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THE  
PRINCIPLE  
OF THE  
COMMUTATION-ACT  
ESTABLISHED BY  
FACTS.

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By FRANCIS BARING, Esquire.

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LONDON:  
SOLD BY J. SEWELL, CORNHILL.  
1786.

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P R I N C I P L E  
OF THE  
COMMUTATION-ACT, &c.

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SUFFICIENT time has now elapsed, since the passing of the Commutation-Act, to enable every Person, who has taken an active part in that business, as well as the Publick at large, to form a sound judgment upon the consequences which have resulted therefrom: and as those consequences have been far more important, extensive, and beneficial, than the most sanguine friends and admirers of that measure could have expected; it must be satisfactory to the Publick, to have the progress and issue of the Plan, during the first Year of it's operation, laid before them: more especially, as the East-India Company are not possessed of funds sufficient to enable them to continue, and permanently to secure, those advantages which have been derived from the measure in question: and moreover, as the benefits which have resulted

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from the Commutation-Act, may tend to open the eyes of the Nation to their true interest; and demonstrate, that the principle of that Act may be extended, with equal success, to many other branches of the Revenue; promoting, at the same time, the general welfare and prosperity of the Kingdom.

The Author of these Sheets writes neither from party views, nor upon party principles. The only connexion he ever had with the Treasury arose from his being employed in a very considerable simplification of the public expenditure, in the business of supplying the whole of the Army Victualling Contracts, during the time that the Marquess of Lansdown presided at that Board. The execution of that great and important work, together with his situation in the City, naturally led to his being confidentially consulted respecting other Affairs, of a commercial nature, which were either depending, or in contemplation. The Tea Proposition (which was presented to his Lordship by Mr. Richardson, of the East-India House) and many other Plans were then in agitation; and more or less progress was made in them, as time and other circumstances would permit

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mit. The Proposition respecting the Duties upon Tea was also communicated to several principal Persons belonging to the Excise and Customs, and to others who were competent to judge of its merits; and was generally approved. Under these circumstances, the Author's most sanguine wishes were early embarked in the success of this Measure; and it affords him the greatest satisfaction to declare, that he feels himself infinitely gratified by the event.

For the purpose of assisting the eye, as well as the understanding, of the most common reader, the divisions, into which it became necessary to separate the Subject, are marked as distinctly and as concisely as possible: and, thus much being premised, he begs leave to begin, by submitting to the reader's inspection two short Statements, taken from the Report made by the Court of Directors in November 1784, already published.

By the first Statement it appears, that in ten years, ending the 5th of July, 1784, the following quantities of Tea were delivered to the Buyers for home-consumption: viz.

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BLACK

	BLACK TEA.			GREEN TEA.		
	BOHEA.	CONGOU.	PEKOE and SOUCHONG.	SINGLO.	HYSON.	TOTAL.
Sold on the Company's account	£ 24,271,559	£ 4,483,885	£ 828,255	£ 14,351,308	£ 1,492,357	£ 45,427,364
Private-Trade of the Company's Officers, sold by the Company	970	41,851		13,660	959,039	1,015,520
Prize-Tea during the War, per Estimate	1,549,610	484,945	48173	190,850	177,466	2,451,044
In all	25,822,139	5,010,681	876,428	14,555,818	2,628,862	48,893,928
Average Consumption per annum of Tea legally imported	2,582,214	501,068	87,642	1,455,581	262,886	4,889,392

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It further appears, that, during the same ten years, there was delivered for Exportation:

	BLACK TEA.			GREEN TEA.		
	BOHEA.	CONGOU.	PEKOE and SOUCHONG.	SINGLO.	HYSON.	TOTAL.
Sold on the Company's account	£ 7,276,758	£ 1,830,143	£ 115,856	£ 3,859,494	£ 764,275	£ 13,846,526
Private-Trade, per Estimate	323	13,950		4,553	319,679	338,505
Prize-Tea, per Estimate	336,670	103,928	3,349	19,961	38,586	502,494
In all	7,613,751	1,948,021	119,205	3,884,008	1,122,540	14,687,525
Annual Average	761,375	194,802	11,920	388,400	112,254	1,468,752

Average-Sale for Home-Consumption per Annum, £ 4,889,392  
Ditto for Exportation, - - - ditto - 1,468,752

Total sold per Annum, £ 6,358,144

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The average-prices and value paid for the same, including the Duty of 27l. os. 10d. per cent. to the Customs; 1s. 1 $\frac{1}{2}$ d. per lb and 28l. 15s. per cent. to the Excise; and deducting the Discount of 6  $\frac{1}{2}$  per cent. formerly allowed by the Company, but which has been discontinued;—were as follow; viz.

	s.	d.	
lb 2,582,214 of Bohea,	at	4 3 $\frac{1}{2}$	lb £ 556,788
501,068 of Congou,	at	6 10 $\frac{1}{2}$	171,720
87,642 of Souchong,	at	8 0 $\frac{3}{4}$	35,376
1,455,581 of Singlo,	at	6 8 $\frac{1}{2}$	488,226
262,886 of Hyfon,	at	11 10 $\frac{3}{8}$	156,225

Amount of the Tea sold for Home-Consumption, £ 1,408,335

As the whole of the Duty was drawn back upon that part which was sold for exportation, the net prices and value paid by the purchasers of such Teas were as follow; viz.

	s.	d.	
Bohea — lb 761,375	at	1 8 $\frac{5}{8}$	lb £ 66,461
Congou — 194,802	at	3 1 $\frac{7}{8}$	30,600
Souchong — 11,920	at	3 9 $\frac{1}{8}$	2,271
Singlo — 388,400	at	3 0 $\frac{7}{8}$	59,473
Hyfon — 112,254	at	5 10 $\frac{1}{8}$	33,189

Amount of the Tea sold for Exportation, — £ 191,994

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The Prices immediately preceding the alteration were, upon the whole, somewhat higher than this Average; and, consequently, more favourable for the comparison; but the Average of a number of years appears the less-exceptionable ground of computation.

The Duties upon Tea during the period beforementioned varied; but supposing that the highest Duties, which became payable during the latter part of the period of ten years, had been payable during the whole of it; in that case, the Publick would have received no more than £ 815,606 per annum. But, as Smuggling was continually increasing, it is beyond a doubt, that the quantity of Tea sold, and, of course, the Duty payable thereon, would have decreased very considerably every year, if the Commutation-Act had not taken place. Indeed, the actual receipts of the Publick, for a long period, did not exceed £ 700,000 per annum: and as the foreign Companies had imported immense quantities of Tea from China, which they sold at very reduced Prices, there is great reason to believe, that, by the consequent diminution of the Company's Sales, the Duty payable to Government would not,

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at the present time, have amounted to more than £ 500,000 per annum.

