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CONSIDERATIONS  
ON THE  
RENEWAL  
OF THE  
BANK CHARTER.  
TO WHICH IS ADDED, A  
LETTER  
TO THE RIGHT HONOURABLE THE  
LORD-MAYOR OF LONDON.

6  
By DAVID HARTLEY, Esq;

SECOND EDITION.

LONDON,  
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MDCCLXXXI.

(Price One Shilling.)

TO THE HONOURABLE  
THE  
COMMONS of GREAT-BRITAIN  
IN  
PARLIAMENT ASSEMBLED.

The GOVERNOR and COMPANY  
of the BANK of ENGLAND,

*Humbly propose,*

**T**HAT they advance the sum of £.2,000,000 for the public service, in the manner following, viz. £. 1,000,000 on or before the 15th day of November next, and £. 1,000,000 on or before the 15th day of February, 1782, on Exchequer Bills, to be made forth by virtue of an Act, to be passed in this Session of Parliament, bearing interest at the rate or premium of 3 *per cent. per annum*; the said interest to be paid quarterly, and the said Exchequer Bills to be charged, and chargeable upon, and repaid by and out of the first aids or supplies which shall be granted by Parliament for the service of the year 1784; and in case sufficient aids or supplies should not be granted for that purpose, before the 5th day of April, 1784, the same to be charged and chargeable upon, and be repaid out of the sinking fund.

§ And

And they humbly further propose, that they be continued a Corporation, with the sole power of banking, for the term of 25 years, from the 1st of August, 1787, with all abilities, capacities, powers, authorities, exemptions, and privileges, they now enjoy, by virtue or in pursuance of their charter, or of any Act or Acts of Parliament, redeemable afterwards on a year's notice, and the re-payment of all the principal money, and also the payment of all the interest money which shall be then due and owing to them upon all such tallies, exchequer orders, exchequer bills, or parliamentary funds, which they shall have remaining in their hands, or be intitled to, at the time of such notice to be given as aforesaid, (such funds for the redemption whereof provision is already made in any Act or Acts of Parliament now in force, always and only excepted) they continuing a Corporation, with an exclusive power of banking, notwithstanding such notice given, till all the money due to the Bank as aforesaid shall be paid them.

Signed,

By Order of the Court of Directors,

ROBERT LEWIN, Secretary.

(A COPY.)

Presented June 6, 1781.

## CONSIDERATIONS, &c.

**I**F any ministerial transaction in Parliament could possibly become a matter of surprize or astonishment to the Public, I should think, that so important a proposition as the immediate renewal of the Bank-charter for 25 years, being brought forward for the first time, into a thin House of Commons, on the 6th of June, should naturally call for their most anxious attention. Not the slightest hint has been dropt of any such intention, during a session of more than seven months, and now, at Midsummer, the minister has declared his purpose of driving a precipitate and clandestine bargain, which he has previously concluded with the Bank-directors, through the empty forms of empty houses. If there were any thing urgent

[ 2 ]

gent in the case, which could not be delayed or postponed, such a consideration might constitute some apology. But no such circumstance can possibly be thought to exist now, because the present charter of the Bank has a term yet remaining in full force, of more than five years to come.

What consideration or discussion can this important point receive at so late a period of the session? If there should be a few members who should be able to endure, and to struggle through their hopeless parliamentary toils, during more than two-thirds of the whole year, with no other views, but for the public service; yet their numbers or force cannot be a match for the ministerial phalanx of placemen, contractors, subscribers to the loan, &c. &c. whose labours and attendance are found not to be unrewarded by the minister, or unprofitable to themselves. But still the case of those gentlemen, who have seats in Parliament, does in some degree enable them, through an unremitting industry and attendance, to give their sentiments, or, at least, to enter their protests against any precipitate and surreptitious measures, however they may be brought into Parliament by surprize.

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But all other persons, who are not in any actual parliamentary trust, are totally deprived of the opportunity of examining or submitting to the Public, such arguments as may occur to them, for or against any the most important public points,—as in the present instance. The public hears by report, on the 6th of June, that the minister has announced his intention, of laying before the committee of ways and means, the conditions of a bargain, for the renewal of the Bank charter, which, as far as depends upon him, he has already concluded with the Bank directors. The next thing that they will see in the report of that committee, will probably be, the parliamentary form of a resolution, adapted to the case, *viz.* “that the proposal of the governor and company of the Bank of England, be accepted upon such terms and conditions as are therein mentioned.” The next step will still only be another mere parliamentary form, *viz.* “that a bill be brought in upon the said resolution.” When this bill shall come into the House, it will still be contended to be nothing more than a continuation of the first intent, as a mere matter of form. When a bargain has  
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been once accepted by 40 members, or perhaps a few more, and brushed through, at a single unattended debate, there remains nothing to be contended against. The bill contains no principle for discussion at a second reading. No clauses can be debated in a committee; no conditions, or restrictions, or provisions, can be annexed. In short, it is the minister's prerogative alone, to have a will of his own; all the rest is mere matter of form, to register his *fiats*. Whether it be a loan of 12 millions, with a premium of 10 *per cent.* for the minister's private patronage: whether it be the plunder of East-Indian provinces, or of a chartered company; or whether it be a proposed bargain with the Bank, (to which I shall as yet give no constructive epithet, as I mean to discuss it) or whether it be any other important subject whatsoever; whether it be in the months of parliamentary attendance, and in full houses, or at Midsummer, with deserted walls; the ministerial object is invariably the same, *viz.* to reduce the rank, and confidence in Parliament, to the level of a mere office of register, and to drive through, by dint of power and influence, every predetermined ministerial

rial measure, without notice, without argument, without discussion, without proof, without examination, and without enquiry.

