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OBSERVATIONS

ON THE

National Debt,

WITH

PROPOSALS for REDUCING the said Debt,
and for Raifing FUTURE SUPPLIES,

In an Easy and Eligible Manner;

By which the National Credit, and the Property of
Individuals, will be preserved and improved.

Humbly addressed to,

And earnestly recommended to the Consideration of

EVERY POSSESSOR OF PROPERTY,

Of what Nature or Kind soever, within the Kingdom.

By a Sincere Well-Wisher of his Country.

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ADVERTISEMENT.

IF the following Observations have any merit, or deserve any attention; they require not the crutch of a Preface to support them:—If they have none, or are unworthy attention, they deserve no support. In a plain and homely dress, they are submitted to the wide-expanded eye of the publick, with the best wishes that some good may be extracted from them.

O N T H E

NATIONAL DEBT.

AT the beginning of the present Session of Parliament a Scheme was proposed to the Members, for constituting a Government Bank, the Subscribers to, or depositors of money at, which Bank, were to let their money rest there, without receiving any interest, for the space of twenty years, at the expiration of which time, they or their assigns, if their nominees were living, were to receive after the rate of 30l. per cent. per annum during the remainder of the life of such nominee. It was also proposed, that such subscriber, or the person legally claiming under or by virtue of such subscription, might, at or after the expiration of ten years of the said twenty years, be at liberty to dispose of the said subscription; and should have a claim upon the said Government Bank for the whole principal, and $2\frac{1}{2}$ per cent.

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cent. per annum, for so long a time as the money so subscribed had been deposited, and that the stock or capital, so before vested in the Bank, should become the property of the purchaser, which purchaser should, at the time of the purchase, give in his or her nominee, and, like the person of whom he made the purchase, be at liberty, either to sell his or her interest in, and right to the said stock, at the end of ten or more years, from the time of his or her purchase, having a like claim (together with the principal) of $2\frac{1}{2}$ per cent. per annum, for so long a time as the principal had been vested in the said bank; or waiting twenty years from his or her said purchase, should be entitled to 30l. per cent. per annum, during the remainder of the life of his or her nominee. And so by a method like this, these subscriptions might be conveyed from one to another, taken up, under the above terms, at the option of the legal possessor at the expiration of ten or more years; or fresh subscriptions might at any time be made agreeable to these terms.

The obviously exceptionable parts of this plan are,

First, That $2\frac{1}{2}$ per cent. is too little for the principal sum subscribed, which, without regarding compound interest, might, and ought to be, at least 4 per cent. per annum.

Secondly,

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Secondly, The purchaser of the first subscriber, having no benefit of the ten or more years that have elapsed from such first subscription, but being to wait twenty years from his said purchase, or in other words to have a new beginning, will rather chuse to make his deposit at the Bank at once, than engage in the trouble and expence of a transfer.

Now, if, instead of this, the money originally subscribed might be carried to market at any time, and the annuity were allowed to commence at the expiration of twenty years from the first subscription, with the indulgence, that such second, third, or any subsequent purchaser, should have liberty to give in his or her own nominee, instead of continuing that of the person of whom the purchase was made; provided, however, that the nominee of the seller, at the time of such sale or transfer, had no disease or infirmity likely to shorten the life of such nominee; and provided also, that the nominee of the purchaser was at least as old as that of the venter: Upon these improved principles, we conceive, a plan somewhat similar to what was handed to the members of parliament at their late meeting might be struck out, which would be acceptable to the publick, and advantageous to government. And we beg leave to offer the following scheme for a lottery, (the tickets for which should be fifty guineas each) to the consideration of those whom it may concern.

SCHEME

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SCHEME of a LOTTERY.

No. of Prizes.	£.	Shares,	or	£.	is	£.
20 of	20	50		1000 each,	is	20,000
50 of	10	ditto,	or	500 each,	is	25,000
200 of	4	ditto,	or	200 each,	is	40,000
500 of	2	ditto,	or	100 each,	is	50,000
39230 of	1	ditto,	or	50 each,	is	1,961,500
First drawn the first 15 days, or quarter shares,			}	or 200 each,	is	3,000
Last drawn, 10 Shares,				or 500l.	—	500
40,000 Tickets at 50 Guineas each,				is		£.2,100,000

The shares to become annuities after the rate of 30l. per cent. at the expiration of 20 years, on all the nominees who shall be living at that time: And during any time of the 20 years they may have to run, to be transferable into any other life of the full age of the last nominee, and under the circumstance aforementioned, of having the health of such last standing nominee satisfactorily ascertained at the time the transfer is made into the succeeding life, in the manner usually observed by offices where lives are insured.

