

[BL Add. MS 31235_036]

Observations by Sir Fred. Morton Eden, (in form of a
Letter) on the Annuity Note Plan, as contained in the three
first printed Sheets with the two Tables:—with Counter-
Observations by the Author of the Plan*

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* [Editor's Note: This file contains Bentham's blow by blow rebuttal of the criticisms of the Annuity Note proposal made by Sir Frederick Morton Eden in a letter to Vansittart of 20 July 1801. Eden based his critique on the partial printing of 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*'. Bentham's autograph draft of this work, written between 23 July and 7 August 1801, is at UC iii. 364–505, and has been used where necessary as a corrective to the copy of the work reproduced below, which is the text as sent by Bentham to Vansittart on 10 August 1801: see *Correspondence (CW)*, vi. 422–3.]

§ I. *Observations*¹

*Novelty—Quantity large*²

‘Your ingenious correspondent’s new currency, though meant like *Shylock’s* money, “to breed as fast as ewes and lambs”,³ I fear would not answer *any* of the ends proposed by it, sufficiently to justify so *novel* an experiment in finance, as the issuing a *large* circulating mass of paper, representing capital as well as interest.’

Counter-Observations

These ‘ewes and lambs’, foreign as they may appear to be to the subject, are not altogether without their use. Innocent as they are, they have betrayed at the very outset, the temper that brought them on the carpet, and the views and apprehensions by which that temper was produced.

NOTE TO TYPESETTERS: Please present the following quotation as a displayed quotation

Ah silly I! more silly than my sheep,

Which on my flowery plains I once did keep!⁴

¹ With the exception of the address and salutation, Bentham reproduced sequentially in the initial paragraphs of each section the entirety of the letter sent by Sir Frederick Morton Eden (1766–1809), writer on the poor laws and architect of the Globe Insurance Company, to Vansittart on 20 July 1801 (see BL Add. MS 31,235, fos. 31–2), in response to a request for comments on Bentham’s plan. A fair copy of the letter is at UC iii. 359–63, where Bentham has noted: ‘☞ These papers seem to have been revised and put in a condition for the press.’

‘14 Nov^r 1820. This letter is from the late Sir Fred. Eden to M^r Nicholas Vansittart. The cause of it was—the project’s interfering with a branch of Eden’s *Globe Insurance* project. I do not believe this answer of mine was ever communicated to Eden. Notwithstanding this Letter, which must have been communicated to me by Vansittart, Eden and I continued until his death upon the most friendly terms. I remember giving him at his request a copy, and I believe the only one I had, of an Annuity Note in its most perfected state. He desired it for the purpose of this rival and successful project of his.’

For further details of Vansittart’s role in the prompting this work see the Editorial Introduction, pp. 000–000 above.

² In his ‘Contents’ for the work at BL Add MS 21,325, fo. 36 Bentham gave his sections a discrete title, which has been inserted in the present volume to follow the generic titles ‘Observations’ or ‘Observations continued’.

³ A misquotation of an exchange in Shakespeare, *Merchant of Venice*, I. iii. 90–1, in which the moneylender Shylock attempted to justify his practice of usury with reference to the scriptural story of Jacob and the flocks of Laban (Genesis 30: 25–43); to which Antonio, the eponymous merchant, retorted, ‘Or is your gold and silver ewes and rams?’; and Shylock responded, ‘I cannot tell: I make it breed as fast’.

⁴ Ambrose Philips, ‘The Second Pastoral’ (first published anonymously in *Oxford and Cambridge Miscellany Poems*, ed. E. Fenton, London, 1708, pp. 41–9), in *Pastorals, Epistles, Odes, and other Original Poems, with Translations from*

NOTE TO TYPESETTERS: End of displayed quotation. Please continue paragraph flush to left hand margin.

Such is the couplet, which, to a man of the learned Critick's erudition, might have served as a warning, not to introduce poetry (and such poetry!) into a grave and important question of finance.

For the mode in which the *Review* of a plan is conducted, the plan *itself* is certainly neither better nor worse. Features, such as the above, being so many irrelevancies in the *Review*, notices taken of them in a reply to it, may appear open to the same charge. So they [BL Add. MS 31235_037] unquestionably would, were direct *reason*—fair and naked reason—the only force by which, in giving judgment on a proposed plan, the human mind was accustomed to be influenced. But such insensibility to all grounds of general presumption, and other collateral considerations, neither is—nor, in the nature of man and things ever can be—perfectly exemplified. *Authority* is a ground of decision, to which no man can altogether refuse to allow a certain degree of weight, however competent he may be, or appear to himself to be, in point of leisure, faculties, and all other requisites, to determine the question upon its own naked merits. In the present instance, this power presents itself as being alike adverse in its direction, and formidable in its force. It becomes proportionably necessary, to endeavour to take off whatever can be, and ought to be, taken off from that force:—and, in this view, to point to the symptoms by which it appears, that the *understanding* thus occupied, is not in that state, in which, on other occasions, it would be found to be—unclouded, unruffled, free to follow the path of reason wherever it shews itself—but turned aside by a sinister bias, corrupted by subjection to the *will*, itself under the dominion of hostile passions, excited by personal apprehensions.

A clue of this sort, may afford a species of satisfaction, such as might not otherwise be obtainable:—a solution of a mass of inconsistencies, such as might otherwise appear inexplicable:—A professed and experienced Reviewer, keeping his eyes shut throughout against the work that lies before him, or opening them but to spy out some difficulty, which, after gleaning it from the work itself, he exhibits as a discovery of his own, taking care to say nothing of the solution that stands beside it:^a—a mind stored with real and extensive learning reduced on the sudden (for so we shall find his at the very first step), to a state of profound and matchless ignorance:^b—a memory on other occasions so tenacious, bereft on a sudden, as it were, of all its powers:^c a Judge, at the very moment of being consulted as such, descending to the station of an adversary, and of an adversary using poisoned weapons:^d—a discernment, on other occasions so acute, heaping on the same object, contradictory imputations in the same breath.^e A projector, clinging, with that fondness

Pindar, Anacreon, and Sappho, London, 1748, pp. 11–18, at p. 14. Bentham has misquoted the second line, which reads: 'Which, on thy flowery banks, I wont to keep'.

which it is so natural for such parents to feel, to his ideal offspring,⁵ yet so blind in his fondness as to run this his own offspring through and through, in running amuck at another's, which does not receive from him so much as a scratch:^f these, together with others, that might perhaps have been adduced, are incongruities such as could not otherwise be accounted for, but of which the causes above indicated, will afford an explication but too natural, and, in the course of human life, too frequently perceptible.

^a § 8, § 9, § 12, § 13, § 15, § 17.⁶

^b § 1. See ^c.⁷

^c § 3, § 10, § 11, § 13.⁸

^d § 1, § 6, § 21, § 23.⁹

^e § 1, § 7.¹⁰

^f § 1, § 3, § 7.¹¹

What then is the inference from all this preface? that because the review is bad—(supposing it to be so)—the plan reviewed must be a good one?—By no means. What the object of it?—to turn aside the eye that is to judge from the question proper for its cognizance?—Nor that neither. What is aimed at—what is asked for—is simply this:—that all collateral and irrelevant considerations

⁵ i.e. the Globe Insurance Company, for which see pp. 000–000 below. [To BL Add. MS 31,235, fos. 42–43, this file]

⁶ See pp. 000, 000, 000, 000, 000 and 000 below, respectively. [Self-explanatory: all in this file]

⁷ i.e. see the following Bentham note.

⁸ See pp. 000, 000, 000, and 000 below. [Self-explanatory again, all in this file]

⁹ See pp. 000, 000, 000, and 000 below. [Self-explanatory again, all in this file]

¹⁰ See pp. 000 and 000 below. [Self-explanatory again, all in this file]

¹¹ See pp. 000, 000 and 000 below. [Self-explanatory again, all in this file]

may be discarded *on both sides*—that the *review* may be attended to, in exact proportion to whatever it may be found to contain of *real* argument, and the *plan* thus reviewed be judged of by its own merits.

[BL Add. MS 31235_038]

The word '*novel*'—*novel* applied in preference to *new*, is another *symptomatic* word—*novel*—a sort of conjugate of *innovation*. Employing, and at this early stage, instead of words of impartial and undelusive import, one of those words (a tribe unhappily for the interests of truth and reason but too numerous) that are used only in what is called a *bad sense* (i.e. such as are never brought upon the carpet but on account of their bringing with them, as an inseparable concomitant, the idea of *disapprobation*)—plying the mind of the reader with such delusions, and thus seizing, as it were, upon his hand, to employ it, whether he will or no, in inflicting censure upon the subject to which the opprobrious attribute is applied—this is among those arts of verbal warfare, which may be termed, *fighting with poisoned weapons*.—To try our Reviewer, whether guilty or innocent of this charge, let us take a hint from *Solomon*, and make an experiment upon the paternal nerves.¹² Reserving the neutral epithet, *new*, for the *Annuity Note plan* thus assailed, let us apply the term *novel*, to what has been termed in a strain of congenial criticism '*The Portentous-Globe*':¹³ and, in the same strain, calling the former simply a *novelty*, let us call the latter an *innovation*.—Will the paternal feelings consent to such a change?

If *words* like these are to pass fo[r] argument, behold an answer to it—an answer to it in kind. What? is he raising a hue and cry then against *novelty*? There's a man for you!—a libeller of establishments!—of all establishments in the lump, past, present, and to come! For (as has been said, and not untruly said, by somebody): '*whatever is now establishment, once was innovation*.'¹⁴

But—*novelty* or *innovation*—call it which he will—where is it to be found? In the proposed

¹² For Solomon's method in ascribing maternity to rival claimants to a baby see I Kings 3: 16–28.

¹³ i.e. George Griffin Stonestreet, *The Portentous Globe: an Enquiry Into the Powers solicited from the Crown, under an Act of 39 Geo. III. intituled, 'An Act enabling His Majesty to grant a Charter of Incorporation' to certain Persons under the Style of the 'Globe Insurance Company,' containing Observations on the Tendencies of such Grant, and on the Effect of Charter on Commercial Undertakings; recommended to the Consideration of the Bankers of the Metropolis, and to the Country Bankers of Great Britain, &c. &c.*, London, 1800. George Griffin Stonestreet (c. 1745–1802), managing director of the rival but unchartered Phoenix Fire Office and Pelican Life Insurance Office.

¹⁴ Bentham has slightly misquoted himself. See the Preface to *A Fragment on Government; being An Examination of what is delivered, on the Subject of Government in General in the Introduction to Sir William Blackstone's Commentaries: with a Preface in which is given a Critique of the Work at Large*, London, 1776, p. xiv (*A Comment on the Commentaries and A Fragment on Government*, ed. J.H. Burns and H.L.A. Hart, London, 1977 (CW), p. 400): '*whatever now is established, once was innovation*'.

experiment, according to *his* description of it, there is not a grain of novelty. ‘*Circulating masses*’—yes, and ‘*large*’ ones—‘*representing capital as well as interest*’—exist *now* and have existed for ages—exist not *here* only, but *elsewhere*. What are *Exchequer Bills*? What are *India Bonds*?—What are *Irish Debentures*? What *have been* *Navy Bills*, *Victualling Bills*, *Transport Bills*, and *Ordnance Debentures*? I will not here insist on any *Foreign* interest-bearing paper, such as *Dutch Obligations*,¹⁵ and *Austrian Government paper*:¹⁶ these, (with others about which my enquiries have not yet been so successfull as I could have wished) exist not, it is true in a shape precisely the same, as that which is here given as a supposed improvement upon every thing of the kind that has been before it:—(if they did it would be no improvement) but they do not the less exist, and so exist, as to constitute each of them ‘*a large mass of paper, circulating,*’ with a degree of facility and rapidity governed necessarily by their bulk, and (to use the learned Baronet’s own words) ‘*representing capital as well as interest*’.

In repelling thus the imputation of *novelty*, I must of course be understood to confine the vindication to that particular feature in which the imputation has thus been fixed. For, if no point of view could be found, in which the plan would bear the appellation of *new*, what would there be in it to propose?

