the issue of the one per cent. itself? The issue, the application, the accumulation, are all governed by the same enactments, without any proviso or exception, to enable us to vary or modify the one more than the other. I should also wish that my Right Honourable Friend would tell me how soon, after contracting for a loan with a one per cent. Sinking Fund, he conceives this right of interference on the part of the Public to commence? Does it begin with the first quarterly issue, or with the tenth or twentieth? If not with the first, why not as well with the first as with any subsequent one? And, if with the first, does my Right Honourable Friend conceive, that, after bargaining for a loan (that of last year for instance) he would be at liberty, without the consent of the contractors, to direct the dividends arising from the first quarterly issue of the one per cent. Sinking Fund annexed to that loan, not to be applied in aid of the second quarterly issue, in the purchase of stock? If this would be a breach of faith towards the original contractor, in the

first year of the loan, how would it be consistent with faith towards the alienee of that contractor, in any subsequent year of the same loan? And how is my Right Honourable Friend to distinguish between the stockholders, who are the original contractors, and those who have since purchased from them?

In a case of this nature it is not immaterial to inquire what has been the general understanding upon the subject. I will not detain the Committee with what has been said and written out of doors, though I could accumulate from that source many great authorities; but I will refer them at once to one originating among ourselves, sanctioned by the Report of a Committee of this House, never referred to, but with the just praise which is due to accurate research, sound decision, and correct discrimination; a Report, for which we are more immediately indebted to the most distinguished authority in this House*; now, in virtue of his high office, himself one of the Commissioners for the reduction of the national debt. Sir, the First Report of the Committee of Finance of the year 1797 relates to the public debt and the Sinking Fund; and it concludes with these remarkable words: "The old Sinking Fund, after

* The present Speaker, who was Chairman of the Committee of Finance in 1797.

reaching the sum of four millions, is no longer made applicable by law to the discharge at compound interest of what may then remain of the old debt; but the operation of the new Sinking Fund is to continue at compound interest till the new debt shall be totally discharged." It is impossible to mistake the object or meaning of this sentence. By marking the difference between the old Sinking Fund and the new, between the law of 1786 and that of 1792, it most forcibly delineates the true character of the latter. Respecting the most distinguished Committee that made this Report, it is only necessary to ask, with your present Speaker for its Chairman, if it is too much to assume that the Public had a right to look to this Report for the true construction of the Act of 1792, and to rest upon it, as a guarantee that that construction would be faithfully adhered to and observed?

But my Right Hon. Friend mainly rests his present construction of this Act upon what he infers *must have been* the opinion of Mr. Pitt; and this inference he draws partly from certain financial arrangements which Mr. Pitt brought forward between the years 1798 and 1800, and partly from his concurrence in the arrangement of Mr. Addington (now Lord Sidmouth), in the year 1802.

If my Right Hon. Friend had been able to call to his aid the clear and positive authority of Mr. Pitt, much as I venerate that authority, I could not, in such a case as this, allow it to confound the plain and obvious meaning of a contract founded upon the letter of an Act of Parliament. But the facts to which my Right Hon. Friend refers, seem to me in no degree to warrant the conclusion which he attempts to draw from them.

What are those facts? Why, that, in 1798, 1799, and 1800, Mr. Pitt raised a part of the loan wanted for the service of those years without a one per cent. Sinking Fund; and that he concurred in a similar course adopted by Mr. Addington in 1802. The first question that arises upon the statement of this fact is this: did Mr. Pitt and Mr. Addington, at the time of making those loans, propose no other provision for their redemption within forty-five years? Because, if they did propose any other, it is obvious that they only availed themselves of that alternative which was left to them by the law. Now, in the first place, what did Mr. Pitt do? In 1798, for the first time, he had recourse to a plan for raising a large portion of the supplies within the year. His avowed object in this bold measure, was to prevent the too rapid accumulation of debt, and to restore public credit, at

that time very much depressed. As an essential part of his plan, he therefore laid down the principle, that, in whatever amount the sum borrowed within the year should exceed the sum redeemed by the ordinary Sinking Fund, provision should be made for paying off such an excess within a very few years, by some more powerful means than a one per cent. Sinking Fund. For executing this purpose, he charged the interest of so much of the loan of the year (considering that portion of it as a temporary or war-loan only) as exceeded the amount of the whole Sinking Fund, upon the total produce of the war-taxes; and instead of an immediate one per cent. Sinking Fund, he assigned the whole amount of those taxes, except what was requisite for the payment of the interest of the war-loan, to the exclusive purpose of entirely liquidating that loan; such liquidation to commence with the close of the war; and the war-taxes to be continued until it was completed. Now in what terms does my Right Hon. Friend allude to this measure in his printed Statement? He says (page 2), that it was "to repay, within a few years after the conclusion of peace, all debt contracted beyond the amount of the Sinking Fund in each year." Then if "these few years" were likely to fall within forty-five years from 1798, Mr. Pitt was completely warranted, by the letter of the law, in substituting

this reversionary Sinking Fund for an immediate one per cent. The intention with which Mr. Pitt acted is obvious, that of greatly adding to, instead of impairing, the strength of the Sinking Fund. But then, said my Right Hon. Friend in his opening speech, "the war might have continued forty-five years; and in that case these war-taxes could not have been applied to the purpose of redeeming debt." What inference he wishes us to draw from this rather strained supposition; I am at a loss to understand; but before he can avail himself of it, as bearing in any way upon Mr. Pitt's authority, he must begin by shewing not only that when the plan of 1798 was brought forward by Mr. Pitt, he contemplated the possibility of the war being protracted to forty-five years from that time; but also, that having such contingency in his contemplation, he had further made up his mind, in the event of its being realized, not to provide any other Sinking Fund for the redemption of these war-loans. This is a task which I think my Right Hon. Friend will scarcely attempt.

We now come to Mr. Addington's measure. In 1802 (being somewhat less than forty-five years from 1798) peace had been made. It was then thought expedient at once to repeal the income-tax, instead of continuing it until the

liquidation of the war-loans had been effected. It is not material now to consider whether this measure was very politic, or altogether consistent with the pledge given to the public creditor for the redemption of the war-loans by the continuance of the income-tax. But what is much to the present purpose, is to ascertain, whether, when these war-loans, by the repeal of this tax, were thrown back upon the ordinary provision of the Act of 1792, a Sinking Fund consistent with that Act was or was not provided? These war-loans, together with the loan raised for the service of the year 1802, amounted to a capital of near 90 millions of stock. To this capital no one per cent. was allotted; but was not recourse had to the other alternative of the Act? Most certainly it was. Without going into minute details, it may be sufficient to state that a reversionary Sinking Fund was created, to commence indeed in about twelve to fifteen years from that time, but to be of such efficacy when it should commence, and to be so greatly accelerated by subsequent additions in its progress, as, under the most unfavourable supposition, to be certain of reducing the whole of this debt within forty-five years. This reversionary Sinking Fund was to arise in the following manner:—by continuing the *old* Sinking Fund at *compound* interest *after* it should have reached its *maximum* of four millions; and by continuing

also the *new* Sinking Fund or aggregate of the one per cents of the loans since 1792, after such one per cents should have liquidated the several loans in respect of which they were originally issued. Elaborate Tables were laid before the House, clearly shewing that these funds would be fully adequate to the object. There is nothing, therefore, in the Act of 1802 which is a departure from the spirit of the Act of 1792.

