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A
L E T T E R
TO THE
RIGHT HONOURABLE
WILLIAM PITT,
Chancellor of the Exchequer, &c.
ON THE
CONDUCT of the BANK DIRECTORS;
WITH
CURSORY OBSERVATIONS
ON
Mr. MORGAN'S PAMPHLET,
RESPECTING THE EXPENCE OF THE WAR,
AND THE
STATE OF THE NATIONAL DEBT.

Supposed M. Boyd.
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LETTER,

&c.

20th February, 1796.

SIR,

AFTER a three years struggle between virtue, religion, and property, on the one hand, and vice, atheism, and rapine, on the other, the contest is evidently tending to a conclusion in favor of the former; but to insure ultimate success, it is still necessary to continue the contest for some time longer with energy and vigor. The disposition for peace which our most gracious Sovereign manifested in his message to Parliament, having been misconstrued in France into a secret consciousness of the inability of this country to continue the war, the French rulers have

adopted the insulting and false notion, that it is in their power to dictate the peace. No man, who has paid attention to the language of the French government since the King's message was known in France, can for a moment doubt this; and if such be the spirit that at present reigns in the French councils, who is the Englishman that shall dare to say this is the proper time to treat for peace? Thus, then, the great question of the moment, instead of being, whether we should continue the war, or make peace, naturally resolves itself into this single point, "Peace being for the present unattainable, what is the proper conduct to be held by this country?"

To this I trust the heart of every good Englishman will suggest the answer.

"That the true road to peace is by a vigorous prosecution of the war."

While I thus express my hope that this is the general sentiment of the country, I will not for a moment admit the idea that the first servant of the crown may perhaps form

form an exception to it; and yet I must be forgiven for saying, that there have appeared of late in your public conduct a certain relaxation and foreness on the subject of the war, that lead me to fear that your mind may not have been altogether proof against the various engines which ignorance, weakness, or disaffection, have set up to force you into an inglorious peace. Of these the first and most dangerous is the late resolution of the Bank of England, to reduce their discounts.

No sooner had you concluded your financial arrangements for the expence of another campaign, than that great and wealthy body, whose duty and interest it is to support and extend, by all proper means, the public and private credit of this country, suddenly adopted a measure but too well calculated to spread, all over Europe, the idea that the resources of this country were rapidly on the decline.

To this measure I fear you may have been too "tremblingly alive," and that, instead

instead of searching for a remedy to this evil (where it certainly may be found) in the talents and public spirit of the country, you may have entertained the delusive hope of persuading obstinacy, and opening the eyes of prejudice. Whether this may have been the case or not, your long continued indecision upon the further pecuniary aid to be given to our faithful ally, during a period when *decision* is of such immense importance, has given but too much reason to conclude that the conduct of the Bank of England has influenced his Majesty's councils, and that the possible illicit exportation of a few thousands of our guineas has been gravely weighed against the fate of Europe.

If this has really been the case, I must be allowed to say that you have been unjust to yourself, and unjust to the numerous friends who are attached to you. And that, by allowing the Bank of England to obtain any weight in the decision of a political question, you not only injure the great interests of Europe which are in your hands, but, by establishing such a prece-

dent, hang a mill-stone about the neck of the government of this country for ever.

A very short time after it became known that the court of Vienna might have occasion for a new loan, an alarm was industriously propagated that the Bank had experienced an immense drain of specie, and that, in order to maintain the proper proportion between their notes in circulation and the coin for paying them, it was necessary to restrict their discounts to a very inconsiderable part of their usual amount. That this change in the conduct of the Bank might produce the quickest and most extensive consequences, it was announced to the public in an advertisement of an unprecedented kind, evidently calculated to excite in the public mind, the idea that this reduction of discount proceeded from no particular apprehension of overtrading; no diminution of confidence in any particular paper, and of course that it was dictated by a diminution of the powers of the Bank. Now were there no other evidence whatever of the hollowness of the conduct of the Bank on this occasion, this advertisement would

would prove it beyond a doubt, because if they really dreaded or had experienced an extraordinary drain of specie, they would have carefully concealed this circumstance, and ascribed their reduction of discount to every other cause possible rather than this. But this is not the only proof that the alarm so industriously propagated of a drain of specie, is, if not altogether unfounded, at least exaggerated infinitely beyond the reality.

