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UC SOUTHERN REGIONAL LIBRARY FACILITY



AN
EXAMINATION

OF

MR. PITT'S PLAN

FOR

DIMINISHING THE PUBLIC DEBTS,

BY MEANS OF

A SINKING FUND.

PART II.

LONDON:

PRINTED FOR JOHN STOCKDALE, OPPOSITE
BURLINGTON-HOUSE, PICCADILLY.

MDCCLXXXVII.

1787
[Price Six-pence.]

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FOR

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PART II.

LONDON:

PRINTED FOR JOHN STOCKDALE, OPPOSITE
STATION-HOUSE, PICCADILLY.

MDCCLXXXV.

[Price Six-pence.]

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By taking one Fund alone, and that of 50
higher price than it has been, we only

received £. 1,200,000 to be purchased;
whereas, in fact, the public have now as

highly, the sum of £. 1,300,000
standing in their name; and by having pur-

EXAMINATION

is received quarterly, instead of half-yearly;
at the end of one year, we are in the
same state, as if we on the last transfer

day of that year, purchased the whole
of the

degree of this would be much the same as

IN the former part of this work, we have
been only trying to explain the nature
and principles of the Scheme for Diminishing
the National Debt; and whoever has read
that with attention, will now be competent
to enter into a more particular examination
of the probable success of Mr. Pitt's Plan.

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By taking one Fund alone, and that at an higher price than it has been, we only reckoned £. 1,261,718 to be purchased; whereas, in fact, the public have now at *Midsummer*, 1787, the sum of £. 1,343,100 standing in their name; and by having purchased in several of the Funds, the interest is received quarterly, instead of half-yearly; so that at the end of one year, we are in the same state, as if we had on the last transfer-day of that year, purchased the whole Million, at about $74\frac{3}{4}$, or 100*l.* Stock, for 74*l.* 7*s.* 6*d.* or thereabouts. The consequence of this would be much the same as if every period of the former Table, was reduced from four years and an half to four years; and consequently, that whatever the Sinking Fund would have amounted to in 63 years, it will at this rate do in about 56 years.

But

But a Table is here added, upon the same supposition as in the former part, by which our probable situation may be readily stated in a few minutes, on every other supposition of encrease of Debt, or price of Stock.

A TABLE

A T A B L E,

Shewing the Effects of MR. PITT'S SINKING FUND.

1st. Supposing the present Debt to be 240 Millions.

2d. The 3 per Cents. to be bought in at 80, all Charge included.

3d. An Addition to the Debt of 10 Millions in 3 Years, or 15 Millions in $4\frac{1}{2}$ Years.

| COL. I. | 2d. | 3d. | 4th. | 5th. | 6th. | 7th. | 8th. |
|---|--|---|---|--|---|-----------------------|--|
| Christmas 179c | $4\frac{1}{2}$ | 15 | 6,000,000 | 9,000,000 | 249,000,000 | 255 | 180,000 |
| Midsum. —95 | 9 | 30 | 13,080,000 | 16,920,000 | 256,920,000 | 270 | 392,400 |
| Christmas —99 | $13\frac{1}{2}$ | 45 | 21,434,400 | 23,565,600 | 263,565,600 | 285 | 643,032 |
| Midsum. 1804 | 18 | 60 | 31,292,592 | 28,707,408 | 268,707,408 | 300 | 938,777 |
| Christmas —08 | $22\frac{1}{2}$ | 75 | 42,925,254 | 32,074,746 | 272,074,746 | 315 | 1,287,757 |
| Midsum. —12 | 27 | 90 | 56,651,796 | 33,348,204 | 273,348,204 | 330 | 1,699,553 |
| Christmas —17 | $31\frac{1}{2}$ | 105 | 72,849,114 | 32,150,886 | 272,150,886 | 345 | 2,185,473 |
| Midsum. —22 | 36 | 120 | 91,961,952 | 28,038,048 | 268,038,048 | 360 | 2,758,858 |
| Christmas —26 | $40\frac{1}{2}$ | 135 | 114,515,100 | 20,484,900 | 260,484,900 | 375 | 3,435,453 |
| Midsum. —31 | 45 | 150 | 141,127,818 | 8,872,182 | 248,872,182 | 390 | 4,333,834 |
| Christmas —35 | $49\frac{1}{2}$ | 165 | 173,130,822 | 8,130,822 | 231,869,178 | 405 | 5,193,924 |
| Midsum. —40 | 54 | 180 | 210,294,566 | 30,294,566 | 209,705,634 | 420 | 6,308,830 |
| Christmas —44 | $58\frac{1}{2}$ | 195 | 254,147,346 | 59,147,346 | 180,852,654 | 435 | 7,624,420 |
| Midsum. —49 | 63 | 210 | 305,893,866 | 95,893,866 | 144,106,134 | 450 | 9,176,815 |
| Christmas —53 | $67\frac{1}{2}$ | 225 | 366,954,756 | 141,954,756 | 98,045,244 | 465 | 11,008,642 |
| Midsum. —58 | 72 | 240 | 439,006,608 | 199,006,608 | 40,993,392 | 480 | 13,170,198 |
| Christmas —62 | $76\frac{1}{2}$ | 255 | 524,027,796 | 269,027,796 | 29,027,796 | 495 | 15,720,833 |
| The Half Years at which each Period ends. | No. of Years from Mid- sum- mer, 1786. | No. of Mil- lions added to the pre- sent Debt. | Amount of Stock bought for the Pub- lic. | Difference between the 3d and 5th Column. | The Part of the whole Debt, which still belongs to the Public Creditors. | The whole Debt. | Annual In- terest of the Stock pur- chased at each period. |