An entire Chapter of the Plan^s is employed in shewing what features the proposed engagement has, *in common* with the several sorts of pecuniary engagements, the several securities, already known—and what other features are *peculiar* to it. *Eight* are reckoned up of those *common*, and twelve of [BL Add. MS 31235_039] those *peculiar* features. Among those, which, being thus *common*, are *not new*, is that of the ‘*principal’s not being demandable*’,¹⁷ viz: at any certain time: the instances there given (besides *Stock Annuities*, which are not in *paper*) are ‘*Irish Debentures, India Bonds*’: also the lately disused ‘*Navy, Victualling, and Transport Bills and Ordnance*

¹⁵ See p. 000 n. above. [To note to UC ii. 315, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. XVI]

¹⁶ Bentham may have had in mind the bonds issued by the Viennese Municipal Bank (*Wiener Stadtbank*). In 1761, the bank issued 6% loan bonds (*Darlehens-Obligationen*) and payment bonds (*Zahlungs-Obligationen*), to a nominal value of 11m. and 7m. florins respectively. In 1762, the Bank issued a paper currency (*Bancozettel*) to a value of 12m. florins which was not interest-bearing, but any holder of at least 200 florins was entitled to convert them into 5% bonds. In later issues of *Bancozetteln* in 1771 and 1785 the option of conversion to bonds was withdrawn.

Alternatively, Bentham may have had in mind the annuities issued in the wake of attempts by the Imperial Austrian government to float a loan of £3m. on the London money market in May 1795, which raised only £300,000. In response, the British government agreed to underwrite public subscriptions to a loan of £4.6m., and repeated the exercise in relation to a further loan for 1.62m. in April 1797. See J. Ehrman, *The Younger Pitt*, 3 vols., London, 1983–96, ii. 362–3, 519–20; K.F. Helleiner, *The Imperial Loans: A Study in Financial and Diplomatic History*, Oxford, 1965, pp. 8–12, 93–6.

¹⁷ See p. 000 above. [To 1800, p. 39, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. III]

Debentures':¹⁸ all of these '*masses of paper*' (in the learned Baronet's language) '*representing capital as well as interest*'. *Exchequer Bills* constitute another instance that meets his eye in several places of the *same* Chapter.¹⁹ With such an indication (if he would have vouchsafed to look at it)—with such a refutation before him, it is—that that he speaks of this as a *novel* feature.

§ Ch. 3.²⁰

Misunderstanding the plan—misunderstanding every thing else that touches upon it—misconceiving the whole subject thus compleatly and staunchly from the first, of what complexion will be the *further* views he gives of it?—we shall see, as we advance.

But perhaps his reply might be—that, though, of the masses of paper above exemplified, it is true—that they '*represent capital as well as interest*'; yet it is *not* true, that they '*circulate*':—for something of this nature is actually insinuated, (though in other words) in a passage we shall see.²¹ That, among the tribes which, in another passage,^h he speaks of with a view to wear and tear—'*market-women, turnpike-keepers, and publicans*'—masses of paper like these do *not* circulate, is true enough. But, by the same argument, it might be proved that the existing paper of the Bank of England does not circulate: I would venture to offer him a £100 Exchequer Bill, or India Bond, at his choice, for every £100 Bank note he finds circulating in such hands. When the Bank of England, in virtue of an Act of Parliament, receives a parcel of Exchequer Bills, what is it that, in appropriate language, it is said to do with them but '*circulate*' them?²² *Quickly* indeed, masses such as these cannot be expected to circulate;—at least every where: though, in the great game played almost every day at the Exchequer, he will find the *Bills* changing hands not less quickly than the *Notes*: as between monies, and monies of different values, *velocity*—quickness of circulation—(as Adam Smith has so well observed)²³ is inversely as their magnitude. The Hour-hand in a *watch*, does not circulate so quickly as the *Second hand*, nor yet as the *minute* hand: but, slow as the circulation of the hour-hand is, does any body ever say on this account, that it does *not* circulate? But of this further in its place.ⁱ

¹⁸ See p. 000 n. above. [To note to UC xvii. 83, 'On the Stock Note Plan']

¹⁹ There are six mentions of exchequer bills in the chapter: see pp. 000–000 above. [To 1800, pp. 39–41, 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*', Ch. III]

²⁰ See pp. 000–000 above. [To 1800, pp. 39–41, 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*', Ch. III]

²¹ Bentham may have in mind Eden's comment, reproduced at the beginning of § 11, p. 000 below, that 'Standard Annuity Notes .^.^ would not answer the purposes of circulation'. [To B1 Add. Ms 31,235, fo. 60, this file]

²² See, for instance, the Bank of England Act of 1800 (39 & 40 Geo. III, c. 28, §§ 8, 10, 13) for explicit provisions encouraging the Bank to 'exchange and circulate' Exchequer Bills.

²³ See p. 000 n. above. [To note to UC i. 303, Appendix D]

^h § 14.²⁴

ⁱ § 9.²⁵

Another feature here impliedly ascribed to it—ascribed to it by the epithet ‘*large*’—is a feature which does *not* belong to it, and which is so far from belonging to it, that the *exemption* from this very feature is among the characteristic properties, and (as supposed) advantages, of which its essence is composed: among the properties ascribed to it as *new*, as well as among the properties relied upon as *advantageous*. Most, if not all, other species of paper money as yet known, may *really* be in *large* masses: i.e. in masses that are *too* large, for it is only for the purpose of suggesting the idea of *excess*, that the word ‘*large*’ can here have been introduced. Why *too* large?—because it is by the exigencies of the Government that issues them, that the quantity of the mass thrown into the market is determined: thence the *glut*—the *depreciation*—the *excess*. In the case of the *proposed* paper, the quantity is determined—determined from *first to last*—by the number of purchasers that *call* for it at a *fixed price*. If a hundred millions’ [BL Add. MS 31235_040] worth of it should be *called for*, a hundred millions’ worth of it certainly would exist: but the mass of engagements, resting on the shoulders of government, is not the *greater* in proportion to that amount, but the *less*: viz: by the difference between the *lower* rate of interest it *gives*, and the *higher* it *supersedes*. In what respect then is the *proposed* mass of engagements more liable to *excess* than the *existing* ones? the existing ones, which it cannot be *added to*, without *diminishing their*²⁶ amount?—For this plainest of all reasons it is—(though, as will be seen, not for this reason alone)^j that the larger it is the better, and it is impossible it can be too large.

^j § [^^^].²⁷

Here however the objection is—(for though not brought forward it is announced) the objection is—that it, the *mass of paper*, will be *too large*. Wait till the next sentence—the very *next* sentence—and what is *now too large* becomes *too small*:—‘*not great enough to be an object of*

²⁴ See p. 000 below. [Self-explanatory, § 14, this file]

²⁵ See p. 000 below. [Self-explanatory, § 9, this file]

²⁶ MS ‘this’. The text follows Bentham’s draft at UC iii. 373.

²⁷ Bentham has noted at this point: ‘See Plan, Table of Contents’. Given that the reference is a reference forward, however, it is likely that Bentham had in mind rather a later section of this work. For a related discussion see § 18, pp. 000–000 below. [To BL Add. MS 31,235, fos. 74–7, this file]

finance'.²⁸

§ 2. *Observations continued*

Probable demand inconsiderable

'Of the two objects proposed by the scheme, viz: to render that mass of money, which by existing circumstances is either excluded from yielding interest, or which, by means of Bankers and otherwise, yields a rate of interest, inferior, all things considered, to what Government could allow; and to furnish a new circulating medium of daily increasing value—the first, I should apprehend, would only operate in the most numerous and least opulent classes, whose hoards are too small to bear the charge of investing in Stock or other interest-yielding security. I should doubt, however, whether the aggregate of such sums is *great enough to become an object of finance*.'

Counter-Observations

None:—none seem necessary—here at least: but see the next Section.

§ 3. *Observations continued*

Circulation hopeless—Interest trifling

'As to the benefit to individuals, it is not probable that the owner of a hoard of £12. 16^s (the amount of the Author's Standard Note) would feel disposed to *sink* it in the purchase of an Annuity (not equal to 3 day's labour) of 7^s. 7^d.'

Counter-Observations

This sentence—not a very long one—is yet long enough to contain two fallacies.

1. One is—the insinuation thus conveyed, that a sum to the amount of £12. 16^s, or any other sum, invested in the purchase of one or more Annuity Notes—would be *sunk*:—*absolutely sunk*. As to this point, it is stated among the advantages possessed by the proposed paper, that, in every particle of it, it will, at all times, be alike susceptible of being *kept* in hand, as a source of interest, or *passed* from hand to hand as money:^k a property by which, amongst others, it stands distinguished (in my view of the matter to its advantage) from such sources of interest as are in the

²⁸ Bentham's reference is in fact to the second sentence of the ensuing paragraph of Eden's letter, with which he begins § II of his response.

shape of *Stock Annuities*:—a species of property that can in no other sense be *converted* into money, than in the same *improper* sense, in which *land* and *houses* can be converted into money—viz: by being *sold*, and so made over in *exchange* for it. The learned Baronet, for the convenience of the argument, divides in his imagination the mass into two distinct and uncommunicating masses—the one, good for *hoarding*, if for any thing, and nothing else; the other, good for *circulating*, if for any thing, and nothing else. That, of the mass designed for [hoarding],²⁹ there may be *some* part susceptible of circulating, he does not absolutely deny, provided it be but a *small* one. At the same time, let it not be altogether forgotten, that although, for argument [BL Add. MS 31235_041] sake, this aggregate should fail of being sufficient, *of itself*, to become an object of finance, it will not follow but that it may be raised to that amount (whatever it be) when *another* aggregate, especially if to an *equal* or *greater* amount, comes to be *added* to it. Such *another* aggregate (the demand created by persons seeking profitable employment, without trouble or risk, for temporary sums *below* £100, and even in *some* cases *above* that mark) is pointed out and enlarged upon in the pages against which our Critic so resolutely shuts his eyes.¹

^k Ch. IV.³⁰

^l Plan Chap. IV.³¹

In an interesting pamphlet, for which, perhaps the *Globe*, and at any rate the world, is recently indebted to the learned Baronet, individuals, participating in the benefits which it is the object of Friendly Societies to administer—these *individuals*, to the number of 2,592,000, according to his calculation (not forgetting their *funds*) stand forth as an object,³² which has not appeared unworthy, either of his attention or his care: and, from the causes pointed out in some papers, from which the learned Baronet (certainly not without reference, nor altogether without addition) did not disdain to borrow,³³ even *this* number may appear scarcely superior to the number, which, by one untoward circumstance or another, are precluded from entering into associations upon such principles; though

²⁹ MS ‘circulating’, which also appears in Bentham’s draft at UC iii. 376.

³⁰ See pp. 000–000 above. [To 1800, pp. 42–8, UC ii. 155, iii. 50, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch.IV]

³¹ See pp. 000–000 above. [In particular to 1800, pp. 44–5, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch.IV]

³² i.e. Frederick Morton Eden, *Observations on friendly societies, for the maintenance of the industrious classes, during sickness, infirmity and old age and other exigencies*, London, 1801, p. 8.

³³ See Eden, *Observations on Friendly Societies*, esp. pp. 19, 27, and p. 000 n. above. [To note to UC ii. 314, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. XVI]

not excluded from participating in those rewards, which, by apposite institutions, might be held out to the virtues of *industry* and *frugality*, when united in the breasts of unassociated heads of families or other individuals.

But if the *whole* of the mass—be it *great* or *small*—be, *in every part of it*, alike susceptible (as it really would be) of *circulation*, then whatever part may have been employed ‘in the purchase of an Annuity’ (i:e: of *Interest*, so long as *Interest* was the thing wanted), *would* be susceptible of being put in circulation, in the shape of principal money; and *that*, at whatever time, should any such time arrive, at which *principal*, at the expence of *further* interest, came to be the thing wanted: of which mass, consequently, not *any* part would be *sunk*.

In what conceivable state of things would the supposition so lightly made be realized? If there were but *one* Annuity Note taken out, certainly: *not certainly*, if there were *two* Annuity Notes, taken out, at different times, by so many different individuals. If on the first of January 1803,³⁴ a whimsical man (whom we will call A) took a fancy to become possessor of an Annuity Note (say a Standard Note, price £12. 16^s) and took one out accordingly, nobody else ever taking out another—*then* indeed would there be *hoarding without circulation*—and consequently there would be ‘*sinking*’: but if, in the year 1804—the same day of the same month happened to produce *another* whimsical man an—acquaintance of A’s (whom we will call B), at the same time that A, being tired of his bargain, or wanting to spend the money, took a fancy to *part* with his note, then would the *same* piece of paper, which at *one* time was *hoarded*, be at another time *circulated*; in which case the money, employed in the original purchase of it, would *not* be ‘*sunk*’.

