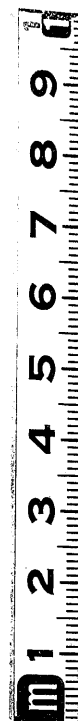


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BANK DISPUTES;
OR,
CREDIT WITHOUT ABUSE.
SUBMITTED TO THE
CONSIDERATE OBSERVATION
OF
STOCK-HOLDERS
IN THE
CHARTER'D BANKS FOR SCOTLAND.

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BANK DISPUTES, &c.

NO word has suffered more, by shameful abuse, than the word Credit; nor, in any instance, has the Public sustained more hurt, than by the perversion of its true signification.

ABUSE of credit is an error or folly which is condemned by all mankind; yet very few allow themselves to know or see its force, when individually incurred by them, or by those concerned with them.

In the transactions of human life, which are regulated by Sterling gold and silver, or the current value of their substitutes, we are said to be either rich or poor. Wealth can be said to be only obtained by strict honour, good management, and real labour: Every other means prove false, and lead to much corruption both in public and private affairs.

As money-merchandising spreads a spirit of indolence highly prejudicial to all fair or national trade, the funding of stock above its intrinsic worth, can never increase

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increase useful wealth. It may, and does lessen it, by augmenting that which is imaginary. All such traffic gives rise to much base artifice, which is the real abuse of solid credit, as it serves infamous temporary purposes, in prejudice to the interest of society; while the substantial treasure of national wealth must ever be found with true commerce and honest labour.

DESIGNING men, with their tools and bubbles, must ever be held in just contempt; as every one must be chagrined at seeing his property misemployed to the selfish purpose of creating great estates to adventurers.

OUR happy constitution has long stood high in support of credit; and while Administration continues to have the same end in view, no debt incurred will overset us. Yet it is not improbable, that, when the nation becomes sick of their debts, and our children weary with much hard struggling under fettered incumbrances, occasioned through the long disgraceful abuse committed by our rapacious money-merchants, who have been, by far, the greatest drains that Government have had, and to whom all the present national debt may justly be charged, a sacrifice of public honour and credit may be produced in an artificial death. All upright means for discharging the load becoming frail and insufficient, it will grow into an intolerable burden.

THEN distress may teach men wisdom; for none can imagine, that men will be deficient in fruitful efforts to relieve

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relieve themselves, no more than it can be doubted that our lands and possessions must remain.

LET not the evils of gaming, &c. spread over us.

How far public banking may still rise to improvement, for general and private good, in this country, perhaps is a subject more obscure, than the genius of our present age can clearly comprehend.

THAT the Royal Bank of Scotland has established the most useful and liberal line in that beneficial branch of trade, much evidence might be produced. Considering the original stock of that Bank, which was founded on public funds, and these chiefly held by our good friends the Londoners, it must have been an arduous task for our first conductors to manage with a lockt-up state of their cash. Their rapid success displays the merit of real praise, acquired by great attention and industry in establishing cash-accounts, and realizing a cash-stock for the support of an extended trade.

IN the convulsion of credit into which the country was thrown, *anno* 1761, and odd years, they took no part. As they continued in the safe easy line chalked out to them by their respectable predecessors, they laid up stock, while they precisely conformed to former dividends, although under a more flourishing trade. However, the too long duration of this state must have been greatly hurtful, as such conduct cannot properly be supported. We mean not to aid them with any palliation. We feel for those, who, in a dark and ignorant state, have been led

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to sell out their stock; we are apprehensive of others, who, without more light, may be induced still to do so; and we dread that a lasting reproach may be thrown both on the Governors and governed.

SINCE spring 1776, a formed combination has evidently prevailed for buying up that stock, masked under a political plan, in opposition to the Governor of the Royal Bank. From the closest observation, the mode of operation exhibited appears to have been a cabal of the opulent and powerful members of the Bank of Scotland; although, in the flattering light, they are pleased to announce their sole intention to be no political plan, but proprietary interest; on which a great deal may be said, both from reason and conjecture. But to examine that thoroughly, it shall be admitted to be a difficult matter: However, prompted from a feeling for general and personal connections, a few thoughts shall be offered, till better may appear.