I can hardly express the astonishment which I felt upon the report, that a sudden bargain was to be struck up in a few hours, for the renewal of the Bank charter, which does not legally become resumable, till five years hence, *viz.* in 1786. I felt a strong desire, that the subject should be maturely weighed and discussed. The Public have deep interests at stake, both in the general policy of the question, and in their usu-fructuary expectations upon the renewal of so influential, and so profitable a monopoly as the charter of the Bank. But being thus taken by surprize, I scarcely know what step to take. However, I will venture for once, to trespass upon the indulgence of the Public, although precluded, by the suddenness of the surprize, from that degree of preparation, in arranging my thoughts and arguments, which I could have wished, if I had been left to my own choice, previously to my presuming to obtrude myself upon the public attention. The subject is indeed not new to my thoughts, or else I should not have ventured to interfere

tere in it at all; but ever since the last renewal of the Bank charter in 1764, I have kept it in my intentions to meet, either in parliament, or out of it, any future proposed terms of renewal, in discussion of argument, whenever the event should fall out. If a reasonable degree of public notice had been given, I should have prepared myself with greater deliberation, but as the case has happened at present, I shall venture, without any further preface or apology, to commit myself to the candour of the public tribunal, and thus proceed to the argument.

I shall state the value of the Bank charter in the following manner. We find by comparing the dividend of 5 *per cent.* which the Bank make upon their stock, with the annuity at 3 *per cent.* which they receive from the government, that their annual profits, as an incorporated Bank, amount to about 240,000*l.* But if the Bank charter were to be transferred to any other corporation, the greatest part of their profits would fail. Their number as a partnership for banking would be reduced to six, for whatever persons were to obtain the charter, constituting *them* the Bank of England, must have this fundamental clause

clause continued exclusively in *their* favour. By consequence, the present Bank would lose all the profits which they now make from banking, and be reduced to little more than the savings which they could make out of the annual stipend allowed to them for charges of management upon fundry annuities, which might still continue transferable under their direction. However, to keep quite on the safe side of the argument, I will only suppose that they would lose one half of their present profits, if they had no charter. Then it follows that what the government has to sell them, is an annuity of 120,000*l.* a year for a lease of 25 years. This being valued at 14 years purchase, would amount to 1,680,000*l.*

We may state this matter in another light, but much to the same effect. The Bank stock stands at present, about 50 *per cent.* above the ordinary 3 *per cent.* stocks, in consequence of the benefits accruing to them from their charter. If therefore the charter of the Bank were not to be renewed, it can by no means be unreasonable to suppose that their profits would be so much impaired, as to make it a good bargain to them to pay to the public,

public, a purchase in the nature of a fine, of 15 *per cent.* upon renewal of their lease, to protect their property from that diminution in value, which would be the consequence of the discontinuance of their charter. This supposed fine or purchase money, for the renewal of the lease, at the rate of 15 *per cent.* (which is but a moderate proportion of the 50 *per cent.* abovementioned, as the advance of their stock above the ordinary 3 *per cents.* in consequence of their charter) would amount to 1,617,000*l.* and therefore the renewal of that charter which protects their property from that diminution of value which would be the infallible consequence of the loss of their charter, must be worth 1,617,000*l.* to them, altho' they do not propose to give more than the value of about 120,000*l.* for the purchase of it. Upon the whole it should seem that if we set the intrinsic value of the renewal of the Bank charter at a million and a half, we run no risque of over-valuing it; therefore I shall proceed upon that supposition. I do not mean to attempt an accurate estimate of the value of the Bank charter, but merely to take safe grounds, upon which we may shew that the ministry have no great cause to  
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boast of their merit in driving a bargain, when they are selling for about one hundred and twenty thousand pounds, what they cannot, upon any calculation, think to be worth less than a million and a half.

But in all matters of bargaining, not only the value of the thing, but the mutual necessities and risques of the respective parties in the bargain are to be considered; let us therefore state this point between the Bank and the Administration. The object with the Bank must certainly be not to lessen the value of their stock: The consideration which the ministry will plead to, must be some supposed risque of disturbing public credit, if they were not immediately to renew the charter of the Bank.

With regard to the former, we know that monied men are not heroes in these matters; and therefore, as it can hardly be supposed that the proprietors of Bank-stock would be quite easy under the apprehension of losing their charter, it seems to follow that the ministry might make the anxiety of individuals, for their own private interest, operate a little more towards the public support than it is likely to do in this instance;

more especially as the public is not pressed by any means; for the charter of the Bank does not expire *ipso facto* in August 1786, though after that time it will be redeemable and transferable to any other corporation or set of men who may think it worth while to offer more than 120,000*l.* for it.

There is some strange superstition about public credit, as if the very hesitation to renew the Bank charter, without even canvassing the terms of the bargain, would be fatal. This is a very convenient doctrine for the proprietors of Bank stock, and they are in a fair way to reap the benefit of it this year. I would not be for proposing violent measures; though at the same time, I can by no means see any such imminent danger, in this case, of shaking public credit, as to make it utterly unsafe for parliament to take sufficient consideration how or where they may get the best bargain.