Thus would the matter stand, if the mass of notes taken out—whether with a view to hoarding, or to circulation, or to both—by *one* set of *individuals*—depended, for its actually getting into [BL Add. MS 31235_042] circulation (so much of it as within a given period came to be brought to market for that purpose) upon the *contingency*, of its meeting with *another* set of *individuals*, ready to accept of it with the same views.—On this supposition, true it is, there *would* have been room for contingency to operate. But, by Art. 14,³⁵ (if that article be allowed to stand as part of the plan) all *contingency* is at an end. The *Exchequer* with its branches, the subordinate local offices of receipt, spread over the whole Kingdom—afford a market at every body’s door—constantly open—and bound to receive this commodity—in whatever quantity it can be offered to them—and at market price. Where *now* is the money, which, to the imagination of the learned

³⁴ MS ‘A° 1803’. The text follows Bentham’s draft at UC iii. 377 in order to accommodate his almost immediate reference to ‘the same month’.

³⁵ See p. 000 above. [To 1800, pp. 17–18, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. I]

Baronet, presented itself as ‘sunk’. What *could* be sunk, by such artillery as the learned Baronet’s, *is* indeed sunk—viz. the mention of that article:—but nothing else is sunk, unless it be the *time* employ’d in counter-discussing such ‘discussions’.

All this while, here am I (I confess it with regret) confounding the order fixed upon and announced by the learned Baronet.—But why?—because he has so ingeniously, and completely, confounded it *himself*.—First head of argument—probability and utility of getting the proposed paper *out* in the way of *issue*:—second head of argument—probability and utility of getting it *on* in the way of *circulation*. Circulate, (according to him) it will *not*: moneys employ’d in the purchase of it will be ‘*sunk*’. Such is the proposition, set down for *argument* in his *second* division:—but, in the mean time, to be doing, he *takes it for granted* in the *first*.

2. The other fallacy consists, in the holding up, as an object of scorn on account of its minuteness, the rate of interest proposed to be given upon this paper: ‘*an Annuity of 7^s. 7^d, not equal to three days labour*’.

What is a man to make of such an argument?—Of so many things—any one of which should have been enough to keep him of all men from making use of it—what is it that the learned Baronet does not forget?—what is it, that he remembers?—Does he remember *the rule of three*? Will he tell you, that the ratio of one to thirty-three is *less* in *small* sums than in *large*?—Does he remember, that it is possible out of a *number* of small sums to make a *large* one? out of a *proportionable* number to make one of *any* size?—Does he remember, that there are such people in the world as the *poor*?—Does he remember that there are *more* of them than of the *rich*?—Let him look round among his acquaintance, and, for every man whom he finds *looking down* on so petty a profit, as an object not worth stooping for—a profit not worth earning by a twelvemonth’s self denial—for every such disdainful estimator—I will find him—I fear to say how many—who, *at present* at least, and untill, by some such mode of encouragement as we both of us join in recognizing the utility of, the habit of frugality shall have become extensively diffused and deeply rooted—would *look up* to it, with hopeless regret, as a blessing above their reach. Does he remember what he himself is saying at the same time?—Does he remember, that this profit, so *unacceptable*—so contemptible—is inferior, by no more than one sixtieth, [BL Add. MS 31235_043] to what he himself, in his magnificence, allows to the *same people* on the *same score*?—nor that, but upon condition of *his* having the principal to sport with for six months:³⁶—to be lent to, and employ’d all that time by,

³⁶ The Globe Insurance Company Act of 1799 (39 Geo. III, c. lxxxiii) prescribed that the company be chartered to insure lives and property and to pay interest on deposited funds, ‘upon such Terms and Conditons .^.^ as shall or may be agreed upon between the said Corporation .^.^ and the Persons and Societies treating with the said Corporation’ (§ 2), and that (§ 3) deposits made by individuals would not be repayable ‘at a less Period than six Calendar Months’.

any body, *but* the poor man whose property it is, and who, having contrived to spare it in *one* state of things, may find himself in want of it in *another*.

In the case of *some* men, a want of sensibility to such microscopic objects, would be a sort of failing, at once natural and pardonable. That, to a man who handles the *public* money by millions and *his* own by thousands—that to a man, (situated for example like the gentleman I found with you t’other day)³⁷ the interest, of any thing less than an Exchequer Bill, should be an object as impalpable, as a double Moidore was to the hands of the great company into which *Gulliver*, in one of his Voyages, found himself introduced³⁸—is altogether in the order of things:—to an eye seated on so *peculiar* an *eminence*, the wonder is not great, if objects thus minute should, (at least when a man is taken by surprize, and without the benefit of effort and preparation) be invisible. An oversight of this kind has the same claim to indulgence as that of a late Minister, who, in a discussion with certain *Sugar-bakers*, observing, with great truth, that no Sugar, other than *treble-refined* made its appearance at any of the tables he was in the habit of sitting down to, could with difficulty bring himself to credit the existence, of any article of the same generic denomination, and of inferior purity.³⁹ But, that Sir Frederick Eden!—that a gentleman who has earnt such great and well-merited celebrity by his attention to the poor!⁴⁰ to *every thing* that characterizes their humble lot!—that Sir Frederick Eden!—the *historiographer*—the *teller*—the *caterer*—the *patron*—the *advocate*—and (if God and the Crown Lawyers permitt) the *Treasurer* and *Banker* of the Poor!⁴¹—

Eden noted that the proposed rate of interest on deposits was to be 3% in his letter to Vansittart, the relevant passage being quoted by Bentham at p. 000 below. [[To BL Add. MS 31,235, fo. 47, this file]

³⁷ Perhaps Charles Long, who Bentham had met in company with Hiley Addington rather than Vansittart, on attending the Treasury for an appointment with Vansittart on 9 July 1801: see p. 000 n. above. [To note to UC ii. 1, Appendix G]

³⁸ A double moidore (a corruption of *moeda de ouro*) was a Portuguese gold coin current in England and its colonies in the early eighteenth century with a sterling value of about 27 shillings. The ‘great company’ refers to the gigantic inhabitants of Brobdingnag encountered by Lemuel Gulliver, eponymous hero of *Gulliver’s Travels*, on his second voyage: see Jonathan Swift, *Gulliver’s Travels* (first published 1726), ed. D. Womersley, Cambridge, 2012, pp. 117–214.

³⁹ Sugar was imported from its country of origin to Britain in the form of raw or ‘muscovado’ sugar, or, if semi-refined, ‘clayed’ sugar: it was then usually refined into ‘loaf’ sugar for consumption, or further refined into increasingly pure varieties, of which ‘treble refined’ was the whitest and most expensive. The ‘late Minister’ has not been identified.

⁴⁰ Eden was celebrated for his groundbreaking efforts to investigate the condition of the poor in *The State of the Poor: or, an History of the Labouring Classes in England, from the Conquest to the present period; In which are particularly considered, their domestic economy, with respect to Diet, Dress, Fuel, and Habitation; and the various Plans which, from time to time, have been proposed, and adopted, for the relief of the poor: together with Parochial Reports Relative to the Administration of Work-houses, and Houses of Industry; the State of Friendly Societies; and other Public Institutions; in several Agricultural, Commercial and Manufacturing, Districts*, 3 vols., London, 1797.

⁴¹ On 23 July 1799 a petition to the Crown to grant a charter in accordance with the recently passed Globe Insurance Company Act was referred to the government law officers, who reported on 4 December 1799 that, ‘The Governor and

that *such* a man should thus forget *every thing about the poor—means—exigencies—numbers—proportions—every thing—forget*, for the purpose of the argument, and such an argument!—forgetfulness like this is absolutely past endurance!—No:—this advocate of the poor⁴²—this self-chosen—and not un-retain'd advocate—shall not be permitted, thus to put off his sympathy with his robes.

§ 4. *Observations continued*

Circulation hopeless

‘Perpetual Annuities may suit great capitalists: but they seem to be ill-calculated for furnishing an investment for the earnings of the lower classes’:—

Counter-Observations

This proposition, being of the oracular cast is, like other oracles, scarce worth hunting through its possible meanings. Unapplied, it amounts to nothing: applied it involves the same mistake that went *before*:—it supposes the money to be ‘*sunk*’.—The plain truth is—*some* exigencies there really are, for which it *is* necessary that capital *should* be sunk:^m *others* there are, for which such sinking is *not* necessary.ⁿ Where it is [BL Add. MS 31235_044] *not* necessary, the institution of the proposed paper *would* be an adequate resource: where it *is* necessary, then comes in the necessity of some *further* institution, adapted to the purpose: of the *once* proposed system of *Industry Houses* (for example) in their proposed character of *Frugality Banks*; or the equally diffused system (for such I suppose he would not be sorry it should be) of *his* Frugality Banks, branching off from the General *Globe Insurance-Office*:—if a *project*, so little noticed as the former, may be mentioned in the same sentence with a *plan*—(with a *plan* I say, for the Baronet shall have his choice of words—the advantages from *good* and *bad* senses shall be all his own) with a *plan*, which, justly or unjustly,

Company of the Bank of England, and the private bankers, having objected to the proposed charter, under an apprehension that it would enable the Company to act as a bank’, a further Act would be required. Despite efforts to amend the proposed Charter to meet these objections the Committee of the Privy Council decided in March 1803 that it was ‘not expedient’ to grant the revised Charter, with the result that when the Company was established under a deed of settlement. See [F.M. Eden], *On the Policy and Expediency of Granting Insurance Charters*, London, 1806, pp. 60–8; Appendix, 60–74; Frederick Hendriks, ‘On the First Parliamentary Committee on Insurance; with Remarks illustrative of other facts connected with the History of Insurance’, *Journal of the Institute of Actuaries*, vol. iv (1854), 300–24, at 318–22. On 8 September 1802 Eden would send Bentham an account of problems he had encountered: see *The Correspondence of Jeremy Bentham*, vol. vii, ed. J.R. Dinwiddy, Oxford, 1988 (CW), pp. 132–3.

⁴² Bentham marked the following six words for deletion in his draft at UC iii. 382.

has, some how or other, met with more notice than was wished.⁴³

[BL Add. MS 31235_043]

^m Examples taken from *Pauper Management improved*; pp. 167, 168, 169, 189.⁴⁴

1. Superannuation provision. 2. Widow provision (i:e: superannuation provision).

ⁿ Examples, taken from d^o.—1. Failure-of-employment-provision. 2. Sickness d^o. 3. Ostentatious burial d^o. 4. Child-maintenance d^o—in some cases. 5. Marriage-fund d^o.

§ 5. *Observations continued*

Exposed to Losses

‘and of perpetual Annuities, that sort strikes me as the very *worst*, which will require no form of assignment, but what a man may carry about him as cash in his pocket (the *worst* of all *Banks* as M^r Bentham⁴⁵ justly observes) and which (supposing these Annuity Notes would pass as money) might be *stolen* in a *crowd*, *lost* at a *gaming table*, or *spent* at an *alehouse*.’

Counter-Observations

1. As to being ‘*lost at a gaming table*, or *spent at an Alehouse*’, can the learned Baronet inform us of *any* species of property—*terra firma* not excepted—which stands *exempted* from such casualties?

2. As to being ‘*lost in a crowd*’, a principle of security against *that* accident, constitutes one of the *express* features, of this *very* proposed species of property, to which the being *exposed* to such accidents is objected as *peculiar* to it.^o *Exchequer Bills—India Bonds—Irish Debentures* (if I am rightly informed) are not susceptible of this safeguard. The lately disused Navy Bills *were*,

⁴³ Probably a reference to Stonestreet’s *Portentous Globe*: see p. 000 & n. above. [To note to BL Add. MS 31,235, fo. 38, this file]

⁴⁴ i.e. the unpublished and repaginated partial reprint of ‘Outline of a work entitled Pauper Management Improved’ (first published serially in *Annals of Agriculture and other Useful Arts*, vols. xxx (1798), 89–176, 241–96, 393–424, 457–504, and xxxi (1798), 33–64, 169–200, 273–88), at xxx. 167–9, 189–91; corresponding to ‘Outline of a work entitled Pauper Management Improved’ in *Writings on the Poor Laws: II (CW)*, pp. 487–659, at 582–4, 595–6.

⁴⁵ In the copy of Eden’s letter to Vansittart at UC iii. 360, the following words appear at this point, but are omitted in both versions of Bentham’s response: ‘in his treatise on pauper systems’. For the passage to which Eden referred see p. 000 & n. below. [To BL Add. MS 31,235, fo. 45 and note thereto]

whether by *design* or *accident*:—because they could not be transferred, without an instrument of Assignment; which instrument was on a separate paper. Bank of England Notes *are*, by *design*, as to those purposes, in respect of which a division *bipartite*, is sufficient to afford it:⁴⁶ it was from *that* species of paper the idea was taken.