The Act of 1802, it is true, has prescribed a mode of executing its intended purpose very inconvenient in other respects; but *in principle*, it affords neither justification nor precedent for the measure now in contemplation. It is in substance no more a departure from the spirit of the Act of 1792, than the Sinking Fund of five per cent. annexed to the loan of 1807, or any other specific mode of redemption different from a one per cent. The one per cent. is the general rule; the other is the exception, but it is an exception to which we have a right to resort, at the time of making a new loan, as often as we think it is for the general interest so to do.

Having now examined the inferences upon which Mr. Pitt's authority in favour of the plan is assumed, I might safely leave them to

the judgment of the Committee and of the Public; but I must go one step further. A sense of the duty which I owe as well to the Public, as to Mr. Pitt's memory, induces me to state the fact which I am now about to mention; and for the accuracy of which I am ready, if necessary, to pledge my honour and every thing most dear to me in the world.

In 1802, when men's minds were turned to these subjects by the plan then before the House, a person of great skill in calculation, and of great ingenuity in subjects of political economy, put into my hands some observations which he had committed to writing on the subject of consolidating the old and new debts, and the old and new Sinking Funds. The conclusion to which he came was this, that we ought, at stated intervals (I think of seven years), to measure the proportion of the whole Sinking Fund to the whole debt; and that, whatever might be the excess of the Sinking Fund over and above what would be requisite for extinguishing the unredeemed debt in forty-five years, such excess might be placed at the disposal of Parliament. I own that I was struck with the plausibility of this scheme, at least as applicable to a state of peace; and having obtained the author's permission, if not at his request (I now forget which) I communi-

ated his scheme to Mr. Pitt. Mr. Pitt rejected it at once with the most pointed reprobation of its principle; and I perfectly recollect, that when I rather stood up for the measure as a peace arrangement, he said, that whenever the time should come that the diminution of the rate of interest was felt to be an evil, he had other ideas as to the best mode of obviating that evil, by converting it to a great public advantage; and that, in a state of war, the plan would be ruinous and inadmissible. I well remember some still harsher terms which Mr. Pitt applied to this suggestion, but I will not repeat them, because it is in principle and in effect the same measure as that of my Right Hon. Friend. But if they are the same in principle, the circumstances of the present time and of 1802, are widely different. In 1802 we were in a state of peace; credit was high, the accumulation of unredeemed debt was much smaller than at present, without any expectation at that moment that it would be necessary soon to add to that accumulation. In 1813, we are engaged in a most extensive war, our credit very much impaired, our unredeemed debt increased, and now annually increasing in a most alarming degree.

Here then is the direct testimony of Mr. Pitt, in opposition to vague inferences; and I have no manner of doubt that, if his voice could now be

heard amongst us, my Right Hon. Friend's plan would not endure for a single hour.

That plan, in its principle, may truly be described as an expedient for pushing the debt in time of war to the *maximum* of its amount, by reducing the Sinking Fund to the *minimum* of its power.

It is an error which must sooner or later prove fatal to our credit, that we are doing enough, if we reserve such a Sinking Fund as would redeem our debt in forty-five years, without reference to the total amount of that debt. The proportion of the Sinking Fund to the unredeemed debt is but a secondary consideration: the actual amount of that debt ought to be the first object of our solicitude. It is undeniable in theory, that a debt of 1000 millions would as certainly be liquidated in forty-five years by a Sinking Fund of ten millions, as that a debt of 100 millions would be liquidated by a Sinking Fund of one million. But in practice a debt of 100 millions might be safe, and possibly salutary to the State, even without any Sinking Fund at all; whilst 1000 millions of unredeemed debt, all liable to be brought into the market, might, under many conceivable circumstances, entirely break down that credit, which the smaller sum would in no degree impair. Comparisons of

this nature, in proportion as they are true in arithmetic, are dangerous in the concerns of nations. Whilst they gratify ingenuity in the closet, they may undermine our resources upon the Stock Exchange.

I shall probably be reminded, that, whatever there may be in common between the plan rejected by Mr. Pitt in 1802, and the measure now before us, the latter comes recommended by many peculiar advantages, which more than counterbalance the objections to which it may be liable. Any proposal which postpones the necessity of adding to our burdens, however pregnant with difficulty and danger that proposal may be in its probable and not distant consequences, cannot fail, especially if those consequences are kept out of sight, to be favourably received by this House and the Public. The plan of my Right Hon. Friend possesses, undoubtedly, that claim to favour. If he had called for your support upon that claim only, the discussion would have been much simplified. But, in my Right Hon. Friend's Statement, this benefit, which I have no wish to undervalue, is obscured and lost amidst the blaze of more brilliant advantages and dazzling prospects, which have been opened to us on this occasion.

From the very sincere respect which I feel for my Right Hon. Friend, it really gives me pain to be obliged to refer at all to these other advantages of his plan. For I cannot help saying, and he will excuse me for taking this liberty with them, that they appear to me calculated to confuse and perplex, without at all meliorating his system.

These other advantages of the plan amount to four: first, that it provides for a gradual and equable reduction of the national debt: secondly, that it provides against the evils likely to arise from too rapid a diminution of the rate of interest: thirdly, that it provides an immediate subsidy of 120 millions, for carrying on the present war: and fourthly, that it provides for the accumulation of a treasure of 100 millions, in time of peace, as a reserve for any future war.

With respect to the first of these advantages, I know not in what terms to express my astonishment. "A gradual and equable reduction of the national debt!" as if that reduction was at this moment too rapid—as if there was any thing arbitrary and capricious in the present mode of applying the Sinking Fund! Again, as if we had already done too much in the way

of reduction of a debt, which, when the new Sinking Fund began, was little more than 200 millions, and which now exceeds 600 millions unredeemed,—as if it were necessary, in order to make that reduction more equable, to diminish the amount of the Sinking Fund of the year, in proportion as the amount of the loan is increased,—as if it were particularly wise and pressing to begin to check the growth of the Sinking Fund in the present year, when the loan to be raised, joined to what remains unredeemed of that of last year, will make a greater addition to the debt, than all that was added to it in the six preceding years of the war!

That my Right Hon. Friend should have spent his valuable time in providing, at this moment, for the second of these advantages, is to me still more surprising. “The evils likely to arise from “too rapid a diminution of the rate of interest,”—when, with all the aid which credit has derived from the present rapidly growing Sinking Fund,—with all the improvements, wonderful and extensive beyond the hopes of the most sanguine, in our political situation,—with all the temptation which a nominal capital holds out to the lender in the three per cents,—my Right Hon. Friend is not able, even in that favourite fund, to raise a single 100*l.* within the legal rate of interest! With

these circumstances before him,—with a loan to be negotiated for the service of the year, which cannot be much short of forty millions, what is the step taken by my Right Hon. Friend with a view to an immediate practical effect? Why, a successive diminution of the Sinking Fund, infinitely more rapid than its growth has ever been, to be accompanied with a series of loans much larger than were ever before raised in this country. What is the disease which now affects our public credit? When my Right Hon. Friend was first called in, he did not hesitate to declare, that his patient was “labouring” (to use his own expression) under great weakness and depression; but, by way of comfort, he assured us that at his next call he should be prepared with some very invigorating remedy. This is his second visit, for which we have been looking forward with so much hope. The symptoms of the disease continue nearly the same, or rather worse; but what says the physician? He tells you, that, in turning the case in his mind, it has occurred to him, that his patient, if he should not sink under his present exhausting complaint, may possibly be liable at some distant period of his life (as nearly as he can now prognosticate, about the year 1830), to the inconvenience of repletion. Therefore, as an apt remedy for this distant disorder, he prescribes, instead of the promised restora-

tive, a copious bleeding forthwith; and that it should be followed, in rapid succession, by three other bleedings still more severe. If the patient should undergo this discipline, the natural consequences must follow; and I agree with my Right Honourable Friend, that the numerous friends of that patient, the whole body of the public creditors, should (as the phrase is) be prepared for the event. By the time of the fourth bleeding, should the present complaint continue, the most sanguine among them will, I think, have little doubt as to the result; and their mourning on the melancholy occasion will, I am satisfied, be not only very general, but very sincere.