Let me ask you, Sir, when this drain of coin took place? Was it in the month of December last, when the first symptoms of alarm appeared? Was it the work of one day, or week, or month, or year? If it was by a *run* upon the Bank, all the world would have heard of it, and its effect might have been marked with the greatest accuracy: but no such run has ever been heard of, therefore the drain so much talked of, if it has ever existed, must have been the work of time—it must have been gradual, inasmuch as to have been *imperceptible* even to the Directors themselves, else why to a *gradual*

dua evil did they not apply a *gradual* remedy? If the coin in the Bank has been *gradually* diminishing, ought not the Directors to have been *gradually* reducing, in a proper proportion, their notes in circulation? Or, is there some secret reason with the Directors, for visiting the iniquities of the other years of the war upon the first months of the year 1796?

The Bank of England has now for more than a century enjoyed the invaluable privilege of exclusive banking, as a corporate body. The paper of the Bank, from the unbounded credit it enjoys, forms the principal medium of circulation of this country, and from the comparatively small reserve of specie, necessary for answering the notes which return from time to time upon the Bank for payment, the profits of the establishment must necessarily be immense. They ought to be so—they are fairly earned; but let not this establishment presume to turn to the detriment of the public, the very means which it derives from the confidence of that public. That the Bank

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of England has of late years exercised the power which the confidence of the public has put into their hands, in a manner calculated to shake the whole edifice of public and private credit to the foundation, cannot be denied, when we recollect their conduct in the year 1793. The country banks, having at that time incurred their displeasure, the Directors of the Bank first turned all their views to the extinction of country bank notes, many of which being for sums of five pounds and five guineas, circulated instead of guineas all over the country. The obstacles thrown by them in the way of the circulation of these notes necessarily brought in large sums of them for payment, and there being then no Bank of England notes below the value of 10l. the country banks were under the necessity of calling upon their town-correspondents for supplies of guineas. The calls upon the Bank for gold which necessarily followed, led the Directors to adopt the absurd idea, that the coin of the country was going out of the kingdom, while it was notorious at the time to every person acquainted with foreign exchanges, that not a single guinea could be sent out of the kingdom without a positive
 loss

loss of five, or six *per cent*, not to mention the risk of incurring the penalties of the law. Thus a false conclusion, of which the natural guardians of public and private credit ought to have been ashamed, gave rise to such distress in the commercial world, as even the greatest calamities could hardly have accounted for. But after all this mischief had been occasioned by ill-founded alarm, what was the conduct of the Bank upon the occasion? Why, truly, they found it necessary and proper to look to their own safety, and leave the unfortunate public to shift for itself.

The consequence of this indifference was, the interference of the legislature, which wisely stood forth in support of credit, by passing the salutary act for the issue of five millions in Exchequer bills, to be lent on securities to the satisfaction of commissioners. Little more than the half of this sum was called for, and the whole business was, (as you well know,) finally wound up, not only without loss, but with a small profit to the public. After such a dreadful example of the consequences of mistaken alarm, it was natural to suppose, that on future occasions,

sions, the Bank of England would be cautious how they gave way to their apprehensions of danger. It was natural to suppose that they would see that the chief danger actually lies in their alarm. Their recent resolution, with regard to discounts, shews that they have not profited by experience, and if means are not adopted for counteracting their caprice, the ebbs and flows of which baffle all calculation, the commercial interest of this country must suffer in all its branches, and honest industry receive a fatal check. To all this you will reply, that the Bank of England is a free and independent corporation, which ever has been, and must remain, uncontrouled in its operations; that the hand of power must in no case interfere in its affairs, and that the laws of good faith require that their exclusive privilege should be held sacred. No man living subscribes more cheerfully than I do to this doctrine; but is there no remedy against an evil that returns so frequently, and threatens so much mischief to public and private credit? Shall a society, *intended for the support of both*, turn from time to time its force against the public, from which all that force springs? And

And shall Englishmen be condemned to an indignant silence without even an attempt to extricate themselves from such thralldom? Shall a self-elected body of Directors go on from year to year to fill up the vacancies in the direction with their own minions, while the Proprietors at large remain unconcerned spectators of the ruin which must ensue from the narrow policy that influences their proceedings? No, Sir, the honest indignation of Englishmen will break forth, and call, in a Court of Proprietors, the depositaries of their powers to a severe account. If it shall appear upon an inquiry, which must be instituted, that the Bank Directors have wantonly sported with the general distress; that many of the measures which they dignify with the name of prudence, have originated in narrow conceptions and private jealousy; that in many cases they have shewn themselves unequal to their situations, the forfeiture of the confidence of their constituents, *at least*, will be the consequence.