The dissolution of the Bank charter must be supposed either to affect the credit of their private bills, or the facility of government circulation. With regard to their private credit, that does not depend upon their charter. Can any one suppose that the credit

dit of the Bank stands upon no better foundation, than a piece of parchment and sealing-wax? No; we take Bank-notes in current payment, because the Bank always pays at sight; and because we have the fullest assurance, whether the Bank have any charter or not, that their estate in the funds, which by act of parliament is made answerable, would at all adventures secure to their creditors the payment of twenty shillings in the pound. What good did the charter do when the original Bank failed in King William's time? None at all. Till the Bank became pay-masters at sight, till their funds became known, and to be depended upon, in consequence of the establishment of national credit and the security of the public funds, no man would take a Bank-note in payment at *par*, notwithstanding the supposed magic of their charter. If a company of penniless merchants were to issue their promissory notes, though under the protection of a charter, they would have but a very limited currency: though at the same time any set of men who have an ostensible estate of ten or twelve millions, and that secured by act of parliament for the payment



ment of their debts, might, without a charter, extend their credit as far as they please. It is therefore the unquestionable responsibility of the Bank that gives them general credit, and not their charter.

If the Bank charter were to be dissolved, what would be the consequence to their private credit? Just the same consequence that would happen if any private shop in the city should give notice of leaving off trade; they would call in all their bills, they would pay twenty shillings in the pound, and the business would go to other shops according to their respective credit; and if any other set of men, proprietors of ten or twelve millions in the funds, could obtain an act of parliament declaring their joint stock liable to the payment of their notes of credit, and if by the same act they were bound to pay their bills at sight, they might have directors, and governors, and committees, a great house, and every important non-essential which could strike the minds of the vulgar; and perhaps ministers, when they found a modern Bank discounting bills, and supporting an extensive credit, might lose their superstitious notions, that nothing less than supernatural powers could have raised this incomprehensible

ble fabric; the priestcraft of state banks would be detected, and the monopoly dissolved.

As to the facility of government circulation, that likewise depends upon the same principles as the private credit of the Bank, *viz.* the largeness of their capital, and the responsibility of their funds; and therefore if the charter of the present Bank were to be transferred to any corporation possessed of as large property as the Bank, what should hinder the effect of a policy, founded upon rational principles, from operating in favour of a new charter, as well as the old? The whole mystery of credit consists in one plain and sober principle, *viz.* the sufficiency and responsibility of funds; and wherever these are provided, private credit will flourish, and the government need not fear having a Bank capable of supplying their demands.

I do not say that it would be eligible to transfer the Bank charter, without some other motive than merely that of change; but let the Bank look to that; let them offer such terms as their charter is worth. It is a very material point to them not to run the risque of lessening the value of their stock; especially as the public is not pressed in point of time, or embarrassed by any circumstances

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of the bargain, except such as a very little exertion, and steadiness, might provide for upon the safest grounds.

There is a strange kind of doctrine held on the part of the Bank, as if the continuation of their charter were a matter of inconsiderable value. The fallacious ground of this argument lies here; that as their charter enforces no obligation upon the public to take Bank-notes, and therefore, as they stand, like any other shop, upon the foundation of their own property and credit, there is no very great benefit conveyed by their charter. Now, if this argument were to be carried one hair's breadth farther, it would prove, that the Bank have done a favour to the public by offering to receive the continuation of their charter; more especially as they propose to give next to nothing for it; and so far I allow, that it does but obscurely appear, upon the face of the charter, in what manner the Bank receives any benefit from it; altho' it carries real and infallible advantages to them in its consequences: for their charter, by uniting a large and respectable body of men, with such pre-eminent credit as must arise from the largeness of their known estate,

estate, specified and secured upon the authority and faith of parliament, does enable them, and them only, to circulate the land and malt bills, and other government monies; while the government are, in effect, precluded from applying to any other shop. The credit of private bankers (who must not be more than six in partnership, nor can receive any countenance by act of parliament as a *fellowship in the nature of a Bank*) cannot be so secure, even in the common course of supplies; and would be much less capable of advancing large sums upon emergence, with facility, expedition, and secrecy, than the Bank, which derives its greatness from the authority of government; so that the beneficial clause in their charter, does in effect amount to this: Whereas the Bank must be well assured that the government cannot get their business done at a petty shop, therefore an act shall be passed to disable the government from setting up any shop of sufficient consideration to serve them; by which means they are thrown into the hands of the Bank; who, from that time forward, have a monopoly against their benefactors; and in the profit of this monopoly it is, that  
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the benefit of their charter consists. If the Bank were to have inserted in their charter, that the government should by no means employ any other shop, the advantage would become more conspicuous, but not more certain.

But indeed all argument is superfluous, when the question relates to a matter of fact; for whether these advantages do arise to the Bank by immediate connexion with their charter, or by infallible consequence out of it, the matter of fact is, that the Bank do value them at a very great rate; as appears by the price of their stock: so that it is but a juggle to deny the advantage that the Bank derives from their situation, when they set a different price upon it themselves. The Bank has divided two and a half *per cent.* above the current rate of interest for many years; they would prosecute a man for calumny and defamation who should propagate any report that they would not do so for the future; their stock sells at this hour upon the same confidence; and yet they are endeavouring to persuade the minister to renew their lease for half a year's purchase of their clear profits. Has the minister ap-  
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plied to the holders of the Old or New South Sea annuities, or to any proprietors of ten or twelve millions of the national funds, to know what they would give to purchase the advantages necessary or contingent (as that may be) which the Bank enjoy at present? If not, I think it would be a morning or two well spent, for the minister go a shopping with the maids of honour, till he has learnt that the best way to make a bargain is by going to more shops than one.

But methinks I hear their apology already, *viz.* that in the year 1764 the Bank charter was renewed upon terms not much better than the present offer. That, however, is no satisfaction as to the merits of the question: and if the present administration are determined to copy nothing from former times but their blunders, I do not envy them their apology. I am speaking upon the ground of argumentative calculations derived from the case itself in question, and not upon the comparative demerits of the minister of a former day, or the minister of the present day.

