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TWO LETTERS

TO A

Member of Parliament,

Concerning the

PUBLICK DEBTS.

As they were Printed and Delivered to the Members of the HOUSE OF COMMONS, on Occasion of his Majesty's SPEECH, concerning the Reduction of the Publick Debts.

To which is added,
The Present State of the Coin and Credit of the Kingdom,

As it was Published and Delivered to the Members of the HOUSE OF COMMONS; on Occasion of their Enquiring into the Reasons of the Scarcity of the Coin in the Kingdom.

With some short REMARKS on the Whole.

L O N D O N :

Printed for *William Johnson*, at the *Red-Lyon*, in *Fleet-street*. 1718.



LETTER. I.

February, the 25th 1716-17.

Much Honoured Sir,

Had the Favour of Yours of the
 22d, and was extremely pleas'd to
 find, that the King and Parliament,
 have resolv'd to enter into Measures
 to reduce the Publick Debts. I
 have, in Obedience to your Commands, inclos'd
 to you a Proposal for effecting the same, in such
 a Manner, as shall put our Estates in the Funds,
 upon a solid Foundation: The Time being short
 that I had to consider of them, perhaps the Cal-
 culation may not be exactly Perfect, but be they
 more or less, it will make but little Difference
 in the Scheme. I submit to your better Judg-
 ment, and am with the utmost Respect,

Honoured Sir,

Your most Obedient Servant.

A Method to reduce by Degrees the Heavy and Insupportable Burthen of the National Debts, viz.

10 Millions in Annuities for 99 Years.

5 Millions, or thereabouts, in *Exchequer Bills*.

15 Millions in Lotteries, Classes, 9 per Cent. Annuities, &c. 32 Years.

20 Millions in *South-Sea Stock*, *East-India Stock*, *Bank Stock*, and *Bank Annuities*.

In all Fifty Millions.

FOR the several Sums abovementioned, the Government pays several Interests, from 9 to 4 per Cent. which upon the nearest Computation, amounts to near 7 per Cent. in an Average upon the whole, the Funds for the Payment amounting to near 3,500,000 l. per Annum.

The *Dutch* have reduced their Interest from 4 per Cent. to 2 and a half, and pass'd a Resolution, that the Reduction should affect Foreigners equally with themselves.

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The *French* have reduc'd theirs to almost nothing.

The same Necessity that hath induc'd the *French* and *Dutch* to take such Measures, ought by *England* to be consider'd; if not, by the time they have eas'd themselves of their Burthen, we shall sink under ours.

If by the subsequent Method of Reduction, we still leave our Credit Superior to any other Nation, I think it must answer all Objections from Abroad.

All therefore that is to be considered, is to take such Measures in the Reducing them, as will best consist with the Necessity of our Affairs, and with the most equal Justice to the several Persons concern'd, that the Nature of them will admit of.

In order thereunto it is propos'd,

THAT the 20 Millions of *South-Sea Stock*, *East-India Stock*, *Bank Stock*, and *Bank Annuities*, be paid off by the Government by National Bills bearing 3 per Cent. Interest, payable in Course as hereafter.

THAT for the 15 Millions payable in 32 Years, the like Bills be made at 3 l. 10 s. per Cent.

THAT for the remaining 15 Millions, the like Bills be made out at 4 per Cent.

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T H A T the Bills be made at 100 *l.* each, and the Interest thereof be paid Quarterly out of the *Exchequer*.

By this Method 1,725,000 *l.* will pay the Annual Interest of the whole, and the Government save 1,775,000 *l.*

The aforesaid 1,775,000 *l.* with the Land-Tax, and the Malt, will sufficiently provide for any War, in Case it should happen, and consequently the Nation stand in no further need of Credit.

In time of Peace, the whole, or what Part of it shall be thought convenient, may be applied towards paying off the Debt.

The Persons concern'd in Annuities I have allow'd 4 *per Cent.*, in Consideration of their Term being taken from them: The *Exchequer* Bills I have put at the like Interest, because the Persons concern'd therein have received the least Interest; these 15 Millions ought to be paid off first, they being at the highest Interest.