If, on the other hand, it shall appear that their conduct is justified by the situation of the Bank, it will then become the bounden duty

duty of the public, and your's as the minister of the country, to consider of the means by which the commerce of this great country may be protected against the consequences of the inability of the Bank of England, which will in this case be demonstrated, to suffice for all the necessary purposes of circulation. Be assured, Sir, that if the result of the inquiry into the situation of the Bank of England should lead to such a consideration, MEANS WILL BE FOUND TO PRODUCE THE DESIRED EFFECT, WITHOUT THE VIOLATION OF ANY PRINCIPLE OR PRIVILEGE WHATSOEVER.

Before I quit this subject, it may be necessary to observe that the Bank of England has uniformly manifested the most marked opposition to any pecuniary aid to the Emperor, and yet the consequence of such aid must, to all intents and purposes, have been the same to this country, as if the money remitted to the Emperor had been employed to defray the expences of a war carried on upon the continent by British troops, with this important difference in favour of the aid to the Emperor, that the money

money so remitted to him must return with accumulated advantage to this country by the interest and redemption of the loan. It is also worthy of remark, that the great cry against the exportation of specie has been chiefly directed against the remittance of the Emperor's loan. On this subject, indeed, the Bank of England may have some important lights which common observers are not possessed of. The Emperor's agents may have made the remittances in an improper manner; but, if this is the case, why does not the Bank boldly say so? I have been told that the Emperor's agents roundly assert that a great part of their remittances has consisted of Spanish dollars, partly purchased of the Bank of England itself, and that all such remittances, instead of creating a scarcity of the current coin, must rather have tended to prevent its exportation, by keeping the exchange from running too much against this country. But *bold assertions* are not to be admitted as *proofs*, and it therefore becomes of importance to the public to ascertain whether they are well or ill founded.

The exportation of specie has been always guarded against with uncommon care; and yet, if we are to believe what the greatest* writer on political arithmetic that ever the world produced, says on the subject, no care on the part of a state was ever more needless.

“ The funds (says that enlightened writer) which maintained the foreign wars of the present century, the most expensive, perhaps, which history records, seem to have had little dependency upon the exportation either of the circulating money, or of the treasure of the Prince. The last French war cost Great Britain upwards of ninety millions, including not only the seventy-five millions of new debt that was contracted, but the additional two shillings in the pound land-tax, and what was annually borrowed of the sinking fund.—More than two thirds of this expence was laid out in distant countries; in Germany, Portugal, America, in the parts of the Mediter-

* Dr. Smith.
ranean,

“ ranean, in the East and West Indies.
“ The kings of England had no accumulated treasure—we never heard of any extraordinary quantity of plate being melted down—the circulating gold and silver of the country had not been supposed to exceed eighteen millions since the late re-coinage of the gold; however, it is believed to have been a good deal under-rated. Let us suppose, therefore, according to the most exaggerated computation which I remember to have either seen or heard of, that, gold and silver together, it amounted to thirty millions. Had the war been carried on by means of our money, the whole of it must, even according to this computation, have been sent out and returned again, at least twice, in a period of between six and seven years: Should this be supposed, it would afford the most decisive argument to demonstrate, how unnecessary it is for a government to watch over the preservation of money, since, upon this supposition, the whole money of the country must have gone from it, and returned to it again, two
“ dif-

“ different times in so short a period; with-
“ out any body’s knowing any thing of
“ the matter.”

It is true, that, in this country, where there exists so large a paper-circulation, it must be one of the chief objects of the attention of the Bank, which circulates that paper, to keep its coffers filled in due proportion to the quantity of paper in circulation, and it is, doubtless, an object that must require occasional sacrifices; but, when the public service requires any extraordinary financial exertions, it seems to me no more than consistent with strict justice, that the same body which derives such immense advantages from performing the chief circulation of the country in times of prosperity and peace, should not shrink from the same duty in times of difficulty and danger. If the sacrifices which this duty might expose the Bank to, should appear too great, there surely can be no doubt, that, upon a proper representation of the

* Smith's Wealth of Nations, Vol. II. page 159, 3d edit. 8vo.
case,

case, government would consent to bear a part of them. But let not the pecuniary faculties of the country be raised or depressed according to the whims of half a dozen directors, (for not more, I am assured, are allowed to have any voice in the cabinet of the Bank-administration) who being themselves engaged in trade, and liable to all the little passions that actuate the human heart, may frequently join in a measure, more with a view to humble aspiring rivals, than to promote the general good.

A recent publication, in which your financial operations are exhibited in a partial and unfair point of view, is another of the engines set up by the enemies of your administration to damp your ardour, and that of the country, in the prosecution of the war. Englishmen had found, in the purity of your financial administration, a consolation and confidence which supported them in all their sufferings. The baleful spirit of party seized the moment when the natural guardians of English credit seemed to abandon it to its fate, for snatching

snatching from this country that consolation, and that confidence.