I wish to express myself in the most intelligible manner to the popular apprehension,

and therefore I have above stated a certain supposed sum of 15 *per cent.*, as the redemption money on the part of the Bank, to protect them against that diminution in the value of their stock, which would be the consequence of the discontinuance of their charter. I am aware that this is not a strict argument of induction, but it goes to the feelings upon the loss of property, and is supported by the arguments of investigation. One hundred pounds of Bank stock is now worth about 110 *l.* while the ordinary 3 *per cents.* are under 60 *l.* which is about 50 *per cent.* in favour of the Bank. This, or some proportionable difference, will probably continue in favour of the Bank, as long as they retain their charter. This consideration, therefore, constitutes the value of that charter. If, then, the Bank charter were to cease, how much *per cent.* would an hundred pounds of their stock (no longer then to be considered as Bank stock) exceed the value of 100 *l.* of stock in the 3 *per cents.*? Or, in other words, how much would the present Bank stock fall from its present value, upon the discontinuance of their charter? Would it fall 20, 30, or 40 *per cent.*? This is the

first point to be determined in the investigation of the question for the redemption-money, that is to say, the consideration due from the Bank to the public; for the renewal of their charter should be in proportion to that diminution of the value of their property, which the renewal of their charter would protect them from. I will not undertake to bind the argument to any specific sum, because the proposition of demanding any substantial equivalent at all from the Bank for the renewal of their charter, is so novel, that I would be cautious not to strain it to its utmost extent. Still, however, I cannot consider the bargain which has been concerted between the Minister and the Bank Directors, for the renewal of the Bank charter, as any substantial equivalent at all, because it only states a proposed price of about 120,000 *l.* as the purchase money for a beneficial lease of 240,000 *l.* a year, for twenty-five years.

Let any man take the tables of annuities at interest, and find, if he can, the column in which even an annuity of 10,000 *l.* or 12,000 *l.* a year, for twenty-five years, could be purchased for that sum; then what proportion

portion is 120,000 *l.* for the purchase of 240,000 *l.* a year for the same term?

Take this question in another point of view. Suppose the Bank charter were to be transferred to the South Sea Company. Let any one examine what reasons could induce him to believe that the South-Sea stock should not rise to the present price of Bank stock, and that the present Bank stock should not fall to the price of the South-Sea stock? If the two sorts of stock were to change prices, it would be well worth while for the Bank to pay a million and a half to protect themselves from such a diminution of their property, or to the South-Sea Company to give that sum for a corresponding increase of theirs. This would be a fair measure of the price.

In short, let the point first be considered by some presumptive calculation or enquiry how much Bank stock would probably fall in price upon the cessation of their charter. Let a jury of merchants and moneyed men, or even of the Bank stockholders themselves, determine this point, and in the same issue they will determine the real value of the continuation of their charter for any proposed term

term of years. If any such jury should find their verdict for the probable damages accruing to the Bank upon the loss of their charter at such an amount as to justify a demand of 15 *per cent.* redemption-money against that loss, and for the continuance of their charter, the equitable price for the proposed renewal would then be as I have stated it above, *viz.* 1,617,000 *l.* or in round numbers a full million and an half. The specific sums of 15 *per cent.* and an million and an half, are only adduced as examples and illustrations of the principles upon which the argument turns; and I hope I shall not be understood to involve myself as having delivered any dictatorial opinions, whilst I have no other motive than to serve the purpose of bringing upon the carpet a parliamentary and public investigation of so material an object. I should indeed be much surprized if any jury of merchants should, upon any consistent calculation, form an estimate of the probable loss to the Bank by the fall of their stock in the case supposed, at a less rate than what would justify a demand of 15 *per cent.* redemption-money for the renewal of their charter; but if they were to find their verdict

dict for double that loss, every argument that I have stated for the value of the renewal of the Bank lease, would receive a corresponding increase of force in its application. My only object is to state, and to draw out into discussion, those principles upon which the question ought to be decided.

I think there is but one point more which constitutes a part of the question of price for the renewal, between the Bank and the public, and that is a distinction between the *value* of the renewal, and the *price* which ought to be paid by the Bank for it. For if the total *value* should be required of the Bank, there would be no option left between the surrender of their charter and the *price* of the renewal. If upon a deliberate estimate of the question, the verdict should be found for a presumable loss of 30 *per cent.* upon the cessation of their charter, they may as well sustain that loss in the first instance, as prevent that loss by the payment of 30 *per cent.* This consideration should therefore suggest some proportionable division of the bargain. If the probable fall of the Bank stock upon the cessation of their charter, should be computed at 30 *per cent.* (and I think

I think that any less sum can hardly be supposed) it would surely not be unreasonable to expect a fine for the renewal of the lease, to the amount of half the value of the contract, *viz.* 15 *per cent.* consideration-money, to avoid a loss of 30 *per cent.* upon the present price of the capital.

I think myself perfectly safe in stating this measure of the question, more especially as there is another article to the advantage of the renewed lease, which I have not yet stated. I have hitherto only considered the loss that would fall upon the present Bank stock upon the cessation of their charter, but in every bargain the seller has a right to take account of any ulterior, or additional advantages, which may be concomitant upon the extension of any lease, more especially when it is considered that the addition of 25 years in reversion, besides its own intrinsic value, gives an additional value even to the unexpired years of the present lease. The Bank Company, if they should obtain a continuation of their charter in the present Midsummer session, would then have a term of 31 years before them. Upon this new farm of their monopoly for a term of 31 years, they might extend

tend the scope of their exertions, so as to derive additional advantages from the renewed lease above the old one, by an increase of their annual dividend of profits. This happened at the last renewal in 1764. Soon after that renewal, the dividend upon Bank stock rose from  $4\frac{1}{2}$  per cent. to  $5\frac{1}{2}$  per cent. per annum, at which rate it stands to this day. It is not therefore unreasonable to suppose, that another increase of dividend may follow the next renewal of the charter, whenever it may happen. This probability ought to be taken into the consideration of the bargain. But I only mention this in a cursory way, and chiefly to shew, that I am not strenuous to exhaust every argument to the bottom, as any hostile party in driving a hard bargain.