THE flattering state in which the Bank of Scotland has been of late held out to the Public, shall have all credit. It may be admitted, that they are the first known Bank who have held out, that the Public, at large, are made free to judge of their quarterly and annual state of conduct. So far we shall honour them. Following this freedom, with candour we shall suggest an observation, impressed on us from speculation, and where we have no personal interest; and do aver, that no malevolence, either public or private, even in shadow, subsists. Let the reader, with the same candour, judge for his interest.

THAT the new charter for doubling the capital of the
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Bank of Scotland, on an enlarged plan for trade, so far as it has been thus usefully employed, must be esteemed good, and worthy of praise.

THAT this extended stock, being L. 200,000, should, in the first year of employ, make a dividend at 6 per cent. and realize to the capital L. 1500, is also very good, and justly meriting more praise: Yet true it is, that such esteem and praise may be varied, when it carries political and popular applause too far. It marks abuse under the specious sound of Credit. That it does so at present, we draw from the state exhibited: The stock being held in shares of L. 83 : 6 : 8 each, every such share, at market, ought to rise with free and fair speculation; that is, as the interest by dividends gives; and the realized added stock may then be found. But whence the market-price of this L. 83 : 6 : 8 could be brought up to the astonishing rate or sum of L. 125, on little more than one year's standing, the concerned may judge. This given rate is full 49½ per cent.; and were a total change of proprietors to take place, on such terms, no less a sum than *ninety-eight thousand five hundred pounds* would be taken in advance on the capital of the said L. 200,000.

RAPID gains in banking, like all other business, bring a snare; therefore, to call this an imprudent rise, or a South Sea dream, cannot be impertinent. Trusting that we have stated nothing but the fact, we shall tax neither the public or private members of that bank, and leave this matter betwixt buyer and seller without further animadversion at present.

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OF all the grievances, which have distressed society in general, a monopoly must be viewed in the first and most odious light. Every tendency to it, falls to be carefully watched, and should be with great circumspection guarded against.

THE two banks, while in amity, have done well; that they might have done better, may safely be allowed. But, in order that they should do so, why the force of hostility, or the sound of a trumpet? Let us view the means, and, so far as we can, the *end* proposed by the alarm given; and trace, if possible, the *selfish interest* in this opposition. In plain English, the Managers of the Old Bank oppose themselves to the Managers of the New. The one ambitious and active for wealth and power; the other but too remiss, and off their guard. Had a declaration of war been formally made before hostilities commenced, a treaty and convention had certainly ensued. But it will be admitted, That a plot or combination, in whatever light it may be viewed, implies a covered design, artfully to commit iniquity. The sort of a projector, is to unite as many as may serve his purpose, for imposing on the upright and unwary. Such measures the Public will ever reprobate, by calling forth redress when the evil is brought into view.

FROM the clearest evidence at present exhibited, it shall be attempted to lead and state facts: Thus, in the buying stock at or under real value, while the end is mutually candid, both buyer and seller unite with advantage; therefore, no dark covering is necessary. Nor will we suppose,

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suppose, that a faithful agent should be placed in the light of a projector. But, as we do find, that, since January 1776, the enormous sum of EIGHTY-SEVEN THOUSAND EIGHT HUNDRED POUNDS of Royal Bank-stock has been transferred from one hand to another; and that the equivalent of this manœuvre has not happened in any ten years preceding that period, it was very natural to enquire by whom, and for whom these late and rapid purchases had been made. Those transactions have been found to run chiefly in the name of one Banking-house in Edinburgh, whose proprietary stock stood mostly with the Bank of Scotland; and by them these purchases have been, in a *tractable* line, artfully diffused among their friends of the said Bank. Let the proprietors of the New Bank, and the impartial public, judge what this measure points at.

