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A X
DIALOGUE
 Between a
GENTLEMAN
 AND A
BROKER,
 Concerning the **FUNDS.**

To which is prefix'd,
 A LETTER to Sir *R. WALPOLE.*



L O N D O N:
 Printed for T. COOPER, at the *Globe* in
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To the Right Honourable

Sir Robert Walpole,

Chancellor of the *Exchequer.*

Honourable SIR,



*S you have the Honour of pre-
siding at the Head of our Fi-
nances, I think there needs
no Apology for addressing to
you the following Dialogue,
relating to a general Reduction
of the Interest now payable upon the Funds.
'Tis true, it hath already been published (in
two Parts) in the Daily Journal of the 9th
and 18th Instant; but as those Papers are
not universally read, and very likely ev'ry
body that read the one Part, had not an
Opportunity of seeing the other; it was
thought proper to reprint the whole together,
and*

and present it to the Publick at one View, for so small a Price as Three-pence, that it may be in every Person's Hand, whom the Subject thereof may concern. If you will give yourself the Trouble of perusing it, you will therein find the Method ready chalk'd out: I am aware of the only Objection, that can be made against such general Reduction, viz. that tho' it is the only Means to enrich the Nation (because it will be the sooner out of Debt) yet it is at the same time impoverishing the Individuals interested therein, who will not be able to live upon 3 per Cent. Income. To which I answer; that if the Legislature should think proper at the same time to mitigate, or entirely annihilate some of the most burdensome Taxes, it will in some measure recompense to the Subjects, the Amputation of their present Income; and the Reduction will then fall in Fact only upon the Foreigners concern'd in the Funds. And now that I have mentioned Foreigners, I think it will be very proper to take Notice in this Place, of the annual Savings, that will accrue to this Nation by such Reduction out of their Share only; they are reckoned by the most judicious Calculation, to hold about ten Million of the Funds; at 4 per Cent. Interest comes to 400,000 l. Yearly, which if at 3 per Cent. would be no more than 300,000 l. and of course 100,000 l. would be annually saved

saved to the Publick, only by that Article, the which is the worst of any; for if there were no other Proprietors, but such as resided in England, it mattered not if 6, 5, 4, or 3 per Cent. Interest was allowed, because it would still remain with us: But as the Case stands, the Time must come, when the Consequence of paying to Foreigners double the Interest they can make in their own Country, will be severely felt, if not timely prevented. That no Time can ever be more proper than the present, is most certain; Tranquillity being (thank God) restored all over Europe, and Money exceedingly plenty in the Funds, the Prices being so high, and Purchasers give so much for them, as to make only $3\frac{1}{2}$ or $3\frac{3}{4}$ per Cent. Interest, subject to the Loss of great part of (if not all) their Premio, by temporal Fluctuations, and Annihilations on the Discharge of their Principal by the Sinking Fund. Nay, the Salt Tallies, that must be paid off in Course in 4 or 5 Years, are at so many per Cent. Premio; Navy Bills (now they are regularly paid) are only $1\frac{1}{2}$ per Cent. Discount, which is barely 3 per Cent. for Money; and India Bonds carrying 3 per Cent. are at $1\frac{1}{2}$ Years Purchase, or 4l. 10s. Advance; which are plain Indications, that the generality prefer a solid and staple 3 per Cent. to a greater, if precarious, Annuity depending upon Trade, &c.

This

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This being the Case, I declare I cannot see where the Difference is, between being reduced by the Legislature, and reducing themselves, by holding or purchasing the Funds at such high Rates; on the contrary, by means of such Parliamentary Reduction, there will be a National real Advantage, of near 500,000 l. a Year, by saving of Interest, and the Subject may then be eased of the most burthensome Taxes, by which means, the said Reduction will fall only on the foreign Proprietors; happy would it be for England, if none such there were!

The annual Interest paid to Persons residing abroad on their Properties in the Funds; the Subsidies paid to foreign Potentates; the late Imperial Loan; and the constant Balance of Trade against us, with Holland and France, occasion'd by the great Imports of Linnen, Spices, &c. from the former, and of Wines, Brandies, &c. from the latter, should have fallen the Exchange very considerably; but the contrary is very evident, it having been for many late Years last past, higher than formerly. This cannot proceed from any other Motive, but the daily Purchases by them made in the Funds, and instead of carrying away their respective Dividends as the same are paid, they continue to invest them here, because they can reap a greater Interest than at Home, and possibly upon Securitis much more

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more to their Satisfaction, than those of their own Country; and so continue from time to time increasing their Capital in these our Stocks. I might here add, the Advantages they take of the Rises and Falls thereof, by buying and selling at proper Opportunities; but as that is only owing to the Folly of those they may be said to game with, I don't bring it into this Account.