If a subscription upon such a plan were thrown open to the public at large, and a time given for all to subscribe who might be so inclined, it is imagined forty, fifty, or sixty thousand tickets would be sold, by which government might raise two or three millions of money without laying a heavier tax, upon whatever might be the object of taxation, than what was sufficient

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ficient to yield 4 per cent. for the sum so raised, since 4 per cent. annually accumulated and funded, with all its accruing simple and compound interest, would be an ample provision to pay the annuities when they became due: And as the annuitants dropped off, the tax imposed for paying them, falling in gradually to government, would augment the sinking fund; and these being fixed, not increasing annuities, the major part of the nominees would drop off in the space of 15 or 20 years from the time of the subscribers becoming entitled to their annuities: And by letting every subscriber have an interest in the scheme, and above all making the shares easily negotiable and transferable into nominees of their own choosing, there is much reason to believe, it will be generally acceptable: For by this plan, should the ticket come up entitled to one share only; yet this share at the expiration of 20 years, giving the subscriber 15l. per annum, during the remainder of the life of his or her nominee; and in the interim, a power of carrying it to market, will be an inducement with many to subscribe; at the same time that the prospect of enjoying, (for 50 guineas subscribed) from 30l. to 300l. per annum, will be a still further inducement. And the advantage to government, we should apprehend, would be so great as to make it an object worthy their notice.

A Scheme like this might be adopted, whether we continue at war, or are happily at peace. In the one case

case, a tax so laid as to yield 4 per cent. for what was so subscribed, and this 4 per cent. with all its accumulating simple and compound interest, so funded from year to year, or rather half-yearly, and suffered to accumulate, would in 20 years be found sufficient to pay the surviving annuitants the 30l. per cent. engaged to them. And if a peace be happily brought about, the money so subscribed might be applied in wiping out such of the redeemable funds as administration might see fit, only reserving the taxes imposed for paying the interest of such redeemable loans, and suffering them to accumulate so as to become security to pay our annuitants, when they became claimants. And thus the loan itself, whatever it was, would be put in a train of being paid off.

We do apprehend *an open subscription* upon these terms would certainly fill; for while we daily see turnpike commissioners, and others, offering to receive sums of money as low as 50l. and getting the loan of what they want at 4 and 4½ per cent. interest, we are of opinion, that government might get what they wanted too, without being constrained to give so high an interest, as in time of war they are yearly giving, for the money they borrow.

In support of an open subscription, hear what the late deservedly esteemed Sir John Barnard, in a publication of his as long ago as the year 1746, says.

When

“ When Government have a necessity to create new funds, they should use such methods as are most likely to invite the greatest number of such purchasers as design to keep them; for when sold to such purchasers, they are out of market, and very little affect the price of the public Funds.”

“ When funds are sold by Government to traffickers in stocks, who design to sell them again, the market continues in agitation, until the funds by degrees become settled in the hands of buyers who design to keep them.”

“ If, therefore, Government should deal directly with persons who buy to keep the funds, a good part of the profit made by these traffickers would remain to government.”

“ Purchasers intending to keep would much more willingly buy of Government at a certain price, than of traffickers at the same price; because they would have a reasonable expectation, that it would be the lowest price that year.”

“ If timely notice were given every year, there would probably come in buyers who designed to keep, sufficient to take off all the funds created that year, provided they might come in freely at the original price.”

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If

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“ If new-created funds were thus taken off every year, the prices at market would be very little affected.”

“ It is not proper that any of the payments should be fixed too near the end of the year, because it will interfere with the money to be raised the next year.”

“ How many soever the payments may be, it is proper to allow a reasonable discount to those who will pay their money before the time fixed.”

“ If a higher rate of interest should ever be given to traffickers in stocks, than it might be raised at by an open subscription, the people will receive a double injury, both by paying more taxes than are necessary, and also by being deprived of their just right, of purchasing funds on the same terms with their neighbours.”