While the great majority of the people believed that your views were honourable, and your talents equal to the high situation you filled, the enemies of your administration knew they had nothing to hope for; but no sooner did they see something like a censure of your administration in the conduct of the Bank of England, than, profiting of a moment so propitious to their views, they concentrate all their malevolence, and, by the pamphlet alluded to, aim a mortal blow at your financial reputation. They well knew, that this is not the age of serious investigation; that financial disquisitions are dry, and unentertaining; and that for one who can, or will examine, there are thousands who servilely adopt the calumny of the day, especially if it tends to degrade an exalted character. It would be an insult to your understanding to suppose that the publication in question can have given you any serious uneasiness; but you may have observed with regret, the effect which the artful misrepresentations it contains,

contains, have made upon the public mind. It is to prevent your feeling this too strongly, and to undeceive the public upon the principal points it treats of, that I enter upon a short examination of the pamphlet, entitled, "Facts respecting the Expence of the War, &c."

The great object of this writer is evidently to terrify the public by the bugbear of a *nominal capital*, whereas the real burden of the national debt consists only in the *permanent interest* incurred, or in the equivalent of it, upon the sums that have been borrowed upon *terminable annuities*.

His comparison of the debt incurred by the present war, with the debt incurred by the four first years of the American war, reckoned from 1776 to 1779, is *prima facie* very unfair; seeing there is so great a disproportion between the *exertions*, that have been made in those two periods.

Until the interference of France in the American war, which can only be dated from the action between the *Arctusa* and the *Belle Poule*, on the 18th of June, 1779,
the

the war with America can only be considered as a domestic dispute, in which unfortunately we undervalued the strength of the enemy we had to combat. And so far is the comparatively small expence of the first four years of the war with America, from being a subject of exultation to the friends of the minister who conducted it, that it forms one of the chief grounds of censure of his administration. If instead of that small expence, and the consequent feeble exertions, during those four years, the expence and exertions had been tripled, in all probability the interference of France might have been prevented, and the Thirteen States of America might now have formed a brilliant appendage to the British dominions.

Instead of comparing the expences of the *first* four years of the American war, with those of the first four years of the present war (between our *exertions* in which two periods there is so great a disproportion) it would have argued more fairness to have compared the expences of the four *last* years of the American war, with those of the four *first* years of the present war, and if

if such a comparison is made, it will be found, (notwithstanding the natural tendency of the expence of every war, to exceed that of the preceding war,) that the expences of the last period are not much greater than those of the former; but that the financial operations by which they have been provided have been greatly more advantageous for this country than those of your predecessor.

In the four years of the American war, from 1779 to 1783, Lord North borrowed 44,500,000*l.* which cost upon an average 5*l.* 15*s.* 9*d.* per cent. as will appear by the table subjoined. No. 1.

And in the year 1783, during Mr. Fox's administration, *after peace was made* 12,000,000*l.* were borrowed at the rate of 4*l.* 14*s.* per cent. as will also appear by the same table.

The sums which you have raised by public loans since the commencement of the present war amount to £.52,138,875, the average rate of interest whereof amounts only to

4*l.*

4l. 11s. 7½d. *per cent.* as will appear from the table subjoined. No. 2.

But I shall be told by Mr. Morgan, that in order to borrow this sum of £.52,138,875 you have created a needless capital of 22,562,391l. 12s. and thereby in return for 52,138,875l. of money, have brought a debt upon the country of 74,062,391l. 12s.

In answer to this specious argument I shall content myself with observing, that it is not the *nominal capital* of a loan to which a minister ought to look, but to the *permanent interest* which the country must pay for it, as the prices of the funds being equalised, it will not cost more to buy up 133l. 6s. 8d. capital of three *per cents.* than to buy 100l. capital of four *per cents.*

The conclusions which I draw from a comparative view of the loans of the last four years of the American war with those which have been raised under your administration, since the commencement of the present war, are of a most consolatory nature indeed. During the former period,

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Lord North borrowed a sum of 44,500,000l. for which he created stock and annuities equivalent to a capital of 51,510,413l. 17s. 6d. bearing interest at five *per cent.* or 2,575,520l. 13s. 8d. perpetuity. Whereas during the latter period you have borrowed 52,138,875l. for which you have created stock and annuities equivalent to a capital of 47,772,391l. 12s. bearing interest at five *per cent.* or 2,388,619l. 11s. 7d. perpetuity.

The result of this comparative view (the only just and impartial one that can be taken) seems to me, matter of great exultation to this country and to you, instead of being (what the author of the pamphlet no doubt wished his comparison to be) a subject of despondency and mortification.