I have put the 15 Millions for 32 Years at half *per Cent.* less, because they have received so large an Interest for the time, and they ought to be paid off next to the 15 Millions, at 4 *per Cent.*

There remains then 20 Millions, and I have put them only at 3 *per Cent.* because I propose, That the *East-India* Company shall have their Trade continued to them, which is so Beneficial, that for several Years past, both in War and Peace, they have divided

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10 *per Cent. per Annum*; whereas the Government pay'd them but 5 *per Cent.*

The *South-Sea*, to have their Trade continu'd to them for the Benefit of their Proprietors.

The *Bank*, to have their Charter continu'd, (taking in the *Bank* Annuities as joint Proprietors with them) till their whole Debt is paid off, and for what further Time it shall be thought fit to allow. *Note*, The *Bank* at present divides 8 *per Cent.*

The Three Companies may Register their Bills; the Bills must be divided into several Lots, and the Adventurers must take their Chance for the Course of Payment.

It is proposed likewise, That every annual Sum to be paid off, shall for that Year receive no Interest, which will save the Government near 3 Millions in the whole.

National Interest to be reduc'd to 4 *per Cent.* and the Reduction to affect all Money already lent, as well as what shall be lent hereafter, which will be a great Ease to incumber'd Estates, and very much for the Benefit of Trade, &c.

By these Means the Debts of the Nation, even in time of War, cannot be increas'd; in time of Peace will be gradually lessened, till the whole is paid off, which will be a thorough Security to all the Proprietors of them, and render the King and Nation, formidable and safe.

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The *Bank*, for several Years have borrowed Money on their seal'd Bills at 3 *per Cent*; and the *South-Sea*, and *India* Companies, now borrow Money on their Bonds at 4 *per Cent*; what Reason can then be alledged, that the *Exchequer* should not have a superior Credit, which has always been the Support of the whole?

THE Objections to this Scheme are, Breach of publick Faith, and publick Credit. As to the first: Publick Faith is what the Legislative Power think fit to make it; and the same Power, that on the pressing Necessities of the State thought fit to establish such large Interests, may, and ought, on the like pressing Necessities of the State, reduce them in such manner as shall best consist with the publick Security.

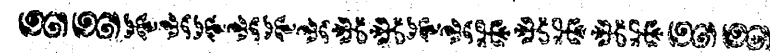
As for the publick Credit, if the above Scheme be followed, we shall have no Occasion to make use of it; and happy it had been for this Nation if we never had; we never then should have laboured under the Burthen we now feel, and our Taxes had ended with our Wars.

The Landed Gentlemen for these Twenty Eight Years have paid the fifth Part of the Income of their Estates, (besides their Share of all other Taxes) for the Support of the late Wars, and the Preservation of our Religion, Liberties, and Properties, from Poyery and Slavery.

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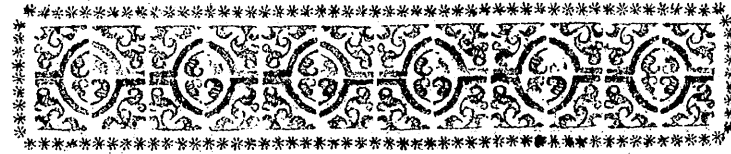
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I therefore think it is but highly necessary and reasonable, that all that have Estates in the Funds, should readily consent to take such Interests for their Debts as may secure their Principal to be paid in due Course.



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LETTER II.

March the 10th, 1716-17.

S I R,

SINCE you have been pleas'd to communicate to the Publick, the Proposal that I enclosed to you in my last, concerning the Publick Debts, and as the Publishing of it has made some Noise, and rais'd some Objections that are not taken notice of in the said Proposal, I give you the Trouble of this second Letter, wherein I have stated, and endeavour'd to answer, what Objections I have heard.

In the first Place, I shall take notice of the General Arguments that are rais'd against any Reduction, and afterwards assign some particular Reasons for the Method propos'd.

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The Persons concerned in the Funds alledge, That they advanced their Money to the Government when it was in the utmost Necessity, and run the risque of losing their Fortunes, to support the late Wars, and the Protestant Succession; and that it would be very unjust to deprive them of the Advantages they now make, considering the Risque they run before.