But this is a distant danger, which good fortune may, after all, avert; and, in the mean time, my Right Hon. Friend's plan gives us an immediate subsidy of 120 millions for carrying on the war. When this subsidy was first mentioned, I really imagined that my Right Honourable Friend had at last found that philosopher's stone, which *Van Helmont*, and so many other ingenious men of former times, had spent their lives in vain endeavours to find; or, at least, as was often the case with them, that, in searching for it, he had accidentally stumbled upon some other very useful discovery;—that he had found a treasure to this amount in some dark recess or secret drawer

of the Exchequer, where it had been hoarded and forgotten by one of his predecessors. But when I came to understand what the finding actually was, my hopes were sadly disappointed. All that my Right Honourable Friend has really found out is, that, by contracting a debt of between eight and nine hundred millions, we have paid off one of 220 millions. Does my Right Honourable Friend think that, upon the fair adjustment of such an account as this, there is any balance in our favour? It is in this balance, however, that my Right Honourable Friend finds an immediate available subsidy of 120 millions.

But if this promised treasure is only a golden dream, as to the present, to what bright prospects do we not awake for the future! One hundred millions of public property to be accumulated on the restoration of peace! This, says my Right Honourable Friend, is “the principal advantage of my plan.”—This, at least, will be a real treasure; and such a treasure, he well adds, “as no other country ever possessed.” The whole secret of this great discovery consists in nothing more than this; that, having contracted in the present war a debt, which already exceeds 600 millions, my Right Honourable Friend purposes, if sufficient time is allowed him, to pay off 100 millions of that

debt, between the restoration of peace, and the renewal of war. I perfectly agree with my Right Honourable Friend, that this advantage, admirable as it must appear for its simplicity when once it is explained, is one that no other country ever possessed; chiefly, indeed, because no other country ever possessed the preliminary qualification of being sufficiently in debt to enable it to enjoy this advantage. Really, Sir, if any other person than my Right Honourable Friend had stated this as the principal advantage of his plan (an advantage, by the by, not only not exclusively belonging to this plan, but unavoidable under *any* plan of a Sinking Fund in time of peace) I should have thought that he was trifling with our understandings; that he was treating us as persons incapable of distinguishing between the paying off of a small portion of existing incumbrances, and the actual amassing of wealth;—that he was exhibiting to us the amount of the national debt, as so much wealth accumulated, and not what it really is, the record of so much wealth consumed.

The remaining advantage of the plan, then, is the irresistible bait (for such I apprehend it will prove) of the postponement of fresh taxes for the next three years. I am not afraid that any man in this House,

or, I hope, out of it, will do me the injustice to suppose that I am more insensible than another to the pressure of existing burdens upon the people of this country. But I should indeed be departing from the wise example of former Parliaments, and of the great men of other, and (at least in that respect) better times;—I should be losing sight of every sound principle of state policy, and of every established maxim of practical finance, if I were on this occasion to surrender my judgment to my feelings, and to shrink from the duty of a dispassionate inquiry, from the dread of its leading me, contrary to my wishes, to a painful conclusion.

In the existence even of an individual, four years is not a long period: in the existence of a nation it is next to nothing. On occasions like the present, much eloquent declamation is employed, to show how little our predecessors have done for us, and how much we have done for posterity. We advert to the neglect of those who have gone before us, in providing for our comfort; and we complacently contrast that neglect, with the anxious care that we have manifested for the ease of those who are to follow us. This, I apprehend, has been the language of all times, and I am unwilling to disturb a feeling of so much self-satisfaction. I must own, however, that in the

unbroken chain of a nation's existence, I know not how to put my hand on the exact link at which posterity commences. But this I know, that the Parliament which succeeded to the debt of the American war, represented themselves as the aggrieved posterity of those who had carried on that war. That Parliament was left with an unredeemed debt of near 240 millions, and an annual charge for the interest of that debt of between seven and eight millions. The Parliament which may follow the present one, if peace should be then restored, will, I suppose, by a parity of feeling, be the posterity of those who have carried on the present war. That posterity will succeed, if the war should continue but four years longer, to an unredeemed debt of about 700 millions, and to an annual charge for the interest of that debt (exclusive, as in the other case, of any Sinking Fund), of about 26 millions. What will be the language of that posterity I will not pretend to anticipate:—as one of their predecessors, I hope it will not be wanting in gratitude for the great exertions which we have been compelled to make. But let us not shut our eyes to facts; and fondly delude ourselves with the idea that we have already done so much for the relief of posterity (always recollecting that of the posterity to which I allude, some of us may hope to be members),

that it ought now to be left to shift entirely for itself.

Looking then at the proposals before us, not with a reference to the year 1912, to which one of my Right Honourable Friend's Tables carries us forward, but to the reasonable compass of the next fifteen or twenty years; there are three considerations to be attended to in examining the present plan, comparatively with the existing system: 1st, The whole amount of unredeemed debt: 2dly, The proportion of the Sinking Fund to that debt: and 3dly, The amount of new taxes that would be requisite under the one system or the other.

This examination of course proceeds on the supposition of the continuance of war, and of an annual loan of 28 millions being requisite, as assumed by my Right Honourable Friend. In the event of peace, the charge of war, for which his plan is intended to provide, would of course cease: and I cannot help thinking that it will be quite time enough, when peace shall be restored, to meet difficulties of an opposite kind, which my Right Honourable Friend apprehends peace may bring upon us: such as the too rapid reduction of debt, and diminution of the rate of interest.

Well aware as I am, and, indeed, as every man must be, that the whole sum annually raised upon the country, is applied, either to defray the charge of existing debt, or that of our necessary establishments, it appeared to me, from the first glance of my Right Honourable Friend's plan, that it involved this paradox—That, assuming our establishments to continue the same, this new system professed, not only for the present, but permanently, to decrease our taxes, while it increased our debt: and further, that it professed ultimately to accelerate the redemption of that debt, while it diminished the Sinking Fund. It was some time before I could find any way out of this paradox: but it is, I think, to be found by a close examination of my Right Honourable Friend's Tables. I shall not go through the whole of them; but I refer particularly to Table A. 1, 2, and 3.

I am far from wishing to insinuate that there exists any arithmetical inaccuracy in those Tables: but I must say, that they are so constructed as, although correct in themselves, to convey an impression which is very much otherwise.