Thus, Sir, I have laid my Thoughts before you, and the World, upon this Subject, which, in my humble Opinion, is of the utmost Importance to the Welfare of this Nation; for if this Method be pursued in time of Peace, it will put us in a Condition, if ever we should be forced into a War, to have so much the larger Sum of Money at command, without any new Impositions, and Posterity will have just Cause to bless the Hand, that help'd to unlade their Burthens. I submit the whole to impartial Examination, and for the present beg leave to subscribe myself,

Honourable SIR,

Your most humble and

most obedient Servant,

J. S.

*From my Chamber
in the Temple,
Jan 31. 1735-6.*

B

G. Pray what may they be?

B. *Here he whispered in the Gentleman's Ear, so that I cannot tell what he said, only in the Conclusion I heard him say —* But no-body will believe it.

G. Nor can I believe it; therefore let us confine ourselves to the Point, What is the most proper thing to lay out some Money in?

B. *India* Stock against the World; and you may believe I advise you as a Friend, since I speak against my Interest; for should you lay out your Money in any other Fund, my Brokage would come to more, because it would buy more Capital.

G. You were wont to exclaim against that Stock as a Bubble, and was for your Solids, as you call them: How comes it, that you have thus altered your Opinion?

B. For a very good Reason; because there is a Scheme going forward in it, which cannot fail succeeding, it being calculated as well for the Good of the Publick, as for the Benefit of the Company; and therefore when it comes before Parliament, will surely be approved: Upon which moral Certainty I have invested my little Capital in the said Stock, and have persuaded several of my Friends, that

that had Money by them, to lay it out therein; and such of them as had not, I borrowed it for them at Interest, upon Security of the same Stock: There are a great many other Gentlemen (that were early in the Secret) that have done the same for very large Parcels. *Here he mentioned several Persons Names, which I do not repeat, as improper, and, to my Purpose, unnecessary.*

G. If you are not under Promise of Secrecy, pray open the said Scheme to me, that I may give you my Thoughts upon it?

B. That I will with all my heart, and debate it with you too, Sir, for 'tis now no Secret. The Case, in a few Words, is no more than this: — The Company is to apply this next Sessions to Parliament for some Regulation or Reduction of the Duties that are payable upon Teas, which, as the Law at present stands, are so very great, as to tempt the smuggling very large Parcels of that Commodity; and as it carries with it that popular Intention of preventing that iniquitous Practice, so prejudicial to the Fair Trader, there is no room left to doubt but that Success will attend such Application.

G. And

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G. And is it thought that the Parliament will gratify the Company, without turning this Thing also to the Advantage of the Nation?

B. The Nation will be greatly Gainers by it, because if Smuggling be effectually prevented, by lowering the Excise, of consequence more Tea will pay the said Duty.

G. That's begging the Question, and that I can't grant, nor I believe will that august Assembly; because it seems a Paradox, that lessening the Duty should be the Means of bringing in larger Sums upon the same.

B. Experience hath demonstrated it in other Commodities; as Spices, Cocoa Nuts, &c.

G. I can't say any thing to that, only that what happens to be the Case in one Commodity, may not prove so in another; therefore it is very probable, that the Parliament will turn this Project to a certain National Advantage, by reducing the Company's Annuity to 3 per Cent. for by that the Nation will be sure to save 32000 *l.* a Year; and if the Company will get that yearly Sum by their Scheme, is with me Matter of Doubt.

B. I

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B. I am amazed, Sir, at your Doubt! tho' should the Parliament make the Company pay such Tribute for such an Act (which, by-the-by, there is a Chance they won't) it will be the best Bargain the Company ever made, for they'll get thrice that Sum annually by it, as you may see by the *Daily Advertiser* of the 9th of December.

G. I don't give Credit to every thing that's printed, any more than I do to every thing that's said; it may be so, or may not be; 'tis at best but a Chance, till tried. We will let this Point rest for the present, and now talk a little about the State of the Company, that I may, if possible, come at the intrinsic Value of their Stock. Know you what Sum in Bonds they have out-standing?