Explanation and Use of the foregoing TABLE.

The Table consists of Eight Columns, of which the

1st. Is the day and year which compleats a period of $4\frac{1}{2}$ years, from Midsummer, 1786, when the Sinking Fund, on the present Plan, took place.

2d. Is the number of years elapsed in all from the commencement of the Plan.

3d. Is a number of even millions, which may be supposed possible to be added to our present debt, by future wars, &c.

4th. Is the sum which at the end of every period will have been purchased by the public of its own debts.

5th. Is merely the difference between the 3d and 4th column, and serves to shew at the end of each period, what proportion the New Debt incurred, bears to the Stock bought in.

6th. Is the sum for which the public credit stands pledged to the creditors at the end of each period, and which if paid off would wholly annihilate all demands on us.

7th. Is the whole sum for which interest is to be raised, in order to pay the public creditors their dividends, and also to supply the Sinking Fund with money to purchase stock for the abolition of the whole debt.

8th. The annual interest of the stock at that time standing in the name of the public, which added to One Million, makes the whole sum to be laid out in stock the following year, which sum, multiplied by 6, as in the Table of the First Part, gives the accumulated stock at the end of the period.

The foregoing Table is put in such a form, that it exhibits to the view, not only the actual condition of our Finances, in case the events of future times concur with the suppositions adopted, but also it may be made to suit any actual state in which the country can hereafter be found, as will be presently shewn.

In the present case, it is only necessary to shew the references the columns have to each other.

In the former part it was made clear, that One Million *per annum*, laid out in 3 *per Cents*. at 80 *l.* would, with its growing interest, transfer to the Public, in four years and a half, Six Millions of 3 *per Cent.* Stock: and if at the end of that period we add to the Annual Million the Interest of that Six Millions, and multiply the whole by Six, the product will be the farther Sum transferred

transferred in the second period, and so on, for any length of time.

The third column, therefore, is a supposed addition to the National Debt of Fifteen Millions in every period, war or peace: it is hardly possible to be a true supposition, but it is greater than past experience warrants, and on that account, probably, less in favour of the Public than the truth: it would admit our borrowing Twelve Millions of money at the rate of Interest here assumed.

The fourth column, which contains the Accumulation of Stock, is in the beginning much smaller than the increase of Debt, but is nearer to it in proportion as it goes farther on, and by degrees overtakes it, and begins to reduce the actual Amount of the present Debt.

The fifth column is particularly worthy of attention. It consists of the actual difference between the Increase of Debt, and the Accumulation of Stock. Now, though the accumulated Stock bears a greater proportion to the increased Debt in every succeeding period than it did before, yet the actual difference is in a few of the earlier periods greater than in the preceding one. Thus in the third and fourth period, Thirty-one Millions bears a greater proportion to Sixty Millions, than Twenty-one Millions does to Forty-five Millions: yet the actual increase of Debt is Twenty-eight Millions in the latter, and only Twenty-three Millions in the former. But after the sixth period, the debt due to the public creditors begins to diminish, it being then increased Thirty-three Millions above the present Debt, and in the next period only Thirty-two Millions; so that on this plan we see the greatest Sum for which this Country can ever be mort-

gaged, is little more than Thirty-three Millions more than at the beginning of the year 1786; and that happens entirely from the application of a single Million annually for twenty-seven years, in which period we have incurred a new Debt of Ninety Millions, or between Three and Four Millions every year during the whole time. Such is the paradox which the difference between Simple and Compound Interest is alone able to solve.