In the column (Table A. 1.) showing the amount of new taxes under the *proposed plan*, credit is taken in each year in abatement of

those taxes, for the whole sum supposed to be set free by the portion of debt *assumed* to have been finally paid off. In the column of the same Table, showing the amount of new taxes that would be necessary under the *existing system*, no credit is given for the sums that would really be set free by the actual extinction of debt according to the law as it now stands. For instance, in 1821 the charge of the war-loan of 1807 would be set free by *the existing system*, and ought, therefore, to have been stated as applicable in abatement of taxes set down opposite to that year: in like manner, in 1829, taxes to the amount of 21 millions would be set free, and ought of course to be deducted from the total of new taxes stated in the Table opposite to that year. The result would then be, that the total increase of taxes in the year 1829-30, under the proposed plan, would be - - - - £16,734,734

Under the existing system	- - -	9,446,803
Excess of taxes according to the	}	7,287,931
proposed plan		

If the calculation should be carried on upon the same *data*, to the last year of that Table, the result would be as follows:

1837-8.—Proposed plan	- - -	£24,356,852
Existing system	- - -	20,413,467
Excess of taxes according to pro-	}	3,943,385
posed plan		

The two other points of comparison are, the Unredeemed Debt and the Sinking Fund. I have examined them, and if my figures are accurate, which I believe them to be, they would stand as follows :

	Unredeemed Debt.
1829-30.—Proposed plan	£938,856,438
Existing system	629,736,217
Excess of unredeemed debt according to proposed plan	} 309,120,221
<hr/>	
1837-8.—Proposed plan	£1,047,677,325
Existing system	680,944,805
Excess of unredeemed debt according to proposed plan	} 366,732,520

The respective Sinking Funds would stand thus :

1829-30.—Existing system	£19,745,200
Proposed plan	17,820,636
Difference of Sinking Fund in favour of existing system	} 1,924,564
<hr/>	
1837-8.—Existing system	£26,858,638
Proposed plan	21,917,084
Difference of Sinking Fund in favour of existing system	} 4,941,554

I am satisfied to leave the result of these comparisons upon two different periods, one of seventeen and the other of twenty-five years, to the judgment of the Committee. But I must just observe, that they are made on the supposition that the annual loan of 28 millions would be raised on terms as favourable under the proposed plan as under the existing system : a supposition altogether unreasonable, when we consider the greater accumulation of debt, and the diminished power of the Sinking Fund under the proposed plan. It may be difficult to form any conjecture as to the amount of the difference; but whatever it might be, the result to that amount would be still more unfavourable to the proposed plan.

Another consideration to which it is most material to advert, in taking this comparative view, is, that it proceeds upon the supposition that the Sinking Fund will not be touched beyond the amount estimated in my Right Hon. Friend's Tables. These Tables show how far he proposes to go; but the principle of forty-five years, upon which he grounds his right to touch the Sinking Fund at all, would carry us much farther. My Right Hon. Friend says, in his Statement (page 13), " that the mode of exercising this discretionary power of Parliament to cancel such portions of debt

“ as shall have been redeemed, may be varied
 “ as circumstances may require ;— but, during
 “ war, that which has been pointed out, appears
 “ to be most generally advantageous.” Now,
 if this *discretionary power* is once established in
 principle, does any one doubt, that, upon every
 occasion of temporary pressure, it will be resorted
 to? Does any one doubt but that we shall
 go the full length of the principle of never al-
 lowing the Sinking Fund to exceed the *minimum*
 proportion of one to a hundred of the unre-
 deemed debt?—and that, once armed with this
 discretion, we shall, upon a little further pres-
 sure, go one step further, and take away the
 Sinking Fund altogether?

In vindication of the plan, I have heard
 something like this kind of argument;—that,
 admitting it not to be strictly consistent with
 justice to the creditor of the State, still, if it
 promises to operate greatly to the general relief
 of the Public, without being materially preju-
 dicial to the public creditor, it ought to be
 adopted.

Without dwelling upon such general obser-
 vations as must occur to every man, upon the
 great danger of attempting to justify by this
 doctrine of expediency a violation of the plain
 letter of an engagement;—without stopping to

remind the Committee, that, in any such at-
 tempt, we are at once party and judge, and
 judge without appeal; I will confine myself to
 the mere question of probable injury. If not
 immediately, in the course of no very long pe-
 riod, the plan must be highly prejudicial to the
 public creditor. It may not operate imme-
 diately, because political circumstances are now
 very favourable to public credit; and also be-
 cause, in the first year of this plan, the Sinking
 Fund will not be materially, if at all, impaired.
 But what must be its effect in future years,
 when the Sinking Fund will be diminished be-
 tween seven and eight millions; and when the
 public mind may possibly not be elated with
 the same sanguine hopes as are justly enter-
 tained at this moment?

A loan is but the sale by Government, at the
 best price which it can obtain in the open market,
 of a certain amount of annuities charged upon
 the income of the nation. The public debt is
 the aggregate amount of those annuities already
 sold and in the market. In that market Go-
 vernment is both a seller and a buyer: a seller
 to the amount of the loan: a buyer to the
 amount of the Sinking Fund. It follows, there-
 fore, upon the plain principle of supply and de-
 mand, that if Government, being compelled,
 from any circumstance, to sell more, determines

at the same time to buy less, the price of the article must fall. Now the effect of this plan, and especially in the next four years, is very greatly to increase the difference between the sum to be added to, and the sum to be redeemed from; the national debt in each year. The accounts now before us show what has been the effect upon public credit within the last three years of loans very far short in their amount of those now wanted, and notwithstanding a constantly growing Sinking Fund. When the excess of our loan above our Sinking Fund did not, upon an average, exceed five millions (money value), as was the case in the five years ending with 1811, the three per cents rose to near 70; but now, when that excess is more than fifteen millions in each year, they have fallen to 59. Is this a moment for breaking in upon the Sinking Fund, and for taking away from it, by wholesale, in four years, the amount of the accumulations of thirty?

X
X
X

My Right Hon. Friend satisfies his own conscience, however, by the reflection, that he shall compensate to the annuitant this unavoidable depreciation of his security, by affording him a temporary respite from taxation. Again I must object, when the faith of a contract is at stake, to this doctrine of equivalents, this balance of injury and kindness. How can we

know what is an adequate equivalent? The price of the public stocks does not depend upon the value of the dry annuity. It is a joint consideration of this annuity, and of the prospect of an increase in the value of the nominal capital, that operates upon the mind of the purchaser. I had a pretty strong proof of this when I myself was in office. From a wish to guard the Public against the great loss of redeeming, perhaps at par, three per cents which might be borrowed at 60, I proposed to the bidders for the loan to make them redeemable at 80. They would not bid at all upon the proposal. If my Right Honourable Friend doubts whether this prospect of higher prices enters into their calculation, let him try what they would now give for a three per cent. annuity redeemable at 60.

If the view which I have taken of this plan, so far as regards the public faith, be correct, it cannot be necessary to show, by many additional arguments, that the whole system, viewed abstractedly from its justice, is at variance with sound policy. That it would prove so in its ultimate effects, no man, I think, can doubt; but, in the present instance, it will also be found (what may not always, perhaps, be the case), that not only our permanent, but our immediate interest requires of us, not to deviate from the

straight-forward path in which we have hitherto proceeded.