B. This is, without Exception, the most difficult Question you could ask, to meet with a satisfactory Answer. I own I am not able to resolve it with Certainty, being informed it is a Secret known to but few of the Directors; but by general Report they are supposed to have as many as they are (by their Charter or Act of Parliament) permitted to issue, viz. to the Amount of their Capital, which is about 3,200,000 *l.*

G. I

G. I have heard so before; and some People think there is that Sum out in the three and half *per Cent.* Bonds, over and above between 4 or 500,000 *l.* (at which the Company's Forts and Castles are valued) in 3 *per Cent.* Bonds, besides sometimes considerable Sums in Loan of the Bank of England: The Truth of these two last Articles I much doubt, and may have been given out formerly by your *'Change-Alley* Bears (when such were tolerated) to depreciate the said Stock: But upon supposing only the former, we shall find this Point brought into a very narrow Compass, *viz.* what the Government owes to the Company for their Fund, we'll suppose they owe to their Bond Creditors; and of course the Stock Proprietors have nothing for what they buy, but the Company's Effects in Trade, and their Charter: And do you think these Articles worth above five Millions *Sterling*, which the whole Capital comes to at the present Market Price?

B. I agree with you there, Sir, and may be they have not half the Sum in Trade, and possibly they would not distribute 100 *l. Sterling* for 100 *l. Capital*, were they now to break up, and that all the rest, and may be more, is *Premio* given for the probable Advantages of the exclusive

five Trade for the Term of thirty Years to come: But few People make such a nice Scrutiny into the the State of the Company as you; and rather believe, for the generality, that the Capital due from the Government, and also the Stock in Trade, are both the sole Property of the Proprietors.

G. For this very Reason I am of Opinion, that when the Company comes before the Parliament (who constantly endeavoured to prevent the Unwary being misled) they will immediately reduce the Annuity payable to the Company to 3 *per Cent.* and will apply the Produce of the Sinking Fund (as soon as the same shall be at Liberty) to pay off entirely the said Company's Fund, and to compel them to discharge therewith the whole Bond Debt (if they can, if not, as far as it will go) that the true Amount thereof may no longer be a Mystery; and the Purchasers of the said Stock will then know, that they give so much (whatever be the Price) only for the Effects in Hand, and Liberty of the Trade.

B. All what you have said may be very reasonable, and perhaps may come to pass; but I verily believe no-body thinks of it but yourself, and therefore you may venture now with a seeming very good Prospect,

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Prospect, and get out again with Profit time enough, even before the Scheme is brought into Parliament, and let the Devil take the hindmost; for 'tis remarkable, that the Expectation of any Scheme hath, for the generality, greater Influence on the Stocks, than its Accomplishment.

G. I don't intend to lay out my Money for a Job only, but with a View to live upon the Income or Dividend (of such Fund as I shall now invest it in. And therefore, considering all our Debate, together with the Precariousness and Uncertainty of their Dividend (the Company being rivalled in Trade by all the Maritime Powers) I am determin'd not to be concerned in their Stock, but leave it entirely to those that are constantly upon the Spot, and know when are the proper Times to get in or out.

B. I have told you, Sir, my Opinion; and, since you do not think well of *India* Stock at this Price, am ready to obey your Orders in any other Fund, that may be more to your Satisfaction.

G. What think you of *Bank* Stock?

B. Old Women and Foreigners are very fond of it.

G. Why are they so?

B. I

B. I believe because they are very well satisfied with the Management of the Directors.

G. You might have added some other Reasons; such as, because they were never guilty of Exceedings in Dividends; and because they have no Bonds against them carrying the Canker of Interest, they being Money-lenders, and not Borrowers; and because —

B. There may be a great many good Reasons more: But you was pleas'd to object against the great *Premium* given upon purchasing *India* Stock, whose exclusive Charter hath upwards of thirty Years to run: Will not the same Objection lie against the *Premium* given for *Bank* Stock, since theirs expires so soon as the Year 1742?

G. 'Tis so most certainly; and therefore I'll let that Stock alone also. Pray give me your Thoughts upon the *South-Sea* Stock

B. I really believe it is in a flourishing Condition, which is greatly owing to the Frugality and Application of the present Set of Directors, who have restor'd the Company's Credit, by putting their Trade under good Regulations, and lessened very considerably the Bond Debt.

C 2

G. Pray

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G. Pray what may be the Sum that the Company actually owe?

B. According to the Account laid before the General Court in *July* last (the Veracity of which is not to be question'd) only about 650,000 *l.*

G. How much is that *per Cent.* upon their Capital?

B. As near as I can compute about 17 *per Cent.* but they have more than that Sum due to them in *New Spain*, upon Account of old Dependencies.

