

A N
A P P E A L
T O
T H E P U B L I C,

On the SUBJECT of the
N A T I O N A L D E B T.

By RICHARD PRICE, D.D. F.R.S.



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C O N T E N T S.

P A R T I.

Containing an Account of the NATURE and POWERS of the SINKING FUND; and the fatal Consequences of alienating it.

P A R T II.

Containing the HISTORY of the SINKING FUND; and an Account of the Dangers attending the NATIONAL DEBT.

Published by the same Author,

I. **O**BSERVATIONS on REVERSIONARY PAYMENTS; on Schemes for providing Annuities for Widows, and Persons in Old Age; on the Method of calculating the Values of Assurances on Lives; and on the NATIONAL DEBT. To which are added, FOUR ESSAYS on different Subjects in the Doctrine of LIFE-ANNUITIES and POLITICAL ARITHMETICK. Also, an APPENDIX, containing a complete Set of TABLES; particularly four New Tables, shewing the Probabilities of Life in LONDON, NORWICH, and NORTHAMPTON; and the Values of two joint Lives.

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P A R T I.

IN a late Treatise on *Reversionary Payments, Annuity-Schemes, and Population*, I have offered to the public several observations on a subject, now highly interesting to this kingdom: I mean, the NATIONAL DEBT. These observations appeared to me important; and in this opinion of them I have been since confirmed by the concurring opinions of some of the best judges. But they have not yet, as far as I know, been favoured with the attention of the managers

of our affairs; and this is one of the reasons of the present Appeal to the Public. Could our Governors be engaged to take them into consideration, they would perhaps see them to be worth their regard. Be this, however, as it will, I cannot make myself easy, without begging from the Public one further hearing on this subject.

I have observed, in page 163 of the Treatise I have mentioned, that in order to justify the Alienation of the SINKING FUND, it has been usual to plead, that when money is wanted, it makes no difference, whether it is taken from hence, or procured by making a new loan charged on new funds. I have called this a SOPHISM; and asserted in opposition to it, that the difference between these two ways of procuring money is no less than *infinite*. Those who have entered into my ideas cannot possibly want any other proof of this assertion than I have given. But, as it is a point of particular consequence, and some have objected to it, I shall here give as distinct and clear an explanation of it as I can.

A SINKING FUND, according to the most *general* idea of it, signifies “any SAVING or SURPLUS, set apart from the rest of an annual income, and appropriated to the purpose of paying off or sinking debts.”

There are *three ways* in which a kingdom may apply such a saving.

1st. The *interests* disengaged from time to time by the payments made with it, may be themselves applied to the payment of the public debts.

Or, 2^{dly}, They may be spent on current services.

Or, 3^{dly}. They may be immediately annihilated by abolishing the taxes charged with them.

In the first way of employing a *Sinking Fund*, it becomes a fund always increasing itself. Every new *interest* disengaged by it, containing the same powers with it, and joining its operation to it; and the same being true of every interest disengaged by every interest, it must act, not merely with an *increasing* force, but with a force the *increase* of which is continually accelerated; and which, therefore, however small at first, must in time become equal to *any* effect — In the *second* way of applying a *Sinking Fund*, it admits of no increase, and must act for ever with the same force. — In other words. A *Sinking Fund*, according to the first method of applying it, is, if I may be allowed the comparison, like a grain of corn sown, which, by having its produce sown and the produce of that produce and so on, is capable of an increase that will soon stock a province or support a kingdom. — On the contrary. A *Sinking Fund*, according to the second way of applying it, is like a feed the produce of which is consumed;

and which, therefore, can be of no farther use, and has all its powers destroyed.

The *former*, be its income at first ever so much exceeded by the new debts incurred annually, will soon become superior to them, and cancel them — The *latter*, if at first inferior to the new debts incurred annually, will for ever remain so ; and a state that has no other provision for the payment of its debts, will be always accumulating them till it sinks.

What has been now said of the *second* mode of applying a fund is true in a higher degree of the *third*. For in this case, the disengaged interests, instead of being either added to the fund, or spent from year to year on useful services, are immediately given up.

In short. A fund of the *first* sort is money bearing *compound* interest — A fund of the *second* sort is money bearing *simple* interest — And a fund of the *third* sort is money bearing *no* interest — The difference between them is, therefore, properly infinite : And this is so evident, that I cannot go on with this explanation without some reluctance. I will, however, rely on the candour of those who must be already abundantly convinced, while I endeavour to illustrate these observations by the following example.

Let us suppose a nation to be capable of setting apart the annual sum of 200,000 l.

as a fund for keeping the debts it is continually incurring in a course of redemption; and let us consider what its operation will be, in the THREE ways of applying it which I have described, supposing the public debts to bear an interest of 5 *per cent.*, and the period of operation 86 years.

A debt of 200,000 *l.* discharged the first year, will disengage for the public an annuity of 10,000 *l.* If this annuity, instead of being spent on current services, is added to the fund, and both employed in paying debts, an annuity of 10,500 *l.* will be disengaged the *second* year, or of 20,500 *l.* in both years. And this again, added to the fund the *third* year, will increase it to 220,500 *l.*; with which an annuity will be then disengaged of 11,025 *l.*; and the *sum* of the disengaged annuities will be 31,525 *l.*: which, added to the fund the *fourth* year, will increase it to 231,525 *l.* and enable it then to disengage an annuity of 11,576 *l.* 5 *s.*, and render the *sum* of the disengaged annuities, in four years, 43,101 *l.* 5 *s.*—Let any one proceed in this way, and he may satisfy himself, that the *original Fund*, together with the sum of the annuities disengaged, will increase faster and faster every year, till, in 14 years, the *former* becomes 395,986 *l.*, and the *latter* 195,986 *l.*; and, in 86 years, the *former* 13,283,000 *l.*, and the *latter* 13,083,000 *l.*
 —The full value, therefore, at 5 *per cent.*
 of

of an annuity of 13,083,000 *l.* will have been paid in 86 years; that is, very nearly, 262 millions of debt: And, consequently, it appears, that tho' the state had been all along adding every year to its debts three millions; that is, tho' in the time supposed it had contracted a debt of 258 millions, it would have been more than discharged, at no greater expence than an annual saving of 200,000 *l.* — But if the same fund had been employed in the *second* of the three ways I have described, the annuity disengaged by it would have been every year 10,000 *l.*; and the sum of the annuities disengaged would have been 86 times 10,000 *l.*, or 860,000 *l.* — The *discharged* debt, therefore, would have been no more than the value of such an annuity, or 17,200,000 *l.* — But besides this, it must be considered, that there will be a debt *saved*, in consequence of applying every year the disengaged annuities to current services, for which otherwise equivalent sums must have been borrowed. 10,000 *l.* will be saved at the beginning of the *second* year; 20,000 *l.* at the beginning of the *third*; 30,000 *l.* at the beginning of the *fourth*; and 850,000 *l.* at the beginning of the 86th year; (*a*) and the sum of all these savings is 36,550,000 *l.*

(*a*) This is an Arithmetical Progression; and the sum of every such progression is found by multiplying the *sum* of the first and last terms by *half* the number of terms; or, in the present case, by multiplying 860,000 by $42\frac{1}{2}$.
which

which, added to 17,200,000 *l.* the debt *discharged*, makes 53,750,000 *l.* Subtract the last sum from 262 millions, and 208,250,000 *l.* will be the complete loss of the public arising, in 86 years, from employing an annual sum of 200,000 *l.* in the second way rather than the first.

Little need be said of the effect of the same fund applied in the *third* way. It is obvious that the whole advantage derived from it, would be the discharge of a debt of 200,000 *l.* annually; or of 17,200,000 *l.* in all.

Similar deductions might be made on the supposition of lower rates of interest and shorter periods.—Thus; let a state be supposed to run in debt two millions annually, for which it pays 4 *per cent.* interest. In 70 years, a debt of 140 millions would be incurred. But an appropriation of 400,000 *l.* *per ann.*, if employed in the *first* way, would, at the end of this term, leave the nation *beforehand*, six millions; whereas, if applied in the *second* way, the nation would be left in debt, 79 millions; and in the *third* way, 118 millions.