I have the more confidence in the solidity of the objections which I take to the mere policy of the measure, because they are almost all derived from principles of finance, and lessons of political economy, for which I am indebted to the great practical masters of this science in modern times; and mainly, I speak it with unfeigned sincerity, to my Right Hon. Friend himself.

The Tables to which I have recently referred, establish, beyond all doubt, that the plan cannot be persisted in for three or four years without a serious injury to public credit. But in time of war, when we have to borrow so largely, is not the efficiency of that credit essential to the efficiency of the State? Is not its support the true husbanding, and its decline the profuse waste, of our yet remaining resources? Then what is the state of our credit at the very outset of this plan? Is it not already "labouring" under the vast accumulation of debt? and does it not manifestly sink, in spite of a state of external circumstances so unusually favourable, under the enormous calls that are made upon it by the unparalleled magnitude of our loans? Is it not true, that, by the weight of loans far less than those now required, and not-

withstanding a growing Sinking Fund, the public securities have suffered a depreciation little short of 20 per cent. within the last three years? Does the Chancellor of the Exchequer consider such a depreciation upon a capital of six hundred millions to be in itself nothing? Does he think it a matter of indifference whether the interest of money is at six or seven per cent. instead of being at or under the usual legal rate? Does he imagine that this depreciation, and this high rate of interest, will have no prejudicial effect upon our industry, our manufactures, our commerce, our internal improvements, and, above all, upon the progress of our agriculture? If the demands of the State are so large, and the temptations which it offers so powerful, as to absorb the innumerable streams and channels by which individual credit is nurtured and supported; the activity which is created, the exertions which are called forth by that credit in every branch of productive industry, must proportionably languish and decay. Does my Right Hon. Friend seriously expect, or does experience warrant him to hope, as he intimates in his printed Statement (p. 16), that in such a state of credit our permanent revenue can improve? The prosperity of that revenue depends, in a great degree, on the facility with which the active classes of the community are enabled to borrow the capitals requisite for their

various pursuits. However paradoxical it may appear, there is, I will venture to say, no part of our population so nearly interested in the improvement of public credit as those to whom these borrowed capitals afford employment; and none, consequently, who ought more cheerfully to acquiesce in whatever sacrifices may be necessary for the support of that credit.

I have heard the proposed plan excused and palliated out of doors, by some who cannot approve of its principle, from an expectation that it will give such an impression of our resources, as may, in the present state of affairs, be attended with the most important consequences: that our friends on the Continent will be elated, and our enemies astounded, by the promulgation of a plan for carrying on the war for four years without taxes.

I trust that this most shallow of all hopes, this most short-sighted of all the views which can be taken of the subject, is not entertained by His Majesty's Government as any recommendation of the plan.

The governments of the Continent, and the thinking and intelligent part of their subjects, are likely to take a very different impression. They look upon our Sinking Fund as the events

of the last twenty years; and not less than the events, our language and our conduct also, have taught them to look upon it as the main stay and prop of our credit—as the perennial source which supplies our annually-growing exertions—as that sacred reserve which no momentary temptation, in the apparent extremity of our fortunes, could for one moment induce us to weaken, or impair. They have seen us in the hour of our severest trials, when the Bank stopped payment, when our fleets mutinied, when rebellion raged in a sister kingdom, carrying additional aid to that Fund, instead of breaking in upon it. They know what we have done for that Fund; and, as is often the case with those who are mere spectators of the blessings which others uninterruptedly, and for that reason almost unconsciously, enjoy, they also know, perhaps, better than ourselves, what it has done for us. If I wished to illustrate what I believe to be the general feeling of the Continent respecting our Sinking Fund; I could not do so more forcibly perhaps, than by stating, that in France a Sinking Fund has been established upon the principles of our Sinking Fund; and established by whom? By Bonaparté himself; that great despoiler of the civilized world; that wholesale plunderer of the accumulations of peaceable industry: by Bonaparté, who thinks that the best system of finance is in the success of his

sword; who acts as if the whole science of political economy consisted in the transfer of his subjects from productive to unproductive pursuits. That the Sinking Fund of France is merely a delusion, I perfectly believe. But it has been justly said, that "hypocrisy is the homage which vice is forced to pay to virtue;" and there cannot be a clearer proof of the opinion sincerely entertained of the Sinking Fund of England, than this attempt to delude the people of the Continent by a pretended imitation of it.

If my Right Hon. Friend, therefore, has been induced to adopt this measure, as one likely to overawe the enemy into moderation, I am afraid it will have a very different tendency. If, from any circumstances, he thinks that peace may soon be attained; why unnecessarily weaken confidence at home, and revive in the breast of Bonaparté those vain hopes of wearing out our resources, which adversity, though it may not have extinguished them, has probably in some degree subdued? If war is likely to continue, why begin upon a system, which, if pushed to its utmost, may at last drive us to the necessity of signing a precipitate and disadvantageous peace?

This, it is true, is not the first time that we have had recourse to expedients widely departing from the ordinary and legitimate system of

adding to our income by permanent taxes, in proportion to the increase of permanent charge created by the loan of the year. In 1807, an expectation was held out to the people that no new taxes should be imposed for three years. Accordingly, the loan of that year was assigned upon the war-taxes. In 1808, the falling in of the Short Annuities, and an advance by the Bank of three millions without interest, enabled Parliament to meet the charge of the small loan required for that year, without materially breaking in upon the assurance that taxation should be suspended for three years. In 1809, the charge of the loan was thrown upon the war-taxes. This measure was strongly objected to; and the ground of its defence, as argued by myself and others, was, not the general policy of the measure, but its particular expediency, and for that year only, as necessary to complete the term of the respite from taxation promised in the year 1807. The war-taxes mortgaged for the charge of this loan amounted to one million. It is obvious, that the effect of this mortgage was of course to diminish your disposable revenue, and to increase your loan to the same amount in that and every subsequent year. If, instead of the war-taxes, the million be taken from the Sinking Fund, a difference to that amount is created between the sum borrowed and the sum redeemed. In both cases, the effect for the

first year, with respect to the public credit and the accumulation of debt, is the same; but prospectively that credit will be injured in an infinitely greater degree, by the deduction of a million from the Sinking Fund; because this million would have continued to improve and accumulate at compound interest for the reduction of debt; which of course is not the case with the million of war-taxes.

Carrying along with us these considerations, and recollecting that the measure of 1809 dipped into the war-taxes for one year, and for one million only; let us see what were the sentiments of the highest financial authorities upon this measure.

The first great authority to which I must request the attention of the Committee, and from which, as well from its great excellence, as from the peculiar respect to which it is now entitled from this House, I shall borrow very copiously, is that of my Right Hon. Friend himself. He thought it his duty, at the close of the session of 1809, to move a series of resolutions of Finance. In the course of the following summer, he did himself much honour, and the country much service, by carefully revising and publishing the substance of his observations on that occasion. The extracts from that publication,

which I am now about to read to the Committee, will, I am sure, be, to every Gentleman, the strongest inducement carefully to peruse the whole.