I think I have now said all that occurs to me upon the price for the proposed renewal of the Bank charter as a matter of bargain and sale between the parties, and there I shall leave this part of the question upon the arguments (such as they are) which I have adduced.

But there is another point of view in which this question ought to be taken, that is to say, upon the arguments which the minister  
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when he comes to open the proposition to parliament will justify the bargain which he has struck with the Bank Directors for the continuation of their charter for 25 years, in consideration of about 120,000 *l.* in value to be received. It is to be presumed that he has provided himself with some methodical and accurate calculation, to prove that this sum of 120,000 *l.* is precisely (or nearly) a full and sufficient equivalent for the purchase of a beneficial interest of 240,000 *l.* per ann. for 25 years. If he can make good such a proposition as this at all, the course of the demonstration cannot be very complex, and his own personal honour is at stake, to bring that demonstration into clear day-light, to justify his adoption of the bargain, in his negotiation with the Bank Directors. In the road towards this demonstration he must prove, that altho' the Bank charter were to be transferred from the present Bank Company to the South-Sea Company, or to the India Company, or to any other corporation of Stockholders in the public funds, that nevertheless the present capital of the Bank stock would not fall more than two per cent. in value upon the cessation of their charter.

A fall of two *per cent.* upon the present Bank stock would amount to a loss of about 200,000 *l.* or a little more, upon the total of their capital. In that case, I think his friends in Parliament would not cavil with him for taking a composition from the Bank of 120,000 *l.* upon the principle of dividing the difference in a matter of bargain. But in no other case can he make his justification good. If he should fail to prove that the fall of Bank stock would be less than 10 *per cent.* upon the cessation of their charter, *ipso lapsu*, he incurs the confession, that he has accepted 120,000 *l.* instead of half a million; still adhering to the principle of dividing the total intrinsic value of the bargain, in equal parts, between the public and the Bank. On the same line of argument, if the minister should not give sufficient and convincing arguments against a fall of 30 *per cent.* on the Bank stock, in the case supposed, he will incur the charge of having concluded a bargain for what he calls an equivalent, at 120,000 *l.* instead of a million and an half.

This will bring the matter to a plain and fair issue. We know the precise point which the minister is called upon to make good; because

because the terms of a bargain actually stipulated on his part with the Bank Directors, bind him; no other justification can acquit him, but his being able to prove that the fall of Bank stock, upon the cessation of their charter, cannot exceed two *per cent.* and when he pleads to this indictment, I think that nothing less than the most strenuous attachment of his friends, can give him the least hopes of a good deliverance. On this ground, perhaps, he may take courage; for I know that facilities of this kind are customary in Parliament. When the minister, for instance, has contracted for a loan of twelve millions; altho' upon the very face of it, it should carry the most notorious and flagitious speculation, to the amount of a million, or twelve hundred thousand pounds, it passes not less glibly through the house for that. The Minister may perhaps say, " True, I have contracted a bargain, which now sells for 10 *per cent.* premium in the city, whilst I am demonstrating to you, that it is not worth more than five and a half. But I hope my friends will not desert me. I have kept no share for myself; it is amongst you; there shall be no enquiry."

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I am very sensible that the arguments in favour of any proposition ought to have precedence to the reply, and therefore I should have waited till the Minister had stated his arguments in Parliament, if I had not apprehended that the first day's debate and division would have foreclosed the question upon the argument above recited, *viz.* " I have made the bargain; I shall be disgraced if you disavow me. I hope my friends won't desert me; one good turn deserves another."

This consideration has induced me to take that argument by the forelock which would elude my grasp behind. The marks of precipitancy and surprize upon the public are so strong, as not to admit of any dubious interpretation. To bring a proposition of such magnitude into Parliament on the 6th of June without any previous notice, in a house of 83 members, and upon a majority of twenty-nine voices, including the minister in the division, to persist in driving this surreptitious and important proposition through Parliament before Midsummer, mark out not only the most contemptuous disregard of the representatives of the people, but of the whole nation at large. What sufficient motive can be

be suggested for so extravagant a proceeding? It cannot be for the pretended purpose of lessening the incumbrance of the present out-standing debt, for the declared intention of the minister is only to convert 2,000,000*l.* of navy bills, from the months of November and February next, into 2,000,000*l.* of Exchequer bills, chargeable upon the first supplies of the year 1784; (*vide* the Proposal, &c.) that is not clearing away any part of the out-standing debt, but only shoving it out of sight for about two years and a few months, and enabling the minister to augment that very navy debt in the interim with boundless profusion.

But it has been suggested, that the operating motive in this proceeding, is to bring forward, in the course of payment, some favourites of the minister, either members voting with him in Parliament, or contractors supporting his cause out of doors, who may be supposed to have vested the profits arising from public speculation in navy bills purchased at an extravagant discount, and, as the supposition adds, perhaps having been let into the secret of this intended manœuvre, and whose wages

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of iniquity are therefore increased by a surreptitious transaction, unexpected by every one but themselves. I only state a suggestion, or charge upon suspicion, which has already been very publicly stated; but I disclaim any participation of that charge on my own part: in the first place, because I have not made the least search after any facts which might substantiate the proof, if true; and in the second place, because the whole world must be convinced, upon recent and full experience, that if every possible suggestion in the charge could be brought to proof as clear as the day-light, yet no public enquiry would ever be permitted to take place. After the refusal of an enquiry into the transactions of the late loan, no man need ever bring any specific charge against the minister. He has professed for many years together, that he had no other wish, but that every transaction of his administration should be submitted to the strictest scrutiny of a public tribunal; but when brought to the proof, he has given his own personal vote against the first specific proposition of enquiry to his own conduct, in the transaction of the late loan, and thereby has renounced all future claim to the confidence of his country.

try. It is therefore by his own voluntary act and deed that the charge of public corruption is thus become a personal cause between himself and the Public.