It is an observation of particular importance here, that there is no benefit to be derived from employing a *fund* in the *second* of the ways I have mentioned, rather than the *first*. In both cases, the taxes are continued during the operation of the fund, and the national burdens are the same. In the former, a dis-
engaged

engaged tax is employed to *pay* a debt ; and in the latter, to *save* a debt which must have been otherwise incurred ; and *thus far*, the two funds are perfectly equal in their influence on the public. The difference which will appear on tracing them farther, is a difference entirely in favour of the former fund ; and a difference too, which is not balanced by any kind of loss or expence.— A disengaged annuity, if employed to *pay* a debt, will obtain for the public another annuity, and that another *in infinitum*. Whereas, if employed to *save* a debt ; or, which is the same, the *interest* of a debt, as that interest would not itself have borne interest, no farther advantage could arise.—In short ; in the one case the disengaged annuity is PROLIFIC, and contains in itself a number continually growing of other annuities.—In the other case, it is a BARREN annuity.—To employ a fund, therefore, in the latter way rather than the former, is preferring an exemption from the burden of ONE annuity, to an exemption from MANY ; and subjecting a kingdom to the loss of 208 millions in the *first* example, and 79 millions in the second, only for the sake of *saving* a debt, rather than *paying* an equal debt ; that is, from a regard to a circumstance in itself absolutely frivolous.

In the *third* or last way of employing a Fund, the Public will obtain some advantage

tage by the abolition of taxes. But it is an advantage unspeakably overbalanced by disadvantages.—In the first example, we have seen, that it is gaining 36 millions and a half at the expence of 262 millions; or, in other words, procuring an ease from taxes which, at the end of 86 years, would have been increased to 860,000*l. per annum*, at the expence of a Fund that, in the same time, would have eased the Public of above THIRTEEN MILLIONS *per annum* in taxes.—But I need not insist on the folly of this, the abolition of taxes being what we know little of in this country.

It must have been observed, that a *Fund* of the *second* sort is a greater check on the increase of public debts, than a Fund of the *third* sort. But the difference is not considerable, and there is one circumstance which, I think, reduces it almost to nothing.—It supposes a strict and inviolable application of the perpetuated annuities to the purpose of saving equivalent debts. But such an application of them is scarcely practicable. When small, they would be neglected; and, when large, they would, like the savings of persons in private life, only occasion an abatement of frugality: and, for this reason, if a *Fund* is not applied in the first way, it might, for ought I know, be best that it should be employed in the

last way ; for a kingdom would then be sure of receiving *some* relief, whereas otherwise it might receive *none*.

Perhaps, indeed, one might observe, in general, that if a *Sinking Fund* is not employed in the first way, and rendered absolutely inaccessible and unalienable, it would be most for the benefit of a State to be without any such provision. For, in these circumstances, though incapable of doing much good, it might do much harm by encouraging extravagance, and supplying with more money to be spent in maintaining undue influence and corruption.

But it is time to enter into a more explicit confutation of the plea commonly used to justify the alienation of the *Sinking Fund*, and which has been mentioned at the beginning of this Essay.

This alienation, it is well known, is become a fixed measure of Government among us. We owe to it our present heavy debt, and if continued much longer, there will, I am afraid, be no possibility of escaping some of the worst calamities. It is, therefore, necessary that the reason on which it has been grounded, should be particularly examined and refuted. And in order to do this, I must beg leave to bring again to view some of the preceding observations.

There is, let us suppose, a million wanted for the necessary supplies of the year. It lies ready in the *Sinking Fund*, and a minister, in order to obtain leave to seize it, pleads, "That, since such a sum must be had, it is indifferent whether it is taken from hence, or procured by making a new loan. If the former is done, an *old* debt will be continued. If the latter is done, an *equal new debt* will be incurred, which would have been otherwise saved; and the public interest can be no more affected by one of these than the other. But the former is easiest. And it will save the disagreeable necessity of laying on a new tax."—This argument appears plausible; and it has never yet failed of success.—But what must prove the consequence?—If such reasoning is good one year, it is good every year; and warrants a total alienation of the *Sinking Fund*, if the annual expences of Government are such as always to require a sum equal to its income. And thus, it will lose its whole efficacy; and a Fund that, if not alienated, would have been OMNIPOTENT, will be converted into just such a *feeble* and *barren* one, as the *second* or *third* in the former account.

The fallaciousness of this argument consists in the supposition, that no loss can arise to the Public from continuing an *old debt*, when it cannot be discharged without in-

curring an *equal new debt*.—I have demonstrated this to be a mistake; and that by practising upon it, or *alienating* rather than *borrowing*, an INFINITE loss may be sustained.—Agreeably to this, I have in the Treatise on Annuities, pag. 339. shewn, that had but 400,000*l. per annum* of the *Sinking Fund* been applied, from the year 1716, *inviolably*, THREE MILLIONS *per annum* of our taxes might now have been annihilated.

I will here add, that had a million *per annum* of it been thus employed (a), we should now, supposing a method possible of laying out so much money, been in possession of a *Surplus* of at least SIXTY MILLIONS, instead of being *in debt*, A HUNDRED AND FORTY MILLIONS.—But I will go farther.—Had even the money that, at different times, has been employed in paying off

(a) The income of the Sinking Fund, taking one year with another, has been considerably more than this, as will appear from the following account.

Medium of the annual produce of the Sinking Fund from its commencement to 1726,	—	0.577,614
From 1727, to 1736, both inclusive,	—	1.132,251
1737, to 1746,	—	1.062,170
1747, to 1756,	—	1.356,578
1757, to 1766,	—	2.059,406

The reason of the sudden increase after the years 1726, and 1756, was the reductions of interest which then took place.

our debts, been applied but in a different manner (*b*); that is, had it been made the produce of a *Sinking Fund*, which, from 1716 to the present year, had never been alienated; above HALF our present debts would have been cancelled.—Such is the importance of merely the MANNER of applying money.—Such is the prodigious difference, in the present case, between *borrowing* and *alienating*.—Nor is there any thing in this mysterious. The reason has been sufficiently explained—When a State borrows, it pays, I have said, only *simple* interest for money. When it alienates a Fund appropriated to the payment of its debts, it loses the advantage of money, that would have been otherwise improved necessarily at *compound* interest. And can there be any circumstances of a State which can render the latter of these preferable to the former? Or can the inconveniences, which may attend the imposition

(*b*) I reckon that about 20 millions of the income of the *Sinking Fund* has, at different times and in different ways, been employed in paying public debts. Fifty-six yearly payments of 357,000*l.* make nearly this sum; and, had it been divided into such payments and inviolably applied in the manner I have explained, from the year 1716; SEVENTY-ONE MILLIONS of debt, bearing 4 *per cent.* interest, would now have been discharged.—I hope it will be remembered, that in mentioning the results of calculations of this kind, I generally give the nearest round numbers, my design not requiring greater exactness.

of a new tax, deserve in this case to be mentioned? What a barbarous policy is that which runs a Kingdom in debt, MILLIONS, in order to save THOUSANDS; which robs the Public of the power of annihilating ALL taxes, in order to avoid a small present increase of taxes?—This, in truth, has been our policy; and it would be affronting common sense to attempt a vindication of it.

I confess myself incapable of speaking on this subject with calmness.—Let the Reader think of the facts I have mentioned: let him consider the difference in our favour, which an inviolable application of the *Sinking Fund* would have made: Let him compare what, in that case, we *should* have been, with what we *are*; and let him, if he can, be unmoved.

I have, hitherto, argued on the supposition of a *total* or *constant* alienation of the Sinking Fund. It may be proper just to mention the effect of a *partial* alienation of it.

Let us then suppose, that its produce is taken from it only every other year. Most persons will, perhaps, be ready to pronounce, that this could only take from it, in any given time, *half* its effect. But the truth is, that such an interruption would destroy almost its whole effect.—An annual Fund of 200,000 *l.* would (it has been shewn) in
eighty-six

eighty-six years, pay off 262 millions, bearing interest at 5 *per cent*. But if its produce is taken from it every other year, it would, in the same time, pay off no more than twenty-eight millions.