The first Sale, after the alteration, began on the 16th of September, 1784; from which period, to the end of August following, the Company fold,

lb 6,076,620 of Bohea  
2,870,719 of Congou  
635,866 of Souchong  
5,036,363 of Singlo  
1,533,102 of Hyson

Total lb 16,152,670;—producing, at various prices, and including the new Duty of 12½ per cent. paid to Government, £2,806,814. If the same quantity of Tea had been sold at the Prices which the fair Trader paid before the Commutation-Act took place, the cost to the Purchasers would have been as follows; viz.

( 13 )

	s.	d.	
lb 6,076,620 of Bohea,	at	4 3¼	£ 1,310,271
2,870,719 of Congou,	at	6 10¼	990,200
635,866 of Souchong,	at	8 0¾	249,149
5,036,363 of Singlo,	at	6 8½	1,689,280
1,533,102 of Hyson,	at	11 10⅝	911,078
			<u>£ 5,149,978</u>

Deduct the old Duty upon such part as hath been, and will probably be exported; viz.

	s.	d.	
Bohea,	lb 621,200	at 2 6⅝	£ 79,721
Congou,	471,100	3 8⅝	87,446
Souchong,	22,900	4 3⅝	4,878
Singlo,	643,840	3 7⅝	117,366
Hyson,	114,900	5 11⅝	34,306

323,717

Amount which the fair Trader would have paid for the Tea sold within twelve Months after passing the Commutation-Act, provided the old Duties had been continued. £ 4,826,261

But the Buyers have only paid - - - £ 2,806,814

Deduct the Draw-back of 12½ per cent. upon the proportion exported; - - - 36,011

£ 2,770,799

Balance and Gain in favour of the Publick, arising from lowering the Duties; - - - £ 2,055,462

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Under these circumstances, it is evident, that the Publick purchase their Tea for £2,055,462 less than was formerly paid by them, as a compensation for the additional Window-Tax. If, however, it be urged, that a comparison should also be made upon that part only which was purchased by the fair Trader; I beg leave to answer, that only a small proportion of the profit arising from Smuggling reached the Consumer; for, in general, the Shopkeepers in London, and in the interior parts of the Kingdom, sold the Tea to the Consumer at the same price, whether they purchased from the East-India Company, or from the Smuggler. But what I apprehend to be a conclusive answer to such a remark is, that the proportion of Gain, even upon the quantity of lb 6,358,144, which was delivered annually before the Act took place, is £820,000; and therefore considerably exceeds, for that quantity only, the sum at which the additional Duty upon Windows was estimated.

It is very difficult to satisfy individuals respecting the advantage which the Publick derive from any change in the mode of Taxation, unless such change applies precisely to their own experience and benefit; for which reason, I have endeavoured to

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to form some computation, in order to shew how much is saved to each individual in the price of Tea, in return for the additional Duty upon Windows; but my endeavours have been ineffectual.

The only method which I can adopt is, to state the prices paid prior to the alteration, and the Prices paid since, both including the Duty; by which means, every person may discover very nearly the precise manner in which he is affected by the Commutation-Act: observing only, that he must take into the account the whole of the Tea consumed by Servants, Lodgers, &c. as well as what is drank at his own Table.

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Average

Average-Prices of T E A prior to, and since the Commutation-Act took place, the Duty included.

	BOHEA.	CONGOU. SOUCHONG.	SINGLO.	HYSON.
Average-Prices of Ten Years' Sales, prior to the Commutation-Act —	s. d. £ 4 3 <sup>7</sup> / <sub>100</sub>	s. d. 6 10 <sup>25</sup> / <sub>100</sub>	s. d. 6 8 <sup>50</sup> / <sub>100</sub>	s. d. 11 10 <sup>62</sup> / <sub>100</sub>
Average-Prices of one Year's Sales since the Act, private Trade included —	1 9 <sup>53</sup> / <sub>100</sub>	4 8 <sup>66</sup> / <sub>100</sub>	3 5 <sup>24</sup> / <sub>100</sub>	6 11 <sup>32</sup> / <sub>100</sub>
Difference and Gain to the Purchasers —	£ 2 6 <sup>22</sup> / <sub>100</sub>	2 1 <sup>50</sup> / <sub>100</sub>	3 3 <sup>26</sup> / <sub>100</sub>	4 11 <sup>30</sup> / <sub>100</sub>

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As the Commutation-Tax has been objected to, because it's operation is unequal, it becomes necessary to offer a few remarks upon that subject.

From the Returns made to the Tax-Office, it appears, that England and Wales contain Houfes and Cottages, which are exempted from the Window-Tax, on account of poverty,

Houfes which pay the Window-Tax, 714,911

Total of Houfes and Cottages - 999,370

Some political Writers are of opinion, that the actual number of Houfes greatly exceeds the Returns received at the Tax-Office; but although I cannot undertake to ascertain how far the number of Houfes which pay the Tax exceeds the number stated in the Returns, yet I have very little doubt that the Houfes and Cottages exempted, on account of poverty, amount to 600,000. However, I persuade myself, that no person will envy the wretched inhabitants the inconsiderable advantage which they enjoy.

Of



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Of the remaining Houses, not fewer than 520,025 contain ten Windows or less; and if no greater quantity than from two to six pounds' weight, of the most inferior Tea, be expended in each House, the reduction in price will more than compensate for the additional Duty; and, of course, the inhabitants must profit considerably by the Measure.

The number of Houses which contain more than ten Windows, and less than twenty-five, is 163,051. These are generally inhabited by persons who occupy only one House; and there are very few instances of persons living in single Houses of this description (whose expense within-doors is in any degree correspondent to the appearance of their Houses without) who are not benefited by the Commutation-Act.