The author of the pamphlet, (page 34) to shew the marvellous superiority of the four *per cents* over the three *per cents*, as an object of redemption, for the sinking fund, says, "When the three *per cents* are at se-

D " venty,

venty, and the four *per cents* at eighty-
 four, money is improved in the one at
 4*l.* 5*s.* 9*d.* and in the other at 4*l.* 15*s.* 3*d.*
per cent. If, therefore, one million
 were annually laid out during the term
 allotted for the sinking fund, or twenty-
 six years in purchasing *three per cents* at
 seventy, and another million in purcha-
 sing *four per cents* at eighty-four, the
 capital redeemed in the former will be
 65,918,000*l.* and in the latter 58,798,000*l.*
 But the real value of the one is only
 46,142,500*l.* and its interest 1,977,540*l.*
 while the real value of the other is
 49,390,200*l.* and its interest 2,351,920*l.*

Taking for granted that these calculations
 are just, (for there is no reason to doubt the
 arithmetical accuracy of the author) he must
 allow me to observe, that it is the duty of
 the minister of finance of this country, to
 attend not only to the *reduction* of its debt,
 but also to promote, in times of peace, the
 means of raising, in time of war, the neces-
 sary supplies with the greatest certainty and
 facility, and on the cheapest terms. If,
 therefore, in time of peace, the purchases of
 the

the commissioners for redeeming the national
 debt, have been made only in the three *per
 cents*, this circumstance must necessarily
 have had the effect of keeping up the price
 of this immense fund, (the only one in
 which very large sums can be raised easily)
 and of enabling government to raise, on
 terms so highly advantageous, the chief part
 of the large supplies which the present war
 has required.

The case which the author has supposed
 of the application of a million for twenty-six
 years, in purchasing *three per cents* at seventy,
 and of another million for the same period,
 in purchasing *four per cents* at eighty-four, is
 certainly not less difficult to realize than the
 following case, which I beg leave to put as
 a contrast to it.

Suppose, that at the end of the first year
 after the commencement of the application
 of (the two several millions as above stated,
 any event should render it necessary to bor-
 row twenty-one millions, and that upon the
 principle of contracting the least possible ca-
 pital of debt, this sum should be raised in

four *per cents* at eighty-four, rather than in three *per cents* at seventy; the consequence would be that the loan in four *per cents* would cost the country annually 100,000*l.* more than if it had been raised in three *per cents*; and Mr. Morgan, who so well knows the astonishing effects of compound interest, need not be told that an annuity of 100,000*l.* for twenty-five years, improved at the rate of four *per cent*, would amount at the end of that period to the sum of 4,164,590*l.* 16*s.* and that if the same annuity were improved at five *per cent*, (which is not much above the rate that a loan in four *per cents* at eighty-four would cost) it would amount at the end of twenty-five years to 4,772,709*l.* 16*s.* all which, besides the perpetual charge of 100,000*l.* *per ann.* thereafter, would be lost to the country for the sake of having preferred a *smaller* to a *larger* nominal capital.

I cannot quit this part of the subject without calling your attention to the versatility of the author in the application of his doctrine relative to nominal capitals. The addition of a *needless capital* (as he calls it) in borrowing money he reprobates as un-

cessary profusion; but to the reduction of the same *needless capital* in redeeming the public debt, he allows no merit whatever, as in the example above stated of the effects of purchases in a three *per cent* and four *per cent* fund, he sets no value at all upon the redemption in the one case of 7,120,000*l.* more capital than in the other; and yet he makes it a charge against you in the raising of the last loan, that for 100,000*l.* money you added a *needless capital* to our debt of more than five millions and a half, by borrowing in *three* rather than *four per cents*. Now it would seem to follow, that if the raising of a loan in a fund bearing a low interest with an augmentation of capital be an error in finance, and if the high nominal capital of our debt be (as this writer affects to believe) a serious evil, then, every attempt to diminish that nominal capital must be meritorious. It is utterly impossible that censure should equally apply to both. -- How shall we account for this inconsistency? The manifest drift of the author through the whole performance is a sufficient answer. His object is, to present to the public a dispiriting picture of our financial situation, and the same principle

principle which leads him to exaggerate the burthens imposed on us in contracting a debt, carries him to under-rate the relief obtained by discharging it.