In like manner; a Fund of a million *per annum*, which commenced at the time of the establishment of our *Sinking Fund*, would by this time, (that is, in fifty-six years) have paid off TWO HUNDRED MILLIONS bearing interest at 4 *per cent*. But if alienated every other year, it could not have paid off FIFTY MILLIONS. And, if alienated two years in every three, it could not have paid off TWENTY-SEVEN MILLIONS.

I mean this on the supposition of a faithful application of its whole growing produce, in the years when it is not alienated. But this is a supposition which, when applied to the management of our SINKING FUND, is much too favourable. It has seldom happened that, in any one year, its whole produce has been applied to its proper use. In most years, it has been wholly alienated; and in some years, anticipated and mortgaged. — Can we then wonder, that it has done us so little service?

From these observations the truth of the following assertion will be very evident.

“ A State may, without difficulty, redeem
 “ all its debts by borrowing money for that
 “ purpose,

“ purpose, at an equal or even any higher
 “ interest than the debts bear ; and, with-
 “ out providing any other Funds than such
 “ small ones, as shall from year to year be-
 “ come necessary to pay the interest of the
 “ sums borrowed.”

For Example. Suppose our Parliament, in the year 1716, had resolved to borrow half a million annually for the purpose of redeeming the debts of the kingdom. In *private life*, such a measure would be justly deemed absurd. But in a *State*, it would be the effect of the soundest policy. For, in the present year, the *National Gain*, supposing the money applied, without interruption, to the redemption of debts bearing 4 *per cent.* interest, would have been, a HUNDRED MILLIONS, being *debt redeemed*, or the sum nearly to which an annuity of half a million will accumulate in 56 years.—On the other hand. The *National Loss* would have been, TWENTY-EIGHT MILLIONS ; being *debt incurred*, or the sum of all the loans.—The clear balance, therefore, in favour of the nation, would have been SEVENTY TWO MILLIONS.—During this whole period, the revenue account would have been the same that it has been, except that the surplusses which have constituted the *Sinking Fund*, would have been charged, towards paying the interest of the money borrowed, with an annuity increasing at the rate of 20,000*l.* every

every year. In the present year, therefore, this annuity would have been 56 times 20,000 *l.*, or 1,120,000 *l.* But it should be remembered, that 100 millions having been redeemed, the kingdom might have been now eased of the annual expence of *four millions*.

Again. Suppose only half a million annually to be now capable of being spared from the *Sinking Fund*. This, if applied to the redemption of the 3 *per cents.* at *par*, would pay off no more than 61 *millions* in 52 years. But let half a million be borrowed annually, for only 23 years to come; and 105 *millions* will be redeemed in the same time. (a) That is; 44 *millions* more than could have been otherwise redeemed, at the extraordinary expence of only *eleven millions and a half*.

WAR, while such a scheme was going on, would increase its efficiency; and any suspension of it then, would be the *madness* of giving it a mortal stab, at the very time it was making the quickest progress towards the

(a) Such a scheme as is here proposed might be more helped than can be well imagined by various kinds of management; and, particularly, when the *stocks* are under *par*, by purchasing them for the public at the prices in the *Alley*.—There are no sums so trifling, as not to be capable in this way, of being applied to the payment of the public debts.—The *smallest gleanings* of a fund might be thus improved, in a better manner than any other parts of it.

accomplishment of its end.—Suppose, for instance, that, within the period I have mentioned, two wars should happen; one to begin five years hence, and to last 10 years; the other to begin 35 years hence, and to last also 10 years, and both reducing interest in the *Funds* (b) to $4\frac{1}{2}$ per cent. It may be easily calculated, that on these suppositions 145 millions, instead of 105 millions, would be paid off by such a scheme. But, should it be suspended during the continuance of the two wars, it would in the same time (that is, in 52 years) pay off no more than 40 millions.

I know these Observations will look more like *visions* than *realities*, to those who have never turned their thoughts to these subjects; or who have not duly attended to the amazing increase of money, bearing compound interest.—The duration of the lives of *individuals* is confined within limits so narrow, as not to admit, in any great degree, of the advantages that may be derived from this increase. But a period of 50 or 60 or 100 years being little in the duration of *kingdoms*, they are capable of securing them in almost any degree: And if no kingdoms should ever do this; if, in particular, a nation in such cir-

(b) That is; so low as to make it the interest of the Proprietors of the 3 per cents, to dispose of them at about 67.

cumstances as ours, should continue to neglect availing itself of them; one fact will be added to the many in the political world, which, tho' they cannot *surprize* a philosophical person, he must consider with concern and regret.

Money bearing compound interest increases at first slowly. But, the rate of increase being continually accelerated, it becomes in some time so rapid, as to mock all the powers of the imagination.—ONE PENNY, put out at our Saviour's birth to 5 *per cent. compound* interest, would, before this time, have increased to a greater sum, than would be contained in A HUNDRED AND FIFTY MILLIONS OF EARTHS, all solid gold (*c*).—But if put out to *simple* interest, it would, in the same time, have amounted to no more than *seven shillings and four pence half-penny*.—Our government has chosen hitherto to improve money in the *last*, rather than the *first* of these ways.

Many schemes have at different times been proposed for paying off the National Debt. But the inventors of them might have spared their labour. Their schemes could not deserve the least notice. The best scheme has been long *known*. It has been *established*; but, unhappily for this kingdom, it was

(*c*) See Treatise on Reversionary Payments, &c. Introduction, page 13.

crushed in its infancy. Still, however, if our deliverance is possible, it must be derived from hence. The strictest mathematical evidence proves, that the natures of things don't admit of any method of redeeming public debts so expeditious and effectual.—

RESTORE, THEN, THE SINKING FUND.

And if the WHOLE of it cannot be unalienably applied to its original use, let SOME PART of it be so applied; that the nation may, at least, enjoy a *chance* of being saved.—“The

“ *Sinking Fund*, (says a great writer) is the

“ last resort of the nation; its only domestic

“ resource, on which must chiefly depend all

“ the hopes we can entertain of ever dis-

“ charging or moderating our incumbrances.

“ And, therefore, the *prudent* application

“ of the large sums now arising from this

“ fund, is a point of the utmost importance,

“ and well worthy the serious attention of

“ Parliament.”(d)—I should offer an injury

to truth, were I to say no more, than that

I have pointed out the most PRUDENT ap-

plication of this *fund*. I am persuaded that

I have pointed out the ONLY application of

it, that can do us any essential service. Time

must discover whether the PARLIAMENT

will think it worthy of any attention.

(d) See Mr. Justice BLACKSTONE'S Commentaries on the Laws of England, Vol. I. page 329.

P A R T II.

I Have frequently spoken on the supposition that the *Sinking Fund*, as it was originally established by the Legislature, was such a fund as I have explained in the preceding pages. The following brief account of the origin of this *fund*, and of the measures of Government with respect to it, will I think, prove this; and at the same time, perhaps, convince every person, that this is a subject on which the nation has indeed no small reason for complaint.