The Houses which remain are such as contain twenty-five Windows and upwards: the number is, however, no more than 34,612: and, amongst these, there are Inns, and other Publick-Houses; and some Boarding-Schools, where Tea is allowed to the Children: the Occupiers of such Houses must therefore, from the quantity of Tea consumed in each, be considerable Gainers. Part  
of

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of the remaining Houses of the above description are inhabited by Men of rank and fortune, who support three Houses, or more; or by those who inhabit only two Houses, but who live in a stile suitable to their situation and circumstances: and the former persons, by the exemption of the third House, are amply compensated for the additional Window-Tax upon the other two. With respect to persons who inhabit only one House, it is presumed, that a moderate establishment in such Houses will expend as much Tea, as that the saving in price will compensate for the additional Duty upon Windows.

From the above premises it follows, that the Houses and Cottages exempted from the Tax, on account of poverty, amount to - 284,459 Houses containing from one to ten

Windows;	-	-	-	520,025
Ditto from ten to twenty-five Windows;	-	-	-	163,051
Ditto exceeding twenty-five Windows;	-	-	-	31,835
Total of Houses and Cottages	-	-	-	<u>999,370</u>

It is, however, upon a part only of the Inhabitants of the last Class of Houses that any material

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material additional burthen, in consequence of the Commutation-Tax, can fall: and, from the best information which I can obtain upon this subject, I am persuaded, that the persons occupying large Houses are, with very few exceptions, the parties who suffer by the measure. And here it should be observed, that the Returns made to the Tax-Office, of Houses containing fifty Windows and upwards, state the number at no more than 5385. If the actual number be greater, (and which is highly probable) the inhabitants of such Houses as are not included in the number returned, are exempted from the old as well as from the new Duty: but, if the Return be correct, the number of Houses of the above description, when compared with the total number of Houses contained in the Kingdom, scarcely merits attention; more especially, as even the number stated will be very considerably reduced, by the exceptions which I have mentioned.

To form an exact computation of the quantity of Tea consumed in such Houses is impossible. Many of the Inhabitants live in a profuse, and others in an economical manner. An instance occurs, in two of my friends, which is exactly  
a case

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a case in point. The number of Windows in each of their Houses is the same; but the consumption at the table of one exceeds, in a tenfold proportion, the consumption at the table of the other; exclusive of the Tea expended by the Servants, which is supposed to be nearly equal in each Family; and yet the Family (including Servants) which consumes the smallest quantity is benefited by the Act.

Many Persons inhabit large houses, whose mode of living within-doors is not answerable to their appearance without. Persons of this description are precisely the parties, who can, in general, best afford to contribute towards the exigencies of the State; and who are moreover the most difficult for the Financier to reach; as their incomes do not contribute, in any degree proportionate to their amount, towards either the Customs or Excise. But, with regard to those whose stile of expense is suitable to their rank, fortune, and external appearance, there cannot be a doubt but that they are upon the whole benefited.

One description of Men must be an exception to this rule; I mean, those Country Gentlemen, who inhabit large Houses, and possess but small  
D fortunes.

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fortunes. However, the size of their Houses must either be reduced to the scale of their income; or such persons must relinquish their old Mansions, for Dwellings more suitable to the contracted limits of their Fortunes: but it is evident, from the manners and fashions of the times, that Houses under such circumstances will gradually decrease in number and occupation: and it is also certain, that one or both of these circumstances must have taken place, if the Commutation-Act had never passed; and, consequently, they ought not to be assigned as causes for impeding the operation of a measure of such publick and general utility.

I wished to have laid before the reader a comparative Account of the consumption of Tea in different Houses; but I am compelled to relinquish my intention; as such a Statement must be subject very much to opinion; many rich persons being mean enough to purchase the cheapest Tea; and there being also people, of the middling and poorer classes, who are so extravagant as to purchase the best.

I have taken no notice of Scotland, because the number of houses returned to the Tax-Office

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Office from thence amounts to no more than 17,734; which induces me to believe, that no complaint can possibly arise from that quarter.

As the Publick have derived very great and solid advantages from the Commutation-Tax; the East-India Company, in whose prosperity the Nation is at all times deeply interested, have also benefited very materially thereby.

When the Company laid the State of their Affairs before Parliament, in the Month of February 1784, they were burthened with Goods to a large amount in their Warehouses, more particularly with Tea, which they could not expect to sell for many years. Their Sales have, however, been so rapid and considerable since that period, as not only to enable them to discharge a part of the Debts then due to the Publick much earlier than their most sanguine Friends and Supporters could have supposed possible; but also to make some progress in providing the additional Funds, which became necessary for the carrying on of their commercial concerns, in consequence of the extension of their China-Trade.

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When

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When the Commutation-Act took place	
there remained of Tea in the Company's Ware-	
houses - - -	£ 10,427,663
Returned by the Buyers to the Compa-	
ny prior to 16th September, 1784	2,730,287
Received by the Walpole, Ganges,	
Sandwich, London, and Kent	4,067,569
Received from China in 1785	6,522,872
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	23,748,391
Deduct what was destroyed by fire	1,200,000
	<hr/>
Quantity of Tea remaining	£ 22,548,391
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It appears, that the Company sold annually,  
of their own Tea, exclusive of Private-Trade,  
and also of Prize-Tea,

£ 4,542,736 for home-consumption.
1,384,652 for exportation.
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Total £ 5,927,388
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According to this statement, the Sales, within  
a period of four years, ending in 1787, would  
have amounted only to £ 23,709,552.

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It would require, therefore, a very small part  
of the importation in 1786 and 1787 to be ad-  
ded to the Stock of Tea, which, upon the  
supposition of the contracted Sale before-men-  
tioned, would still remain in the Company's  
Warehouses, in order to furnish a full supply  
for the Sales of four Years. But, in conse-  
quence of the late and present demand, the same  
quantity will be sold in less than one year and  
an half; making a difference in favour of the  
Company, with respect to the time of realiz-  
ing the amount in their Treasury, of two years  
and an half; and which anticipation of time will  
contribute not only to their profit, but afford  
also a very seasonable addition to their Cash. It  
is moreover reasonable to suppose, that, not-  
withstanding the immense surplus Stock of  
Tea in their Warehouses, the Company would  
have continued to send Ships to China, for the  
purpose of bringing home a further quantity,  
to arrive in the Years 1786, 1787, &c. in  
which case, such additional importations would  
have accumulated in their Warehouses; and  
very probably it would have taken 'till the  
year 1789, before their Stock of Tea could  
have been reduced to it's proper level. But, so  
completely is the situation of the Company  
reversed

reversed by the Commutation Act, and so entirely are they relieved from the difficulty which would have arisen from the circumstance before-mentioned, that, in order to guard against even the possibility of a deficiency in the quantity necessary to answer the increased demand of the Publick, the Company have been obliged to have recourse to the Continent; and have actually purchased, of the Tea which was in Europe previous to the Year 1784, and of what arrived in that season, about £ 6,600,000; and the vigorous efforts which they are making in the present season, for the purpose of importing a sufficient quantity directly from China, in order to preclude the necessity in future of depending on their Rivals for a supply, will afford the means, in due time, of securing, both to the Nation and to the Company, the whole of those important advantages, which have already in part arisen from this measure, and which the Publick have a right to expect.