° Note See Table II. Note {24}⁴⁷ and see the Note to Ch. XVI. Moral Advantages which M^r V. has seen (*Quere* whether Sir F.E.) in Ms.⁴⁸

The security afforded by division, depends upon the precaution taken, to keep the *condivident* parts (to borrow a word from the logicians) in different *places*: either in the same *custody*, or in a *different* custody, according to the nature of the mischance meant to be guarded against. The security will be embraced or not embraced, according as a man does or does not, look upon it as worth while; which will be according to the value of the Note:—understand *to him*—meaning not the *absolute* value, but the *relative* value—relation being had to his own circumstances:—a distinction which men, in the superior ranks of life, scarce ever bear in mind with sufficient constancy, but on which the effects of money, on the well-being and comfort of the individual, on *every* occasion depends:—whether on the *coming in* of the money *into* his pocket, or the *going out* of it. From Government, the Note-holders will receive, the means of affording themselves that security, wherever in their own estimate it is worth receiving, together with a memento to make use of it:—which, in the way of safeguard, seems all that can be, or ought to be, done in such a case, for individuals by Government.

In *this* feature of it, the proposed paper, possesses a sort of safeguard, which (not to repeat what has already been said of other species of paper money) is not possessed by metallic money itself.

[BL Add. MS 31235_045]

In the passage referred to by the learned Baronet,⁴⁹ I held up the condition of the lower classes in this respect, in a light, which was certainly a *strong* one, and which, in the estimate of the learned Baronet (of so good a judge as he is when he chooses to act in that character) appeared a *just* one.

⁴⁶ See p. 000 & n. above. [UC ii. 105 & n., ‘Circulating Annuities’, Ch. II]

⁴⁷ See between pp. 000 and 000 above. [To text file 15, ‘Table II. Form of a proposed *Annuity Note*, on the several plans of Half-Yearly and Yearly Interest’: note {24}]

⁴⁸ See p. 000 n. above. [To note to UC ii. 314, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. XVI] Bentham had sent a fair copy of this chapter of ‘Abstract or Compressed View’ to Rose, Vansittart’s predecessor as Secretary to the Treasury, on 3 January 1801: see *Correspondence (CW)*, vi. p. 373, but there is no direct evidence that either Vansittart or Eden had had access to the copy.

⁴⁹ See p. 000 above. [To BL Add. MS 31,235, fo. 43, this file]

On *that* occasion, I exhibited the *mischief*: on the *present*, it was no small satisfaction that, in the improvement of a useful hint already furnished, I looked upon myself as having found a *remedy*: a remedy, which, if not quite so perfect as could be wished, is at least too promising (I should think) to be despised. The learned Baronet (I conclude) has overlooked the Note which speaks of it: (Table II. Note {24})⁵⁰ but, after so many marks of such unreserved and *indiscriminate* reprobation, what regret must it not impress upon a generous mind, to find that any feature or passage, of a nature to require an *exception*, had been overlooked!

After the condemnation we have thus seen passed by the learned Baronet on property in general, it may be almost superfluous to turn back, and take notice of the stigma, inflicted by him, on *this* or *that particular species* of property,^p for the misfortune of possessing a feature of insecurity, *supposed* to be *also* possessed by the obnoxious paper, but which, where a man thinks it worth while, is (as we have seen) capable of being expunged from *this* paper, though not from *those*.

^p Such as the 26 million of Exchequer Bills;^a the seven million^b of Irish debentures; the ^{^^^} million of India Bonds.⁵¹

^a Commons Accounts 7 May 1801 N^o VII p. 5.⁵²

^b Commons Union Accounts 2 April 1800 p. 108.⁵³

Literally speaking, *they* indeed are not—some of them, at least, are not—*perpetual* Annuities:—but, as to the *spirit* of the remark, value being given, what difference does it make whether a species of security be or be not susceptible of that appellative?—Not only *Stock* Annuities, but *Irish Debentures*, *India Bonds*, and even *Exchequer Bills*, are perpetual, till the period of payment comes; and, at that period, the perpetuity, even of *Stock* Annuities, as well as that

⁵⁰ See between pp. 000 and 000 above. [To text file 15, ‘Table II. Form of a proposed *Annuity Note*, on the several plans of Half-Yearly and Yearly Interest’ Form: note {24}]

⁵¹ The East India Company (Money) Act of 1794 (34 Geo. III, c. 41) authorized the East India Company to continue its existing bond debt at £2,000,000, and to issue additional bonds for a sum not exceeding £1,000,000, ‘for the Purposes of their Trade, as Circumstances may require’. The latter option, however, was never pursued.

⁵² i.e. *Accounts, Presented to the House of Commons, respecting the Unfunded Debt and Demands Outstanding, of Great Britain, for the year ending fifth of January 1801*, Finance Accounts of Great Britain VII, Appendix (A.), ‘An Account of the Unfunded Debt in Exchequer Bills, Outstanding the 5th January 1801’, substitute accounts dated 5 May 1801 and ordered to be printed 7 May 1801, p. 5: the total amount of the outstanding debt in exchequer bills is recorded as £26,080,100.

⁵³ i.e. ‘Accounts and Papers relative to The Commerce, Revenue, and Expenditure of the Kingdoms of Great Britain and Ireland’, in *Commons Sessional Papers of the Eighteenth Century*, cxxx. 126, where the total amount of the funded debt of Ireland held in debentures on 25 December 1799 is recorded as £7,172,740.

of the proposed *Note Annuities*, is gone.

As to the dictum thus ascribed to *me*—viz: that *a man's pocket is the worst of all banks*—the idea of a '*Bank*', and the superlative '*worst*' and the comparison which it supposes—are embellishments, for which it is indebted to the learned Baronet, who refers to it (I suppose) from memory.—My words are—'*Pocket the only strong box and that an unsafe one*'.^q At *that* time, the proposed Annuity Notes, with this their proposed *safeguard*, were offspring of the brain as yet unborn.—What I *here* mention them for, is—that, at the next word, if it happened to be before the learned Baronet at the time (which I suppose it did not), at the next word, he would have found an observation by which the utility of this safeguard (though then unthought of) may stand exemplified.—2. '*Difficulty*' (says the next article) '*of opposing a never-yielding resistance, to the temptations afforded by the instruments of sensual enjoyment, where the means of purchasing them are constantly at hand*'.^r—Among the uses to which the proposed paper money, with its proposed divisibility, may in this view be applied, is—that of a man's lodging one part of his hoarded note in the custody of some friend, some superior friend, whose opinion he stands in awe of, and looks up to, as a security against hasty and indefensible alienation, under the spur of a '*temptation*' of the nature of those alluded to, as above. A *Mentor* thus [BL Add. MS 31235_046] appointed, will be a sort of *Upper House*, with a power of putting a *temporary* negative, upon *all* applications of the money, and thereby a *peremptory* negative upon all *such* applications, as the proprietor would be restrained from *avowing* by a sense of salutary shame.—If, in the *Vestry Room* (for example) of each Parish, a box were to be kept for the reception of such duplicates, under appropriate custody, would there be any incongruity in applying that almost consecrated apartment, to a so truly *pious use*? With one part thus secured against all *unavowable* applications on the part of the *proprietor*, and against *all* applications *without exception*, on the part of every body *else*, a man ill-provided, or even unprovided, with any receptacles, such as '*strong-boxes*', and chests of drawers, by which masses of property, in a small compass, may be protected against *observation* as well as *depredation*, may, with the less danger and solicitude, trust the duplicate, reserved by him for his *own* custody, to such otherwise inadequate means of security as his humble residence may afford.

[BL Add. MS 31235_045]

^q Paup. Manag. B. III Ch. V. § 3. p. 172.⁵⁴

^r *ibid.* p. 173.⁵⁵

§ 6. *Observations continued*

⁵⁴ See *Writings on the Poor Laws: II (CW)*, p. 585.

Detrimental to Legacy Tax—to Representatives.

‘If this *project for making money breed in a drawer* could be realized, the *Legacy Tax* would not produce much, and a man’s Children, living with him at the time of his death, would, probably, often, be the *only* children who would share his fortune.’

Counter-Observations

Here the Baronet is at his ewes and lambs again—and the very idea of *giving or receiving interest*, is thus to be *twice* drowned in ridicule.—All borrowers, and all lenders—Bankers, and their Customers—Grantors, and Receivers of Government Annuities—Governments and Nations—all consigned to scorn, for the hope of involving the obnoxious institution in the common infamy!

As to the injury to the *Legacy-tax*, the argument bears with *equal* force, or rather (as we have just seen) with *more* than equal force—not only against the *public* securities above mentioned—but against all *private* securities for money (such as Bonds, Notes of hand, Bills of Exchange) and against *money* itself;—metallic money, and paper money payable to bearer, more particularly.

The injury, if it amounted to any thing, would be matter of *account: profit*, by sale of Annuity Notes;—*per contrà*, *loss*, by diminution of produce of *Legacy-tax*.⁵⁶—*Loss* on this score (I presume) would not do more than keep pace with *profit*: profit, at its *maximum*, and consequently at the *maximum* of the *loss*, would be worth—I can not say how many *score* of Legacy-taxes. The division above spoken of will, as far as it obtains, diminish the facility, and increase the danger, of concealing this species of property, where a contribution out of it is due; and thereby afford a security against evasion, beyond what obtains in several of those other cases. In regard to Notes rising to a certain magnitude—(£100 Notes suppose, or £500 Notes) would it be worth while, to require *evidence of transfer* in that view, such as endorsement at a Local Annuity-Note Office, with the attestation of the office-keeper accompanied with registration by entry on a list? I will not at present pretend to say:—it might eventually be worth thinking of.—Where any the least particle of useful instruction [BL Add. MS 31235_047] presents itself to view, no indication of hostility would render me less eager to pick it up, than if it came from the most strenuous friend and advocate.

⁵⁵ See *ibid*.

⁵⁶ The Stamp Duties Act of 1780 (20 Geo. III, c. 28, § 1) imposed a duty on each sheet ‘upon which any Receipt or other Discharge for any Legacy left by any Will .^.^ or for any Share or Part of a personal Estate divided by force of the Statute of Distributions .^.^ shall be ingrossed’ of 2s. 6d. on legacies worth £20 or less, 5s. on legacies worth between £20 and £100, and 20s. on legacies worth over £100. The Legacy Duty Act of 1796 (36 Geo. III, c. 52), repealed existing duties on legacies and, on legacies of £20 or more in value, replaced them with differential rates of

The like observations apply, though with diminished force, to the case of *natural* representatives. The public, in consequence of a propensity but too natural and too active—the public, a forced and self-appointed representative, might be apt to suffer by the *contrivance* of the deceased: *individuals*, such as he might be inclined to favour, could only suffer by his *negligence*. A paper of *Instructions*, accompanying the issue of the higher denominations of these notes, might do something towards lessening the amount, of this already existing inconvenience. With me, at any rate, the prevalence of an inconvenience in *other* instances, will never pass for a reason, for leaving it without remedy, in any instance in which a remedy may be applicable with advantage. Not the inconvenience, but the remedy, would thus be the fruit of the plan on which the inconvenience—and *that* alone—is thus charged.

In regard to securities, of the several kinds actually in existence, in the instance of which the *division* of the instrument is not in use—*Exchequer Bills*—*India Bonds*—*Irish Debentures*—the absent representative is altogether without security against this danger: not to speak of *private* securities, in respect of which the necessary privity of the debtor operates *pro tanto* as a check. The proposed paper, by the division to which it is adapted, affords the contingent security of a *condivident bailee* or trustee, besides the clue that may be afforded by the local Annuity-Note Officer-keeper, in a case where interest happens to have been recently received.

It is a real relief to the mind, when, after such arguments as we have seen above, others present themselves which, like the last, deserve that name:—indications of *specific* inconveniences, as likely to ensue from the proposed measure.—Inconsiderable as they are, they tell as far as they go. This is reasoning, such as reasoning should be: objections—which, though they *admitt* of an answer, *require* it.—Had all been thus .^.^—but let us continue.

§ 7. *Observations continued*

Globe preferable

‘I however admitt’ (continues the learned Baronet) ‘for’ (says he) ‘I have long ago made the remark—that a market for yielding a reduced rate of interest to small hoards (now lying unproductive, exposed to temptations of the worst kind, and not forming, like Stock, a cement of attachment to the state) is a grand *desideratum*.

‘With a view to remedy this inconvenience in some degree in the Metropolis, or rather to *ascertain*, whether the lower classes would deem 3 per cent good interest, for their hoards deposited

on good security; and likewise to induce them to form funds, for the purchase of widowhood, and other Annuities, more particularly suited to their exigencies, I inserted a clause in the *Globe* Act, to authorize the proposed Establishment, to receive deposits, not payable at a less period than *six* months, and to allow interest on them.⁵⁷ If it is meant that the Charter shall be granted, the *experiment* may be fairly tried at our cost: and means may be provided that, if it is eventually successful, Government may *participate* in the success.’

Counter-Observations.