Before the establishment of this *fund*, there had existed many smaller *funds* of the same nature. That is; such duties or taxes had been provided, for paying the interests of particular loans, as afforded surplusses by which the principal itself was to be gradually redeemed. This seems to have been the common practice in the reigns of King WILLIAM and Queen ANNE. Most of the public duties
were

were given for terms of years; and at the end of those terms they ceased of course, unless continued for farther terms by new acts of *Parliament*. And, in general, it was provided, when any money was raised, that the principal should be cancelled either by *time*, as in the case of the sale of long and short annuities, or by the *surplusses* of the duties charged with the payment of the interest. This was certainly an excellent plan. But it was by no means carried steddily into execution.—In the year 1720, most of the long and short annuities were converted into redeemable *perpetuities*, at the expence of above *three millions*; and the *surplusses* of the duties, charged with particular loans, were often so broke into, by being either charged with new loans before they had cancelled the old, or spent on current services, as to be rendered incapable of answering the end intended by them(*a*). — In consequence partly of this

(*a*) Dr. DAVENANT, in his *Essay on the probable Method of making People Gainers in the Balance of Trade*, published in 1699, complains of this in very strong language, and represents it as full of danger to the trade and liberties of the kingdom.—“ A sufficient provision (says he) is
 “ not made against diverting the public treasure, and
 “ against breaking into appropriated *funds*.—The laws
 “ have not made this criminal enough.—The Ex-
 “ chequer should be fenced about with all possible skill.
 “ — Stopping the principal, tho’ the payments of in-
 “ terest are continued, may prove *fatal*.—More dan-
 “ ger may arise to our liberties from breaking into old
 “ funds,

this bad management, our debts at the *accession* of the present Royal Family were so much increased, as to be generally reckoned *insupportable*; and their reduction was made one of the first objects of parliamentary attention. This gave rise, in the year 1716, to the institution of the *fund* of which I am giving an account; the *father* of which, as is well known, was Sir ROBERT WALPOLE. —All the taxes charged with the National Debt were now made perpetual, and digested into *three* funds called the *Aggregate*, the *South-sea* and the *general* funds. —At the same time a considerable saving was obtained, by the reduction of interest from 6 to 5 *per cent*; and this saving, together with former savings, and all that should afterwards arise, were collected into a *fourth* fund, distinguished under the name of the SINKING FUND, the account of which was to be kept separate, and the whole produce of which

“ funds appropriated, than from making new and forced
 “ levies on the subject.” —The reason he gives for
 these assertions is, “ that in consequence of such di-
 “ versions of the public *funds* the public debts (then esti-
 “ mated by him at 17 millions) would increase, and
 “ ministers come in time to be supplied with a revenue
 “ so large as would enable them, with the help of a
 “ standing army, to make Parliaments useless and to
 “ overthrow the constitution.” —What would this ex-
 cellent writer say were he now living? See DAVENANT’S
 works lately published by Sir CHARLES WHITWORTH,
 vol. 2d. page 286, &c.

was

was to be appropriated inviolably to the payment of the National Debt.

A considerate person might have suspected, that the same causes that had rendered former partial appropriations ineffectual, would destroy the efficacy of this. There seemed, however, to be reason for hoping the contrary. For,

In the first place, The future happiness and glory of the Kingdom were considered as depending on this appropriation; and the law which established it was declared to be a fundamental law of the realm.

In conformity to this, secondly, The words of the law were made as strong as they could well be. For, concerning all the Surplusses to arise from time to time in the three Funds I have mentioned, it declares, that they *shall be appropriated, reserved and employed to and for the discharge of the principal and interest of such national debts and incumbrances as were incurred before the 25th of December 1716, and to and for no other use, intent or purpose whatever.*—It was, therefore, impossible, that any alienation of these Surplusses should take place, without a direct breach of this law.

Again. One of the considerations, that induced the public creditors to accept of an interest of 5 instead of 6 *per cent.* was the security given to their principal by this appropriation. It was a sacred Deposit or
Pledge

Pledge made over to them ; and at that time it was, I believe, universally reckoned, that no alienation of it could take place, without injustice to the public creditors, and a violation of the faith and honour of Parliament.

Particular notice should be taken of the words of the *Act of Parliament*, as they have been just recited. It is evident, that they make this *Fund* such a *Fund* as that upon which I have all along argued. The public taxes were made perpetual ; and all the surplusses were to be applied to the discharge of the public debts, and to no other purpose whatever. When, therefore, a debt had been paid off, the addition arising from that payment to the surplusses, or the annuity disengaged by it, became a part of the *Fund*, and, together with it, was to be employed in discharging farther debts. And, the same being true of every successive annuity disengaged *by every* payment, the *Fund* was rendered such an increasing *Fund* as the first I have described ; or a *Fund*, which, if never misapplied, must have operated in sinking the public debt, in the same way that money *accumulates*, when put out to bear compound interest. And in this way this *Fund* did in fact operate for a few years.—While in its infancy, it was watched over with great care. The improvement and the inviolable application of it were re-

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commended in most of the Speeches from the Throne, and echoed back in the Addresses of the *House of Commons* (a).—In consequence of the increase of public credit occasioned

(a) King's Speech at opening the Parliament, February 20, 1717.—“ You are all sensible of the *insupportable* weight of the National Debt, &c.”—Answer of the *Commons* :—“ We are all but too sensible of the *insupportable* weight of the National Debt; and, therefore, will not neglect to apply ourselves, with all possible diligence and attention, to the *great and necessary work* of reducing and lessening by degrees this heavy burthen, which may prove the most effectual means of preserving to the Public Funds a real and certain security, &c.”—King's Answer.—“ Your resolution of applying yourselves to ease my people, by gradually reducing the heavy load of the Public Debts, deserves my hearty thanks, &c.”—King's Speech, May 6, 1717.—“ I must recommend to you, as I did at the beginning of the Session, to take all proper methods of reducing the Public Debts.”—Answer of the *Commons*.—“ We are truly sensible, how much the ease and prosperity of your subjects, depends on the accomplishing that great and necessary work of reducing the Public Debts, and are resolved to carry it on in the most effectual manner.”—King's Speech, 1718.—“ I have the pleasure to observe to you, that the *Funds*, appropriated for sinking the Public Debts, have answered above expectation.”—Address of the *Commons* on presenting a Money Bill, 1722.—“ They have omitted no opportunity of easing the Public incumbrances, and of putting the National Debt into a method of payment. For no sooner had your Majesty, by the vigilance of your Councils, and the success of your arms, restored and secured the public peace, but your Commons immediately found means to reduce the interest of the National Debt, and thereby set a-part a Fund, which, by a farther re-
“ duction

occasioned by it, a *second* reduction of interest from 5 to 4 *per cent.* took place in the year 1727, and near 400,000 *l. per ann.*

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“duction of interest since made by your Commons, will, in a few years, be considerably increased, and the payment of the Principal become practicable.”—— King’s Speech, January 9, 1724. —“ I must, *in a particular manner*, recommend to your care the Public Debts of this Kingdom, as the MOST NATIONAL CONCERN YOU CAN POSSIBLY TAKE INTO YOUR CONSIDERATION. I am persuaded it must be a great satisfaction to all my faithful Subjects, to see the *Sinking Fund* improved and augmented, and the Debt of the Nation thereby put into a method of being so much the sooner reduced and paid off.”——Reply of the Commons. —“ We are highly sensible of your Majesty’s goodness to all your people, in recommending, particularly, at this time, to our consideration the Public Debts of the Kingdom, which are so heavy a load and so much a *national concern*, that we should be wanting to ourselves, if we did not assure your Majesty, that we will use our utmost endeavours to improve and augment the *Sinking Fund*, and thereby put the National Debt into a method of being gradually reduced and paid. And as your Majesty is pleased to encourage our undertaking so great and noble a design, so we are fully persuaded, that the wisdom and *steadiness* of your Majesty’s Government will enable us to perfect this great undertaking.”——Representation made by the Commons in 1728, about the National Debt. —“ The National Debt, contracted in carrying on two long and expensive wars, as it was a matter of the *last consequence* to the Nation, was become the care and concern of all who wished well to our present and future prosperity. This produced several considerations in Parliament, to find out and settle some means of putting

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was added to its income.—So far were our ministers from being then deceived by the sophism which has since done so much mischief, that, whenever money was wanted for defraying the necessary expences of Govern-

“ this great Debt into a method of being gradually reduced ; and the *Sinking Fund* was at last happily established, to a general satisfaction. This Fund became immediately a *favourite article* in all parliamentary considerations relating to the public revenues, and was considered as a national interest, worthy of the highest regard and attention, *which was by all possible means to be cherished and improved*, and the PRODUCE OF IT SET A-PART AND KEPT DISTINCT FROM ALL OTHER SERVICES AND PURPOSES, and was appropriated by Parliament to pay off and discharge National Debts incurred before the 25th Day of December, 1716.—From this happy event arose such general satisfaction to all degrees of people, that though the interest of the Public Debts was reduced, and the proprietors received a less income from them than before ; yet, their security for their capital being so much mended, the rate or price for the purchase of these debts soon advanced to a much higher value than they were at before the reduction.”——The King’s Answer.—“ The provision made for gradually discharging the National Debt is now become so certain and considerable, that nothing but some unforeseen event can alter or diminish it ; which gives us the fairest prospect of seeing the old debts discharged ; and you may be assured, that it shall be my particular care and study to maintain public credit, to *improve the Sinking Fund, &c.*”——Who, at this time, could have thought, that the very administration which declared all this anxiety about *improving and cherishing, by all possible means, the Sinking Fund*, would introduce the practice of constantly *plundering* it ?