As the object of the present enquiry is restricted to the various benefits hitherto derived, or which may in future be derived, as well by the Company as by the Publick, from the Commutation-Act, it becomes unnecessary to discuss

discuss the state of the Company's Trade to China prior to that Act; I shall therefore confine myself to the advantage which has accrued to them since; and which can be precisely ascertained, from an Estimate of the Money which the Company would have received into their Treasury, (the Duties not included) upon the supposition that 16,152,670 pounds' weight of Tea had been sold, at the former prices; and the amount which they have actually received, exclusive of the Duty payable to Government, for the like quantity sold since the passing of the Act.

The Average of the former Prices has been already stated. If the old Duties be deducted, and which amount to

s.	d.	
2	6 <sup>80</sup> / <sub>100</sub>	per lb on Bohea
3	8 <sup>55</sup> / <sub>100</sub>	on Congou
4	3 <sup>13</sup> / <sub>100</sub>	on Souchong
3	7 <sup>75</sup> / <sub>100</sub>	on Singlo
5	11 <sup>66</sup> / <sub>100</sub>	on Hyson

The net Prices which the Company received for their Tea prior to the Commutation-Act will appear to have been as follow; viz.

Bohea



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			s.	d.
Bohea	-	-	1	8 $\frac{95}{100}$ per lb
Congou	-	-	3	1 $\frac{70}{100}$
Souchong	-	-	3	9 $\frac{74}{100}$
Singlo	-	-	3	0 $\frac{75}{100}$
Hyfon	-	-	5	10 $\frac{96}{100}$

The average-prices which the Company obtained for the Teas fold, on their own account, at their several Sales, during the first twelve Months after the Act took place, the Duty payable to Government not included, were as follow; viz.

Average-

	BOHEA.	CONGOU.	SOUCHONG.	SINGLO.	HYSON.
	s. d.	s. d.	s. d.	s. d.	s. d.
Average-Prices of Teas fold between 16th Sept. 1784 and Sept. Sale 1785	1 7 $\frac{16}{100}$	4 2 $\frac{34}{100}$	5 2 $\frac{12}{100}$	3 0 $\frac{61}{100}$	6 0 $\frac{55}{100}$
Net Average-Prices of ten Years' Sales prior to the Commutation-Act, Custom, Discount, &c. deducted	1 8 $\frac{85}{100}$	3 1 $\frac{76}{100}$	3 9 $\frac{74}{100}$	3 0 $\frac{75}{100}$	5 10 $\frac{66}{100}$
Gain or loss to the Company, in consequence of the Alteration	Loss $\frac{11}{100}$	Gain $\frac{10}{100}$	Gain $\frac{13}{100}$	Loss $\frac{14}{100}$	Gain $\frac{15}{100}$

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The quantities of the several sorts of Tea sold on the Company's account, within the first year after the Act took place, calculated at the difference between the average-prices which they produced, and what the same would have produced, if sold at the average-prices of ten Years' Sales prior to the alteration, were therefore as follow; viz.

Congou	£ 2,868,809	Difference in	s. d.	£ 151,089
		favour is	1 0 64	
Souchong	596,770	Ditto	1 4 38	40,729
Hyson	1,259,757	Ditto	0 1 59	8,345
Total Gain by the Alteration £ 200,163				
Bohea	6,076,620	Difference	os. 1d. 79	£ 45,320
		against		
Singlo	5,036,101	Ditto	os. od. 14	2,938
Total Loss by the Alteration — — 48,258				
Gain by the Difference of Price — £ 151,905				
To which must be added Interest for two Years and an half (as explained before) upon the amount of Sales in consequence of the Alteration — — — 160,000				
Total gained by the Company — £ 311,905				

A considerable part of the above Gain arises from the very high prices at which the Congou and Souchong Teas have been sold; and which the Directors have exerted their utmost endeavours

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endeavours to prevent. It will be found, that, previous to the passing of the Act, the quantity of Congou Tea delivered, upon an average of ten years, amounted to no more than £ 695,870; and of Souchong, to £ 99,562; whereas, there were sold, within twelve Months after the Act passed, of Congou £ 2,870,719; and of Souchong, £ 635,866; which are considerably more than the proportion upon the whole of the Sales. And, notwithstanding the average-price of Congou has been pushed up to 4s. 8 <sup>66</sup>/<sub>100</sub> d. per lb by speculation, yet the Directors have invariably offered it at 2s. 5d; and the Souchong, which has been pushed up to 5s. 10 <sup>14</sup>/<sub>100</sub> d. per lb, was offered by the Directors at 3s. The Directors, therefore, have done their duty, in endeavouring, by every means in their power, to reduce the prices paid by the Publick.

The Tea which the Company purchased upon the Continent, for the purpose of supplying this unexpected demand, has produced a very considerable profit.

The

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The Quantity amounts to      £b 6,599,186

And for which they paid various  
prices, amounting in the whole to £ 702,500

The Company had sold, prior to the  
18th of October, 1785, to the  
amount of      -      -      -      731,000

There remained in their Ware-  
houses unsold £b 1,862,470: if  
the probable value thereof be esti-  
mated even below the Average of  
the first twelve Months' Sales, the  
amount will be as follows; viz.

	s.	d.
£b 985,661 of Bohea, at 16 per £b	£73,924	
137,727 of Congou, at 39	25,823	
19,308 of Souchong, at 50	4,827	
718,070 of Singlo, at 29	98,734	
1,704 of Hyfon, at 510	497	
	<u>203,805</u>	

Deduct for Charges, and for Allow-  
ances made by the Company, sup-  
pose 6 per cent.      -      -      56,088

Deduct the prime-cost      -      -      £ 878,717  
702,500

Profit to the Company upon the Tea  
purchased on the Continent      -      £ 176,217  
It

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It is fortunate for the Company, that, at a  
period when their own Stock, imported di-  
rectly from China, was inadequate to the sup-  
ply of the increasing demand of the Publick,  
they should be able so to manage, as to ob-  
tain a very considerable profit for the Teas  
purchased upon the Continent. This circum-  
stance has, at the same time, proved advanta-  
geous to the Publick; first, in the tendency it  
has to reduce the price; and, in the next place,  
by retaining in this Kingdom Bullion to a large  
amount; which must have been remitted from  
hence, in addition to the Sum of £702,500, if  
the Tea had cost the Company a greater Price  
upon the Continent: but this Subject will be  
further discussed hereafter.