The Minister, who having himself appealed to the tribunal of justice, has fled from the enquiry upon the first challenge, can no longer be considered as *rectus in curia*. He becomes guilty by general presumption. It is of the very essence of corruption to operate in secret, and in defiance of external proof. The public are therefore driven, upon the principle of self-defence, against the treacherous effects of secret corruption, to abandon every degree of confidence whatsoever. They see the means of unbounded corruption; they see the effects of unbounded corruption; and they see that very corruption itself openly avowed, and disdaining to plead Not Guilty.—They feel the rest.

With regard to the particular question, of the immediate renewal of the Bank charter; there cannot possibly exist any honest motive for pressing this sudden, inconsiderate, and surreptitious proposition through Parliament in the present session—at Midsummer—in thin, or almost empty houses—and more than

five years before the term of its expiration. Nay, upon the very face of the proposed contract itself, as drawn up between the Minister and the Bank directors, there is one condition inserted by themselves, which directly militates against the precipitate measure of driving it through, during the present session of Parliament. That condition is, that the advancement of the money, on the part of the Bank, is not to take place till the next session of Parliament, *viz.* the first payment to be made on the 15th of November next, and the second payment on the 15th of February 1782, which will be the very middle of the next session (*vide* the Proposal, &c.) Surely after this clause of self-condemnation, included in the body of the proposed contract itself, there can be no argument adduced against postponing the final agreement for the renewal of the Bank Charter, especially under all the suspicious circumstances of the case, until the month of November next at least, or of moving a resolution for an immediate call of the house.

London,  
June 11, 1781.

P O S T-

P O S T S C R I P T.

**I**N the foregoing pages I have avoided all intricate calculations, and have stated the estimate of the renewal of the Bank charter in gross, and not in the detail of specific calculations. Having endeavoured to state the scope of the argument as I have above expressed it, to *the feeling* and to the *popular apprehension*, I will now subjoin a Postscript, to verify that general estimate by a detail of calculation, which being thus separated from the main body of the argument, will, I hope, illustrate and confirm that course of reasoning, without embarrassing the demonstration.

I have stated, in the first place, that Bank stock stands about 50 *per cent.* above the ordinary 3 *per cents.* and in the supposed case of the cessation of their charter, I have only computed a supposed fall of 30 *per cent.* instead of 50 *per cent.* which would have been the fall, if the whole of the Bank capital had stood upon the conditions of the ordinary 3

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*per cents.* But there is one part of their property in the funds, consisting of the sums of 3,200,000*l.* and 500,000*l.* making together 3,700,000*l.* which by the stipulations of the renewals in 1742 and 1764, is to be paid off at par, whenever the charter shall be resumed by Parliament. This part of their property cannot, therefore, suffer a greater loss than the difference between the premium which it bears at present, and the par of 100*l.* as it cannot fall below par. But the remaining part of their property in the national funds, which amounts to 7,986,000*l.* (the total due from the public to the Bank being 11,686,000*l.*) may suffer a much severer loss. As this last sum is liable to the same depreciation as the ordinary 3 *per cents.* it may, upon the cessation of the charter, fall to the level of the 3 *per cents.* viz. from that premium which it bears at present above par, to 58*l.* which is 4.2 *per cent.* below par. These losses, being compounded together, would amount to more than 30 *per cent.* upon the capital.

It may be stated, and it is certainly true, that by the condition which the public is under of paying off the 3,700,000*l.* to the  
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Bank at par, while the 3 *per cents.* are as low as 58*l.* they would incur a loss in the outset of any new bargain of 1,556,000*l.* but that loss has already been provided for in the arguments above stated, by having only taken a supposed fall of 30 *per cent.* instead of 50 *per cent.* which would have been the case if the total of their property in the funds had stood upon the same terms and conditions as the ordinary 3 *per cents.* And therefore when I state a million and a half as the *price* of the renewal, I mean over and above a provision for 1,556,000*l.* which would be required to restore the above-mentioned 3,700,000*l.* upon the present depreciated rate of 58*l.* to the par of 100*l.* This consideration is an additional argument against the precipitancy of the renewal of the Bank charter *now*,—six years before its expiration,---and at the present depreciation of the public funds. If the stocks at any time before the expiration of the Bank charter were to rise to the same level at which they stood before the war, this sum of 1,556,000*l.* which is the stumbling-block at setting out, would, by the rise of the 3 *per cents.*

*cents.* be reduced to about 450,000*l.* which is considerably less than a third of it. However, in the present calculation before us, this article is included in the above-mentioned reservation of 20 *per cent.* which remains by taking only a supposed fall of 30 *per cent.* out of a total difference between the price of Bank stock, and the 3 *per cents.* of more than 50 *per cent.*

Take the following explanatory supposition. If it were proposed in the present state of the funds to transfer the Bank charter to any new set of proprietors of 11,686,000*l.* in the 3 *per cents.* which is the amount of the present property of the Bank in the public funds; it would be said to these new proprietors, what is your property of 11,686,000*l.* in the 3 *per cents.* worth *now*, at the rate of 58*l.* for each 100*l.*? The answer would be 6,777,000*l.* If this new company were to be invested with all the privileges of the present Bank, what would that property *then* be worth? The answer would be, just as much as the present Bank capital is worth, *viz.* 10,780,000*l.* carrying a premium of 110*l.* for each 100*l.*; which would amount to 11,858,000*l.*