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ment, it was always (*b*) borrowed, and never taken from hence.

It deserves to be particularly mentioned here, that in 1726, an opinion had been propagated, that, notwithstanding the establishment of this *Fund*, the public debts had been

(<i>b</i>)		£.
In 1718	was borrowed towards the Supplies	- 505,995
1719	_____	312,737
1720	_____	500,000
1721	_____	1,000,000
1725	_____	500,000
1726	_____	370,000
1727	_____	1,750,000
1728	_____	1,230,000
1729	_____	550,000
1730	_____	1,200,000
1731	_____	500,000

The *Sinking Fund* might have supplied all this money ; but rather than take any sums from it, the Land-tax was in the year 1726 raised from 2*s.* to 4*s.* in the pound ; the nation being then under the apprehensions of a war. — In 1727, these apprehensions continuing, the King in his speech at the opening of the PARLIAMENT, after congratulating them on the great addition that would be made that year to the *Sinking Fund*, warns them against being led by the NECESSITIES OF THE NATION to a diversion of it. — “ Let all that wish well to the peace and quiet of my Government, have the satisfaction to see, that our PRESENT NECESSITIES shall make no interruption in the progress of that desirable work of gradually discharging the National Debt. I hope, therefore, you will make a provision for the immediate application of the produce of the *Sinking Fund* to the uses for which it was so wisely contrived, and to which it stands now appropriated.” — Reply of the *Commons*. — “ And that all that wish well to the peace and quiet of
“ your

been for some years increasing rather than decreasing. This occasioned the publication of a very curious and important pamphlet, in defence of the *Sinking Fund* and the Ministry, entitled, *An Essay on the Public Debts of this Kingdom*. I have now by me the fourth edition of this pamphlet, and I wish I could put it into every hand in the kingdom (a). It contains an excellent account of

“ your Majesty’s government, may have the satisfaction
 “ to see, that our PRESENT NECESSITIES shall make
 “ no interruption in the progress of that desirable work
 “ of gradually reducing the National Debt, we will con-
 “ sider of the most proper method for immediately apply-
 “ ing the produce of the *Sinking Fund* to the uses for
 “ which it was so wisely contrived, and to which it stands
 “ now appropriated.”

In the following year the *House of Commons* voted, that the monies issued towards discharging the National Debt, from 1716 to Lady-day 1728, were 6,648,000 *l*.

In 1729, the nation being still threatened with a war, extraordinary supplies were wanted; and the *Sinking Fund* would have afforded all that was necessary. But the King in his speech, at the opening of the Sessions, “ recommended it to the care of the *House of Commons* to “ apply it to its proper use.” And the *Commons*, in their reply, assured him that it should be so applied.—Accordingly a million of the South-sea Annuities were ordered to be paid off.—At this time, however, the zeal of the ministry for the preservation of the *Sinking Fund* was much abated, and indeed meant no more, than that it should not be robbed of any gross sums. In the preceding year, the surplusses belonging to it had been charged with the interest of the money then borrowed; and the same was done this year.

(a) This pamphlet cannot, I suppose, be now easily procured.—It was answered in a pamphlet, entitled, *A State*

of the importance of discharging the public debts, and of the provision made for that purpose by the institution of the *Sinking Fund*. It proves particularly, in opposition
to

State of the National Debt; and this produced a second pamphlet by the author of the *ESSAY*, entitled, *A Defence of an Essay on the Public Debts of this Kingdom, in Answer to a Pamphlet, entitled, A State of the National Debt.*— From the following words in this *Defence*, I conclude, that some reference had been made to the *ESSAY*, in one of the King's Speeches.—“ The success of my *Essay* “ *on the Public Debts*, and the satisfaction of hearing from “ the throne, that my zeal for the preservation of the “ *Sinking Fund* cannot have been disagreeable to his Ma- “ jesty, gives me a pleasure that alone is an ample reward “ for my attempts to serve my country.” p. 64.

The following extract, from Vol. 7 of the *History and Proceedings of the House of Commons*, will perhaps shew who the writers were in this controversy.—“ Feb. “ 23. 1727-28. the Committee of Supply resolved to raise “ 1,750,000*l.* on the coal duty. Hereupon Mr. PUL- “ TENEY observed, that the shifting of funds was but “ perpetuating taxes, and putting off the evil day; and “ that notwithstanding the great merit that some had “ built on the *Sinking Fund*, it appeared that the National “ Debt had been increased since the setting up of that “ POMPOUS PROJECT. On which Sir NATHANAEL “ GOULD, an eminent merchant, said, he apprehended “ that Gentleman had his notions out of a Treatise, en- “ titled *A State of the National Debt*, supposed to be writ- “ ten by that very Gentleman; but, that if he understood “ any thing, it was numbers, and he durst pawn his credit “ to prove that author's calculations and inferences to be “ false. — To this Mr. PULTENEY replied, that he “ took them to be right, and he would likewise pawn “ his credit to make good his assertion.—Upon this Sir
ROBERT

to the opinion I have mentioned, that the public debts had decreased; and that of the 52 millions then due, 50 millions would, in 28 years, (b) be extinguished by the *Sinking Fund*. The same explanation is given of the nature of this Fund with that which I have given. The same representation is made of its powers; and the same arguments used to demonstrate the evil of alienating it, in order to avoid making new loans charged on new *Funds*.—And, in answer to a suspicion which was then entertained, that the practice of alienating it would be introduced by our ministers, he observes, that this would be to pursue a measure which would destroy all probability of the payment of our debts; and, therefore, he pronounces that, “as long
“ as the public welfare was in the least re-

“ ROBERT WALPOLE took up the cudgels, and said he
“ would maintain what SIR NATHANAEL GOULD had
“ advanced.—Several warm expressions having passed
“ on both sides, Mr. Hungerford interposed in a jocular
“ speech, that put the house in good humour; and so the
“ dispute ended.”

It is a reflection which in my enquiries into the History of the Sinking Fund, has occurred to me with pain; that, while a ministerial measure, it was no object of the zeal of the *Patriotic Party*. But as soon as it came to be deserted by the ministry, they took it up warmly.

(b) Mr. SMART also published, at this time, calculations of the same kind. See his *TABLES OF INTEREST*, dedicated to the GOVERNOR and DIRECTORS of the Bank of England, page 98, 99.

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“ garded, the nation might confidently ex-
 “ pect, that no person into whose hands the
 “ administration of its affairs might fall,
 “ would ever approve of or recommend
 “ any such measure, *in any possible exigence*
 “ *of our affairs.*” Pag. 46. — After this
 he goes on in the following words. Pag. 51.
 — “ There is another objection to the
 “ probability of the payment of our public
 “ debts, which, if I did not frequently meet
 “ with it, I should chuse not to mention,
 “ from my apprehension that in stating it,
 “ as I have met with it, I should be obliged
 “ to mention my superiors with less decen-
 “ cy, than that grateful sense of the happi-
 “ ness we enjoy under the present reign,
 “ would, on all other occasions, lead me to.
 “ The objection I mean is, that the continu-
 “ ance of our public debts is and always
 “ must be the interest of the persons in the
 “ administration (*a*), that the great profits
 “ of their employments arises from hence,
 “ and that the necessary power and influ-
 “ ence to support themselves in their em-
 “ ployments depend greatly on their having
 “ reserved to themselves the disposition of
 “ the various offices and employments in

(*a*) Apprehensions of this kind were entertained like-
 wise in Dr. DAVENANT's time. — “ Some modern
 “ politicians (says he) have run upon another notion,
 “ and several persons have thought, that the more funds
 “ are erected, the more people are engaged to preserve
 “ the present Government:” Davenant's Works, Vol.
 II. page 297.