It now appears, that the quantity of Tea con-  
sumed in these Kingdoms was known to very few  
persons previous to the Commutation-Act; and,  
at this moment, there are those, who, from their  
situation, are capable of obtaining the best in-  
formation, are still of opinion, that the East-In-  
dia Company cannot sell more than £b 12,000,000  
annually; notwithstanding there were actually  
sold, within the first twelve-months after the  
Act had passed, more than £b 16,000,000: and  
this

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this Sale was made during a period, when the Company were in a great measure unprepared to meet such an unexpected and increased demand; and, consequently, their Warehouses were not afforted with Teas of some particular qualities, which would have enabled them to have extended their Sales considerably further than 16 Millions of pounds' weight. Moreover, it is a well-known fact, that, during the time that the measure in question was in agitation, the Smugglers were every-where most actively and vigorously employed, in disposing of their Stock on hand; and in endeavouring, so far as lay in their power, to frustrate the Objects of the Bill: therefore, although the Warehouses of the fair Trader were empty at the period when the Company began to sell, yet every place, to which the Smuggler could find access, was glutted. Under these circumstances, it is manifest, that, whenever the Company's Warehouses shall be so completely supplied, as to be enabled to answer the demand which may be made by the Publick for Tea of every quality; and whenever the prices shall be reduced so low, as to prevent the Smuggler from interfering; the Company may extend their Sales to at least £18,000,000 annually

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annually; but, more probably, to 19 or 20 millions.

When the Minister proposed his Plan to Parliament, I apprehend that he stated his expectation of a defalcation in the Revenue arising from Tea for some time to come; not chusing to augment the burthen upon the Windows beyond his estimate; but that he expected a reimbursement of such deficiency hereafter, when Smuggling in that article should be entirely suppressed; and when the Company should be enabled to supply the whole of the Tea consumed in these Kingdoms, by the total exclusion of all illegal competition.

The satisfaction which the Minister must enjoy, and in which the Publick will doubtless most cordially concur, must be great indeed, upon finding, that even during the first Year, in which, from various causes, many difficulties were to be encountered, which cannot exist hereafter, the remaining Duty upon Tea hath not only produced a Sum *equal* to the amount at which he had stated it, but considerably *exceeding* his estimate.

Prior

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Prior to the alteration, the Publick received annually, from the whole of the Customs and Excise upon Tea, after deducting the Draw-back upon what was exported, no more than £815,606; and it was supposed, that, from the Duty still continued upon Tea, £215,606 would be annually received, in the course of a few years. But the Duty of  $12\frac{1}{2}$  per cent. payable to Government, upon the quantity stated to have been sold during the first twelve months after the Act took place, amounts to £312,055

Deduct the Draw-back upon ex-	
portation;	36,015
	<hr/>
	£276,040
	<hr/>

Clear Gain, and Balance in favour, of the Revenue per annum, in consequence of the Alteration; - £60,434 with a probability of a further considerable increase.

It is impossible to state with accuracy the produce of the Commutation-Duty upon Windows. Many Windows have been stopped up; and every method made use of, in numerous instances, to evade the Tax: but the checks which have been

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been devised, to correct former irregularities, will in all probability hereafter render the produce equal at least to the sum at which it was estimated: but, should it even fall short of that amount, the deficiency, though a loss to the Revenue, will still prove a gain to the Publick, by augmenting the profit which they derive from a reduction in the price of Tea.

The advantages hitherto stated, however important, are not the whole of the benefits which the Publick have already derived, and must continue to derive in a still greater degree: for, in addition thereto, the Smuggler receives a severe wound, in being deprived of one of the two great Articles for the assortment of his Cargo; and which cannot easily be replaced by any other substitute. To render that wound mortal, the eyes of Government ought immediately to be turned to those Articles which still remain, such as Spirits, Tobacco, &c. and to which the principle of the Commutation-Tax may be correctly applied; and with equal success.

Great numbers of Persons have objected against the Commutation-Act, who reside at the Sea-Ports; and even some of the principal Country-Towns;



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Towns; alledging, that they do not derive that advantage from the reduction in the price of Tea, in return for the Duty which they pay for their Windows, which the Minister, and the East-India Company, gave them reason to expect. The truth is, that those persons and places were in general supplied by Smugglers; and therefore they are parties in the same cause. But numbers who reside even in those Places are convinced, that such practices are not only prejudicial to the Revenue; but that they also operate most fatally against the wealth and prosperity of the Country at large, by draining it of its Gold and Silver, which have been conveyed to the Continent by the Smugglers to an immense amount. Such persons must, at the same time, be sensible, that, had it not been for the rising prosperity of this Country, towards which the checks given to Smuggling have essentially contributed, additional Taxes must have been imposed, of which they would have been obliged to bear their proportion; and the amount of which proportion would probably have greatly exceeded the whole which they now pay as a commutation upon their Windows.

The circumstance of the exportation of our Coin naturally leads to the consideration of a point,

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point, which I conceive to be, at least, of equal importance with any other; and in which the success greatly exceeds the most sanguine expectation; namely, the general effect which this Measure hath produced upon the wealth and public credit of the Kingdom, by preventing the remittance of very considerable Sums to the Continent for the purchase of Tea; and which are now retained for the purposes of our own circulation; thereby giving an additional facility and value to every sort of property whatsoever.