11,858,000*l.* If therefore a property of no more than 6,777,000*l.* *now*, were to be converted into a value of 11,858,000*l.* by the transfer of the charter, the difference being 5,080,000*l.* would be the total *value* of their bargain. The division of this beneficial difference would be disposed of thus:

To pay off to the old Bank, the difference to bring 3,700,000*l.* £.  
 from 58*l.* to the par of 100*l.* 1,556,000  
 The remaining *value* would then be - - - 3,524,000  
 Which taking the *price* as above stated at half the *value*, would produce to the public 1,762,000  
 And profit to the new company of 1,762,000

This difference between the price drawn out by this calculation compared with the *price* of 1,617,000*l.* stated in page 8, arises from this circumstance, that, in the former calculation I took the supposed fall at a round sum of 30 *per cent.* intending to keep on the moderate side of the argument, but upon the discussion it appears to be somewhat more than

than 30 *per cent.* In short, the reservation of 20 *per cent.* out of the 50 *per cent.* above stated, includes, and is more than sufficient, to balance the loss between 3,700,000*l.* at 58 *per cent.* and the same sum at the par of 100*l.*

*London,*

*London, June 22, 1781.*

TO THE RIGHT HONOURABLE

THE LORD-MAYOR OF LONDON.

MY LORD,

I Hope that I shall be excused in addressing your Lordship, as the principal magistrate of the city of London, upon a point which appears to me most deeply to affect the state of public and private credit throughout the kingdom, but most particularly of the city of London. The establishment of a monopoly in any corporation, immense in its magnitude, of the duration of thirty-one years, situated in the very heart of the city of London, which is the heart of the kingdom, and which may by that establishment be enabled to controul the whole national powers of public and private credit, is an object most seriously deserving the attention of the city of London. It is an object which ought not to be hurried through parliament, without sufficient time and notice being allowed to them, maturely to consider all the consequences which may affect them, not only in their corporate capacity, but likewise which may extend over and controul the personal industry and faculties of every individual merchant. Your Lordship will understand, that I mean the proposed renewal of the Bank charter;

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a bargain surreptitiously contracted between the minister and the directors of the Bank, more than five years before the legal term of its expiration; and by that surprize brought suddenly into parliament, before the city of London could possibly have sufficient time to calculate, and to consider the deep interests which they have at stake, or to form any remonstrances upon so important a proposition. If the votes of the House of Commons did not bear testimony to the facts, it would scarcely be credible, that any persuasion or influence whatsoever, should prevail with the representatives of the people, to pass a bill of such importance through the House in seven days. Yet these are the facts: the contracted bargain between the minister and the Bank directors, was considered by the committee of ways and means, and consented to by them on Wednesday, the 13th of June.—On Thursday the 14th the report was received, and agreed to by the House, and a bill, in pursuance of it, was ordered to be brought in.—On Friday the 15th the bill was presented, and read a first time.—On Monday the 18th (the next sitting day) the bill was read a second time, and ordered to be committed.—On Tuesday the 19th the bill passed through the committee.—On Wednesday the 20th the report was accepted by the House;—and on Thursday the 21st the bill was read a third time, and passed. Is this the attention which is due to the most important interests and concerns of the city of London, that such a proposition as the renewal of the Bank charter should be brought forward by anticipation and surprize, five years before the public had any reason to expect, or to prepare for its discussion and decision? Yet thus it is, my Lord, that the city of London, and the

the whole commercial interest of this kingdom, find themselves overtaken without notice, and deprived of all remedy, in the House of Commons, by a surreptitious contract for the monopoly of a Bank charter, which is driven through that House, at Midsummer, in seven days; and thus established, over their heads, for a term of thirty-one years.

What interpretation, my Lord, can be put upon such an encroachment, so clandestinely made by surprize? Or what result can be drawn from it but this, that the city of London have not a moment to lose in looking after their most important concerns, by some immediate application, either to the House of Lords, or to the Crown, for redress? Would it have been any degradation of the House of Commons, or rather, would it not have given the most confidential proof of their attachment to the interests of their constituents, if they had used more than ordinary caution not to proceed, without timely and universal notice given of so influential and so important a proposal being depending? Instead of that, my Lord, the whole business is concluded and foreclosed by the House of Commons in seven days; and although the publication of their votes is professedly designed for the purpose of giving notice to their constituents throughout the kingdom, of all such matters as may concern them, either generally or individually; yet it has happened, even in the city of London itself, at no greater distance than that of the Royal Exchange, from the door of the House of Commons, that the printed votes, containing the proceedings respecting the bill still supposed to be depending, could not arrive, in point of time, till after the final passing of that act by the House of Commons.

In the distant commercial cities of this kingdom, over whom the influential monopoly of the Bank charter is equally to extend, even the first notice of the proposition, could not reach them till after the passing of the act.