“ All people love to have a liberty of being purchasers at the original prices, whether they make use of it or not.”

“ Nothing contributes more to the revolutions in the prices of stocks than the method of contracting with a few persons for raising the supplies in a lump; and those persons having the sharing it out as they please.”

If

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“ If money be raised by a lottery large enough to let in every one, or by subscriptions open to every one, on the best terms for the publick, all mankind will be on a level.”

“ The best way of supporting the funds will be to let the people know, that for the future the money wanted shall be raised on the lowest terms possible, with an equal liberty to all persons to become purchasers.”

“ If this method be constantly practised, those persons, who sell their funds in hopes to come in again cheaper, may find themselves mistaken.”

“ This is certain, that the publick selling new funds too cheap tends to make mankind have a worse opinion of the funds, in general, than they would have.”

“ If a person who has goods to sell does not put a value on them himself, how can it be expected others will value them?”

“ It is a very great hardship on merchants, who have foreign correspondents, when they cannot execute their orders for new funds on the same terms with their neighbours here, as by that means they endanger the loss of their future commissions, even in other affairs;” this would be prevented by open
C 2 subscriptions,

subscriptions, and much money might be expected to flow from various quarters.

“ If nobody sold their property in the funds, but out of necessity, the prices would keep up very well, notwithstanding the creating of new funds.”

“ Those persons who sell their property in the funds may be easily known; and whatever pretence they may make of zeal for the government, their actions speak the contrary; and although it would not be right to hinder persons from selling their property in the funds, in a fair way, yet surely there is no reason to reward them for so doing, by giving them fresh funds considerably under the market price.”

“ If persons are admitted to subscribe largely one year, when they are known to have parted with the sums subscribed for the former year; what is this but encouraging them to go on with a traffick highly detrimental to the nation?”

It is not enough for the members of the House of Commons to grant the supplies; it behoves them to make the best bargain they can for the community at large.

Since our observations on the pamphlet before alluded to, a letter addressed to Lord North has appeared in one of the evening papers, which seems worthy

worthy of notice, and which, incorporated with our plan, or taken apart from it, might be applied to very useful purposes. To prevent the extension of the national debt, and remove from us the hazards consequent upon the further increase of this debt, this writer appears to have hit upon a plan which, under some well-concerted regulations, we could wish to see carried into execution.

His proposal is, “ to grant Two per Cent. upon our funded property, so that every holder of a nominal 100l. stock should receive interest for 98l. only the first year; for 96l. the second year; for 94l. the third year, and so on, or in other words, whatever his stock was, he or she should receive for one 50th part less every year; in fact, he should part with one hundredth part of his stock half-yearly; hence every person would feel a diminution of a 50th part of his income yearly, so long as the war continued, or till a certain share of the national debt was paid off: annexing however, to such wise and laudable offers from the stock-holders, (for a measure of this kind can only be a voluntary offer of the proprietors of stock) conditions, that a contribution equally generous shall come from the possessors of land, mortgages, bond-debts, and all other property. The contributions being voluntary, publick faith would be no way violated; the dread of a total loss of our funded property would be removed; the contribution would be continually circulating; and every one

one be partaking by himself or his connections; people would feel the effect gradually; foreigners concerned in our funds would be necessitated to contribute, and thereby much money would be retained that would otherwise go abroad; and our incomes would be taxed according to the receipt."

Thus much from our news-paper writer. Let us proceed, and observe that, by such a method, from a funded debt of 150 millions, three millions would be yielded the first year, and the national debt be decreased to that amount; nearly as much would be given the second year; and so on in the gradation as by the following table will appear; insomuch that in the short space of fourteen years, it will be seen, that nearly 37 millions of debt would be wiped out, and a considerable share of the taxes levied to pay the interest abolished; this would place the credit of the nation in so respectable a light, that the stocks, as well as landed and all other property, would rise considerably; indeed there is no doubt, but that what was, at the onset of such a measure, a nominal 100l. 3 per cent. stock selling for only 60l. and every year, in a state of a war, becoming less valuable, would at the end of 14 years, though reduced to only a nominal 72l. yield to the full as much at market, as the nominal 100l. provided no reduction of the national debt, (or an inconsiderable one only) had taken place; besides the satisfaction and confidence that must necessarily rest upon the minds of the possessors of