The next observable period is the tenth, wherein it appears, that the increase of Debt is nearly done away, for at the end of that period Eight Millions appear due to the public creditors, above the original Two hundred and forty Millions; but in the next line the balance is Eight Millions the other way, and from that time. The Sum in the fifth column is always to be subtracted from Two hundred and forty Millions, to give the Sum for which the Country is liable to

be called on. This continues to diminish till after the sixteenth period, at which time Forty Millions remain, but the seventeenth shewing, that Two hundred and sixty-nine Millions have been bought, more than the increase of the Debt, and the old Debt being but Two hundred and forty Millions, shews, that before that time, no more Stock would have remained to buy, and consequently no Debt would remain.

It therefore follows, that the difference to the Public, at the end of seventy-two years, would be, that if One Million *per annum* be employed, as proposed, we shall only be Forty Millions in Debt; and if it be not so employed, we shall be Four hundred and eighty Millions in Debt, the Interest and Taxes having all along remained the same, except as to the mere Sum of One Million *per annum*.

It now only remains to shew, how the Table is to be most readily applied to any other state of facts.

It has appeared before, that four years and a half was the period, in which any annual Sum, employed in buying Stock, would have purchased Stock to the amount of six times itself, at something above 80 *per Cent.* for 3 *per Cents.*

It has also been shewn, that a longer or shorter period would be necessary for such an effect, if the price of Stock was higher or lower: the use therefore to be made of the Table, consists in a very easy and almost obvious artifice.

Let the fourth column be deemed invariable, and considered merely as a column of periods, each of uncertain duration. But such as will, at the given Price of Stock,
amount

amount to six times the Sum of money applied in one year in 3 *per Cent.* Stock.

Thus at 80 *per Cent.* it was found something more than this effect was produced in four years and a half: therefore we may say, it would have been exactly produced, had the Stock been bought at about 81 *per Cent.*

So it was shewn, that at 90 *per Cent.* this effect would not have been quite produced in five years, but at 88, or 89, we may say, it would have been exactly produced.

Again, at 60 *per Cent.* we found it considerably more than performed in three years and a half; so that we may conclude, it would have been exactly done in that time if Stock had been at 62 or 63.

The Stock actually purchased last year, ending at Midsummer last, has been at different

ferent prices, from 72 to 75 *per Cent.* and at this rate each period would be about four years.

Should this continue the true price, or should any person have reason to expect it to be so, for some years to come, he will expect with equal reason, that the accumulated Stock will, in twenty-four years, be equal to what in the Table is set down as the produce of twenty-seven years, and so of any other price of Stock.

It now only remains to observe upon the third column, as to the variations it may be liable to.

Whoever considers the time our present Debt was growing to One hundred and forty Millions, and the vast wars we had to sustain, will think, a plentiful allowance has been made for the probability of future increase :

and

and if he further reflects on the extravagant expences of the last war, in proportion to the forces employed, will hardly allow, that the present debt could have yet fairly arisen to Two hundred Millions instead of Two hundred and forty.

Perhaps the proportion may not be much altered by the price of Stock, because if Twelve Millions of money may be had for Fifteen Millions of Stock, when 3 *per Cents.* are at 80 *l.* only Nine Millions can be had for the same when they are at 60 *l.* So that on the whole the difference to the Public may not be great, whether the funds are high or low, provided the Sinking Fund is allowed to operate in war as well as in peace. But it is to be hoped that a peace of some duration, and honest management if war must come, will prove, that the third column is upon the whole taken far too high. To conclude, Wisdom and Christianity bid

us pray for peace, but we have no reason to fear war. No possible combination of powers can in the next seven years force us to add One Million *per annum* to our present burthens, which is more than can be said for the resources of any one of those who should be so combined against us.

Note, Although the foregoing Table is carried on to the total extinction of the National Debt, it is very problematical whether such an event is on the whole desirable. But we have only been examining the power of such a fund, and not the most expedient degree of that power for us to employ. Parliament seems to have adopted an idea of this nature, by providing, that when an income of Four Millions is purchased, the surplus shall go in ease of Taxes. But it would not be difficult to point out some resources not yet attended to, by which the Revenue might be so increased immediately,

as to ease the Public of some part of their burthens immediately, and yet apply more than one Million to the purchase of Stock : this may probably be the subject of a future investigation.

END OF PART II.

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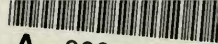
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