In the first part of that publication, my Right Hon. Friend has given a very interesting narrative of the bold and manly measures adopted by Lord Sidmouth upon the renewal of the war in 1803, for raising a large disposable revenue within the year. As my Right Hon. Friend must have had a principal share in maturing and bringing forward those measures, he is well entitled to participate in the just credit which they reflect upon that Administration. My Right Hon. Friend closes his remarks on that part of his subject in the following terms: "In the statement of his (Lord Sidmouth's) last budget, he strongly urged the importance of adhering to the same system by an annual addition of at least one million to the war-taxes, till the object of equalizing the income and the expenditure of the country should be obtained. He knew that when this great point was attained, the continual accumulation of the Sinking Fund would speedily afford means of relief to the Public, which could not be employed either with justice to the Stockholders, or safety to the State, *so long as the accumulation of debt continued.*"—With jus-

tice to the Stockholders, with *safety* to the State, *so long as the accumulation of debt continued!* Will the Committee forgive me for having detained them so long upon the *injustice* of the present proposal, when I might have satisfied them at once by the decided testimony of my Right Hon. Friend? Will the country forgive me the expression of my apprehensions for its danger, when they are told from such high authority, that the Sinking Fund cannot be touched with *safety* to the State, so long as the accumulation of debt continues? Will my Right Hon. Friend forgive me, if, in the name of that *justice* which he acknowledges to be due to the public creditor; if, in the name of that State, of whose *safety* he is one of the immediate and responsible guardians; if, in the name of his own fair fame, which is the merited and best reward of his public labours—I conjure him not to persist in a system, which, by anticipation, he has so justly condemned?

I now proceed to another part of the publication, in which my Right Hon. Friend expresses himself in these terms:

“ Let me not, Sir, be misunderstood as the advocate of excessive or unlimited taxation. I am aware that all taxation is in itself an evil, and I can conceive many circumstances under which I should think the Chancellor of

“ the Exchequer had acted in the present instance with prudence and judgment.

“ The first and most obvious of these would be a great and general impoverishment of the country. It might then happen (as in fact it did towards the close of the American war), that the imposition of new taxes would add nothing to the revenue, but only depress the produce of the old ones. But I would ask the Right Hon. Gentleman, and every Gentleman present, from whatever part of the country, *where* the symptoms of such impoverishment appear? Supposing, however, such a decay to exist, I say that the same necessity which contracts our means ought to limit our expenses. Shall we be the richer for plunging deeper in debt? *Will it increase our resources to consume those which yet remain?*”

These are the questions which my Right Hon. Friend put in 1809: I hope that he is now prepared to answer them.

He proceeds thus:—

“ In another case of a very opposite kind I might think it advisable to abstain from further taxation—that of a very rapid improvement of the existing revenue. Did our resources appear to be increasing in a degree nearly commensurate to our wants, I should be unwilling to endanger so prosperous a state of things by any interference, or to abridge the comforts of the Public by any charge which might be safely avoided or deferred. But though I am convinced that the national wealth is progressively increasing, I fear we are far from such a state

“ of things. *The revenue has of late appeared rather to decline than to increase.*”

I would just ask my Right Hon. Friend whether this remark does not exactly apply to the present state of the revenue.

“ Another case in which I might approve of the course which has been pursued is that of a prospect of immediate peace, or of a great reduction of expense from any other cause. But of all suppositions this seems at present the most extravagant. The war rages more extensively and with greater exasperation than ever, and every day seems to bring forward some fresh obstacle to accommodation, and some new call for our exertions.

“ But leaving to the defenders of this measure to point out such circumstances as may, in their opinion, justify it, I shall proceed to state a few of the numerous objections which induce me to condemn it.

“ In the first place, it is a weak and delusive resource, which will be speedily exhausted.

“ A second objection to this diversion of the *war-taxes* from the purposes for which they were originally granted by Parliament, is, the continual and progressive increase it must occasion in the difficulty of raising the supplies. As the amount of the loan must annually be augmented by a sum equal to the *war-taxes* which have been appropriated both by that, and all preceding loans, they would be most rapidly consumed, by a continual accumulation of compound interest; and *when it shall become unavoidable*

“ *able to seek for fresh funds for these augmented loans, where will they be found, and in what state of credit will these loans be raised?* If the Right Hon. Gentleman thinks that the people, having been indulged with a respite from further taxation, will return to it more readily, he is greatly mistaken. Having once been told by authority, that further burdens were either intolerable or unnecessary, they will readily listen to those who will never be wanting to tell them the same thing again; and they will be disposed to countenance wild plans of retrenchment, and *chimerical schemes of finance.*”

If the Committee will only substitute the words Sinking Fund for War-taxes, through the whole of this paragraph, I have no other alteration to offer either in the language or in the argument.

“ Another most important objection occurs when we consider the establishment which it will probably be necessary to maintain whenever peace may be concluded.

“ It is an objection not less important, though of a totally different nature from any of the preceding, that the system of finance pursued this year, has the strongest possible tendency to encourage prodigality in the public expenditure.

“ It is no less true in public than in private economy, that what is easily acquired, is often needlessly spent. It is also the natural bias of every department, and may even proceed from a laudable though inconsiderate zeal for the public service, to draw to itself as large a por-

“tion as possible of the supplies. If this be not checked
 “(as I fear at present it cannot be) by a firm and over-
 “ruling controul at the Treasury, it naturally leads to an
 “indefinite and wasteful expense. But the strongest sti-
 “mulus to excite the Treasury to perform its duty by a
 “vigilant restraint on the public expenditure is wanting, if
 “supplies can be obtained without an immediate pressure
 “on the people. The temptations which perpetually occur
 “to a Minister, of a loose and careless administration of
 “the public purse, are constantly counteracted by the im-
 “pending and painful task of taxation.

“It will be evident to every Gentleman, that if the
 “amount of the loan is reduced, the competition to ob-
 “tain it will be increased, and the supply of capital in the
 “market more abundant, compared with the demand, and
 “the sum to be raised will consequently be obtained on
 “more favourable terms. The principle of this saving is
 “perhaps not less certain than a mathematical demonstra-
 “tion, but the extent of its operation can only be calcu-
 “lated on hypothetical *data*, and it may not therefore be a
 “proper subject for a distinct Resolution of the House.
 “Every Gentleman will form his own supposition: I will
 “just mention one which seems to me supported by a
 “strong analogy. In the year 1798, when Mr. Pitt first
 “proposed his system of war-taxes, the loan was raised at
 “an interest of above six per cent. In 1800, when they
 “had been established two years, the interest of the loan
 “but little exceeded four and a half per cent.* Adding

* The Chancellor of the Exchequer proposed yesterday (31st March), to the House of Commons, the funding of twelve millions of Exchequer Bills, at an interest of 5*l.* 15*s.* 6*d.* per cent. and that interest to commence from the 5th of January last.

“the one per cent. Sinking Fund to be provided on the
 “capital created, the total saving amounted to about two
 “per cent. on the whole sum raised both by loan and war-
 “taxes.

“Such, Sir, have been the effects of the system which
 “the Chancellor of the Exchequer has this year forsaken
 “and impaired: a system sanctioned by general approba-
 “tion, and proved by experience to be solid, wise, and
 “economical. It has indeed required many sacrifices,
 “and may require more: but it is a most dangerous delu-
 “sion, to expect to perform great achievements without
 “making great exertions. If we cannot reduce our ex-
 “penses to our income, we must raise our income in pro-
 “portion to our expenses. I am willing to give credit to
 “the Right Honourable Gentleman for readiness to effect
 “every practicable and prudent retrenchment; and I trust
 “still more to the disposition of Parliament and of the
 “Public to enforce it. But what more is wanting, and
 “much more, I fear, must be wanting, we must be pre-
 “pared to furnish; and it has been my wish, in what I
 “have said, to strengthen the hands of Government (so
 “far as my arguments or opinions could have any force),
 “and to facilitate its resuming the wise, the secure, and
 “honourable course hitherto pursued.”