of stock, that their property was in a so much better state of security, than they could promise themselves it was or would be, under the present or still further increasing debt: for should there be a necessity for still further supplies in present or future, before any part, or at least any considerable share of our debt is wiped out, (which there is every reason to expect) it is easy to foresee, that if the fabrick itself is not shaken to the base, the pressure will be so heavy upon the nation, that it will be difficult for it to support itself under the weight: And we well know, that by the ordinary methods of proceeding in times of peace, it will be very long before any considerable share of our debt is rubbed out. It should, therefore, seem to be for the interest of the community at large, and not less for the stock-holders than others, virtuously, nobly, and generously to adopt some such plan; and then there is little reason to doubt but that other possessors of independent property would follow so patriotic an example.

What is advanced respecting the reduction, in a state of peace, is clearly demonstrated; but perhaps it will be asked, How is this measure to be applied to the national advantage, during the continuance of war? To this question, it is answered, that we have, from this relinquishment of two per cent. upon the whole property in the funds, three millions; we have moreover, from our annuity-lottery, two millions one hundred thousand pounds.—Now, as the taxes

taxes levied for paying the interest of the three millions of stock thus relinquished as aforesaid, being continued and allowed to accumulate, will more than answer the purpose of providing for the annuities, when at the end of 20 years, they become due, the government will by these means be supplied with five millions one hundred thousand pounds, without the necessity of levying or imposing any new tax: the benefit would be still greater if 60,000 tickets were disposed of by lottery upon our plan, a thing by no means improbable, if the intention of government were announced early in the next sessions of parliament; if the subscription were open to all, and a time given in which every one might subscribe who was so inclined; and if the confidence of the publick were strengthened by their seeing the proprietors of the funds, struck with the eligibility of the other part of our plan, adopt it, as we hope and trust they may: they will then deserve, and we may be assured will stand recorded in the annals of history under, the glorious appellations of guardians, preservers, and defenders of their country.

It has been hinted before, that a measure of this kind cannot be expected to be gone into by the proprietors of funded money only; we hope and are inclined to believe those who possess property in land, would shew a readiness to come into the measure also, and although they did not contribute to the amount of two per cent. the possessors of landed and house property

property would readily yield up one per cent. upon their net income yearly, and probably make it their own tender, (for all here can only be a voluntary offer) that this one per cent. shall be taken according to what their lands and houses stand estimated at to the poor's rates. As to monies lent upon mortgage, bonds, and other securities, the holders of these securities would, no doubt, shew an equal readiness, with the possessors of other property, to make their voluntary tender of a 50th part of what they might annually receive in interest from such securities.— By these several means it is presumed two millions more, at the least, would arise, and whether it were more or less, the national debt would be lessened to the amount of whatever was so given. But above all, our remaining property, of what nature or kind soever, would be more secure, and consequently higher in value; for this may be relied upon,—that the value of every species of property, and every security for property, will necessarily be affected by, and rise and fall with, that of the national security. We are not therefore, we trust, running into the regions of fancy, and proposing a visionary scheme, but are naming a rational plan of extrication from our heavy incumbrances, in an easy and expeditious manner. And by shewing our resources to our enemies, and our virtuous and laudable determination to apply them to such wise and good purposes, we bid fair for shortening the calamities of war. It is, however, left to better judges to model our plans, and they will

will determine by the probable quantum of money derivable annually from these sources, and by these several means; whether to make the contribution two per cent. during the continuance of war, and one per cent in time of peace; in the one state to raise all we may want without the necessity of imposing new taxes, and in time of peace, by applying the one per cent. to wipe out our debt, and ease ourselves of some of the many taxes with which we are burthened: And it will be further considered by such intelligent persons, how far such lessening of the public debt should be carried: Since it may perhaps be for the interest of the state to draw the line where it should rest, whether at 60, 80, or 100 millions.

Allow us to say, that if our plan cannot be taken up in its most enlarged extent, still we hope, it may be in some measure adopted, and we wish, that part of it respecting the annuity lottery might be tried, since it differs from the method too much in vogue at present, of sinking our property for a present increase of income, and instead thereof makes us look forward and provide for the support of those who have a right to look up to us for support.