With reference to the proposed *Government* plan, these admissions in relation to the *Globe Insurance* plan, proposed on *private* account, are certainly not without their value.

[BL Add. MS 31235_048]

What is to become of the ‘*ewes and lambs*’ now,⁵⁸ and of the ‘project for *making money breed in a drawer*’?⁵⁹—The Securities, given by the *Globe Insurance Company* to their depositing Customers, the petty hoarders that deposit money with them, are to breed 3 per Cent: the Annuity Notes as much within a small fraction; but, for a particular reason, not *quite* so much by one sixtieth: if, then, the obnoxious ‘*project*’ breeds *as fast* only as ewes and lambs, the favourite *plan* breeds thus much *faster*.—From the *situation* or *size* of the ‘*drawer*’, no ground of difference is to be collected. In the one case, as in the other, the *situation* is that of the *cottage* or the *garret*: the drawer is one of the *little* old worm-eaten nest of drawers, which, if any, *such situation* may afford: for as to the money bred in the *ample* drawers of the *Globe Insurance Company*, with their gilt handles, little is said of it, though perhaps not the less thought—*præfulget eo quod non visitur*.⁶⁰ Yet money is certainly expected to ‘*breed*’ in those *large* drawers (an odd 80 per cent or so^s)—or probably there would not have been quite so much anxiety to send it a ‘*breeding*’ in the little ones.^t

^s *Globe Insurance Act 39 G. 3. c. 83. § 10.*⁶¹

⁵⁷ See p. 000 n. above. [[To note to BL Add. MS 31,235, fo. 43, this file]

⁵⁸ See p. 000 above. [To BL Add. MS 31,235, fo. 36, this file]

⁵⁹ See p. 000 above. [To BL Add. MS 31,235, fo. 46, this file]

⁶⁰ i.e. ‘That which is unseen, shines the brighter’. A recasting of Tacitus, *Annals*, III. lxxvi: *Sed præfulgebant Cassius atque Brutus eo ipso quod effigies eorum non visebantur*, i.e. ‘But Brutus and Cassius shone brighter than all by the very fact that their portraits were unseen.’

⁶¹ The *Globe Insurance Company Act* of 1799 (39 Geo. III, c. lxxxiii, § 10) limited the subscription capital of the company to a minimum of £500,000 and a maximum of £1m.; prescribed that £300,000 was to be immediately employed in purchase of the land tax; and that the holders of the capital stock were to receive 5% per annum, after the payment of which one half of the net profit of the company was to be employed in further purchases of the land tax until a total of £700,000 had been so employed. Bentham may have assumed that the maximum capital would be

^t As to the time of the learned Baronet's having '*made*' the above '*remark*', by which the set of experiments he is thus desirous of making was suggested, he speaks of it as being '*long ago*'.—As to this point, if *priority* be the object glanced at, I refer it altogether to the recollection and testimony of the learned Baronet: the *truth* of it being admitted, neither the chronology, nor the genealogy of it, are of much consequence. But, if the period of making it was not *anterior* to the publication of the '*Hints*' (as they are called) to which he has done the honor of copying them, and which constitute the whole of that matter which has either the merit of being *new*, or the demerit of being '*novel*' in his Insurance *plan*, or Insurance *project*, unless it be the picture displayed of the magnitude of the profit to be divided (for even the idea of dividing the profit with Government is to be found in those same hints), he might have saved himself the trouble of making it: inasmuch as among those '*Hints*', which, loose as they may have shewed themselves to a more commanding eye, cost the Author some trouble to put them into what appeared to him a *method*—among those same *loose Hints* (I say), he might have found it *ready made*.⁶²

As to the '*ascertaining whether the lower classes would deem 3 per Cent good interest for their hoards deposited on good security*'—this, and more than this, if I do not egregiously misrecollect, upon a point easily enough ascertainable, had been pretty well ascertained by one experiment ready made. (In the year 1792, or thereabouts) A Banking House—(*old established*, or established for the purpose, I forget which) had been opened, at the West end of the Metropolis, upon the terms of giving this very rate of interest for money, on condition of its not being called in till after a certain length of *notice*.⁶³ Upon these terms, money came in—not from the *lower* classes probably, but from the *higher* classes:—money seeking employment, in masses commensurate by their magnitude, to the circumstances of those higher classes: and this, notwithstanding that rivalry from *Exchequer Bills*, which we shall see relied on presently by the learned Baronet, as an insuperable bar to the circulation of the proposed Annuity Notes.^u The great complaint was, in that instance—not that money did not come in *fast enough*—but that it came in *too fast*:—faster than the House could find the means of employing it on adequate *security*, and, at the same time, with a *profit* commensurate to the trouble and the risk.

subscribed and that the annual profits of the company would amount to about £800,000 (that is twice the £400,000 required to bring the initial purchase of the land tax up to the prescribed £700,000 total), which would represent an 80% increase on the subscription capital.

⁶² See 'Outline of a work entitled "Pauper Management Improved"', Bk. I, §§ II, IX, in *Writings on the Poor Laws*: II (CW), pp. 488–9, 495, where Bentham used the expression 'division of the profits' with reference to the saving in the £3m. existing expenditure on poor relief which he expected to arise from the adoption of his scheme, of which 40% would be retained as profit by the National Charity Company and 60% distributed among the parishes in the form of reductions in the poor rate.

⁶³ See p. 000 n. above. [To note to UC i. 681, Appendix B]

^u *Infrà* § 9.⁶⁴

This experiment, did not (as I was observing) afford any *direct* proof (I should suppose) that the rate of interest in question (3 per Cent) would be accepted of by the classes of persons in question—the *inferior* classes:—for⁶⁵ I should not suppose that money, in sums commensurate by their smallness to the circumstances of these classes, would have been accepted of by any such Bank. But (as I was also observing) it proves a good deal *more*: for, if the superior classes, who, then as now, [BL Add. MS 31235_049] were in possession of so many sources of employment for money at a superior rate of interest—viz: those afforded by *Exchequer Bills—India Bonds*—and so many others that might be mentioned—affording 5 per Cent or more—if these opulent classes, with all their resources, found their account notwithstanding in taking up with 3 per Cent, in how much superior a degree must this be the case with the frugal poor, who to this purpose are as yet in a manner without resource?

This untried experiment, however—this proposed experiment of the learned Baronet’s—having been brought upon the carpet, the proposed Annuity Note institution ought not, according to him, to be set on foot, and that for two reasons:—because it *is not* itself competent to the purpose: and because another proposed institution—the *Globe Insurance Company*—destined by him (amongst other things) for the trying of this experiment, *is*: which company, is ready and willing to make the experiment at their own ‘*cost*’—and to let in Government for a share of the profit:—producing at the same time what he calls ‘*a cement of attachment to the state*’.

.^.^ No (says Government):—*we* want nothing of *you*:—neither your *money*—nor your *security*—nor your *experiment*—nor your ‘*cement of attachment*’—nor any thing you can do for us.

1. *Not your money*:—*present money* is *not* a thing wanted to enable a man to pay *future interest*: *ready money* is *not* the thing *taken from* the party charged with payment of interest—it is *put into* his hands.

2. *Not your security*.—Our security (we hope) you will allow, has at least *some* points about it, superior to yours:—were you even more careful of your own than what you seem to be. It has the *whole property of the Nation* for its basis. It is of somewhat *longer standing* than yours: the people are somewhat better *acquainted* with it—rather more *used* to it than to yours. It has stood the test, *as long as it has been tried*, notwithstanding every thing that has been said about ‘*dying of the*

⁶⁴ See pp. 000–000 below. [Self-explanatory, this file § 9]

⁶⁵ MS ‘For’. The text follows Bentham’s draft at UC iii. 398.

Doctor'.⁶⁶ it has stood the test, as long as it has been tried, and *it has been tried these hundred years*.⁶⁷ Good as it has ever been, and is, it never could, nor ever can be made *so good*, by any other means, as it will be made by borrowing on these terms:—good, in proportion to the *extent* in which they are accepted: because, till Stock 3 per cents have risen beyond par, not a penny can thus be *borrowed* on the basis of this security, without *exonerating* it of a burthen of the same kind to a superior amount.^v

^v Art. 8 and 9.⁶⁸

3. *Not your experiment*: Town—Country—every where—it has been already tried—and the result sufficiently '*ascertained*' without you. In the Country, according to your own admission under your next head:^w—in the Metropolis in an instance too well known surely to have escaped you.

^w § 8.⁶⁹

4. *Not your 'cement of attachment'*.—Of attachment to the *state*, yes:—but who are you? are you the state?

As to the share of profit you have the goodness to lay by for us, if we thank you for it, it must be for nothing. *Half*^x a loaf is better than no bread: but the *whole* loaf, which is ours whenever we please, the whole loaf is better still.

^x A momentary misconception, to the advantage of the Globe—Not a tenth part: but the exact amount baffles calculation.⁷⁰

Our exigencies have forced us, from time to time, to borrow money upon [BL Add. MS 31235_050] terms of disadvantage—greater and greater disadvantage, according to the pressure of

⁶⁶ Bentham's allusion is to the final paragraph of Eden's letter to Vansittart: see p. 000 below. [To BL Add. MS 31,235, fo. 85, this file]

⁶⁷ i.e. since the first issue of Exchequer Bills in 1696 to serve as a temporary substitute for cash during the financial crisis and recoinage of silver of 1696–8.

⁶⁸ See pp. 000–000 above. [To 1800, pp. 14–15, 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*', Ch. I]

⁶⁹ See pp. 000–000 below. [Self-explanatory, this file § 8]

⁷⁰ Presumably a reference to the provision in the Globe Insurance Act (39 Geo. III, c. lxxxiii, § 10) that the Company would lay out up to £700,000 in the purchase of the land tax. For the financial benefits to government from the Land Tax Perpetuation Act of 1798 see pp. 000–000 and 000–000 above. [To UC i. 146–55, in '*Circulating Annuities*', Ch. VI, § III; and UC i. 2–9, in 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*', Ch. X]

the times. If, by laying open the market to a greater number of lenders—to a greater number of customers for the fresh parcels of redeemable annuities, by the sale of which we borrow what we want to help us pay off the old ones—if by those, or any *other* fair and honorable means, it be in our power to ease ourselves of parts of our load of debt, by money borrowed upon terms of less disadvantage, is it for *you*—unborn embryos like *you*, creatures who wait for *our* nod to bring you into existence—is it for *you* to presume to throw yourselves in the way, and stand up to hinder us?⁷¹ —^—^—

—One word at closing this first head of the learned Baronet’s discussion:—one word, in the way of recapitulation, about the *rate of interest*, proposed by me to be allowed on the proposed Annuity Notes.—It is ridiculously high:—it is contemptibly low:—and, within a sixtieth, it is the very rate the learned Baronet himself proposes.

§ 8. *Observations continued*

Circulation hopeless

II. ‘As to the new currency—The Grounds of expectation (p. 42) appear to be very narrow.⁷² The circulation of Banker’s paper bearing interest is mentioned as the principal one.’⁷³ {No such thing.} ‘Country Bankers indeed allow interest on deposits at their Banks, and some few may issue notes bearing interest. But in what part of England do such notes circulate to any considerable extent?’

Counter-Observations

I know not, and I do not care.—This question may be best answered by a string of other questions.—1.⁷⁴ In what part of England lives there a Banker, whose *security* is, all over England, looked upon as being as upon a par with that of Government? 2. In how many parts of England are there Bankers, that give, secured in the shape of interest-bearing notes, an interest which amounts in

⁷¹ In his draft at UC iii. 402 Bentham cancelled the following paragraph at this point: ‘From what source that profit of yours, which you are so ready to share with us, is to come, we do not see: money is not to be got by borrowing unless something be done with it when borrowed:—money is not to be got by borrowing at interest, without lending it or otherwise placing it out at greater interest. Our profit admits neither uncertainties nor risks: it consists in paying off so much debt. For every £100 we thus borrow, we get enough to pay £100 + x: x is now worth £40: that is £40 in money, by which Stock, 3 per Cent Stock, debt bearing that interest may be bought in to the amount of upwards of sixty-six pound.’

⁷² Eden’s reference is to p. 42 of the printed text of ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’: see p. 000 above. [To 1800, p. 42]

⁷³ In Bentham’s draft at UC iii. 404 the following three words are bracketed for possible deletion.