THE first reason announced by them, was an opposition to the then Governor of the Royal Bank; but that Right Honourable Gentleman, conscious that his political strength had little support from his office, disqualified himself. That this office should, at any time, have been an honourable or proper object to his Grace the D. of B. could not be figured. The Bank, indeed, may be said to be favoured by his patronage, as no one individual in that Bank, or in any society in this country, but must own, with real esteem, his illustrious rank and merit, &c.

THEN, as that pretence vanished, it is now given out, That proprietary interest, with an ardent desire for the substantial good of both Banks, is the chief motive for enabling them to co-operate on a larger scale, but not to

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unite. Private men may pass for a time unnoticed, while they stretch for power and wealth, even by stratagem, both to the prejudice of public and private interest: But the feelings of good men can never admit such to be worthy members of society;—much less can the faction raised by such be supported, however respectable and powerful they are held out; as the more such conduct is spread, its malignity must appear the stronger.

IN the present case, it is not only to be viewed as a personal war with the remaining holders of Bank-stock, but as a most public opposition to our Government-establishment for the good of the whole. It may be said, that no ground is given for such reasoning. They are all Gentlemen, the most respectable, who favour this new plan of policy for the New Bank; and could not be drawn into any measures to its prejudice: Yet true it is, that this reasoning is founded on their given ground; and from that proceeds this free speculation on their intentions.

By asking what are these errors committed, which have led to the combination; sure not one in twenty of the new Stock-holders can be said to have had any interest there, till a plot was formed, and much stock bought up for its success.

WHY honourable Gentlemen, thus employed, should wantonly distress a legal established society, without real grievances sustained, cannot be easily accounted for. If they say otherwise, let their reply be made in stated form, or their intention shall be held to open a clear voice for a monopoly,

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monopoly, as the ultimate object of their conduct: By which means, it may be warrantably said, they act a part inconsistent with their honour and interest, and entirely out of character. To say they were caught by a bubble, might be reckoned impertinent: To say, they fomented a faction for distressing the trading part of the country, in order to put absolute power in one hand or any house, would be rebellion. Whatever shape this cabal may assume, the end seems fully to mark total subjection to arbitrary power.

WHY a majority of the present Directors, or their friends, who most certainly now hold more than one-half of the stock in the Bank of Scotland, should appear to unite, as leaders in opposition to the Managers of the Royal Bank, can be viewed in no other light, than because, as they were first, they would be the last, Lords Paramount in the Banking for this country; saying, “Such was our establishment before the Union,—therefore our plan is fixed; our strength powerful, and our inclination shall be law; that you occupy no longer our birth-right ground.” Is malevolence or envy then the leading motive? If so, surely your conduct merits this style: But let the dispassionate public weigh this argument with their own interest, and, as they judge, take a side.

AMBITION for fortune and power, rising above the line of equity to others, may well be said to have a false foundation, and will never stand the test of a strict and dispassionate enquiry.

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To what this combination now points, is held mysterious. Time must unravel it. The present disproportion in the market price of stock in those two different Banks is problematical, and very much requires demonstration. The present projector may have views; but charity prompts us to draw a veil over political measures, and personal conduct, however strong in point.

It may be asked further, Has any injury been done to the Bank of Scotland, or its friends and managers, by the administration of the Royal Bank? Their silence speaks none. It has been urged-very modestly, that much injury has been done by the Directors of the Royal Bank to their own stock. Had this been the true case, the evidence of so much stock lately bought up must prove the reverse.