G. I have formerly heard much Talk of those old Debts, but believe what of them were good have (by the indefatigable Pains taken by the present Directors) been e'er now recovered; and for the Sum still out-standing I look upon it only as a Cypher; and the more, because I have heard in Conversation, the K— of S— hath such large Demands upon the Company, as would swallow up that Sum, or more.

B. 'Tis true the K— of S— doth make some Demands upon the Company, and so doth the Company upon the K— of S—; but no Mortal can tell when they will be adjusted.

G. I declare I am for something clear of all Incumbrances, as well present as future; therefore cannot resolve to lay out my

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my Money in this Stock neither: Besides, considering that 17 *per Cent.* ought to be deducted out of the Capital to make it whole, that brings it down to 83; and to give the present Market Price for it, is equal to the buying 3 *per Cent. Annuities* at 112.

B. You are so very nice, Sir, that I don't know what you can do with your Money. You must e'en lay it out in the *South-Sea Annuities*, since the Trading Companies don't please you.

G. I don't think I shall do that either, because I have seen a Scheme for a general Reduction of the Funds to 3 *per Cent.* and if that should come to pass, I shall be likewise bit by coming into them at this high *Premium.*

B. I have indeed heard some idle Talk of that kind; but I think it impracticable, and find but very few People (if any) under such Apprehensions.

G. We have seen it done with all the Ease imaginable from 6 to 5, and from 5 to 4 *per Cent.* at once upon the whole redeemable Debt; and that, at a Time, when the Sinking Fund and the National Credit were (as one may say) but in their Infancy: Therefore how much more probable is it to be now accomplished gradually, by the very Increase of Credit, and
Plenty

Plenty of Money in the Funds, aided by the large annual Surplus of the S— F—?

B. You said just now, that you had seen that Reduction Scheme: Pray communicate to me some of the Particulars?

G. It lies in a very narrow Compass: It is therein supposed, that the India Company will apply to Parliament (as you was saying in the Beginning of our Discourse) about the Tea Duties; and supposes their Request to be granted, upon Condition of submitting their Fund to be reduced to 3 per Cent. That being done, the Bank may be sent for, and a new Lease granted them for a longer Term, upon the same Conditions, and so on to the other Funds, not doubting that when any of the great Corporations have complied, the remaining will accept Neighbour's Fare.

B. This is all fine Talking; but it cannot be done without a round Sum of Money in Hand, ready to pay off such obstinate Proprietors as will not be content with such low Interest.

G. The Scheme hath provided for that likewise, by proposing a Loan to be opened at the E—r, at 3 per Cent. Interest, upon the Credit of the S— F— for two or three Years to come, payable in Course,

Course, expecting that large Sums will soon be brought in, rather than invest in Bonds, &c. at such extravagant Premiums.

B. I can't tell what to say to it; it may or may not succeed; but if it should, it will make are Work for 'Change-Alley; from all Buyers, they will become all Sellers, because the respective Dividends will be lessened in Consequence thereof, viz.

of	}	India Stock from 7 to 6	} per Cent.	
		Bank Stock — 5½ to 4¼		
		South-Sea Stock — 3 to 2		} per Ann.
		Annuities — 4 to 3		

G. Why, do you suppose 1¼ per Cent. Reduction of Dividend upon the Bank Stock, and only 1 per Cent. upon all the other Funds?

B. Because the Bank have 1,600,000 l. original Capital, now carrying 6 per Cent. and 8,500,000 l. additional Capital, attended with 4 per Cent. and consequently 3 per Cent. off the former, and 1 per Cent. off the latter Sum, amount to 133,000 l. a Year, which taken out of about 9,000,000 l. Stock in the Hands of the Proprietors, is more than 1¼ per Cent.

G. Upon the whole, all that I can conclude from our Discourse is, that the Funds are under a very odd Dilemma. If the Peace should be settled, 3 per Cent. is like to be their Portion; and if the Sword should

should again be drawn, they will fall considerably; and much more if we should take Part in the Quarrel. Therefore I'll not concern myself in any for the present; but since so many Estates are advertized for Sale, I'll look out for some agreeable Purchase, and lay out my Money in Land.

B. And I'll go, and give my Friends the Whisper (before the Town and the Foreigners take the Alarm) that they may not be left behind; and wishing you good Success (for the present) I take my Leave of you, hoping, when you have any Commands in my Way, you will not forget me.

G. You may depend upon my Friendship. — Adieu.

F I N I S