“ collecting and applying the Revenue appropriated to the payment of the public debts.” — In answering this objection, this writer acquaints the public, that whatever truth there might be in it, nothing can have been or will be more sincerely endeavoured by the servants of the crown, than the discharge of the public debts. He takes notice of the remoteness of those views of interest which might render our ministers unwilling to give up the public debts; and then concludes with this general inference from all his observations—“ That the provision which had been made of the *Sinking Fund*, was an expedient, from which the full and effectual payment of the principal of the national debt, in a few years, might, with great assurance, be expected.”

Such was the language, and such were the sentiments of the ministry and its friends, in the year 1726.—Would to God they had continued in these sentiments. But they soon changed; and it appeared that the suspicions which this writer had taken pains to remove, and which (in Pag. 62.) he had called *indecent jealousies*, were but too well grounded.

Charging the income of the *Sinking Fund* with the payment of the interest of new loans, is an encroachment upon it, no less subversive of its efficacy, than depriving it of *gross* sums; there being evidently no difference between taking from it the *annual interest* of a sum, and that sum itself.—This
writer

writer saw this, and, therefore declared, “ that, in his opinion, it was IMPOSSIBLE “ it should ever be done.” Pag. 50. — But how miserably was he deceived by the confidence he placed in his friends in power? — In a little time after this, that alienation which he thought could never be *proposed*, much less *succeeded in*, was begun in the very manner that he had declared to be IMPOSSIBLE. Between the year 1727, and 1732, several new loans were made; and surplusses, that of right belonged to the *Sinking Fund*, were charged with them. This reduced its income considerably below what it should have been. But, being an encroachment of a less open nature, it did not, as far as I can find, produce any particular opposition. — From this period, however, we must date the ruin of the *Sinking Fund*. — The finishing blow was given it on the following occasion.

In the year 1732, the land-tax had been reduced to 1s. in the pound; and, in order to supply the deficiency arising from hence, half a million had been procured for the current service, by the revival of the salt-duties, which, but two years before, had been repealed, because reckoned too burthensome on the poor. — In the year 1733, in order to keep the land-tax as low as it had been the year before, it was necessary either to borrow another half million, or to take it from the *Sinking Fund*. The last method

was chosen; and proposed by Sir ROBERT WALPOLE to the *House of Commons*. — Long and warm debates ensued (a).—A proposal to alienate, in a time of profound peace, a *fund* which the law had made sacred, and the alienation of which no possible exigence of public affairs could justify, only for the sake of keeping the land-tax for one year at 1s. in the pound, justly kindled the indignation of the Patriotic Party. They urged the prohibition of the law, the faith of Parliament, and the security of the kingdom. The proposer of the alienation was reminded of his inconsistency and treachery, in endeavouring to beat down that very monument of Glory which he had boasted of having erected for himself; and Sir JOHN BARNARD warned him, that he was drawing upon himself the curses of posterity.—But all arguments were vain.—The ministry pleaded that the landed interest wanted ease; that there was no occasion for being in a hurry to pay the National Debt; and that the circumstances of the kingdom had altered so much since the establishment of the *Sinking Fund*, that the

(a) See Vol. viii. of the History and Proceedings of the *House of Commons*. Or, the *Historical Register*, Vol. xviii. page 218.—In the account of this debate I don't find the argument, on which alienations have been since grounded, once intimated. After the publication I have mentioned, it could scarcely deceive any person: Nor, indeed, in the present case, could it have been urged with any tolerable decency; for there was no public exigence which rendered an extraordinary supply necessary.

competition then among the public creditors was, not who should be *first*, but who should be *last* paid. Thus argued among others Sir ROBERT WALPOLE. His reasons prevailed; and the *House of Commons*, not used to refuse him any thing, consented.

The practice of alienating the *Sinking Fund* having been thus begun, it went on of course. In the next year, or 1734, 1,200,000*l.* was taken from it. In 1735, it was even anticipated and mortgaged.

Thus then expired, after an existence of about eleven years, the SINKING FUND—that sacred Blessing — Once the Nation's only hope,—prematurely and cruelly destroyed by its own parent.—Could it have escaped the hands of violence, it would have made us the envy and the terror of the world, by leaving us at this time, not only TAX-FREE, but in possession of a treasure, greater than was ever enjoyed by any kingdom. (*b*)—But, let me not dwell on a recollection so grievous.

It is unavoidable here to enquire, how the conduct of our *Parliaments* or *Ministers*, in this instance, can be accounted for—Were they indeed ignorant of the powers of the *Sinking Fund*?—I doubt not but this has been true of most of our late ministers. But that recital of facts which I have given proves, that, in the period of which I am speaking, it

(*b*) See Page 12.

could not have been true.—I am afraid therefore, that the most candid will, on this occasion, find themselves under a necessity of giving way to the suspicion, which the excellent author I have so often quoted, has called an *indecent jealousy*. The powers of the *Sinking Fund* were, perhaps, but too well known. It had been, we have seen, demonstrated, in a performance generally read and even referred to from the throne, that, in a few years, it would have annihilated the whole National Debt. In consequence of having been carefully nursed and cherished for eleven years, it had acquired a vigour, that promised much more than was ever expected from it. The loss, therefore, of the *dependence* created by the National Debt, and of the security it gave to the *Hanoverian* succession and the administration, was brought in too near view. And in these circumstances, it is not strange, that the policy of our Governors should take a new turn, and that the *ruin* of the *Sinking Fund* should become no less a measure of state, than its improvement had been. — My conscience obliges me to take this opportunity to add, that similar measures were, at this time, pursued in another instance of no less importance. For like reasons and with like views, a PERNICIOUS INFLUENCE was maintained and promoted in the *House of Commons*, which has sapped the constitution ;

tution; and which may in time establish among us a tyranny of the most intolerable kind; a tyranny attended with the mockery of all the forms of liberty; a tyranny created, supported and sanctified by a PARLIAMENT.

—This is, in truth, the *fundamental* grievance of the kingdom; and that Patriotism, the first object of which, is not the removal of it, can be nothing but an imposture. To this grievance we owe, among other evils, the loss of the *Sinking Fund*. Had the guardians of the State been under no undue influence, they would have been more faithful; and could not have given up this great security of the kingdom.—Unhappy BRITAIN!—How long art thou to lie thus bleeding?—How long are thy dearest rights to be sacrificed to *temporary expedients*, and a narrow and selfish policy?—When shall thy PARLIAMENTS recover independence and dignity, and become once more awful to Ministers of State?

But I am in danger of digressing too far.

I have been frequently obliged to refer to the Observations on the National Debt in my Treatise on *Annuities*. Indeed, one of my designs in this Appeal, is to engage attention to those Observations; and, therefore, I will here beg leave to recapitulate some of the chief of them, that all who will look
into

into this Pamphlet may be able to judge how far they deserve notice.