Here follows a Table of what would be yielded annually by a relinquishment, on the part of the proprietors, of two per cent. or a fiftieth part of their stock.

A

A 50th part taken from a Debt of 150 Millions

Year	Would be	l.	s.	d.	Debt remaining would be	l.	s.	d.
The 1st year,	3,000,000	0	0	0	The 1st year,	147,000,000	0	0
2d year,	2,940,000	0	0	0	2d year,	144,060,000	0	0
3d year,	2,881,200	0	0	0	3d year,	141,178,800	0	0
4th year,	2,823,576	0	0	0	4th year,	138,355,224	0	0
5th year,	2,767,004	9	6		5th year,	135,588,219	0	0
6th year,	2,711,764	7	8		6th year,	132,876,455	0	0
7th year,	2,657,529	2	0	$\frac{1}{2}$	7th year,	130,218,926	0	0
8th year,	2,604,378	10	4	$\frac{1}{2}$	8th year,	127,614,547	0	0
9th year,	2,552,290	19	0		9th year,	125,062,256	11	5
10th year,	2,501,245	2	7		10th year,	122,561,011	8	10
11th year,	2,451,220	4	7		11th year,	120,109,791	4	3
12th year,	2,402,195	16	6		12th year,	117,707,595	7	9
13th year,	2,354,151	18	1	$\frac{1}{2}$	13th year,	115,353,443	9	7
14th year,	2,307,068	17	4	$\frac{1}{2}$	14th year,	113,046,374	12	3
Tot. reduced in 14 years,	36,953,625 7 9				Debt remain.	113,046,374 12 3		

If only two millions per annum were yielded from all other property, or by the several means before hinted, this, in the short space of 14 years, would be 28 millions more, hence in that time the national debt would be brought from 150 millions to 85 millions odd. The expediency of reducing this debt is on all hands confessed, and sound policy and self-interest will lead us to part with a trifle to spare the rest: At any rate, money must be had to supply the exigencies of the state, and I know of no method by which a tax can be so justly, and equally laid, as what is here pointed out, and to make it our voluntary act would indeed be great and glorious. It is just, because none would contribute but those who had property; and it is equal, because the contribution would be proportioned to the quantum of that property.

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See then the possibility, by an easy method, of bringing our debt, in a short space of time, within moderate bounds: And let it be remembered, that in less than half fourteen years many of our most oppressive taxes might be abolished, and this country, phoenix-like, would soon rise to eminence out of its own ashes. If my talents were equal to my zeal for the good of my country, it would be in my power to employ more forcible language to recommend what is here offered to the publick; but conscious of my inability, I have only to hope this essay may call forth some abler pen, and be improved for the public benefit; the community at large is left to judge of the eligibility of the plan, by one who has a heart better disposed to benefit mankind, than abilities to carry his wishes into execution.

The following is a Copy of the Letter alluded to as having led to the foregoing Remarks and Scheme. It is taken from the Whitehall Evening-Post, of March 2d, 1779, and addressed to Lord North.

“ MY LORD,

“ I TAKE the liberty to suppose the time arrived, when we can no longer extend taxation upon articles of general consumption, for fear of affecting our manufacturers in such a manner, as to make it impossible for them to supply foreign markets upon so low terms as their rivals in trade of other nations; and when a further extension of taxes upon luxury would occasion people of fortune to seek a country where they could enjoy the elegancies of life at an

easier

easier rate than at home. At such a time the creditors of government would fear, lest the taxes appropriated to pay them their interest would fail to produce a sufficient amount; and if we should then be engaged in a war, they would likewise fear, that, for want of resources, government would be under a necessity of taking great liberties with their property, or otherwise be in danger of being subverted and overthrown, and their whole property in that case lost (no species of property so much depending upon the maintenance of the present government as that which is invested in the funds). At such a time, they would most probably wish to find themselves in a situation to be able to act for themselves, and give their assistance to government.