In order to arrive at a proper knowledge of this Subject, it is necessary to state, that, within twelve months after the Commutation-Act took place, the Company sold of Tea, £16,152,670

The quantity formerly sold or delivered amounted annually to about

6,358,144

Remains to be supplied by the Smuggler;

£9,794,526

It is almost impossible to ascertain the qualities or assortments of Tea of which this quantity is  
F 2 composed;

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composed; but the best calculation that I can form is upon the whole amount sold in these Kingdoms during the last twelve months, either by the Company, or by the Smuggler. I have good reason to believe, that, from August 1784, to December 1785, there was smuggled into this Country not less than four Millions of pounds' weight; arising chiefly from the large Stock which remained in the Smugglers' possession when the Act passed; and from the low prices at which Teas were sold at that time upon the Continent. If from the quantities sold by the Company, and by the Smuggler, a most liberal allowance be deducted for the Stock which must remain at all times in the hands of the Purchasers, it will appear, that the annual consumption exceeds eighteen Millions of pounds' weight; of which, twelve Millions must have been constantly supplied by the Smuggler.

The assortment of the twelve Millions was nearly as follows; viz.

Bohea; £1,500,000; and of the remainder,  
one half consisted of Congou;  
one quarter, of Singlo; and  
one quarter, of Souchong and Hyson.

According

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According to these proportions, the quantity before stated, as remaining to be supplied by the Smuggler, may be afforded in the following manner; viz.

Bohea; about £1,200,000	} £9,790,000
Congou; - 4,300,000	
Souchong; - 700,000	
Singlo; - - 2,150,000	
Hyson; - - 1,440,000	

Almost the whole of the Bohea was smuggled into the West of England from Guernsey and Jersey; and the finer sorts were introduced into other parts of the country from Sweden, Denmark, Holland, and France,

In order to form a judgment of the value, I have obtained the best information in my power of the average-prices of Tea upon the Continent for three years prior to the Commutation-Act; and which I believe may be estimated as follows; viz.,

Bohea;

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		s.	d.	
Bohea ;	£1,200,000	at	1 10	£110,000
Congou ;	4,300,000	-	3 4	716,600
Souchong ;	700,000	-	3 10	130,000
Singlo ;	2,150,000	-	3 4	358,300
Hyson ;	1,440,000	-	5 10	420,000
	<u>£9,790,000</u>			<u>£1,734,900</u>

In this Statement no notice is taken of the risk of the Smugglers, nor of their profit ; as it is presumed that the same must ultimately revert to this country, if the Trade be carried on by British Subjects : but some allowance ought certainly to be made for their expenses during the time they reside abroad.

But, in order to ascertain with precision the Balance against this Kingdom, there must be deducted the amount which the East-India Company have paid to Foreigners, for the purchase of Tea upon the Continent, being £702,500 ; which will leave a clear annual Balance against Great-Britain of £1,032,400 ; and which Sum the Commutation-Act has effectually reached, and permanently secured for the publick benefit.

The whole of this Balance must have been paid to Foreigners, in Gold or Silver, through the

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the medium of the Smuggler, within the space of twelve months, if the Commutation-Act had not passed. But, if the Company shall hereafter extend their Sales as far as eighteen millions of pounds' weight, this balance will be greatly increased ; and there is reason to believe, that a less Sum than £702,500 will be sufficient to enable the Company to support their Sales even to that increased amount. It may be necessary, at the same time, to observe, that although the balance in favour of Great-Britain is stated at £1,032,400 ; yet the Sum heretofore paid annually to the Smuggler (exclusive of that part which the Commutation-Act has not reached) for the purchase of Tea, amounted to no less than £1,734,900 ; and which is now turned completely into the channel of the fair Trader.

To those who are skilled in political Arithmetick, the advantages which must result from so large a Balance being thrown into the Lap of this Country, by so simple an operation, are obvious. The wonderful effect which it has contributed to produce upon the foreign Exchanges, by reducing the price of Gold and Silver, is matter of the utmost importance and advantage to the Bank of England, as well as to the

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the Publick. And although the demand for our Manufactures, &c. together with the general prosperity of the British Empire, have also contributed thereto; yet that demand must fluctuate; whilst the Balance which this Kingdom will possess, arising from the beneficial consequences resulting from the Commutation-Act, will be permanent and lasting; if the Legislature shall, on their part, adopt such measures as are calculated to secure and perpetuate the benefits so obtained; and which it is most indubitably in their power to do.

The late rapid advance in the value of property is a subject of astonishment with many Persons; and, without ascertaining precisely the whole of the cause, there cannot be a doubt, but that two circumstances have, in a most essential manner, contributed thereto; namely, the great influx of wealth, which has increased the number of purchasers; and the confidence, which augments daily, in the publick funds, from the prospect of the Taxes becoming more productive, in consequence of the suppression of Smuggling.

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At the same time, the great and unexpected success which has attended a single measure, will naturally lead the true friends of the first commercial Country in the World to wish to pursue the advantage so happily obtained; and to adopt, as a general maxim, for the whole of our commercial system, the same principle, which has been attended, in its first application, with such great and salutary benefits to the Trade, Finances, Publick-Funds, and landed-interest, of the Kingdom at large.

The idea, upon which the plan for commutating the Duties upon Tea was founded, if traced to its true source, will be met with in Sir Matthew Decker; which book is in the hands of every person conversant with finance. It will be there seen, that the same principle equally applies, with comparative effect, to the Duties upon Salt; (as is more particularly and ably explained by a noble Lord) also, to Spirits, Tobacco, Glass, Printing, &c. the imposts on which, according to the present mode of levying the same, as well as the Duties upon Manufactures in general, serve for no other purpose than to benefit the Smuggler; and to disgrace the commercial system of this country in the

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eyes of every intelligent person, whether Native or Foreigner.

It may be moreover observed, that the advantages which the Publick will derive, from an extension of this principle to the Duties levied upon other Articles of Commerce, are not confined to internal regulation; but will also constitute the only solid basis, upon which Great-Britain can found her system for commercial arrangements with Foreign Nations, in the Treaties which are at present in contemplation.

But, whatever merit may be due to others, or whatever system may hereafter be pursued, certain it is, that the Nation are most truly and highly indebted to the present Minister, for the numerous and important benefits which they have derived from the Commutation-Act; a measure, which, in its consequences, will prove as advantageous to the great commercial Interests of Britain, as it is honourable to the wisdom, courage, and perseverance of the Minister who has carried it through.