First, Such a *Fund* as I have proposed in that Treatise, and here more fully explained, would discharge the *largest* debts that a State could have occasion to contract, at a *small* expence, and in as little time as its interest could possibly require.—For example. An annual saving of 200,000*l.* applied, without interruption, from the year 1700, would, long before this time, have discharged above eighty millions of our debts (*a*), gradually and insensibly, and without interfering with any of the other measures or resources of Government.—A tax on celibacy alone might, in this way, have been made the means of bearing most of the Public Expences; at the same time that, by promoting population, it increased the number of our people.—A Fund yielding 1*l.* per cent. Surplus annexed to a loan at 6 per cent. would, besides paying the interest, discharge the principal in thirty-three years. A Fund

(*a*) In this year it would have paid off 96 millions and a half, and disengaged 3,555,000 of the public taxes. And (in pag. 6.) it is shewn, that in eighty-six years, supposing it all along applied to the redemption of debts bearing 5 per cent. interest, it would pay off 262 millions. —In short; there is not a PENNY wasted in the management of the Revenue, or worse than wasted, by being given to hungry dependents, which might not be made a mine of inexhaustible wealth to the Kingdom. See pag. 19.

producing

producing the same surplus annexed to a loan at 5 *per cent.* would discharge the principal, in thirty-seven years; at 4 *per cent.*, in forty-one years.—A saving of a million and a half *per annum* continued for twenty years, (or only for eighteen years, supposing management used, or a war to come) might, (with the help of a saving of 200,000 *l.* which will arise in 1779, from the reduction of the 4 *per cents*) be so improved as to ease the Nation, at the end of that term, of a MILLION AND A HALF *per annum* of the most oppressive taxes; and, at the end of forty-one years, of THREE MILLIONS *per annum* more in taxes (a): And the nation, if capable

(a) See Treatise on Annuities, p. 156.—Were the managers of our affairs to enter with zeal into such a proposal as this, they might probably find means of improving the *Sinking Fund* so far, as to make it capable of yielding the whole annual sum here mentioned, over and above all the sums necessary for supplying the deficiencies of the peace establishment.—Let this, however, be granted to be impossible; and let the sums it wants of such a surplus be borrowed every year. From pag. 17. it may be inferred, that this (supposing the sums borrowed not to exceed half a million annually) would make no great difference in the efficiency of the scheme: And, at the same time; by providing for the public creditors a way of returning part of the money annually paid them, it would be attended with some advantages.—Every such measure is, I have shewn, only a course of borrowing sums at *simple* interest, in order to improve them at *compound* interest: And, as the

capable of bearing its increasing burdens for some time longer, would be then completely extricated.

2dly, Such a Fund would render it of little or no consequence what interest a State paid for any loans. — Concerning reductions of interest it has been proved, that they are not attended with the advantages commonly imagined; and that, as hitherto managed among us, they have been indeed only *expedients* which have *postponed* a public

benefits hence arising become in time infinite, THERE IS NOTHING THAT A STATE MAY NOT DO BY IT. — With the effect of such a scheme, compare the effect of paying off a *million*, or a *million and a half*, now and then, in a time of peace only. — This is the paltry plan we are pursuing. — With a *Sinking Fund* which, at an average, has for several of the last years yielded *two millions and a quarter*; and with the land-tax also at 4 *s.* and 3 *s.* in the pound; we have, during a peace of near ten years, paid off about *eight millions*; and, in this way of going on, we shall, if the peace lasts NINETY YEARS, reduce our debts to the state they were in eighteen years ago. — Have such measures any *tendency* to save us? Is there any probability, that the payment of even *two millions* annually, from this time to the commencement of another war, would do us any great service? — Miserable reflection! — That it should be possible for our ministers, in defiance of the most efficacious of all plans, and the kingdom sinking; to go on in such a way. — Had the scheme here proposed been begun as soon as the last war ended, we should now have seen ourselves, within a few years of the extinction of a *third* of all the taxes that support the National Debt.

bank-

bankruptcy, by *lessening the possibility* of avoiding it (*b*).

3dly, A war would either have *no effect* on the public Funds; or, if it had, would *accelerate* the payment of the public debts, in proportion to that effect (*c*).

4thly, That fluctuation in the Stocks would be prevented, which now lays the foundation of so much evil; and which (with the help of *annual Lotteries*) is likely in time to destroy all honest industry among us, and to convert us into a nation of gamblers.

5thly, Public credit would be always kept firm and flourishing by such a Fund; and all those dangers which attend our present exorbitant debt would be removed.

6thly, It is not possible, there should be any method of discharging public debts so cheap and effectual. — All methods of paying debts or raising money by Life-Annuities are, in particular, shewn to be wasteful, the same ends being equally attainable with less trouble, and at near half the expence. — Should, therefore, the managers of our affairs ever determine to enter into vigorous measures for reducing our debts, they will be eased of all trouble in examining schemes. They have nothing to do, but to carry into execution a scheme

(*b*) Treatise on Annuities, pag. 140, &c.

(*c*) *Ibid.* p. 157, &c. See also, p. 17. of this Appeal.

which lies before them, and which the law has long since established.

Among the evils produced by the National Debt, there is *one* of which the Public has not been yet sufficiently apprized; and which, therefore, I must here beg leave particularly to mention. I mean; that DEPOPULATION which has been going on among us, ever since it began. A Depopulation so great, as to have reduced the number of inhabitants in ENGLAND and WALES, near a QUARTER in eighty years; or from about SIX MILLIONS, to about FOUR MILLIONS AND A HALF. In the *Supplement* to the *Treatise on Annuities*, p 359, &c. I have given an account of the facts which prove this; and there is nothing that ought to alarm more, or to engage more the immediate attention of Government.—Among the causes of it, I have mentioned the engrossing of farms; the emigrations to our settlements in the *East and West-Indies*; and the great increase, since the REVOLUTION, of our continental connexions, of our navy and army, and of commerce and luxury.—But the National Debt is likewise to be reckoned one of its principal causes. Its necessary tendency is to produce this effect.—It is a common observation, and probably not very far from the truth, that *half* the price of all the articles of consumption is derived from our taxes. They *double*, therefore, the price

of every thing ; and, by increasing the difficulties of supporting a family, they discourage marriage and promote licentiousness.

—There is no political maxim more certain, than that population thrives in a country, in proportion to the ease with which the means of subsistence can be procured. In a country, therefore, where they are all loaded with taxes, population must decline. —It has, I know, been asserted in answer to this, that though taxes increase the price of the means of subsistence, they increase also in an equal proportion the price of labour ; and, consequently, cannot render the support of a family less easy. But no observation can be more groundless than this. It is true only of an increase in the price of the means of subsistence, produced by the importation of money into a country. As far as it is produced by taxes, it has exactly the same effect with a *scarcity*. —When there is an increase of money in a country, it will by degrees get into the hands of all, and therefore, all will be as well able to pay *more* for every necessary of life, as they were before able to pay *less*. But this cannot be the case if *more* must be paid, and yet the quantity of money remains the same. In this case, poverty and difficulties must be introduced : And these will be increased, if *luxury* co-operates with *taxes*, by producing a greater number of wants, and rendering more of the articles of consumption necessary.

fary.—*Moderate* taxes may, by quickening industry, be so far an advantage: But they always check population. And there is a limit which, when they exceed, they must produce ruin.—In a word; not only the preservation of our TRADE (a) and LIBERTIES;

(a) Nothing, in my opinion, can be more replete with mischief to a free people, than such a debt as ours is.—I have mentioned (in the Treatise on Annuities, pag. 161.) the danger to which it exposes us from *foreign enemies*, by making us fearful of war; and from *domestic enemies*, by making us fearful of the consequences of opposition to arbitrary measures. Indeed, I look upon the public creditors as little better than a band of pensioners to the Government; and it is more than probable, that had the nation been encumbered with our present debts in the reigns of King CHARLES the 1st. or JAMES the 2d. the former would never have lost his *life*, nor the latter his *crown*.——“ Thus much (says “ Mr. Justice BLACKSTONE in his *Commentaries*, vol. 1. “ book 1. chap. 8.) is indisputably certain, that the present magnitude of our national incumbrances very far “ exceeds all calculations of commercial benefit, and is “ productive of the greatest inconveniences. For 1st, “ The enormous taxes, that are raised upon the necessities of life for the payment of the interest of this “ debt, are a hurt both to trade and manufactures, by “ raising the price as well of the artificer’s subsistence, “ as of the raw material, and of course, in a much “ greater proportion, the price of the commodity itself. “ Secondly, If part of this debt be owing to foreigners, “ either they draw out of the kingdom annually a considerable quantity of specie for the interest; or else it “ is made an argument to grant them unreasonable “ privileges in order to induce them to reside here. “ Thirdly, If the whole be owing to subjects only, it “ is then charging the active and industrious subject, “ who

TIES ; but the very BEING OF THE STATE depends at present on the reduction of our debts.