I lament, with every good subject, the unavoidable additional burthens which the present war has brought upon the public; but it is to me, as it must be to every lover of his country, matter of exultation to consider that even the comparatively small sums borrowed in the first four years of a domestic dispute, which Mr. Morgan has so uncandidly taken as a proper subject of comparison with the loans made in the present war, will be found to have been raised on an average at the rate of 5*l.* 0*s.* 10*d.* per cent. as will appear by the table subjoined, No. 3, while the public loans during the present war have not, as I have said before, cost the public more than 4*l.* 11*s.* 7½*d.* per cent. But it may be inferred by hasty observers that, by reducing the public loans made in Lord North's administration, as well as those made during your administration, to one common denomination, and valuing them at a rate corresponding to an interest

interest of 5*l.* per cent. on the money raised, some advantage in the comparison is given to the latter. This is by no means the case, as the result would have been equally favourable, if four per cent, or any other rate of reduction had been adopted, the great object in reducing the whole to one common denomination, having been to ascertain with precision their respective expence to the country, which never can be done if capitals bearing interest at different rates are all blended indiscriminately together.

Why Mr. Morgan has chosen a different mode of estimation the public will not be at a loss to discover, when it is considered that in every case his object seems to be, to depreciate our resources, and to exaggerate our burthens.

Had this not been the leading principle that has dictated the whole of his performance, would he have insulted the sense of the public so far as to state among our debts (without also stating it among our resources)

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the loan raised last sessions for the use of his Imperial Majesty?

'Tis true that this country has guaranteed the regular payment of the dividends of this loan; but does it follow from thence that the whole expences of that loan are to become a charge upon this country? Is there not on the contrary every reason to believe that the court of Vienna will be punctual in performing the engagements contracted by this loan? Even Mr. Fox himself, though decidedly against the measure when before Parliament, only called the guaranty of this country an *insurance*. Mr. Morgan, after the lapse of a year, states it as *a total loss*. If, adopting Mr. Fox's definition of the guaranty, we consider it merely as an *insurance*, we shall find that the premium or price of this insurance has been made good to us, in the first place, by the co-operation of the Austrian army on the continent; tending ultimately to procure us more advantageous terms of peace, and secondly, in a pecuniary point of view, by a saving of three Shillings long annuity, on the loan for the service of the year 1795, amounting to no less

less a sum than 27,000*l. per ann.* which at 19.161 years purchase, was then worth 517,347*l.* It is hardly necessary to add, that part of the risk is now expired, inasmuch as the dividends for a year and an half have been paid, without any call upon this country that I have heard of.

On the subject of the expence of the present war, which Mr. Morgan says, "exceeds that of all others," I shall only observe, that this may be true without its affording any proof of there being any unnecessary profusion in the conduct of it. If the number of men voted for the army and navy, and the number of ships in commission, be (as I believe they are) greater than they were in any former war, and if greater exertions are made in the present than in any former war, it is impossible that the expences incurred should not also be greater. If, moreover, by the depreciation in the value of money, the sum annually expended in the maintenance of a family twenty years ago, will not now procure to that family an equal portion of comforts and necessaries for more than eight months, why should the
E *annual*

annual expenditure of former wars be referred to as the criterion by which we are to judge of the *annual* expenditure of the present war? Besides, the important question is not, whether the number of pounds sterling expended in the present war is greater than the number expended in any former war, but whether the expence of the present war (due attention being paid to the reduced value of money) is greater in proportion to the exertions made by this country, and to the exertions and expences of the enemy, than the expence of any preceding war, in proportion to the exertions of this country, and to the exertions and expences of the enemy in that war?

This is a view of the subject which Mr. Morgan has not thought proper to take, and yet candour and common sense must both unite in pronouncing this to be the only statement of the question by which we can arrive at such a solution as will not mislead the public mind. If ever the question so stated should engage the attention of a candid and enlightened mind, possessed of the best sources of information, I venture to predict

predict that the result of such an investigation will be fully as honourable to the "war minister," as the financial operations of the present war (so unjustly attacked) are honourable to the "minister of finance."

I am, and shall be, as long as your public conduct shall appear deserving of the support of the real friends of this country,

SIR,

Your most obedient and

Devoted humble Servant,

A PROPRIETOR OF BANK STOCK.

ACCOUNT

Date	Description	Amount
1917
1918
1919
1920
1921
1922
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932
1933
1934
1935

No. 1. ACCOUNT of LOANS during the FOUR YEAR'S WAR with FRANCE, in LORD NORTH'S ADMINISTRATION.