It should seem scarcely necessary to enter into the merits of the question, as it is a sufficient condemnation of the proceeding, that a sudden bargain, in which the commercial interests of the city of London are so deeply concerned, has been contracted and concluded, not only without their consent, but even without any general notice, expectation, or communication. As to the valuable consideration which constitutes the first part of every bargain, that was not even argued in the House of Commons, as being in any degree a just equivalent, not even a tenth, scarcely a twentieth part of the intrinsic value. One should have thought that this defect in the bargain, might at least have procured for the public a respite from the precipitancy, of still pursuing, without consideration, the deeper parts of the question, which relate to the general policy, and the influential effects upon the state of public and private credit which might be expected. A State Bank should be the servant of the state, *quam diu se bene gesserit*, and under the controul of a lease of moderate duration. Those who give power out of their own hands, are responsible for any subsequent usurpations or encroachments which *may* follow. I do not say, that the Bank upon the supposed extension of their lease to thirty-one years, have any specific intention to misuse it, but that must depend upon their own future moderation; they will have almost every degree of power indefinitely in their hands. If they were upon any sudden occasion, or upon any pressing  
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emergence of the state, to refuse the ordinary circulation of land or malt bills, or of any other articles of public supply, they might have it in their power to controul all the executive faculties of the state, and to fetter, by their exclusive negative, all their vigorous and financial operations.—The extremes likewise on the other hand, would be equally in their power. If any daring minister hereafter should meditate some deep design, and should extend the influence and powers of corruption over some unknown future set of twenty-four Bank directors, the immense power of their monopoly, thus liberated from fear or controul for an age to come, might become the most formidable engine of state, even so far possibly, as by some desperate stroke to render the executive power independent on the knowledge or consent of Parliament for any required sum of money. I do not say that these things *will* happen, but they *may* happen; who can answer for future men, future events, and future times?

There cannot possibly be assigned any sufficient reason, why the servants of the state should be put into any possible contingency of becoming its masters. Even if it were necessary to renew the Bank Charter at this instant of time, why not to the more reasonable and customary term of twenty-one years, which would constantly bear a tacit controul over dangerous thoughts and operations? Let ministers and their instruments be kept out of dangerous temptations. Power may excite dangerous thoughts, which under the constant and steady hand of prudent controul, might never have insinuated themselves even into suggestion. What motives can there be to run any needless and useless risques? A term of twenty-one years,



is fully adequate to any wise or honest purposes for a State Bank.

Permit me, my Lord, to suggest some other contingencies, which, if they should unfortunately happen, would touch to the quick every individual merchant and banker in the city of London; I mean any partialities, which may possibly hereafter arise in the distribution of assistance from the Bank, to the respective merchants and bankers in the city of London. The powers of the Bank of England being derived to them under public grant, that public has a right to expect an equal and impartial distribution of the benefit, without fear or favour, to all parties, and to all descriptions of men, even to individuals, with just and equal indifference. Can there be any effectual stipulated provision for this? Certainly not;—otherwise than in the limitation of the lease to twenty-one years, which upon any notorious misconduct of the Bank, would threaten them with forfeiture at the next period of renewal. If unfortunately in any future period of this country vehement factions should arise, and that the Bank should incidentally become an engine in the hands of any one party, to wreak their vengeance upon their adversaries; might not some men be preferred to partial favour, while others of equal merit might be proscribed to bankruptcy? Let every merchant and banker in the city of London apply this case to his own thoughts, whether he would wish to set it merely upon a cast of lots, on whose head favour or proscription should fall.

My Lord, I hope that I shall not be understood to cast any glance of accusation or suspicion upon any particular persons, as I have no such thoughts; I speak only upon public views, and upon the prudential forecast of such dangers as may overtake

take us in the course of time and events, unless averted by previous steps of prudence: and thus I speak of Bank directors in general terms, not considering individuals, but only upon this universal principle; that no wise state should lead any class of men into the vortex of irresistible temptation, especially not without some strict, effectual, and counterbalancing controul. What distractions in the state of public credit may not be produced, if any future twenty-four directors, feeling themselves disburthened from controul and responsibility, should sacrifice their public trusts to views of their own private and individual emoluments? When the Bank of England is known by their public agent, in any case to be concerned in any specific kind of stock, or circulating public bills, what fluctuations may not be produced by artful management, in the participation of preconcerted secrets and insidious advantages in the bargains of purchase or sale. The noted Bank contract in the year 1720, should be kept in eternal memorial, as a mark by which we ought to avoid the possibility of any such ruinous and destructive frauds for the future; but without the supposition of any such extravagant enormities, it may possibly happen, that four and twenty selfish and ill-disposed men, emancipated from controul (if such men, fostered by temptation, should arise) might possess and exercise the destructive powers of perpetual and alternative frauds, by which they might convert the whole system of public credit, which is situated in the centre of the city of London, into one perpetual and fluctuating gaming-table. When all the facilities of temptation seem to be arranged, as if with no other view but to marshal the way to the accomplishment of private interests, what wise or prudent man,

man, anxious for the public good, can look upon such prospects with unconcern.

My Lord, I have taken the liberty of addressing these sentiments to your Lordship, upon a most important public point, as the first magistrate of that city, which is justly to be considered as the representative of the commercial interests of the whole kingdom. I shall not presume to recommend any specific measure in consequence, for I fear that any step whatsoever which could be taken, might still prove in vain. The general mode and system in which the public affairs of this kingdom have been conducted for some years, has been in defiance of the common sense, and common interests of the country. Even the city of London itself, in any of its remonstrances, has not been treated with any more consideration, than the sentiments of the most private individuals. However, my Lord, I am not to be disheartened by the slights which have been put upon them by the headstrong and precipitate ministers of our public councils. I shall always think it an honour to serve in the cause of the city of London, and to range under their banners. Whatever may be the private, selfish, or corrupt views of ministers, yet the cause of the city of London, and of the kingdom at large, must ever remain one and the same. Permit me therefore to conclude, by declaring myself most zealously and constantly attached to that common cause of ourselves and our country.

I am, my LORD,

With the greatest respect and consideration,

Your Lordship's most obedient, humble servant,

D. HARTLEY.