Let us now see how this measure of withdraw-
 ing a million from the war-taxes was viewed
 by other great authorities.

In the Journals of the House of Lords I find
 a Protest against the measure, to which the
 first signature is that of Lord Sidmouth. The

names of Lords Grenville and Carrington are also subscribed to the same document, in which I find, among others, the following objections :

“ Because the present measure is subversive of the principles on which the *Sinking Funds* and War-taxes have been successively established and augmented—principles invariably adhered to under every change of men and measures during the last three-and-twenty years, and now first abandoned.

“ Because the system, of which this measure is, we fear, the commencement, will rapidly absorb all the extraordinary resources provided by the wisdom of Parliament to meet the exigencies of war ; and will, within a very few years, plunge this country into financial difficulties, such as have never yet been apprehended even by those who have thought most unfavourably of the resources of the country.”

In the month of July 1812, we find my Right Honourable Friend (then, as now, Chancellor of the Exchequer) stating to this House, that “ he should probably feel it necessary to prepare some plan, whatever it might be, for the more *effectual support of public credit*. “ What particularly occurred to him would be “ to make some *addition* to the Sinking Fund “ for whatever portion of the loan might exceed “ the amount of the sum to be redeemed within “ the year.”

My Right Honourable Friend proposes to make this addition indeed ; but in what manner ? By taking from the Sinking Fund, as it now exists, not only this addition, but also the one per cent. for the other part of the loan, and all the charge of interest for the whole.

To the authority of my Right Honourable Friend, at least up to the present moment, for strengthening, instead of impairing the Sinking Fund ; to that of Lord Sidmouth and of Lord Grenville, I must add the greatest authority of all, that of Mr. Pitt. I can take upon me to assure the Committee, in the most confident manner, that it was the strong leaning of his mind, I might almost say his fixed intention, had he lived to direct the finances of the country for another year, to impose not only the taxes that might be necessary to meet the charge of the loan of that year, but as many more as he thought the country could bear without too great or too sudden a pressure upon its resources. All the surplus of such taxes, beyond the interest of the loan, he intended to apply as an immediate voluntary aid to the Sinking Fund, to be gradually withdrawn for the charge of future loans, if for that purpose any part of it, or the whole, should, in future years, be required.

My Right Honourable Friend, and others who so strongly condemned the subtraction of a single million from the war-taxes in 1809, will not contend that the accumulation of debt, or the state of public credit, or the amount of the loan, compared to the Sinking Fund, was such as to render hazardous at that period what is comparatively safe at present. In that year the three per cents were at 68; they are now at 59. In that year the loan was 17 millions, and the Sinking Fund about 10 millions. For the present year the loan, I much fear, will not be short of 30 millions on account of England only, and the Sinking Fund less than 14 millions.

It cannot be imputed to my Right Honourable Friend, that, in enumerating all the virtues of his plan, he ever mentioned economy as one of its recommendations. He well knew that he could not, although it is an inference in its favour which some persons have derived from a superficial examination of his Tables. My Right Honourable Friend, I am sure, would be the last man to countenance such an inference. He has most successfully shown, on various occasions, that true economy consists in a course altogether opposite to that which he now adopts. He has reduced to figures, and recorded in Resolutions, the proofs of that economy, demonstrating by the most irrefra-

gable evidence, that to accumulate debt, in the manner and to the extent now proposed by this plan, is the very reverse of good management. He has shown you what you have actually saved by raising a large portion of your supplies within the year. I will not fatigue the Committee by a detailed reference to these proofs. They will find them in the Speeches of my Right Honourable Friend, to which I have already referred.

If our resources are not infinite and absolutely inexhaustible; if we have already dipped deep into those resources; surely it the more becomes us well to consider, whether the remainder are not now in danger of being dissipated with unnecessary celerity? Whether, by mortgaging now, at usurious interest, that income which we had wisely set aside for the discharge of existing incumbrances, we shall be more at our ease some few years hence? Whether, by accumulating debt now, upon terms which may oblige us to redeem it at an expense nearly double hereafter, we are compensated for the immediate pressure of usurious interest, by the prospect of future relief? Let Gentlemen look round the world, and show me a State once in difficulty; let them look among their acquaintance, and show me an individual, once involved, that has ever been brought round and

saved by these, or such-like expedients. If they still doubt the delusion of such a system, one example drawn from the financial affairs of this country, and brought before them, not by a comparison of distant transactions, but confined to the three last years of the present war, will, perhaps more forcibly than any more general view, open their eyes to the wasteful consequences of the proposed plan.

Let us compare the terms of the loan of 1810 with the terms of the loan of 1812, both in the three per cents. In 1810, for every £100 sterling the contractors received 140*l.* 7*s.* 6*d.* three per cent. stock: in 1812, for every £100 sterling they received £176 three per cent. stock. A loan of 28 millions, the amount assumed by my Right Hon. Friend to be hereafter annually raised, would, if negotiated upon the terms of 1812, add to the amount of debt in each year £10,000,000 of stock, and to the permanent annual charge £404,000 (money value), more than if negotiated upon the terms of 1810. And who shall say that, under this plan, future loans will be raised even on the terms of 1812? Neither is this all: in 1810 the Exchequer Bills were circulated at an interest of three-pence per day for every £100. The interest is now three-pence halfpenny. This is another increase of annual charge, exceeding

£200,000. Let Gentlemen calculate what these differences only would amount to in the next four years, both in increased debt and in increased permanent charge; and then they will have some faint idea of the economy of a plan, the tendency of which, it is admitted, is to lower the price of the funds. On the other hand, there can be very little doubt, if the Sinking Fund were left to its natural growth for those four years (with the same amount of loan), that the funds would revert to the more favourable prices of the year 1810.

Another consideration of economy is, that the reduction of interest upon the five and four per cent. stocks which has always been looked to as one of the advantages that would speedily be realized by the Sinking Fund on the restoration of peace, and which would produce a saving of nearly three millions a year, must necessarily be retarded by the effects of the proposed system.

I am aware that it may be said to me,—
“If, after all, you are of opinion that this measure is so doubtful with respect to public faith, in policy so hazardous, and in economy so expensive, what is it that you would recommend?” My general answer is, that it forms no part of the duty of an individual Member

of Parliament, neither holding a responsible situation, nor possessing those means of informing and maturing his judgment which properly belong to office, to go beyond the sphere of his duty. That duty I have discharged, by stating my conscientious opinion upon the present plan. It certainly is not necessary, and it may not be altogether prudent, for me to go further. But knowing, as I do, all the difficulties of my Right Honourable Friend's situation, and anxious, as I am, to satisfy him and the Committee, that it is not my disposition to add to those difficulties, I am prepared to state what has occurred to me for obviating the fundamental objection which I feel to the intended measure in its present shape, if the patience of the Committee, which I have already so much abused, should incline them not to refuse this further indulgence.