Years	Sum borrowed.	Conditions.	Rate of Interest.	Principal bearing Intft. at 3 per cent.	Principal bearing Intft. at 4 per cent.	Annuity.	Term of Years.	Years Purchase at 5 p. cent.	Value of the Annuity when granted, or Principal, at 5 per cent.	Interest, or Perpetuity.	Lottery.	Interest on the Lottery Tickets.
	£.		£. s. d.	£.	£.	£.			£. s. d.	£. s. d.	£.	£. s. d.
1779	7,000,000	100l. 3 per cent. Consols - - - - - 3l. 15s. Annuity for 29 years, worth 15.141 year's purchase, at 56l. 15s. 7d. at 5 per cent. - - - - - Bonus 7 Lottery Tickets, per 1000l. Subscription, valued at 2l. 10s. per Ticket, is 1l. 15s. per 100l. at 5 per cent. - - - - -	3 0 0 2 16 9 5 16 9 0 1 9 5 18 6	7,000,000	—	262,500	29	15,141	3,945,121 10 0	210,000 0 0 198,725 12 4	49,000 Tickets, } at 2l. 10s. - } 122,500	6,125 0 0
1780	12,000,000	100l. at 4 per cent. - - - - - 1l. 16s. 3d. Annuity for 80 years, worth 19.5964, 35l. 10s. 4d. at 5 per cent. } Bonus 4 Tickets, per 1000l. worth 1l. at 5 per cent. - - - - -	4 0 0 1 15 6 5 15 6 0 1 0 5 16 6	—	12,000,000	217,500	80	195,694	4,262,217 0 0	480,000 0 0 213,110 17 0	48,000 Tickets - 120,000	6,000 0 0
1781	12,000,000	150l. at 3 per cent. - - - - - 25l. at 4 per cent. - - - - - Bonus 4 Lottery Tickets, per 1000l. worth 1l. - - - - -	4 10 0 1 0 0 5 10 0 0 1 0 5 11 0	18,000,000	—	—	—	—	—	540,000 0 0 120,000 0 0	48,000 Tickets - 120,000	6,000 0 0
1782	13,500,000	100l. 3 per cent. - - - - - 50l. 4 per cent. - - - - - 17s. 6d. Annuity for 78 years, at 19,555 } 17l. 2s. 3d. at 5 per cent. - - - - - Bonus 3 Lottery Tickets, per 1000l. worth 7l. 10s. is 15s per 100l. at 5 per cent. }	3 0 0 2 0 0 0 17 1 5 17 1 0 0 9 5 17 10	13,500,000	6,750,000	118,125	78	19,555	2,309,934 7 6	405,000 0 0 270,000 0 0 115,496 14 4	40,500 Tickets - 101,250	5,062 10 0
	44,500,000			38,500,000	21,750,000				10,546,663 17 6	2,552,333 3 8	463,750	23,187 10 0
									38,500,000 Capital at 3 per cent. is equal to 23,100,000 0 0 21,750,000 — at 4 per cent. — 17,400,000 0 0			
									51,046,663 17 6 463,750 0 0	23,187 10 0		
									11,104,412 17 6	2,575,520 13 8	Average Rate of Interest - -	5 15 9

LOAN of 1783, after PEACE was made, in Mr. FOX'S ADMINISTRATION.

12,000,000	100l. 3 per cent. - - - - - 25l. 4 per cent. - - - - - 13s. 4d. Annuity for 77 years, 13l. os. 4l. } at 5 per cent. - - - - -	3 0 0 1 0 0 0 13 0 4 13 0 0 1 0 4 14 0	12,000,000	3,000,000	—	79,500	77	19,532.8	1,552,857 12 0	360,000 0 0 120,000 0 0 77,642 17 8	48,000 Tickets - 120,000	6,000 0 0
	Bonus 4 Lottery Tickets, per 1000l. - - - - -								Bonus on the Lottery - - - - -	557,642 17 8 6,000 0 0		
	Rate of Interest - - - - -									563,642 17 8	Rate of Interest - - - - -	4 14 0

0457

No. 2. ACCOUNT of LOANS since the COMMENCEMENT of the PRESENT WAR, in MR. PITT'S ADMINISTRATION.