“ To prepare for so critical a period (which all men agree must sooner or later arrive,) I would propose the proprietors of the funds should be recommended to form a committee, or representative body, by ballot, or otherwise, which body should be empowered by parliament to do what they judged necessary for the support of government, upon which their whole property depends. The interests of the national creditors (foreigners as well as natives) being seen to be so interwoven with those of the state, and the nation in the situation I have supposed, (that we could not proceed one step further in taxing either the luxuries or necessaries of life) would it not be for the interest of the stock-holders to propose to remit to government one or two per cent. of their several capitals, probably annexing conditions respect-

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ing contributions from landed and all other property?—A grant of 2 per cent. would produce more than two millions and a half, at the present price of stocks, and each individual would only feel a diminution of a fiftieth part of his income. The contribution being given, Publick Faith would be no way violated; the dread of a total loss (which I presume the cause of the present low price of the stocks) would be removed; the contribution would be continually circulating, and every one partaking by himself or his connections. People would feel the effect gradually; foreigners concerned in our funds would be necessitated to contribute, and thereby much money retained, that would otherwise go abroad; people's incomes would be taxed in proportion to the receipt; and if a mode of raising all future supplies had the same *object, articles of luxury and the necessaries of life need not be further taxed, which would remove the motive for people of fortune, as well as manufacturers, quitting this country, and the money owing from government being still the same, (only the contributive part having changed hands) the national debt (strange as it may seem) would remain one constant resource (to be applied to in war and public commotions only) never to be increased (in the funding way) nor ever extinguished.

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* I mean, if people's annual incomes were in general taxed upon receiving, as is the case in the land-tax. And it is worthy consideration, that by taxing money in the receipt (its annual produce) all who have property here, and reside abroad, would be made to contribute towards its security and defence.

“As by my plan the stockholder gives a part of his principal, so ought every trading and insuring company. Money invested in mortgages ought to contribute, and the land (or property upon which it is secured) ought to be eased in proportion. The landed property would then be more equally taxed than at present; and instead of funding, people might be invited to supply Government by purchasing exemption from land-tax for a certain number of years, and by anticipating the unappropriated taxes. In answer to a friend's question, How will foreigners agree to the disposal of their property? I say they would be only in the same state as the foreign proprietors of India or Bank Stock, who are bound by the acts of their Directors. The declared purpose of the measure recommended must be to support the credit of the stock.

“The committee's business is to watch its interests, and to conduct themselves by prudential considerations only. They will be ready to adopt any measure to quiet the minds of the proprietors, and it is presumed that stocks will rather rise than fall, when it is seen that a well-concerted plan is about to be adopted, which will connect the landed with the monied interest, and blend them so together that they will make a common cause, and will be equally secure, and that government must for ever have resources by calling upon property only to defend itself. These measures would be extremely popular too, as the minister might declare the common people

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ple should never feel any further impositions upon articles they consume.

“By the advice of a small circle of sensible men, I offer the above to your Lordship's consideration,

“And have the honour to be, &c.”

“WINDSOR, Dec. 17, 1778.”

“P. S. I have said what Two per Cent. would probably produce; but the Committee would assuredly contribute according to the exigency, and according to what other property contributed; and I set out with presuming, they would see the impolicy of a further extension of taxes which affect trade, and thereby reduce the produce of those taxes appropriated to pay their interest, especially at a time when government would be unable to give them redress or assistance. Raising supplies, by my method, would let the people see what the war really costs them. Had this been the case in former wars, we should not have pursued them with a view to extend or add to our territory beyond the Atlantic, at the expence of a mortgage of our property here. But having attained the original object, we would have confined our views to the destruction of the enemy's trade, by which they would have been sufficiently humbled, and our country rather enriched than impoverished, as a naval war might be easily supported without further funding.

“In illustration of the plan above-mentioned, let us suppose that A, being possessed of 100l. Stock, is willing to remit two per cent. of his capital, which B supplies, so that A will receive interest of 98l. and B of 2l. In such case, and was the war to continue 15 years, yet A would still possess sixty per cent. of his capital, which is as much as his stock would sell for now; whereas, if some effectual and great plan is not struck out, Government, in the present mode of borrowing, would after a war of but two years, with accumulating burthens and progressive premiums, be totally at a stand; in which case, it must take from individuals at discretion, or the whole fabrick of the state fall, and become a prey to the common enemy.”

Thus ends this writer's letter. It is left to the judgment of others, whether to adopt his method of letting the debt remain as it is, or ours of wiping out to a certain amount: Or whether either will be regarded.

F I N I S.