My Right Honourable Friend stated to this Committee, on a former occasion, that during war, but especially during the present war, the country possessed means of taxation, which, from their nature, could not be permanently continued in time of peace. In this I agree with my Right Honourable Friend, thinking with him, that the war-taxes, productive as they already are, might however be considerably augmented. That the permanent taxes do not admit of the same

latitude, is an opinion which of late years I have more than once declared in this House. I also agree with my Right Honourable Friend, that an alteration will, *at some time* hereafter, be requisite in the Sinking Fund Act of 1802, so as to render more equal, and to extend over a larger portion of time, that relief which the Public will derive from the extinction of the debt contracted prior to that period. I subscribe to the opinion, that to have devolved the whole of that relief upon one year, is an unwise departure from the original Acts of 1786 and 1792; but, on the other hand, I contend, in the first place, that no alteration is *immediately* necessary; and, 2dly, that, *whenever* it is attempted, the object which we ought to have principally in view should be, both as to Sinking Fund and debt, to revert, as much as possible, to the salutary provisions of those original Acts.

The simultaneous extinction of a very large portion of debt, and an accumulation of Sinking Fund, that would become unnecessarily large for some years before that event shall take place, are the two inconveniences against which my Right Honourable Friend wishes *now* to provide. In order of time, the too great accumulation of the Sinking Fund is the first of these evils: it must necessarily precede the other. But, surely, this is not

an inconvenience which is either *now* pressing upon us, or is likely to arise, so long as we are compelled to borrow far beyond what the Sinking Fund can redeem within the year. On the one hand, therefore, it cannot be said that any such evil now exists to call for our immediate interference; on the other, I have the clear and recorded opinion of my Right Honourable Friend, that the Sinking Fund cannot be touched, "either with *justice* to the stockholder, or " *safety* to the State, *so long as the accumulation of debt continues.*"

Let us then examine, whether, upon the grounds which I have stated, my Right Honourable Friend's plan cannot be so amended as to bring it within those limits of *justice* and *safety*, which he has so accurately defined. For that purpose we must find the means of avoiding the necessity of impairing the efficacy of the Sinking Fund at the present moment.

Now my Right Hon. Friend is already provided with taxes to the amount of £1,130,000, for the present year. He wants about £700,000 more to meet the estimated charge. The course I should take would be in substance this:— First, I would charge these seven hundred thousand pounds permanently upon the income of the Sinking Fund: but secondly, I would repay to

the Sinking Fund, within the year, and out of the produce of the war-taxes, a sum equal to the charge so thrown upon it in the first instance: and thirdly, I would impose new war-taxes to that amount, unless upon examination it should turn out (as I believe it would) that by the improvements already made, or which might be made, in the assessment and collection of the property-tax, an increase in its produce to the full amount required might be expected in the present year.—If such an increase may be reckoned upon, *no* new taxes would be necessary beyond those which the Chancellor of the Exchequer is actually prepared to impose.

If the war should continue, I should in like manner charge the interest of the loan of the next year upon the Sinking Fund; replacing to the Sinking Fund the amount of the sum so charged out of the produce of the war-taxes, and increasing those taxes by an addition equivalent to the amount so transferred to the Sinking Fund.

The advantages of this mode of proceeding, as compared with that of my Right Honourable Friend, would be these:—first, you would avoid breaking in upon the efficacy of your Sinking Fund during the war: secondly, by charging upon that fund the interest of the loans, you give to the contractors at once that *permanent*

security which the war-taxes, from their nature, do not afford: thirdly, you maintain the disposable revenue at its present amount: fourthly, by the growth of the Sinking Fund, you would revive and sustain public credit; (raising the loans in consequence upon far cheaper terms:) and fifthly, the unredeemed debt would be smaller by many millions at the close of the war.

I should not object to mortgage, in this manner, the Sinking Fund to the amount in the whole required by my Right Hon. Friend for the next four years, if the continuance of the war should render such a sacrifice necessary.

If at the end of the four years, or sooner, peace should be restored, we should then be in a situation to revise the Act of 1802, without injury to the public interest, or to the public creditor; but, even then, I should think it improvident to interfere too hastily with the operations of the Sinking Fund. I would still continue to repay to that Fund, by a portion of the war-taxes, to be continued specifically for that purpose, the full amount charged upon it on account of loans, until the state of public credit should admit of a reduction of interest on the five per cent. stock.

When we shall not only have ceased to make any addition to our existing debt, but shall further be enabled to reduce the interest on a large portion of that debt; then, I should say, the time would be arrived, when, without prejudice to the State, or injury to individuals, you might leave the charge of those loans upon the Sinking Fund, unreplaced by any further repayment from other sources.

The reduction of the five per cent. to a four per cent. stock would be an advantage of no small consideration, which is at least postponed by the plan of my Right Honourable Friend. The saving by this reduction of interest, when it takes place, will be more than one million a year; a saving either to be made over to the Sinking Fund, or to be appropriated to the public service, as may appear most expedient, under all the circumstances of the country, at the time when it may take place.

In 1819, we should have the further aid of the Imperial Annuities (230,000*l.* a year), which will then fall in; and in 1821, the charge of the loan of 1807, amounting to 1,200,000*l.* a year, will be set free. Without anticipating the duty of a future Parliament, as to what may be the most proper application of these sums; it is obvious that these resources, from the proximity of their

falling in, might, in the event of peace, afford further facilities in the execution of the suggestion of which I am now stating only a very general outline.

Let us suppose that we act upon the principle of this suggestion, and that peace is not restored sooner than the end of the year 1816. We should, by that time, have mortgaged the Sinking Fund to the amount of about six millions. Its whole amount applicable to the reduction of debt, in 1816, would be upwards of 18 millions. It is not over-sanguine to assume, that by the effect of the continuance of such a Sinking Fund, with its annual improvement, for two years after a peace, the interest on the five per cent. stock might be reduced to four per cent. On the other hand, it cannot be denied by those who are acquainted with the nature of our war-taxes, that several of the most productive (independent of the property-tax, which, in a more or less proportion, must, I think, be continued, at least for some years, as the foundation of our peace establishment) might without difficulty be maintained for two years after the restoration of peace; say till the close of 1818. The Sinking Fund would then have reached nearly to twenty millions. By deducting the aid of the war-taxes, it would, in the year 1819, be reduced to

somewhat above fourteen millions, or fifteen, if the saving by the contemporaneous reduction of the five per cents should be allotted to it. From that period, so long as peace should continue, we should have annually the gratifying task to perform, of remitting to the people more or less of their burdens; and we might look back upon our past difficulties with the cheering recollection, that a firm adherence to the principles laid down by Mr. Pitt in 1792 had enabled us to provide for all the exigencies of this tremendous and protracted contest, without for a moment swerving from that strict good faith which at once raises our character and doubles our resources; at once enables us, by exertions unparalleled in our history, to uphold the glory of our arms in every quarter of the world, and to find in the public credit at home the means by which such exertions are to be sustained.

I will not weary the Committee by going into further details of the alteration which I could wish to see introduced into the plan of my Right Honourable Friend. If the principle of that alteration should once be admitted by him, I am sure that he would be infinitely more competent to direct its application than myself. By adopting it, he would remove the only insuperable objection which I feel to his plan; that

which arises from its directly breaking in upon the Sinking Fund, and diminishing its effective amount and operation, under circumstances, which, according to my Right Hon. Friend's own words, more than once quoted by me, render such interference neither consistent "with JUSTICE to the Stockholder, nor with SAFETY to the State."

THE END.