I beg leave to ask these Gentlemen, Whether they advanced their Money for the Sake of the Government, or for the Advantage they made of the Government?

If for the Latter only, the Government owes them the same Obligations as a Gentleman in Distress does to a Usurer, who takes an Advantage of his present Necessity, and by Extortion ruins him.

I perswade my self, that very few will own that they lent their Money for such base and mean Ends: Much the greatest, and I am sure the most generous Part of them, chearfully advanced their Money for the Publick Good. The same Publick Spirit that made them so readily advance their Money in the Government's Distress, still continues to preside over all their Interests and Actions; and very many amongst them have publickly declared, that they think it absolutely necessary to reduce them in such a manner, as may put the Nation beyond a Possibility of running further in Debt, and

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secure the Debts already contracted, to be paid in the best Manner that may be.

It is an undoubted Maxim, that every private Person must and ought readily consent to a publick Good.

Another Argument made use of, is, That the Foreigners having at least Fifteen Millions Sterling, in our Funds, should they foresee a Reduction of them, would immediately withdraw their Effects, and thereby considerably lessen the Value of our Funds.

I must confess, this is a powerful Argument, and ought to have great Weight with Stock-jobbers: But if it is weighed in Balance with the Interest of the Nation, it will appear to be a most prevailing Argument to the contrary.

Thus is the Case: The Powers engag'd in the late Wars, finding themselves obliged to take up Money at large Interest, for the pressing Occasions of their respective States (from Time to Time, during the Continuance of the War); at the Conclusion thereof, looking into the State of their Affairs, and finding themselves unable to continue such large Interests, prudently resolved to enter into Measures for the reducing of them.

In consequence whereof, the Money'd-men abroad, pour'd their Money into *England* to make the largest Interest, and That to so great a Degree, that it is computed, that

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that at least one Third of the National Debts is in the Hands of Foreigners, or in Merchants here intrusted by them for their Use; by which means, the Nation stands mortgaged to Foreigners, to pay them upwards of a Million *per Annum* Interest.

Can the Nation subsist, and have a constant Draught on it from abroad for a Million *per Annum*? Is it reasonable, that those that pay no Taxes of any kind forever, that spend none of the Money here, should expect to receive such unreasonable Interest? Can they complain of any Injustice done to them, when they themselves have set us the Example? To imagine that they would all Sell out, should the Debts be reduced to 4 *per Cent.* (which is a larger Interest by one and a half *per Cent.* than they can make abroad) is to imagine that they know not their own Interest; and if they should Sell out, it would be very happy for us, for the Debt would not be half so burthensome, were it all among our selves.

Another Objection to any Reduction is, the Danger of doing it at this Time, when we are threatned with an Invasion from abroad.

What is here offered as an Objection, in my Opinion should be a Motive for the doing of it: If we are oblig'd to go into a greater Expence, there is an absolute Necessity that the Money'd-men should bear their Part of it. The

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The King has declared from the Throne, That the Burthen is intolerable; the Commons have declared, in their Address, that they will reduce it: The King has particularly thank'd them for that Resolution; the whole Nation expects it: and where then can be the Danger?

Did not the late King *William*, of ever glorious Memory, in the Time of War with *France*, call in all the Coin of the Nation? Was it not then alledged to be a dangerous Experiment? Yet the Consequences of it shew'd the Folly of such Allegations; the Bustle and the Hurry was soon over, and the Nation, by that one Step, sav'd from inevitable Ruin.

I think, nothing more need be offered, to shew the Necessity of a Reduction; I shall therefore only add a Word or two about the Reasonableness of the Method propos'd.

As a Reduction is absolutely necessary, so is it, that the Method of doing it should be in such a manner, as, for the future, to put the Funds upon a solid Foundation.

If therefore 1,775,000 *l. per Ann.* in Time of Peace, be applied to pay off the Principal; in how short a Time may the whole Debt be paid off?

If, in Time of War, we have no Occasion to borrow Money, the Estates in the Funds, when they shall be well settled, will be of greater Value than they are now, though they

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they should be reduced in the manner propos'd.