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It must afford great satisfaction to those Gentlemen, whose commercial knowledge will naturally lead them to an investigation of the Subject, to be informed, that the Balance in favour of this Country will not be lessened, by the measures which the Company will be obliged to adopt, for the purpose of supplying themselves with Tea directly from China, in order to support their annual Sales to sixteen millions of pounds' weight; as the Sum of £ 702,500, charged in the Estimate, as having been paid to Foreigners for Tea during the last Season, will be more than adequate to the end proposed. It must also be observed, that, by the last advices received from Bengal, it appears, that the Governor-General expects to be able to make very considerable remittances annually to China out of the produce of the Territorial Revenue; the whole of which will tend proportionably to reduce the sum of £ 700,000, which must otherwise be sent thither in Silver from England: such remittances may very probably, in a few years, amount to one third part of that Sum: but, if no assistance whatever shall be afforded from India to China, still the sum of £ 702,500 will be more than sufficient to enable the Company to support their Sales to the extent of sixteen millions of pounds' weight per annum.

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I am sensible, that, after having stated several very important benefits which have resulted from this measure, I shall be told, that there are many others which have not been noticed; I will therefore endeavour to point out some of the advantages which remain for consideration, and which claim our more immediate attention; leaving the rest to be suggested by the goodness of the reader. Instead of paying for the surplus quantity of Tea in Bullion to Foreigners, through the medium of the Smuggler, the Company will be enabled to increase their Exports to China, in the Woollens and Lead of this Country, to a very considerable amount; and the Shipping of the Kingdom will also receive a most valuable addition, in the employment of forty-five large Ships more than are at present employed: for, if the Sales can be extended even no further than sixteen Millions, the surplus of ten millions will require fifteen Ships annually to bring it home: and as the Ships of two Seasons must be absent together, and a third Fleet in a state of preparation, it will require forty-five ships in all to carry on the additional Trade; the navigation of which will afford employment for 3450 Seamen.

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In following up this great Concern, for the purpose of securing the benefits of it permanently to this Country, it will be expedient for the Company to change their System upon two material points; without which, they never can be able to import Tea into Europe upon terms equally cheap with the Foreign Companies. The one is, to send Silver to China, which can be purchased at present for about 4s. 4d. the Dollar, instead of being drawn upon from thence at the Exchange of 5s. 6d. which has been paid for some years past: and which mode has been adopted for this Season; the Company having taken the necessary measures for remitting Silver from hence to China, to the amount of £ 700,000, by the Ships at present under dispatch.

The other is, to reduce the Freight from China; as this trade never can support the present high freight, so long as there shall be any competition with Foreign Nations.

The remedy, with respect to the last point, is difficult: for although it may be urged, that the Company ought, and can, employ those Ships, the Owners of which will accept of the lowest

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lowest freight; yet there are circumstances, which deserve attention, and consideration, before the Company venture to depart from their ancient usage, under the faith of which very large capitals are employed. There cannot, however, be a doubt, but that very material alterations in this branch of the Company's affairs must take place: for, whatever may be the disposition of the Company to pay attention to the interests of a numerous and respectable body of men, who have rendered service to them in times of difficulty; yet the price which the Company now pay for the freight of their Ships is so exorbitant, and the Publick at large are so much interested in the Company's welfare, as to preclude every idea of submitting to the present System.

A proposal has lately been made, to build a sufficient number of Ships for the service of the Company; and for which the Owners will contract for four Voyages, at five pounds per Ton less than the Company at present pay. And as the Company will employ at least 30,000 Tons of Shipping in each Year, the Saving would amount to no less than £ 150,000 per annum.

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It would swell this Treatise to a Volume to discuss the Subject in detail; but it must be evident, even from what has been stated, that the Directors never can discharge the duty which they owe to their Constituents, and to the Publick, unless they make a total reform in this Department of the Company's affairs.

The quantity of Shipping necessary for carrying on the Company's Trade is about 100,000 Tons. Justice requires that attention should be shewn to the old Owners; but the change must be made without delay; and be pursued with that firmness and impartiality, which its magnitude and importance require; in order to convince the Proprietors, and the Publick, that the Object will, within a reasonable time, be finally accomplished.

At the outset of an arrangement of this nature, it is probable that the Saving will be moderate; but, whatever it may amount to, the whole must ultimately tend to reduce the prices at which the Company will in future offer their Teas for sale; thereby rendering the Gain to the Publick still more considerable than I have stated it; and, of course, more effectually than ever to deprive

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deprive the Smuggler, and Foreign Companies, of the only means, which are now left them, for entering into a competition with the Company, for the purpose of supplying our internal consumption.

Although the operation of the Commutation-Act has proved of very material advantage to the East-India Company; and has contributed, in a great degree, to relieve them from the difficulties under which they laboured; it would be extremely culpable in the Directors to rest contented with a temporary benefit; and not to use their best endeavours to improve, and to secure the advantages so obtained to their Constituents, and to the Country. They have accordingly exerted themselves for that purpose; not only by purchasing upon the Continent, as hath been already stated, to supply their immediate wants; but also, by sending a greater number of Ships to China; and by preparing Silver to a very large amount for exportation thither, in addition to the Woollens and Lead of Britain, without which the Tea could not be purchased. But it cannot be supposed, that their finances are at present in a condition to enable them to advance the whole of the additional Capital which will be requisite for the occasion;

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occasion; and still less to provide that Stock of Tea, to remain always in their Warehouses, which the Act directs: for, having sold sixteen Millions of pounds' weight within the first twelve months, it will be necessary to import thirty-two Millions in one year, if the requisitions contained in the Act be literally obeyed: but the Company have neither funds nor Ships sufficient for that purpose; nor, if they had, is it probable that China could furnish so large a quantity as thirty-two Millions of pounds in one year: the Company must, therefore, trust, in part, to the Surplus which may remain of their old Stock; and to an accumulation from their future annual Imports, arising from a constant and gradual excess, over and above what may be required to supply the Sales of the year; until the whole quantity which, by the Act, the Company are directed to keep continually in their Warehouses shall have been obtained.

In stating the amount of what the Company have already advanced, and the Capital which will hereafter be necessary, in addition to that which they have heretofore usually employed in the Tea-Trade, it may be remarked, that, as the Sums which have been paid to Foreigners produce

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duce a quicker return, those sums cannot be considered in the same light as the Bullion and Merchandize which may be sent to China. It is nevertheless true, that the Company must, at a certain period, be in advance for the whole. But, for the purpose of meeting that Objection completely, I will state such additional Sums only as they must permanently advance; viz.