There is one objection which, probably, has been often offering itself to every reader ;
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“ who pays his share of the taxes, to maintain the idle
 “ and indolent creditor who receives them. Lastly and
 “ principally, It weakens the internal strength of a
 “ State, by anticipating those resources which should be
 “ reserved to defend it in case of necessity. The interest
 “ we now pay for our debts would be nearly sufficient
 “ to maintain any war, that any national motives could
 “ require. And if our ancestors in King *William's* time
 “ had annually paid, so long as their exigencies lasted,
 “ even a less sum than we now annually raise upon their
 “ accounts, they would in the time of war have born
 “ no greater burdens than they have bequeathed to and
 “ settled upon their posterity in time of peace ; and might
 “ have been eased the instant the exigence was over.—
 “ But (besides these inconveniencies) our National Debt
 “ and taxes have, in their natural consequences, thrown
 “ such a weight of power into the executive scale of
 “ government, as we cannot think was intended by our
 “ patriot ancestors, who gloriously struggled for the abo-
 “ lition of the then formidable parts of the prerogative,
 “ and by an unaccountable want of foresight established this
 “ system in their stead. The entire collection and man-
 “ nagement of so vast a revenue, being placed in the
 “ hands of the crown, have given rise to such a multitude
 “ of new officers, created by and removeable at the royal
 “ pleasure, that they have extended the influence of go-
 “ vernment to every corner of the nation. Witness the
 “ commissioners, and the multitude of dependents on the
 “ customs in every port of the kingdom ; the commis-
 “ sioners of excise, and their numerous subalterns, in
 “ every

and which, tho' I cannot answer it, I must mention. — “ Suppose,” it will be said; “ such a *fund* established, as has been here “ described;” or, which is the same, “ suppose “ the

“ every inland district; the postmasters and their ser-
 “ vants, planted in every town, and upon every public
 “ road; the commissioners of the stamps, and their dis-
 “ tributors, which are full as scattered and full as nume-
 “ rous; the officers of the salt duty, which, tho' a species
 “ of excise and conducted in the same manner, are yet
 “ made a distinct corps from the ordinary managers of
 “ that revenue; the surveyors of houses and windows;
 “ the receivers of the land-tax; the managers of lot-
 “ teries; and the commissioners of hackney coaches; all
 “ which are either mediately or immediately appointed
 “ by the crown, and removeable at pleasure without any
 “ reason assigned: These, it requires but little penetra-
 “ tion to see, must give that power, on which they de-
 “ pend for subsistence, an influence most amazingly ex-
 “ tensive. To this may be added the frequent opportu-
 “ nities of conferring particular obligations, by prefer-
 “ ence in loans, subscriptions, tickets, remittances, and
 “ other money transactions, which will greatly increase
 “ this influence; and over those persons whose attach-
 “ ment, on account of their wealth, is frequently most de-
 “ sirable. All this is the natural, tho' perhaps the un-
 “ foreseen, consequence of erecting our funds of credit,
 “ and to support them establishing our present perpetual
 “ taxes: The whole of which is entirely new since the
 “ restoration in 1660, and by far the greatest part since
 “ the revolution in 1688. And the same may be said
 “ with regard to the officers in our numerous army, and
 “ the places which the army has created. All which
 “ put together gives the executive power so persuasive
 “ an energy with respect to the persons themselves, and
 “ so prevailing an interest with their friends and families,
 “ as will amply make amends for the loss of external
 “ prerogative.

“ the SINKING FUND restored. What security can be obtained for the faithful and inviolable application of it?”——Were I to propose, in answer to this enquiry, guarding

“ But tho’ this profusion of offices should have no effect on individuals, there is still another newly acquired branch of power ; and that is, not the influence only, but the force of a disciplined army : paid indeed ultimately by the people, but immediately by the crown, raised by the crown, officered by the crown, commanded by the crown. They are kept on foot it is true only from year to year, and that by the power of Parliament : but during that year they must, by the nature of our constitution, if raised at all, be at the absolute disposal of the crown. And there need but few words to demonstrate, how great a trust is thereby reposed in the prince by his people. A trust, that is more than equivalent to a thousand little troublesome prerogatives.—Add to all this, that, besides the civil list, the immense revenue of seven millions sterling, which is annually paid to the creditors of the public, or carried to the Sinking Fund, is first deposited in the Royal Exchequer, and thence issued out to the respective offices of payment. This revenue the people can never refuse to raise, because it is made perpetual by act of Parliament : which also, when well considered, will appear to be a trust of great delicacy and high importance.—Upon the whole, therefore, I think it is clear, that whatever may have become of the *nominal*, the *real* power of the crown has not been too far weakened by any transactions in the last century. Much is indeed given up ; but much is also acquired. The stern commands of prerogative have yielded to the milder voice of influence ; the slavish and exploded doctrine of non-resistance has given way to a military establishment by law ; and to the disuse of parliaments has succeeded a parliamentary trust of an immense perpetual revenue. When, indeed, by the free operations of

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“ the

ing the *Sinking Fund*, by pains and penalties; and making all encroachments upon it, no less TREASON than an attempt to kill the

“ the Sinking Fund, our National Debts shall be lessened; when the posture of foreign affairs, and the universal introduction of a well-planned and national militia, will suffer our formidable army to be thinned and regulated; and when (in consequence of all) our taxes shall be gradually reduced; this adventitious power of the crown will slowly and imperceptibly diminish, as it slowly and imperceptibly arose. But till that shall happen, it will be our especial duty, as good subjects and good Englishmen, to reverence the crown; and yet guard against corrupt and servile influence from those who are intrusted with it's authority; to be loyal, yet free; obedient, and yet independent; and above every thing to hope that we may long, very long, continue to be governed by a sovereign, who in all those public acts that have personally proceeded from himself, hath manifested the highest veneration for the free constitution of Britain; hath already in more than one instance remarkably strengthened it's outworks; and will therefore never harbour a thought or adopt a persuasion, in any the remotest degree detrimental to public liberty.”

I hope I shall be excused the length of this quotation. It confirms so much of what I have said, and contains an admonition to the kingdom of such moment, that I could not prevail on myself to suppress any part of it.—If any one would know more of the evil of the National Debt, let him consult Mr. HUME's Essay on this subject, in his Political Essays; and to crown all, let him add the fact above mentioned; or the quick progress it is making towards annihilating us by depopulation.—With respect to this last evil, however, I must acknowledge, that, when united to some of the other evils inseparable from the National Debt, it loses much of its nature. For, when liberty is leaving a kingdom, it becomes of less consequence how soon it is reduced to nothing.

King;

King; I should be conscious of making a very vain proposal. For such a security would be only the security of law; and this has been already given without effect. *Parliaments* can give no defence against themselves. Nor is there any thing that one Parliament can do, which a succeeding parliament, or even the same Parliament, may not undo.—This, however, is an objection which our Statesmen cannot make with any decency; because it implies a confession, that they must not be expected to continue faithful to the public interest. — And if this be indeed true; if a succession of such wise and honest administrations is impossible, as is necessary to execute a plan that requires steadiness of counsel for a course of years; and if, on this account, the kingdom must despair of ever seeing the SINKING FUND permanently and efficaciously restored — then, in the name of justice and humanity, LET IT BE EXPUNGED FROM OUR PUBLIC ACCOUNTS; and let us not be any longer mocked with the SHADOW of an invaluable blessing, once solemnly promised us; but which, it seems, for want of public virtue, we can never enjoy.—

But it is time to dismiss this subject.

I have written freely the sentiments of my heart; and the public is now left to judge. — With the *desire*, but not with much *hope* of success, I have stepped forth to convey to
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my country an information, which all who will consider it must see to be of great importance. Should it be entirely neglected, I shall feel no pain on my own account. I know I have *meant* to act the part of a good citizen; and I shall return to obscurity and silence, satisfied with this reflexion; and happy in the consciousness of wanting nothing this world can give me.

T H E E N D.