Four *per Cent.* on the Annuities, payable Quarterly at the *Exchequer*, without Trouble, without Charge, and the Principal Money back again, is much more than can be made on Land: And as to the Jointures made of them, the Reducing the Interest will not affect the Several Intails. On some of them above Twenty Years are already expired: On the last of them Nine Years are run. If no Rebate be made for the Time elapsed, and the whole Principal Money be paid back again, I think every Person, who has any regard for his Posterity, instead of opposing such Measures, should use all his Interest to get them comply'd with.

Of those that are granted for Thirty Two Years, already Seven are elapsed; so that only Twenty Five are remaining to them, and then their Principal would be sunk, if the Funds were sufficient to answer; as they are not, I think they have little Reason to complain, if in lieu of their Interest, they shall receive back their Principal.

As to the remaining Part that are put at 3 *per Cent.* as I observed to you in my last, the several Trades and Charters belonging to their Proprietors being continued to them, they will be on a much better Footing than any of the Former that are placed at 3 and a half and four *per Cent.* and they therefore will have the least Reason to complain.

I beg

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I beg your Pardon for detaining you so long, and shall only add, That in Case a Reduction is resolved on, and it is not effectually gone thorough with, so as not to leave the Funds precarious and insecure, but to put them on such a Foundation as never more to have occasion for any further Reduction, Credit will be always languishing, the People concerned always uneasy, and jealous every Sessions of farther Reductions: The Consequences of which, are humbly submitted to yours and the rest of our Noble Patriot's Consideration, by,

S I R,

*Your Obedient Servant.**The*

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*The State of the COIN and
CREDIT of the Kingdom.*

March the 5th, 1718.

THE present Debt of the Nation amounts to 55 Millions of Pounds Sterling.

Upon the nearest Computation the Amount of the Silver and Gold Coin in the Kingdom does not exceed Ten Millions, which being taken out of the 55 Millions that the Nation owes, we now stand indebted and mortgaged for 45 Millions of Pounds Sterling more than the whole Species in the Nation.

Upon the best Enquiry, and the strictest Examination that can be made, it appears that the Dutch, the French, the Spaniards, the Genoesse, Venetians, Italians, Germans, Portuguese, and other Foreigners, have at least 16 Millions of Pounds Sterling in our Funds.

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For which 16 Millions we pay them upwards of one Million *per Annum* for Interest only.

This Million we are forced to export in Bullion every Year, which has occasioned the melting down great Part of our Silver, and much of our Gold Coin; and unless prevented, will, in very few Years, draw away all the Money out of the Kingdom. Great Part of the publick Stocks, and other publick Securities, which have been purchas'd by the Foreigners, did not cost them much above half the Value they now sell for: So that, notwithstanding they have receiv'd such extravagant Interest for what they have purchas'd, yet, on Sale of any Part thereof, at the current Prices, they must gain above Forty *per Cent.* on their Principal.

Whatever Money is gained by the Foreigners by their Selling their Stocks here to us, at so much higher Prices than they bought 'em for, is so much real Loss to this Nation: For if a Foreigner sent (as a great many did) only 63 *l.* 10 *s.* nine Years ago, that 63 *l.* 10 *s.* did then purchase 100 *l.* *South-Sea* Stock; for which he has ever since received 6 *l.* *per Annum* for Interest; and if he now sells it, he will receive 119 *l.* Principal, for what cost him only 63 *l.* 10 *s.* So that he gains 55 *l.* 10 *s.* upon every 63 *l.* 10 *s.* and draws back again from us 119 *l.* for every 63 *l.* 10 *s.*
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besides nine times 6 *l.* for the nine Years Interest, which is 54 *l.* more, and makes together 173 *l.* Upon which Computation, they have made, in nine Years Time, near 200 *l.* *per Cent.* Profit on all the Stocks they have purchas'd here; and so in Proportion on Annuities, Classes, Lottery-Tickets, and all other publick Securities purchas'd by them in our Funds.

