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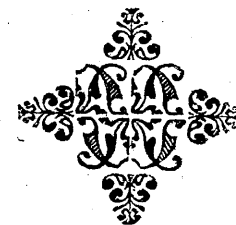
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SOME
CONSIDERATIONS
ON
PUBLIC CREDIT.

AND
The NATURE of its CIRCULATION
in the FUNDS.

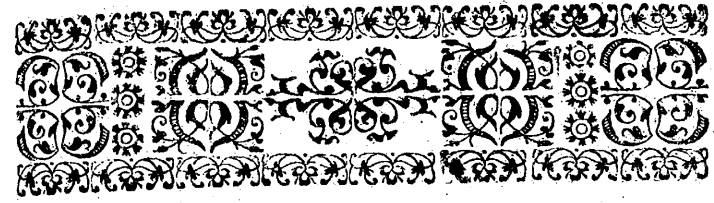
Occasioned by
A BILL now depending in Parliament,
concerning STOCK-JOBING.



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M.DCC.XXXIII.



SOME
CONSIDERATIONS
ON
PUBLICK CREDIT.

THE Preservation of our *publick Faith*, and the Regard due to our *national Credit*, are Things of the utmost Consequence, and well deserve the most serious Consideration of the *Legislature*.

THE *national Debt* was contracted in Defence of our *Liberties* and *Properties*, and for the Preservation of our most excellent *Constitution* from *Popery* and *Slavery*. This encouraged the best *Subjects* at the *Revolution* to venture their *Lives* and *Fortunes*

tunes in maintaining a long and expensive *War*, in a firm Dependence on *parliamentary Faith*, and that *publick Credit*, which arose from the free and unconfined *Liberty*, so wisely given to every *Subject*, to dispose of his Property or Interest in the *publick Funds*. This created a new *Commerce* amongst Mankind, and stamped a Value on what would otherwise have been an insupportable Burthen to the *Nation*. Without this *Commerce*, which gave Birth to a new kind of *Species*, it seems impossible that the *War* could have been maintained; for tho' *parliamentary Security* was the Foundation of *publick Faith*, yet this *Commerce*, this Freedom for every *Subject* to alter his Property in the *Funds*, as Occasion or Conveniency required, may undoubtedly be affirmed to be the Support of *publick Credit*. It is in a great measure to this *Liberty* that we owe the happy Effects of the *Revolution*, the Blessings of *Peace*, and the *Succession* in the present *Royal Family*.

THIS likewise induced *Foreigners* to become such large Adventurers in our *Funds*, which enabled the *Government* to borrow *Money* at a moderate *Interest*; and by that Means an insufferable Load of
Taxes

Taxes was prevented. And since every *Foreigner* who invests his *Money* in our *Funds*, is thereby attached to our *Interest* by the strongest Engagement, nothing can so effectually dissolve that Tie, as a Restraint on the *Circulation* of our *Credit*, which was one of the chief Motives to that Engagement.

To the *Bank of England* more particularly belongs the *Circulation* of *Cash*. By this *Circulation*, that *Company* has made large *Dividends* to its *Proprietors*; and the Use it is of to *Trade*, in discounting Foreign Bills of *Exchange*, Inland Bills, and Notes, is sufficiently evident. This enables the *Merchant* to enlarge his *Trade* at very easy *Interest*; and the *Bank Notes*, which circulate in consequence of these *Discounts*, answer all the Ends of *Specie*. Thus is *Credit* founded on the reciprocal Confidence between the *Bank* and the *Merchant*, with respect to the *Circulation* of their *Cash*, *Bills*, &c. And that very great Advantage accrues to *Trade* from this *Credit*, in the Courses of *Exchange*, I believe no one who understands them will pretend to deny. But this *Circulation* of *Credit* is not of Use to *Trade* only. It can be no Secret to the World that the *Bank* has
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has supplied the Necessities of the Government from Year to Year, with large Sums of Money, at so low an Interest as 3 per Cent. That the Circulation of Credit in other Companies is of excellent Use, and greatly beneficial to the Nation, I believe is beyond Dispute: but having sufficiently shewn the Value of Credit, and the Usefulness of Circulation, by the former Instance, I shall say no more upon that Head, but proceed to prove that any Restraint on the free Liberty of the Subject in circulating the publick Funds, will greatly impair Credit, and be attended with bad Consequences to the Nation.