Silver to be sent to China in the	
Season 1785-86	- - £ 700,000
Ditto in the Season 1786-87	- - 700,000
Ditto in the Season 1787-88; being a moiety of the amount sent in the preceding Season	350,000

Additional quantity of Woollens and Lead. Of these articles the Company have hitherto sent to the amount of about £111,000 annually to China; and of Silver to the amount of about £14,000 per annum; but they propose in future to augment their Exports of Woollens and Lead only to the

Carried forward £ 1,750,000

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Brought forward	£ 1,750,000
amount of £300,000 per annum, the increase of Capital required for which purpose will be	437,000
As a Stock of six Millions of pounds' weight of Tea was sufficient before the Act, and sixteen Millions are now required, the first cost of the additional quantity will amount to about	600,000
The whole Freight on 15 Ships	- - 330,000
Impress on 30 additional Ships	- - 60,000
Charges of Merchandize on ten Millions of pounds of Tea, about	70,000
Total	<u>£ 3,247,000</u>

which is the additional Capital necessary to enable the Company to fulfil the directions contained in the Commutation-Act, upon a supposition that the Sales will not exceed sixteen Millions of pounds' weight annually.

As the Ships which will sail from hence for China at the end of the year 1785, and the beginning of the year 1786, will begin to arrive

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in England in the Summer of 1787, part of their Cargoes may be sold at the September Sale of that year; for which reason, a proportion of the amount is deducted from the Capital to be advanced for Silver, to be sent to China by the Ships of the following Season; and the like with respect to the value of the Woollens and Lead. The whole, however, of the additional Capital which will be necessary, to enable the East-India Company to execute the purposes of the late Act; and to secure, in a permanent manner, for the Publick, and for herself, a continuance of those benefits which have already arisen, amounts to the enormous Sum of £3,247,000; the greater part of which will be found in the growing prosperity of the Company.

It may be necessary, at the same time, for the satisfaction of those who may wish for information upon that subject, to state what part of the Sum beforementioned is now employed, or will be immediately required: but premising, that, at present, the whole of the Money invested in the purchase of Tea upon the Continent is wanted; because there will be an absolute necessity for the Company to renew their purchases, until they can be supplied with a sufficient quantity directly from

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from China. The Account then stands as follows; viz.

For the purchase of Tea upon the	
Continent - - -	£700,000
Silver to be sent to China by the	
Ships of this Season; -	700,000
Additional value in Woollens and	
Lead - - -	175,000
	<hr/>
	£1,575,000
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In proportion as the Company obtain reimbursement for the cost of the Tea purchased upon the Continent, an additional quantity of Silver and Merchandize will be wanted, to be sent to China; proceeding thus gradually, until the whole of the Sum of £3,247,000 shall be finally and permanently invested.

Under these circumstances, it becomes reasonable that the Publick should step forward, and contribute some assistance towards promoting the general prosperity; as the most effectual means of rendering that System perpetual, which has proved such a source of wealth to the Nation.



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tion. In truth, the benefits derived by the Company are very inconsiderable, when compared with the immense advantages which the Publick have already reaped, and must continue to enjoy, from the Commutation-Act; and, consequently, it is the interest of both to support the measure; and to execute, in the fullest extent, the requisitions and purposes of the Act. The Company will, however, stand in a situation totally different from that in which they have lately been represented; not as soliciting for relief in their distress, but as calling upon the Publick to contribute towards the advancement of their mutual prosperity; not as Paupers or Bankrupts, but for the honourable purpose of enabling them to discharge, with their accustomed zeal and fidelity, a Trust which the Legislature has most wisely committed to their care, for the welfare of the Community and of the Company; and, from the neglect or inefficient discharge of which, the most injurious consequences to this Country would ensue.

It is however proper in this place to observe, that although the additional Sum of £3,247,000 will be necessary, to enable the Company to conduct their commercial concerns, in consequence

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of the immense increase of their China-Trade; yet a very considerable part of that Sum has arisen, and will continue to arise, from their increased Sales; thereby securing, at the commencement of this business, great and important benefits, which, in almost every other plan of a commercial nature, can only be expected to accompany its final execution.

The good faith and gratitude which the Company have already manifested towards the Publick, in the discharge of a part of their late obligations, afford sufficient security for its further confidence. For although, in the Estimate of their Affairs, which was delivered to the House of Commons on the 14th of February 1784, the Company proposed to pay one half of the Duties postponed in the year 1786-87, and the remainder in the year 1787-88; yet they actually discharged the first payment, amounting to £401,119, on the 12th of May last; and the second payment would also have been discharged on the 1st of January 1786, amounting to £522,400, had it not been for the large and unforeseen demands upon the Cash of the Company, for the purposes of purchasing Tea upon the Continent, and of sending Silver to China. And,

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to accomplish those important Objects, they have neither had occasion to borrow any fresh Loans, nor even to avail themselves of those credits and resources which they had at command.

Having given in detail the advantages which have resulted from the Commutation-Act; it may not be improper to endeavour to bring those, in which the Publick are more immediately interested, into one connected point of view.

First; Let it be observed, that the average-quantity of Tea sold by the Company for ten years prior to the passing of the Commutation-Act, was very little more than six millions of pounds' weight per annum; but, within the first twelve months after the Act took place, the quantity sold exceeded 16,000,000.

Secondly; the amount of the Duty still continued upon Tea has, in the first year only, exceeded the Estimate by no less than £60,434.

Thirdly; the total Sum paid by the Purchasers, for Teas sold since the passing of the Act, amounts only to £2,770,799; but, had an equal quantity been sold at the former prices, the Purchasers must

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must have paid not less than £4,826,261: consequently, the Publick have been benefited to the amount of £2,055,462 by this regulation.

Fourthly; the increase in the annual amount of the Company's Sales, will oblige them to extend their importations from China, in order to fulfil the requisitions of the Act; and for which purpose, not less than 45 large additional Ships, and 3450 Seamen, must be constantly employed by the Company.

Fifthly; their exports of the Woollens and Lead of this country must be augmented from the value of £111,000, to which the amount has hitherto been limited, to at least £300,000 per annum, which will be necessary hereafter.

Finally; the retaining within this Kingdom a Balance, amounting annually to no less than £1,032,400; which, prior to the Act, was regularly paid to Foreigners in specie, through the medium of the Smuggler; and which Balance will in all probability be greatly increased, when the purposes of the Act shall have been carried completely into execution.

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These advantages, which have arisen from a single operation, are of such magnitude and importance, as to satisfy every impartial person of the beneficial consequences which must result from a general application of the same liberal principle to the Duties still subsisting upon various branches of the Manufactures and Commerce of Great-Britain.

F I N I S.