⁷⁴ This number does not appear in the copyist’s version. The text follows Bentham’s draft at UC iii. 404.

reality to *so much as 3 per Cent*? 3. In how many instances do these interest-bearing notes afford, like Exchequer Bills, *even sums*, or aliquot parts of even sums, for daily interest? 4. In how many instances are they adapted, by *diversity of magnitude*, to every diversity in the amount of the capacity for taking them, on the part of individuals borrowing them or taking them in payment?—5. In what instances is the glance of *inspection* substituted to the toil of *calculation*? 6. What Banker is there, that could or would undertake, that the *continuance of the interest* thus allowed should be coeval with that of the National Debt?—7. and—what is more—how many Bankers are there, that can find their account in borrowing their money in driblets in this way, when [BL Add. MS 31235_051] they can get it in larger sums, or in sums of equal size secured by engagements not transferable to Bearer;—taking their profit by passing for value notes that cost them nothing—that run in even sums of convenient size—that, in regard to interest, require neither calculation nor so much as inspection—that subject them, in a word, to no interest—and the amount of which, is neither limited by the amount of the sums deposited with them on⁷⁵ condition of paying interest—nor in short by any thing else, but their own prudence and the facility of those who take this paper off their hands?—Where has the learned Baronet found—by what logic will he prove—that the circulation of Banker’s paper bearing interest, is mentioned in my plan, as the ‘*principal*’ ground of expectation I rely on, in respect of the circulation of the proposed Government Annuity Notes?—in this sense at least (which is the only apposite one), viz: that the amount of that private paper at present circulated, constitutes the principal part of the amount of that mass of Annuity Note paper which I should expect to see in circulation?—So many points of *distinction* as you have seen—(and I know not that they are all that might be seen) are they not all together enough to constitute a *difference*? Is there any one of them that does not constitute an *advantage*? Some of these advantages—the principal ones—those which respect security—duration—rate of interest—facility of calculation—are in the very page and sentence he refers to,⁷⁶ staring him in the face:—but he fancies he annihilates them, when he shuts his eyes.

In mentioning the *rate of interest* allowed by some of the Country Bankers, on interest-bearing Notes issued by them, I mentioned it, for the principal, if not sole purpose, of shewing that an interest so much inferior—not only to the five per cent (more or less), afforded by the *existing* Government securities, but even to the almost 3 per cent proposed to be allowed by Government on the proposed *new* Securities,—actually met with individuals to accept it.⁷⁷—I might have gone further: for, to judge by what I have since learnt, the example of money lent to Bankers, at much less than a real 3 per cent or £2: 19^s per cent, and without the convenience of a security susceptible

⁷⁵ MS ‘or’. The text follows Bentham’s draft at UC iii. 405.

⁷⁶ See p. 000 above, where ‘facility of calculation’ is in fact addressed in the sentence following that in question.

⁷⁷ See p. 000 above [To 1800, p. 42, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. IV]

of circulation—of the security afforded by an instrument promising payment to Bearer—is still more in use.—In Suffolk (I have it from M^r Arthur Young) the terms are these.⁷⁸ For any sum under a £100, no interest allowed: if, after £500 deposited, a single sixpence is drawn out, the interest of one of the hundreds is struck off by that single sixpence. I rather think too—but am not sure—that, even in this case, certain *conditions* are added—convenient⁷⁹ to the Banker—inconvenient to the depositing Customer—and rendering the rate of interest less than what it seems:—such as that of interest’s not *commencing* till after a certain time, or obligation of giving a certain length of *notice*, before principal is drawn out.

The case of the Bankers, as referred to in that part of my plan, was referred to only as an *example*:—an example of the demand already existing, for this rate of interest, among the customers for *temporary* interest alone, in the present state of things, on terms of so much *less advantage* in comparison with mine.—For a measure of the possible *amount* of such demand, on the part of that class of customers, under the proposed state of things, I took a much more [BL Add. MS 31235_052] extensive standard.—In the very next page, commences, under 14 different heads, a list of masses of money, capable of being employed in the purchase of interest, as afforded by the proposed Annuity Notes, supposing the holders to find their account in it:⁸⁰—the example of these Bankers Notes is brought to shew (and does it not shew?) that people *do* find their account in purchasing interest-bearing paper and do accordingly purchase and hold it, and pass it on from hand to hand, at terms of much less advantage. The true amplitude of the grounds of expectation with regard to the proposed paper is the amplitude—not of the existing mass of Banker’s interest-bearing paper—but of the aggregate of the 14⁸¹ masses of money there enumerated.

The very admission made by the learned Baronet in this very passage—the admission that ‘Country Bankers allow interest on deposits at their Banks’—would have been sufficient to suppress the proposition it follows, had he but seen the force of it. If a man lends his money on a security (such as a receipt) *unsusceptible* of circulation, will he be less ready to lend it, other circumstances equal, on a security *possessing* that advantage?—What the admission predicates, it predicates of Country Bankers in general: in this sense at least it is as capable of being understood, as in a more confined one. But if the proposed rate of interest (not to speak of inferior rates) meets with general acceptance, when proffered by an individual with no other security than that of the individual—on the security of a receipt or note, which binds nobody but that one individual, for payment of the sum so deposited:—if interest, engaged for on a security thus slender, meets with

⁷⁸ No letter from Young to Bentham has survived in which this information is provided.

⁷⁹ MS ‘inconvenient’. The text follows Bentham’s draft at UC iii. 407.

⁸⁰ See p. 000 above. [To 1800, p. 43, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. IV]

⁸¹ This number does not appear in the copy. The text follows Bentham’s draft at UC iii. 407.

acceptance all over the Country—meets with acceptance every where—is it less likely to meet with acceptance, when the persons bound for acceptance, are as many of the Officers of Government, as the holder, or any of his acquaintance, have occasion to pay money to, on the score of *taxes*?—Does not this circumstance give the paper some chance at least of circulation, even among *intermediate* hands? And *who* are these *intermediate* hands?—all hands, into which money, to the amount of the Note in question, could have found its way.

§ 9. *Observations continued*

Circulation Hopeless—proved from Exchequer Bills

‘Exchequer Bills, which the Author admits (p. 17)⁸² would rival his Notes of £50 and upwards, have never yet performed the functions of money: and I believe Sir Francis Baring in his answer to Boyd (but I have not his pamphlet at hand) gives several very substantial reasons why they cannot do so.’⁸³

Counter-Observations

‘*The author admits*’?—no, indeed—I admit no such thing.—One would think there were a prize given for incorrectness, and that our Baronet was wishing for it. The notes I speak of—and speak of—not merely as being ‘*rivalled*’ in the market (the word is his own) but altogether thrown out of it—are ‘notes above the £51. 4s Notes’:^y because the next above the £51. 4s Notes are £102. 8s Notes: and Exchequer Bills, which at present yield upwards of 5 per cent, being within the purchase of those whose stock of money in hand would enable them to receive these notes, I durst not, *at that time*, promise myself, for these scarcely 3 per cent Notes, any purchasers upon terms [BL Add. MS 31235_053] of such comparative disadvantage. The difference between what he *supposes* me to admit, and what I *do* admit, is prodigious:—look at D^f Beeke’s Table^z you will see it goes to million’s worths—of—if it be too much too say *probable* custom—at any rate *possible* custom—for these Notes.

^y Art. 13. Note 11.⁸⁴

⁸² See p. 000 above. [To 1800, p. 17, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. I]

⁸³ i.e. Sir Francis Baring, *Observations on the Publication of Walter Boyd, Esq. M.P.*, London, 1801: a critique of Walter Boyd, *A Letter to the Right Honourable William Pitt, on the Influence of the Stoppage of Issues in Specie at the Bank of England, on the Prices of Provisions, and other Commodities*, 2nd edn., London, 1801. As Bentham went on to note at p. 000 below, [To BL Add. MS 31,235, fo. 54, this file] Eden has misreclected, in that it was not Baring but Boyd who argued that exchequer bills could not perform the functions of money.

⁸⁴ See p. 000 n. above. [To 1800, p. 17, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. I]

^z p. 155. 2^d Edit.⁸⁵

I was, however, too scrupulous: I erred against myself:—for, by the case just alluded to it is established, that people *will* accept of £3 per Cent, even for sums much *more* than adequate to the purchase of Exchequer Bills.

Observe, that though it should be *true*, that Exchequer Bills would, (to recur to my own expression) *draw off* from the proposed Annuity Notes, all customers for NOTES above the sum spoken of on that occasion, viz: £51. 4^s Notes, yet it is neither true—nor there given by me as true—that they would throw out of the market all SUMS above that amount. They would neither shut the door of the market against Annuity Notes, nor so much as rival them, in respect of any sums less than £100:—because, what is an offer, of £5 and upwards per Cent for £100 good for, to a man who can raise but £99?—He must content himself with the next best offer he can get.

As to *Exchequer Bills*—and the notion of their ‘never having yet performed the functions of money’—in the first place it is not true:—besides that, if it were true, it would prove nothing against Annuity Notes.

1. It is not true: at least if the conclusion I was led to draw from the nature of the case, and which has been confirmed to me by positive evidence, is a just one. Among Bankers at any rate, they do serve as a succedaneum to money (i.e: to Bank of England Notes) of such large sizes, in the composition of what I call (as Necker calls them)^{aa} their *Security Funds*.—By means of these interest-bearing Bills, they are enabled to let go out of their [hoards]⁸⁶ cash, and Bank of England non-interest-bearing Cash-paper, to an amount greater than they would venture to part with otherwise. This I call ‘*performing the functions of money*’, or I know not what is, in respect of pieces of that magnitude. The price of these securities is not altogether exempt from variation:—from several circumstances (of which presently) it cannot be:—but the *variation* it is subject to is comparatively so *small*, and the *market* for them, at a trifle below the price of the day, so *sure*, that a Banker need never fear a want of cash for answering drafts, so long as he has these Bills to the amount:—at least no more than he need with Bank of England Notes of the same magnitude.

⁸⁵ i.e. Beeke, *Observations on the Produce of the Income Tax*, p. 155. Beeke’s table divides the population of Great Britain by income into 20 classes, of which the top four classes contain 120,500 families with average incomes of over £200, and total incomes amounting to £52,000,000.

⁸⁶ MS ‘hands’. The text follows Bentham’s draft at UC iii. 411.

^{aa} Admin. Fin. III. p. 277. *Fonds de précaution*.⁸⁷

But, in any case, for paper of that magnitude, what expectations would the learned Baronet entertain, in respect of its ‘*performing the functions of money*’? or what expectations did he conceive me as entertaining?—Did he suppose that I expected to see it swelling out the pockets of ‘the market women’, ‘the turn-pike-keepers’, and the ‘publicans’, whom he speaks of afterwards?^{bb}—Did he suppose me not to be aware, that in the pecuniary world, the velocity of a mass must be inversely as its magnitude?—Does he suppose my plan to be grounded on the expectation, that *wholesale sums* should be employed in *retail purchases*?

^{bb} *Infrà* § 14.⁸⁸

[BL Add. MS 31235_054]

As to *opinions*—it is not (as he supposes) *Sir Francis Baring* in his answer to M^r Boyd, but M^r *Boyd* himself, in the pamphlet to which that of *Sir Francis*’s is an answer, that combats the idea about Exchequer Bills—viz: that of their performing the functions of money; combats it, upon the strength of such ‘*reasons*’, as have passed upon our Baronet it seems for ‘*substantial*’ ones.

These reasons are drawn from a *mechanical* theory of his, taken from Adam Smith, about ‘*wheels*’ and ‘*circulators*’ and ‘*objects of circulation*’.^{cc} Money, (says he) is a sort of a *wheel*, which Smith has described; a sort of hollow wheel which I call a *Circulator*:—*objects of circulation*, are all things which are bought with money or sold for money—that is almost *all other* things. To buy them, or to sell them, you put them into this wheel. But a thing (say an Exchequer Bill) put into a wheel, is one thing: the wheel itself, another:—a thing, so different from a wheel as to be put into it, can never *pass* for the wheel itself: therefore an Exchequer Bill, is a sort of thing that can never *pass* for money.^{dd} Q.E.D.—N.B. By the same argument it may be proved, that no one sort of money is money: for there is no one sort of money, that is not made to go in change for—that is bought by and with—money of every other sort.

^{cc} pp. 2^d Edit. pp. xxvi, 2. 17. 66. 86.⁸⁹

^{dd} p.86. 66.⁹⁰

⁸⁷ i.e. Jacques Necker, *De l’administration des finances de la France*, 3 vols., Paris, 1784, iii. 277: ‘On fera bien encore .^.^ d’encourager et de soutenir une caisse d’escompte, afin que les négociants, étant sûrs d’y trouver de l’argent en tout tems contre leurs lettres de change, soient dispensés par-là de garder continuellement des fonds de précaution’.

⁸⁸ See p. 000 below. [To BL Add. MS 31,235, fo. 67]

⁸⁹ i.e. Boyd, *Letter to the Right Honorable William Pitt*, pp. xxvi, 2 n., 17, 66, and 86. The text follows Bentham’s draft at UC iii. 412 in identifying the edition to which he was referring.