As England is at present the universal Bank for the money'd Interest, so Holland is the Market of the whole World for Goods and Merchandize. By this Means our Neighbours the Dutch have their Warehouses always full, their Houses constantly tenanted, and their Inhabitants are in a thriving and flourishing Condition, from the natural Profits of Rent, Commission, Brokage, Labour, &c. and should the Exchange of Amsterdam become the only Place for the free and unlimited negotiating our Funds, we shall make the Balance of Trade still more against us, and

and contribute, at our own Cost, to enrich them, by paying to them Commission and Brokage for such Transactions, which, as the Case now stands, they pay to us. The Difficulties attending such a Commerce are so few and inconsiderable, that the least Restraint laid upon it here, is the most probable Means of removing it thither; since a Letter by the Post will effectually answer the End. That politick State understands its own Interest too well, to forbid its Subjects to circulate even Foreign Credit in any Shape whatsoever, lest such a Prohibition should affect its own: wisely concluding, that Credit in general is of so fickle and capricious a Nature, that it is dangerous to divert its Current, or obstruct its Course. And though Contracts in our East-India Stock made in Holland, are not cognizable in their Courts of Law (to the End that its Subjects may be more firmly attach'd to the Interest of their own India Company) yet they constantly and largely circulate that Fund of ours with Impunity.

Th' parliamentary Security gives the real Value to the national Debt, or the publick Funds, they would be like the Miser's Treasure, useless to the Possessor;

or like the undiscovered Riches of the Earth, did not *Circulation* and *Credit* set a *Market Price* on them. It is by this *free* and unconfined *Liberty* of buying and selling the *Funds*, that the chief Branches of *Credit* are maintained; and the taking away any Part of that *Liberty*, seems as if an *Artist* should endeavour to support a *Building*, by undermining the *Foundation*. Why are People contented with 3 *per Cent.* in the *Funds*, when they can make 4 *per Cent.* on *Land Security*, but because they can change their *Property* without Difficulty, and at a small Expence? But should a Restraint be laid on this *free Commerce*, how would the Case be altered? The *Seller* (be his Necessity never so urgent) must then wait, till by Accident a *Buyer* is thrown in his Way, who will take care to have a cheap *Bargain*, when, for want of a *Market*, it will be no easy Matter to fix a *Price*. This will soon make the Possessor weary of so precarious an *Estate*, and unwilling to engage in any new *Loan*, when the Emergencies of the *State* may require his Assistance.

It is heartily to be wished that there were no Reasons for the present Clamour
against

against the *pernicious Practice of Stock-jobbing*. I believe every Lover of his *Country*, not only wishes it could be prevented, but would contribute all in his Power to punish those who have Stock-jobbed away the *Properties* of others. This may truly be called the *infamous Practice of Stock-jobbing*, for which no *honest Man* will be an *Advocate*. And I humbly conceive, that a Method may be found out to prevent these Abuses for the future, without cramping the *Circulation* of our *Credit*, or taking away any Part of that *Liberty* which is now exercised.

SOME *Gentlemen* indeed there are, who conceive that nothing can effectually abolish this *infamous Practice*, but the prohibiting *Contracts* for *Put* and *Refusal*, limiting *Bargains* in the *Funds* to a few Days, and by punishing those who *buy* or *sell Stock* that shall not actually be transferred, and paid for.

THAT bad Consequences may be produced from the best ordered *Scheme* is evident from the Corruptions that have always crept in, and have existed in the best *Governments*. But surely no one will hence infer that *Mankind* should

be deprived of *Liberty* because it may be abused.

THE *free* Exercise of Dealing in *Stocks* is as necessary to circulate the *Funds*, as *Cash* is to the *Bank* to circulate its *Notes*. This supplies us with *Paper* or *Species*, while the other supplies us with *Species*, or the Value of it in the *Funds*. Take away the *Credit* or *Circulation* of either in any Degree, and the *Nation* must suffer by it, because they exist upon the same Principles.

It has been esteemed an *Act* of Wisdom and Prudence, by all *thinking Men*, to make use of the most effectual Means of securing or guarding their *Property* in all Kinds of *Adventures*. The *Merchant* insures his *Ships* and *Effects*; most *People* insure their *Houses* and *Goods*; the *Bank* has never undertaken the circulating *Exchequer Bills* without insuring the whole *Money*, by taking in a *Subscription* (which is an actual *Contract* for the *Refusal* of so much *Money*, if there be Occasion to call for it); and every *Man* insures his *Country*, his *Liberty*, and our *excellent Constitution*, by paying his *Quota* of *Taxes*. From all which arises a *particular Good* to every Individual,

Individual, and the *general Good* of the Whole.