The *French*, foreseeing the Destruction of their Kingdom, if they continued paying extravagant Interest, at the End of the late War, prudently enquired into the State of their Revenues, and finding themselves incapable to pay such large Interest any longer, chose rather that particular and Mony'd Men should suffer in their private Fortunes, than their Nation should be ruin'd: And therefore, by several Edicts, have from Time to Time ever since, as the Necessity of their Affairs requir'd, reduced both the Principal and Interest of their publick Debts.

The *Dutch* have not only reduced their Interest very low, but are even incapable to pay their Interest, altho' it is so much reduced, and their State is in a Manner become Bankrupt.

England alone continuing to pay such extravagant Interest, the *Jews* and the Usurers amongst the Foreigners, not being able to make any further Prey of other Countries, have pour'd in their Money up-

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on our Funds; the Lessening of the Interest abroad being the great Reason of their having so large a Share in our Funds.

What little Reduction has been made in our Interest on the *South-Sea* Company, Bank and Lotteries, instead of being applied to the Discharging and Sinking of the Debt of the Nation, has actually increased it; for the Deficiencies and Exceedings of the late Years, and the Arrears and Clearings of the Army, and other Debts, which before had no Parliamentary Security, have been order'd to be provided for out of what they call the Saving or the Sinking Fund: So that when the Debentures shall be issued for the Payment thereof, the Nation will owe 55 Millions Pounds *Sterling*, or thereabouts; whereas before this Reduction we only ow'd 50 Millions.

Whilst the *French* and the *Dutch* are endeavouring to lessen and discharge the Debt of their respective States, we are continually adding to ours; and it is utterly impossible but the Consequences must be the total Ruin and Destruction of us.

The very Interest we pay the Foreigners only, in a very few Years, will drain the Kingdom of all the Silver and Gold Coin we have, that we shall not be able to find a sufficient Currency of Species to go to Mar-
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ket with. And should the Foreigners foresee any new War abroad that we may be engag'd in, or any intestine Troubles at Home, they may, in two or three Posts, draw out so much Money from our Funds, that the Nation would inevitably become Bankrupt.

And if once we make a Stop in our Payments, our *Bank - Notes*, *Exchequer - Bills*, *Stocks*, *East-India Bonds*, *Annuities*, and all other publick Securities, will be of no more Value than the Notes and Bills of Exchange of broken Merchants and Bankers.

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REMARKS.

IF the above State of the Coin and Credit is true, it requires the utmost Care of the Legislature to prevent the Ill Consequences of it; if false, it ought to be contradicted.

We all too sensibly perceive the Scarcity of the Silver Coin; and by the late Reduction of Guineas, an Encouragement of two and a half *per Cent.* is given to the Exportation of Gold Coin.

To alledge, that it is contrary to Law to Export our Species is of little Weight, when all Persons that have been in *Holland* very well know, that both our Gold and Silver Coin is as Current at *Amsterdam* as at *London*.

If we suffer all our Gold and Silver to be Exported, our Paper-Credit will be of less Value than King *James's* Brass Half Crowns, or the King of *Sweden's* Copper Mint-Tokens.

If the Method proposed in the first Letter, had been put in Practice, it would, no Doubt, have prevented the Nation's being plung'd

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plunged into the Difficulties it now labours under.

Our Credit would have stood on a much firmer Foundation than it does at present; if instead of encreasing our Debt (as we have actually done) we had paid off 1,775,000 *l. per Ann.* in Part of the Principal, according to the Scheme laid down.

If we may compare Great Things with Small, Is not a Greater Credit to be given to that Person who pays off a Part of his Principal Debt, than to him that takes up more Money on the same Security? For the whole must be paid before the Security can be redeemed.

Doth not the *Bank* circulate *Exchequer* Bills at 1 *l.* 10 *s.* *per Cent. per Annum* Interest? Is not the *Exchequer* the Support of the *Bank*? Can the *Bank* pay the Demands on them without that Support? Is not the Parliament the Support of the *Exchequer*? Why then should not the same Credit be given to National Parliamentary Bills, made out at 3 *l. per Cent.* (which is the lowest in the above Scheme) as is given to Bills circulated by the *Bank*, at 1 *l.* 10 *s.*? Or why should the Supported have better Credit than the Supporter?

F I N I S.