It is a pity the learned Baronet had not this pamphlet, with its theories, at his elbow:—he should have it at his fingers' ends: it would enable him, if possible, to misunderstand the subject more compleatly than he has done. It would teach him, if he wanted teaching, how to triumph—and at the very best time for triumphing—the time he has himself chosen—before the battle. For the Baronet with his 'ewes and lambs'⁹¹ has not triumphed more unmercifully over a little man, than the Banker, with his 'wheels and circulators', over a great one.^{ee}

^{ee} Mr Pitt. Boyd, 2^d edit. Postscript pp. 83–87.⁹²

As to Sir Francis's evidence, it is on my side. To prove that the currency once proposed by M^f Boyd would not run—(a currency in every feature of it different from the proposed Annuity Notes) what he says on the subject of Exchequer Bills is in these words—.^.^. 'Although Exchequer Bills carry an interest of 3d½ per day, they never did serve the purpose of *general* circulation, for the sake of a daily interest:—the foundation upon which the whole of M^f Boyd's plan rests.'⁹³ The word *general* is in Italics. These Italics are decisive. They admitt the circulation, though they assert that it has its *limits*. It would be strange indeed, if it had *not* its limits. It would have its limits, if it had no others than those which confine the circulation of Bank Notes for the same sums: and it has other limits.^{ff} The same thing might be said of Gold and Silver money, if there were pieces of it of that value. The same thing may *actually* be said of Guineas, in certain places: guineas do not serve the purpose of 'general circulation' among beggars—scarcely among day-labourers.

^{ff} *Infrà*.⁹⁴

Of sums like these, the *circulation*, as contradistinguished from the *keeping in hand* for interest, will necessarily confine itself to the superior ranks of money'd men:—such as Bankers and great Merchants:—more particularly Bankers, and the London Bankers. M^f Boyd, having a *theory*, preferred it to his own experience. Sir Francis, having no theory—or at least no *such* theory—spoke according to his own experience, and nothing else.

⁹⁰ i.e. Boyd, *Letter to the Right Honorable William Pitt*, pp. 86 and 66. Bentham probably had in mind in particular the following at p. 86: 'Exchequer-bills form no part of the circulating medium, or ready money of the metropolis. They are, like every other species of *negotiable* paper, objects which that medium, or ready money, circulates.'

⁹¹ See p. 000 above.

⁹² i.e. Boyd, *Letter to the Right Honorable William Pitt*, pp. 83–7. The 'Postscript' is dated 29 November 1800.

⁹³ In his draft at UC iii. 414, Bentham has noted at this point, 'Observations on Boyd p. 28': i.e. Baring, *Observations on the Publication of Walter Boyd*, p. 28. There are minor errors in the rendering of the passage which Bentham goes on to quote.

⁹⁴ Bentham perhaps had in mind the discussions at pp. 000 or 000 below. [To BL Add. MS 31,235, fos. 66 or 84, this file]

II. If it were true of Exchequer Bills, that they ‘have never yet [BL Add. MS 31235_055] performed the functions of money’ it would prove nothing against Annuity Notes.

1. Exchequer Bills have never yet (within time of memory) been for less sums than £100⁹⁵—Annuity Notes are commensurate to the pockets of all Customers.

2. The *mass*, into the composition of which an Exchequer Bill enters, is a vast mass, poured into the market at once:—its *magnitude*, proportioned to that of the *exigence* that gave it birth—not to that of the *previous demand*, as made known on the part of the customer in each separate instance.—The quantity of Annuity Note paper issued, *follows* the demand in each instance, and never can *precede* it. From this difference, the price of the Exchequer Bill must be continually exposed to variation—that of the Annuity Note never.

3. The Annuity (if such it may be called) conveyed by an *Exchequer Bill*, is for an *uncertain* time, and that a *short* one. The value of it therefore cannot but be more or less dependant upon that uncertainty. The Annuity afforded by an *Annuity Note* is, as far as it goes, as truly *perpetual* as a correspondent mass of Stock Annuities, besides being exactly commensurate to every *temporary* purpose.

4. Under an Exchequer Bill, the time of payment is never determined at the *issue* of it, nor for an uncertain time afterwards:—neither for principal, nor for *interest*: nor is interest paid, till principal is paid. Under an Annuity Note, the times for payment of *interest*, are as much *fixed* as they are in the case of Stock Annuities. And as to principal, the Government Offices being always equally open for the reception of Annuity Notes, the faculty of obtaining value for them is not subject to contingencies.

5. In the case of an Exchequer Bill, a man must be upon the watch, for the advertisements by which *notices* are given in respect to times of payment: which if he overlooks after the time appointed, he *loses the interest* from that time. No such necessity of watching, nor danger of loss, in the case of Annuity Notes.

6. In the case of an Exchequer Bill, the same necessity of *watching*, if, after payment, a man wishes to *keep* his money employ’d in the same way:—and then, till the advertisement comes, he knows not whether upon the same terms, or what other terms: and, if he lets slip the time appointed by Government for renewal, he has the fresh Bills to buy in the market at an uncertain price. In the case of an Annuity-Note, a man keeps his money thus employed, without any such *trouble*, or any such *risk*, upon the *same terms*, for *as long*, or *as short*, a time, as he finds convenient.

⁹⁵ See p. 000 n. above. [To note to UC ii. 549, ‘Circulating Annuities’, Ch. IV]

To these I will add three or four features more, transcribed, with little addition, from the printed pages which the learned Critic had before him, when from the supposed non-currency of Exchequer Bills he inferred the non-currency of Annuity-Notes.⁹⁶

7. *Annuity Notes*—‘*Interest receivable* with scarce any trouble or expence, *wherever* letters are receivable.’—*Exchequer Bills*, only at *one* office.

8. *Annuity Notes*—‘*purchasable* of Government, with scarce any trouble or expence, *wherever* letters are receivable.’—*Exchequer Bills*, only at *one* office.^{gg}

^{gg} The effect of this single circumstance, promises to be very great. It may be conjectured from the low interest accepted of from the *neighbouring* Bankers.

[BL Add. MS 31235_056]

9. *Annuity Notes*—‘receivable of *Individuals*, in the course of circulation, if at all, without any *trouble* or *expence*.’⁹⁷—*Exchequer Bills*, not, unless by accident, without *expence* of *Brokerage*, and the *trouble* of applying to a *Broker*: to which is added, out of London, the expence of *Postage*, and professional Agency, or the *obligation* conferred by the *gratuitous* performance of such a service.

10. *Annuity Notes*—*Security against depretiation*: the result principally of a property already mentioned—that of not being issued, but in *quantities proportioned* to, and *preceded* by, the *demand*, at the *price* set upon them:—that demand *gradual*, and likely to *keep on* increasing, by the continuance of whatever causes gave it birth.—No man need ever take an Annuity Note, at any thing *less* than its full price in the way of *circulation*, while there are others paying that full price for them, on taking them out in the way of *issue*.—The demand for them in the way of issue must have ceased *every* where, before a man need take less than the full price for them *any* where.—That *Exchequer Bills* are subject to depretiation (though, for reasons obvious enough, not so much as Stock Annuities) is matter of every day’s experience.

Of the above features of difference, some had been already pointed out, in the already existing pages against which the learned Baronet shuts his eyes: these, and others, in those as yet unprinted ones, the intimation of which operated as a memento to him that it was time the ‘discussion’ should be ‘closed’.^{hh} It is from these features put together, which perhaps are not all that might be adduced,

⁹⁶ For the passages to which Bentham refers see pp. 000–000 above. [To 1800, pp. 40–1, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. III]

⁹⁷ This passage does not appear in the printed text of ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’ and is presumably the ‘little addition’ mentioned by Bentham three paragraphs earlier.

that I have drawn the inference, that although it *were* true of *Exchequer Bills* (which, according to me, it is *not*) that they have never yet ‘*performed the functions of money*’, the same thing would not follow of the proposed Annuity-Notes.

^{hh} *Infrà* § 23.⁹⁸

§ 10. *Observations continued*

Value variable

‘An essential quality of money’ (continues our Critic) ‘is invariability in *nominal* value.

‘This convenience’ (he adds) makes us readily take shillings as shillings (we know they will go as shillings) though they have lost a fourth of their original size; and would make us take them for shillings still, but for no more, though the magic of a great interest could increase them a 33^d.’

Counter-Observations

‘An essential quality &c.’—Here we have another Oracle: and not less advantageously entrenched in obscurity than the former.ⁱⁱ

ⁱⁱ §. 4.⁹⁹

I am really most sadly puzzled with this argument: if any thing is to be made out of it, I think it must be this.—

Your money won’t go (says he) and for this reason. Money won’t go unless there be a *name* to call it by. Your paper shillings, so long as they have no interest due upon them, might go, if people would but take them, because there *is* a name—(shilling Annuity Notes)—to call them by:—that is—I mean, they might go, if there were nothing else to hinder them, inasmuch as they would derive no hindrance from this source. But the moment any interest became due upon them, there would be an end to their going:—because then there would no longer be any *name* to call them by. The *first* day of their existence they *would* be capable of going: because there *would* be a name to call them by: they would, therefore, be in no want of ‘*nominal value*’ at least, howsoever it were with them in regard to *real*. [BL Add. MS 31235_057] But the *second* day (and so every other day) they would *not* be capable of going any longer: because there would be *no* name to call them by.—

⁹⁸ See p. 000 below. [To BL Add. MS 31,235, fo. 85, this file]

⁹⁹ See pp. 000–000 above. [To BL Add. MS 31,235, fos. 43–4, this file]

The *first* day, they would have been called *shilling notes*, being notes for shillings, and so would have been capable of *going* for shilling notes: but the *second* day, they could *not* be called *shilling Notes*—since now they are notes, each of them, not for a shilling *merely*, but for a shilling with a day's interest upon it; that is, for a shilling and something *more*:—in short, there would *no longer* be any *name* to call them by: therefore they would not go any longer.

So far the learned Baronet's argument, according to the best it is in my power to make of it.—My answer is—if this be all there is to prevent my paper shillings from going, I shall not have much to fear for them. I *admit*, that, in this case as in any other, there might be some difficulty in getting a thing, if you could not contrive to make known, by some description or other, what it was you wanted to get. What I *deny* is—the existence of that difficulty in *this* case. If I wanted to *receive*—or (what would come to the same thing) to *pass off*—a shilling note the *first* day, I should call it a *shilling note*: the next day, if I made a point of receiving the interest upon it, I should call it a *shilling note with a day's interest*: and so for any number of days.—But if I did *not* make a point of receiving the interest upon it (which I imagine would most commonly be the case—at least till the interest had risen to a farthing) I should call it a *shilling note* still: and, if there had been people disposed to take it of me, as and for a shilling, the *first* day, I cannot think that the number would be the less, of those that would be ready to take it from me, at any such supposed *subsequent* day, being a day on which, if it has acquired but little *encrease*, at any rate it has not suffered any *decrease*, in *real* value.

Let us take which case the learned Baronet pleases—that of the person *by* whom the note is tendered, or that of the person *to* whom it is tendered;—and let the tender be *accepted* or *refused*—in *no* case can there be any difficulty.