Year.	Sum borrowed.	Conditions.	Rate of Interest.	Capital in 3 per cents.	Capital in 4 per cents.	Annuity.	Term of Years.	Years purchase.	Corresponding capital at 5 per cent.	Interest.	Lottery.
	£.		£. s. d.						£. s. d.	£. s. d.	Tickets Profit.
1793	4,500,000	100l. 3 per cent. consols for 72 money -	4 3 4	6,250,000	—	—	—	—	—	187,500 0 0	50,000 £.175,000
1794	11,000,000	100l. in 3 per cents. - - - - - 25l. in 4 per cents. - - - - - 11s. 5d. Annuity for 66 years, worth 19.201 is 10l. 19s. 2d. at 5 per cent. }	3 0 0 1 0 0 0 10 11½	11,000,000 — —	— 2,750,000 —	— — 62,791 13 4	— — 66	— — 19.201	— — 1,205,658 15 0	330,000 0 0 110,000 0 0 60,282 18 9	40,000 240,666½
1795	18,000,000	100l. 3 per cent. consols. - - - - - 33l. 6s. 8d. 4 per cents. - - - - - 12s. 6d. Annuity for 65 years, at 19.161 11l. 19s. 6d. at 5 per cent. }	3 0 0 1 6 8 0 11 11.7/10	18,000,000 — —	— 6,000,000 —	— — 85,500 0 0	— — 65	— — 19.161	— — 1,638,265 10 0	540,000 0 0 240,000 0 0 81,913 5 6	40,000 338,666½
		Deduct 3s. Annuity in consideration of the Imperial Loan, worth at 19.161 2l. 17s. 6d. at 5 per cent. }	0 2 10.6/10	—	—	—	—	—	—	—	—
			4 15 9	—	—	—	—	—	—	—	—
1796	18,000,000	120l. 3 per cent. consols. - - - - - 25l. 3 per cent. reduced - - - - - 6s. 6d. Annuity for 64 years at 19.1191 6l. 4s. 3d. at 5 per cent. }	3 12 0 0 15 0 0 6 2½	21,600,000 4,500,000 —	— — —	— — 58,000 0 0	— — 64	— — 19.1191	— — 1,118,167 7 0	648,000 0 0 135,000 0 0 55,923 7 4	55,000 208,511½
		Bonus, dividend of 1½ per cent. on 120l. consols 1l. 16s. 0d. at 5 per cent. }	0 1 9½	—	—	—	—	—	—	—	Deduct Bonus 1796. }
	51,500,000		4 15 0	61,350,000	8,750,000	206,791 13 4	—	—	—	—	324,000
							Annuity equivalent to a capital at 5 per cent. }		3,962,391 12 0	2,388,619 11 7	£.638,875
				61,350,000 of 3 per cents. equivalent to a capital at 5 per cent.					36,810,000 0 0		
				8,750,000 of 4 per cents. - - - - -					7,000,000 0 0		
	638,875								£.47,772,391 12 0	at 5 per cent.	2,388,619 11 7
	52,138,875										£.638,875
											Profit on Lotteries - - - - - £.962,875 Less the Bonus of Dividend in 1796. - 324,000 } £.638,875
											which on £.52,138,875 Money received, makes the average Interest 4l. 11s. 7½d. per cent.

Note. The £.3,961,370 of Navy Debt funded in 5 per cents. are purposely omitted from the above State, as more properly belonging to the consideration of the whole unfunded Debt, (which is not the Object of the present Enquiry) but supposing this Sum of £.3,961,370 to be added to £.52,138,875 of public Loans, the whole Sum raised would Amount to £.56,100,245, bearing an Interest of £.2,587,188, or £.4 12s 2½d.

No.3. Mr. MORGAN'S STATEMENT of the DEBT incurred by the AMERICAN WAR,
From the Year 1776 to 1779 inclusive, corrected.

	Mr. Morgan's Statement.		Correct Statement.	
	Principal. £.	Interest. £.	Principal. At 5l. per cent. £.	Interest. £.
Stock in the 3 per cents. in 1776	—	—	—	—
1778	—	—	—	—
1779	—	—	—	—
Stock in the 4 per cents. in 1777	—	—	—	—
An Annuity of 25,000l. for 10 years, in 1777, worth 7.7217 year's purchase	192,500	25,000	193,042½	9,652⅞
Ditto of 150,000l. for 30 years, in 1778, worth 15.3724	2,305,860	150,000	2,305,860	115,293
Ditto of 262,500l. for 29 years, in 1779, worth 15.141	3,974,510	262,500	3,974,512½	198,725⅝
	26,622,870	1,092,000	19,563,415	978,170,15

Mr. Morgan makes the Debt incurred — 26,622,870 Principal, and 1,092,000 Interest.
More correctly stated the Debt incurred was only 19,563,415 Principal, and 978,120 15 Interest.
To which should be added the Sums given as a Bonus to the Subscribers in the Profit on the Lotteries, which otherwise might have been saved to the Public.

60,000 Tickets in 1776	} 207,000 Tickets at 2l. 10s.	617,500	—	—	30,875 0
50,000 — 1777					
48,000 — 1778					
49,000 — 1779					
		20,180,915			1,009,045 15

The Money borrowed was in 1776	—	2,000,000
1777	—	5,000,000
1778	—	6,000,000
1779	—	7,000,000

20,000,000, at 5l. 0s. 10½ per cent. 1,009,045l. 15s.

0459