BUT having mentioned the *Circulation* of *Exchequer Bills* by the *Bank* (which has so often received the Sanction of a *Law*, and which was so wisely calculated by our *Legislature*, as the most effectual Method of promoting *Circulation* and *Credit*) I would ask whether it is not absurd to suppose that the *Subscribers* keep by them the remaining *nine* Parts in *ten* of the *Sum* they subscribe for? and if they do not, they are liable to be charged with the *scandalous and pernicious Practice* of *Stock-jobbing*, as much as he who buys *ten Thousand Pounds Stock* for any distant *Time*, when he can pay for no more than *one Thousand Pounds*, or as he who signs *Contracts* for *Refusal* of *ten Thousand Pounds Stock*, when he is really possessed of only *one Thousand Pounds* of that *Stock*. For the *Bank Subscriber* in reality pays no more than *one Thousand Pounds* for his *ten Thousand Pounds Subscription*, and the *Subscriber* is subject to the same *Call* from the *Bank*, in Consideration of a *Premium* which he is to receive, as the *Man* who takes a *Premium* for the *Refusal* of *Stock*. If this Practice is a *Crime*, it is more *notorious* in the *Subscriber*,

Subscriber, because he contracts for a *Year*, which seldom happens in the other *Case*.

If then the present Method of *Circulation* is an *Insurance* of the *Funds*, it must evidently be a general *Good* to the *Nation*.

Contracts for *Put* and *Refusal* of *Stocks* are as properly *Insurances* of our *Interest* in them, as any other *Policies of Insurance* are of *Ships* and *Merchandize*; and the same *Liberty* is as necessary to dispose of our *Right* in those *Contracts*, by buying and selling *Stocks*, as it is to the *Merchant*, in buying or selling his *Goods* and *Merchandize*, or *Policies of Insurance*. And surely the *Creditors* of the *State* should not be deprived of a *Privilege* which they enjoy in common with all *Kinds* of *Traders*.

THE *Clamour* against *Stock-jobbing* is generally raised by those who lose what others gain. And no Wonder if *Sufferers* make an *Outcry* against *Contracts*! *Brokers*! *Great Companies*! *Monopolies*! and fancy that the *Nation* is to be undone, because they are unfortunate. But it is
amazing

amazing to hear a *Man*, who has signed a *thousand Policies of Insurance* on *Shipping*, rail against *Policies* for the *Insurance* of *Stock*. He'll tell you it is an *infamous Practice* to sign *Contracts* for *Refusal* of more *Stock* than a *Man* is possessed of, or to oblige himself to receive more than he is able to pay for; yet may you see *this very Man* (who owes great Part of his *Fortune* to what he now calls a *Jobb*) sign *Contracts*, or *Policies of Insurance* of *Ships* and *Merchandize*, for an immense *Sum* more than he is worth. Nay, he'll call it an *honest* and a justifiable way of *Trading*, tho' to his Knowledge the *Insurance* is often *fictitious*, as the express Words of the *Policy*, *INTEREST*, OR NO *INTEREST*, imply. This Sort of *Men* have a strange *Antipathy* to *Companies*, more especially since those of the *Royal Exchange* and *London Assurance* have been established. And the Reason is plain, since these *Companies* have considerably reduced the *Premiums* of *Insurance*, to the great *Ease* and *Advantage* of *Trade* in general. But what is *publick Good* to such *Men*, who obtain the Reputation of being *Patriots* by railing against *Companies* and *Stock-jobbing*, while *Interest* is the *Director* of this *pretended publick Spirit*,
and

and the real End of their exclaiming is to sacrifice a *general Good* to *private Views*? This will still farther appear by the *Petition* which was presented to the *House of Commons*, in the Year 1730, for laying open the *East-India Trade*, and demolishing the *Company*, under Colour of an Aversion to *Monopolies*. By this they designed the Ruin of the *Proprietors* (who insure one another) upon a Prospect of insuring the *Adventures* of private *Merchants* who might trade thither. But as they were disappointed in that Attempt, so may they always be in any Endeavours to subvert *Credit*! And let them rail on. The *Insurance of Stocks* will be found as advantageous to *publick Credit*, as the *Insurance of Ships and Merchandize to Trade*: and that any Restraint on the *Liberty* of the *Subject* in circulating the *publick Funds* will have an unhappy Influence on *Credit*.

I will now suppose that a *Law* was made to exclude all other *Contracts* in *Stocks*, except those that are made for *ready Money*; that no *Contract* should be binding that was not complied with in *Days*; and that a *Penalty* should be inflicted, if it was not specifically performed within

within that *Time*. Let us enquire whether such a *Law* will not increase the Evils of *Stock-jobbing*, and whether the Consequences of it may not be fatal to *Credit*, and thereby injurious to the *Nation*.