Occasional high price of stock, in public or private concern, is no just conclusive argument of its good plight for public credit; because this may easily be brought about by art to answer temporary purposes. Credit and paper-circulation may keep this mighty fabric up, while no more specie is required in our circulation; but as an imaginary wealth must produce much luxury, ready money must be demanded; then the buying and selling of Bank or any other stock, with its surprizing effects, will be seen and felt by a proportionable tumble of the machine. As people grow diffident of success, they will fall out, and perhaps so rapidly, as to unhinge the whole project, and effectually stop the channel of circulation in that Bank. Jobbing on a private company's stock is the most pernicious
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of bubbles, and from thence private credit has suffered the greatest injuries. Hence, perhaps, the projector, by over-rating his success in the Bank of Scotland, may have adopted fallacious principles. On carrying these too far, all his assistance should drop; and it can be no unfriendly part to call on every person concerned to weigh coolly what he is about before further proceeding.

THE arguments advanced might be supported with much wit and satire in strong strictures; but no tendency to such can be admitted here, as they are not in line with that harmony we most ardently wish society to preserve: Therefore, leaving the whole to better hands, this one rule is humbly suggested, *viz.* "That while any person stands a proprietor of stock in both Banks, he shall not be admitted a Manager or office-bearer in either." The equity of which, it is hoped, will at all times appear obvious; and, under the present predicament of the Royal Bank, if not adopted by mutual agreement, it ought to be enforced by law.

THE Banks established for this country, consist of monied men, corporate by the laws of their charter, on a given deposited stock, to be employed for the whole society, in certain ways of dealing, with the credit of their funds, by receiving and paying the cash of other traders.

THEIR security consists in the knowledge of those funds; in the solidity of their institution, and fidelity of management, whereby the concerned and Public may obtain the utmost satisfaction.

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THEIR chaste support enforces strongly the conveniencies of their general utility to the public, which must ever be esteemed as an invaluable accommodation for lending money, and as a permanent check to all usury, which is the bane of trade.

TRUE it is, private Banking, also, is of great utility in trading cities,—as often a necessary check upon the Bank as the latter is upon them,—thus mutually by keeping the Public safe from exorbitant premiums.

YET the two can stand no comparison; the first is firm in point of security, but the latter much short of it; the ability and integrity of private men in trade, can give no certain assurance to the public; they only do found an opinion from their appearance.—As specious views of profit do naturally tempt men frequently to go beyond their stock, and, by thus launching out to hazard not their own alone, but all entrusted under their keeping; thus, we see, that, in dealing, disappointments often happen,—when so, they not only bring ruin on themselves, but involve others in the like calamity; of such too many examples have been seen.

A Public Bank, under the management of a Banker or Bankers, must ever be hurtful, and so much the less useful, as they appear the conductors, shaking its solidity with continual dread, from an uncontrollable monopoly.

UPON the supposition that one house here should hold a fifth, or rather a fourth of the stock in both the Chartered Banks of this country, as is by many asserted, we are led to this view, as the directing line for this writing,
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by endeavouring to show that the mercantile rate of these Bank stocks, while thus held, cannot be depended on. No challenge against their buying or holding stock, nor any attack on their candour is here intended. But solely, as the medium of general safety is thus placed on the nail of balance, it is suggested that the hazard must be great for any with safety to rely on.

DEPOSITED property we admit the Banks to hold,—and any run on them can affect very little, while their ready money and credit are sufficient. Stock-holders may, and do often fail, and, with their rise or fall, all such stock at market may vary much, without real prejudice to Banks capital.

YET when we try it, in-comparison to the property of individuals, most imminent danger certainly will appear from two clear principles:

1st. ART and stratagem, with power in any one, can do much,—combined in a junto, they may produce every abuse; by playing the nail of balance, to pick the pockets of all the members, but those alone who are in the secret to know what are those principles by which the ebbs and flows proceed.

2^d. Surely a Run from many channels may arise on private men, and what of their stock is then requisite to support them, must appear at market; the greater that is, current rates do thereby tumble, much affecting every other needy holder; nay, placing that stock in the doubtful light in which it ought to appear. In short, the more just, rational, and profitable principles must reprobate *hazard*, so founded on monopoly-system.

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