It will be found, when it is too late, that the *Proprietors* of the *Funds* should upon all Occasions have a *free Market* to go to; which it will be impossible to have, if none are permitted to deal in them, except such as can immediately pay for them. For *Men* of large Fortunes will not transact their Business but on very advantageous Terms, to which the necessitous *Person* must submit. *Credit* will be reduced to its *infant State*, when the Difference between buying and selling *Stocks* was at least two or three *per Cent*. but the Increase of *Circulation*, from the Benefit of a *current Market*, does now almost ascertain the Difference to $\frac{1}{8}$ or $\frac{1}{4}$ *per Cent*. This is owing to *Men* of moderate Fortunes, who think it worth their while to buy and sell with very small *Profit*, and by this means in a manner poize the *Stocks*. But these *Men* must be rendered useless, while others of large Fortunes and superior Power will keep

keep the *Game* in their own Hands. Thus would *Property* become far less valuable, by being much more precarious, since no *Man* could sell his *Stock*, or invest his *Money* as his Necessity required. The *Merchant* will be fearful of engaging, lest he should not meet with a *Buyer* when his *Bills* are due; and the *Goldsmith*, for the same Reason, will not care to part with his *Money* out of his *Shop*. Cautious *Men*, who lend *Money* on *Stocks*, and live on the *Interest* only, will be justly alarmed when the *Circulation* of our *Credit* is thus restrained, and reduced to so low an Ebb, that a very few *Brokers* may easily circulate all the *Credit* that will be left. And when the Circulating the whole *National Debt* is brought within this narrow Compass, what Advantages may not Men of great Fortunes make, by entering into *Cabals*? Upon every *idle Story* they will have it in their Power to raise or sink the *Stocks* at Pleasure. How easy will it be for them to fright People out of their *Estates*, and bring the *Funds* in general into Disgrace? The selling thirty or forty Thousand Pounds *India Stock* would probably sink it *Ten per Cent.* if there was but a Rumour that *Troops* were marching in a *foreign Country*.
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Every little Trifle would intimidate *Mankind*, make them grow jealous of their *Property*, and weary of what they are now so fond of. In such a Situation, *Foreigners* might be tempted to draw away their *Money*. Thus will the Evils of *Stock-jobbing* be much greater; more *Money* will be got by *Men* of over-grown Fortunes, while the rest will in all respects be greater Sufferers.

If these are the Consequences likely to ensue in *Times of Peace* and Tranquillity, what Confusion may not be apprehended on the Breaking out of a *War*? Great Numbers will flock to *Exchange Alley*, but will find no *Buyers*, nor *Agents* to transact their Business. And then I fear *Circulation* and *Credit* will find their utmost Period. At such a *Time*, might not we expect that the *Enemies* to the *Government* would take all Opportunities of increasing the Distress? Nor would the *Bank* (which is the last Resort of *publick Credit*) escape their Attempts.

THESE may prove the unhappy Effects of restraining the *Circulation* of *Credit*. Let us but preserve a *free* and unconfin'd *Liberty* of buying and selling, and insuring
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the *publick Funds* by *Contracts* for *Put* and *Refusal*, and we can be in no *Danger* of having our *Credit* subverted, tho' a *War* may impair it. Mens different *Ways* of thinking, with regard to the *Value* of the *Funds*, the *Necessities* which will oblige some to sell, whilst others are tempted by *Profit* to buy upon their *Contracts*, and the new *Adventures* of *Premiums*, &c. will always make a *Market*; so that *Stock* or *Money* may easily be found as *Occasion* requires. By this they ensure one another, and every *Man's Interest* (which is the strongest *Tie* in the *World*) tends to the *publick Good*. This *Circulation* of our *Credit* makes a *Kind* of *Union* with the different *Passions* of *Men*. This *free Commerce* dissipates, or at least weakens their *Fears*. The *money'd Men* will attend, either to buy, or lend their *Money* at such *Interest* as the *Market* shall determine, which will be generally moderate, if this *Freedom* is preserved, and exorbitant if it is restrained.

LET it be remember'd how wisely and carefully our *Legislature* nursed and cherished this *darling Child* of *Liberty*.

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THE *original Subscribers* to the *Funds* were allowed reasonable *Time* to make their *Payments* at different *Periods*, to the End that the *Well-affected* might be encouraged to *subscribe* for more than they could immediately pay for. Oh! that the *Lords HALIFAX* and *GODOLPHIN* were living to see an Attempt made to destroy this uncontroul'd *Circulation*, this *noble Structure* which they labour'd so much to raise and establish!

LET it never be forgotten, that, when the *National Debt* was first contracted, they would not suffer so much as the *Expence* of *Transfers*, or a *Clerk* to take a *Fee*, but prudently enacted *Laws* to encourage *Circulation*, and to advance *Credit*. And I hope these *Laws* will remain as firm and inviolable as *MAGNA CHARTA*.

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