Let the Note (a shilling note) have interest to the amount of a farthing due upon it. First let this shilling note be *mine*, and let the learned Baronet be the person to whom I tender it. If he *consents* to allow the farthing, then by the supposition there is no difficulty. If he *refuses* to allow the farthing, nor even then is there any difficulty. There is none, if, upon such his refusal, I *consent* to have credit for no more than a shilling—waiving the farthing interest. Nor is there any, if I do *not* consent, to let it pass out of my hands upon those terms. It is no legal tender;—neither for the shilling and the farthing, nor yet for the shilling alone: nor in short for any sum.—Oh but (says he, perhaps) then I make you *lose* your *interest*: and your plan of making these notes of your's carry interest in circulation is thus defeated.—No—say I, you cannot make me thus lose my interest: you cannot defeat my plan for making these notes carry interest in circulation—(so far as the holders of them think it worth their while to receive it) *you*, nor all the strength you could *muster* for this purpose. At any of the Local Annuity-Note offices, when the time comes for receiving the interest, I

can be sure of receiving it. I receive it there indeed without the principal—the farthing without the shilling: but the principal[BL Add. MS 31235_058]—the shilling—I can then receive at any rate in the course of *circulation*: for, by the supposition, the refusal to accept applies only to the *interest*.—But (I hear him say again) it is not *worth your while* to apply to any one of these offices for this minutest of all sums: therefore you will *not* apply for it, and so you will lose it. That—(say I) depends—partly upon my disposition—partly upon my circumstances. In shops, there are still several articles of any one of which a quantity may be purchased by a farthing.—In all these cases, there is a person—the shop-keeper—who, so far from disdaining to receive a farthing in *entirety*, disdains not to receive the 15 per Cent, or whatever other portion of *profit*, may be extracted from it. In the *Two-Penny Post Offices*, (at least while they were *Penny Post offices*)¹⁰⁰ no person who consented to have his Shop employ'd in the character of such an Office, disdained the profit of the *tenth part of a penny*, on each letter taken in: a transaction which frequently involved taking payment [of]¹⁰¹ the money and giving change (besides *constantly* affixing a couple of *Stamps*, and keeping the *account* with the superior offices. It may, therefore, very well happen, that I should think it worth my while to receive¹⁰² this farthing—this single farthing: much more that I should think it worth my while to receive a farthing for each of a *number* of shillings, if, at the time, I happened to have a number of shillings so circumstanced. But *another* circumstance, that renders this discussion superfluous, is—the *certainty* I have of getting this farthing allowed me, at any of the other *Government Offices*, in payment of my own, or any body else's *taxes*; ^{jj} and *that*, as soon as the farthing's worth of interest has become due, according to the *day*; just as an *individual* would allow it me, if he chose to comply with my claim of interest (as in case of *Exchequer Bills*) without waiting for the arrival of the day of half-yearly payment, at which it became *actually payable* at the Annuity Note Office. I, therefore, still maintain, that, after the minutest scrutiny that can be made, it is impossible to find any cause of dispute or difficulty about the value, *real* or '*nominal*', of any such Note—much less any such difficulty as can operate as a bar to the circulation of it.

^{jj} Plan Art. 14.¹⁰³

Once more, will *possibility* be proved by *fact*? The *difficulty*, such as it is, is as old as paper

¹⁰⁰ For the Penny Post see p. 000 n. above. [To note to UC ii. 426, 'Circulating Annuities', Ch. I] The Postage Act of 1801 (41 Geo. III, c. 7, § 3) raised the fee to 2d. from 5 April of that year, and the service became known colloquially as the 'Twopenny Post'.

¹⁰¹ MS 'for'. The text follows Bentham's draft at UC iii. 426.

¹⁰² The copyist omits the following seventeen words ('this farthing— .^.^ to receive'). The text follows Bentham's draft at UC iii. 426.

¹⁰³ See p. 000 above. [To 1800, pp. 17–18, 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*', Ch. I]

money: and it has never been an *obstacle*. Not to speak of *private* paper, such as *Bills of Exchange*, or *interest-bearing* Promissory Notes—in respect of which the adjunct of *discount* or *interest* has never been productive of any such difficulty—the case of *Exchequer Bills* is more particularly in point: and whether on the occasion of *passing* or *receiving*, and whatever might be the amount of interest due upon it, who ever found any difficulty about the ‘*nominal value*’ or denomination of an Exchequer Bill?—A £100 Exchequer Bill, on the day of its issuing, is called simply a *£100 Exchequer Bill*, or a *£100 Exchequer Bill without interest*. An Exchequer Bill on any *other* day, is called an *Exchequer Bill with interest: viz: with so many day’s interest upon it: making, at 3^d½ a day, so much*.—Who ever heard of either dispute or difficulty about the interest on an Exchequer Bill?—The interest on an *Annuity Note* is the *aliquot part* of the interest on such a Bill.¹⁰⁴

Oh, but (says the learned Baronet) I won’t allow it to be ‘*money*’. Well then, (say I) be this as you please: call it, however, what you will, it is a sort of thing that *passes from hand to hand*, now and then at least, as *money* does. If, then, people *really* wanted to make use of it as money, would there be any more difficulty in finding a name [BL Add. MS 31235_059] to call it by, than there is at present? Would *the mere want of a name* be an obstacle to its being received as such, if there were no other?—No more then would it in the case of an *Annuity Note*.

It would be with these *farthings-worths of paper*, as it is with *copper farthings*. This of the *copper farthings*, is a case in point; though it is the converse of the other. Where there is a copper farthing to pay, it is sometimes paid and sometimes not: because the party to whom it is due sometimes thinks it worth his while to receive it, sometimes not: but there is no dispute; because it is known that the other party, if it be demanded of him, is *bound* to pay it.—So, in the case of the farthing’s-worth of interest, on a shilling note or any other *Annuity Note*:—where the Note is offered to be passed, the farthing will sometimes be *added* to the shilling in the account, sometimes *not*:—because sometimes a man will think of claiming it, and claim it accordingly; at other times he will either¹⁰⁵ *not* think of it, or not think it *worth while* to claim it. But at any rate there can be no dispute: because, with or without this additional farthing, the other party is not bound to take the Note.

Many people I have known refuse farthings: some people I have known carry the refusal as far as half-pence: though most people I suppose take both. If this uncertainty, about acceptance or refusal, on the score of *smallness of value*, were to be insisted on as a *bar* to the circulation of *Annuity Notes*, by the same argument might it have been proved *a priori*, that a system of metallic money, which should have farthings in it, could not circulate.

¹⁰⁴ The daily interest on the standard annuity note equalled $\frac{1}{14}$ th of the daily interest on a £100 exchequer bill.

¹⁰⁵ This word does not appear in the copy. The text follows Bentham’s draft at UC iii. 430.

The proposition adduced by the learned Baronet for illustration, and which runs so smoothly, is not (to my conception) quite so clear in its *application*—nor, in itself, altogether *true*. ‘This convenience’ (viz: invariability in nominal value) ‘makes us readily take shillings’ (says he) ‘as shillings (we know they will go as shillings) though they have lost a fourth of their original size.’ This proposition if not *exactly* equivalent, seems at any rate to be pretty much of the complexion, of the following. *Whatever value a piece of money is SAID by its denomination to possess, people will give that value for it, although it wants five-and-twenty per cent of possessing it.*—Whatsoever countenance the proposition may receive, from the example of *silver*, adduced as it were in proof of it, it will hardly extend beyond *that* example: it will *not* extend to *gold*: people do not receive a light guinea, weighing but sixteen shillings, for a heavy one.—I will not push the argument further: nor enter into any enquiry in regard to the limits of the sort of confidence thus spoken of. Governments (not to speak of malefactors) have acted in this respect but too often, as if they had had the learned Baronet for their Councillor: but the success of such operations has not in general been quite so great as on this occasion he represents it.

It is in the *application*, that this argument of the learned Baronet’s breaks forth in its genuine lustre. The difference between *real* and ‘*nominal*’ value in a piece of money, is *no*¹⁰⁶ impediment to its circulation (says he) *even* where the [real]¹⁰⁷ value is *inferior* to the [nominal]¹⁰⁸ value—inferior by as much as a fourth:—therefore it *will* be an impediment, where the real value is *superior* to the nominal. So *easy* are people as to this point in regard to *bad shillings*, that, when a thing is *called a shilling*, they will take it for a shilling, though it be *worth* but *nine pence*:—therefore, so *difficult* will they be in regard to *good Annuity Notes*, that, though they will take an Annuity Note for a shilling, when, being worth but a shilling, it is called only a *Shilling Annuity Note*, they will *not* take it at all, when it is become [BL Add. MS 31235_060] worth a shilling and *more*.

As to ‘*magic*’—‘shillings .^.^ by the magic of a great interest .^.^ increased a 33^d’—here the learned Baronet is at his ‘*ewes and lambs*’ again:¹⁰⁹ but, what his quarrel with *three per cent* is *just now*—whether it is to be held up as *ridiculous* for its *excess*—or as *contemptible* for its *deficiency*, or both together, is more than I am sure of. One thing I am pretty clear about—which is, that, if I were a publican, and, instead of the thirty-three pieces of the miserable trash I am so frequently losing by, under the *name* of shillings, I were to find myself, at the time when I had my *licences* to pay for, in possession of 34 shilling Annuity Notes, each with a year’s interest due upon it, I should not be sorry to find, that without any more *trouble* on my part, than ‘*magic*’ on the part

¹⁰⁶ MS ‘not a’. The text follows Bentham’s draft at UC iii. 432.

¹⁰⁷ MS ‘nominal’, which also appears in Bentham’s draft at UC iii. 432.

¹⁰⁸ MS ‘real’, which also appears in Bentham’s draft at UC iii. 432.

¹⁰⁹ See p. 000 above. [To BL Add. MS 31,235, fo. 36, this file]

of any body, I had thus got out of these 34 shillings (many if not all of which I had taken for no more than *shillings*) an *additional* shilling to help pay my licences.

§ 11. *Observations continued*

Computation complex

‘Standard Annuity Notes, varying in 6 months from £12. 16^s value to £12. 19^s 9½^d, would not answer the purposes of circulation, which requires quick and simple *computations*.’

Counter-Observations

Computations?—yes—Where computation *is* necessary, as in the case of an Exchequer Bill, or an India Bond; *there* indeed the *quicker* and more *simple* they are, certainly the better. The Exchequer Bill is in that respect better than the India Bond, because in the *Bill*, the *daily* interest is an exact *aliquot* or commensurable part of the *yearly* interest, which in the instance of the *Bond*, is not the case. But in the case of the *Annuity Note* no computation at all is necessary: *inspection* takes the place of it. Is not that better still?—Opposite the day of the month you see the value.

Oh but (it may be said) there are people that can’t read at all—and what will *they* do, with your *paper* and your *table*?—I answer—they will do with *this* as they do with *other* paper:—as they do *in England*, with Bank of England £1 and £2 Notes, and with Country Banker’s one guinea and two guinea notes;—not to speak of so many higher denominations:—as they do *in Scotland*, with these and with 10^s and 5^s Notes: as they *did* *in America*, with paper Notes of all denominations down to shilling Notes,^{kk} and as they did *in Yorkshire* with sixpenny Notes.^{ll} A man who can’t read (though there is many a man who can’t read things in *general*, that yet will read *particular* things, such as those in which he has a particular and frequently recurring interest)—A man, however, who can’t read, will, if he has confidence enough in the man that tenders the note, take *his* account of it:—if not, he will *wait* before he takes it, till he can take the account of *somebody else* in whom he has sufficient confidence.—If he won’t *take* any body’s account—or cannot, within the time he chooses to wait, meet with any body who is capable of *giving* him such account—what then?—why then he won’t take the Note. Then there will be that *one* person who, on that *one* occasion, will not take *that* note. But what impediment—what restriction—will that be to the general circulation of such notes?—Ask, as above—in England—Scotland—America—Yorkshire.

^{kk} A. Smith Vol. I. 8^{vo}. p. 487.¹¹⁰

^{ll} *ibid.*¹¹¹

This brings me to the learned Baronet's word '*require*'—and the fallacy that lurks under it.—'*Circulation*' (i.e: a mass of paper engagements designed to circulate as money) '*requires quick and simple computations.*'—'Requires?'—in order to what?—in order to circulate at all? [BL Add. MS 31235_061] or only in order to its circulating in the greatest quantity which the nature of the engagement in other respects admits of?—In the first sense, it is not true: Witness *Exchequer Bills* and *India Bonds*^{mmm}—each to the amount of so many millions. In the other sense, it may, for aught I know, be true, to a certain extent:—but to an extent altogether undefinable, and altogether inadequate to the learned Baronet's purpose.—A deficiency in this respect *might operate so far*, upon any paper—upon the proposed paper for example—as to render the *quantity* of it in circulation at any given time *less* than it would have been otherwise: it might act as an *impediment*:—but this would not do for the learned Baronet: what *he* wants is *a bar*. In what *degree* the impediment would operate in *restriction* of that quantity—or at least in what *quantity* the paper would *circulate, notwithstanding* the impediment—*experiment* and nothing else would shew:—but *experiment* is the very thing *he* deprecates.ⁿⁿ

NOTE TO TYPESETTER: Please note the fractions $\frac{1}{16}$ and $\frac{1}{15}$ in the following note.

^{mmm} Both require computation: but Exchequer Bills give daily interest—three pence half-pennies that require only to be multiplied by the number of days. On India Bonds, a day's interest being an incommensurable sum between 3^d and 3^d $\frac{1}{2}$, the amount of interest each time of passing them requires to be puzzled out with the help of pen and ink or particular books to be hunted out for the purpose.

The India Company could not give 3^d $\frac{1}{2}$, if they would it would be Usury: though the interest they give is thus between a $\frac{1}{16}$ and a $\frac{1}{15}$ less than is given by Exchequer Bills, the Bonds bear at least as high a price commonly as Exchequer Bills—Why? because of the permanence of the engagement in the case of the Bonds added to some other circumstances mentioned above in the parallel between Exchequer Bills and Annuity Notes.¹¹²

ⁿⁿ § 1.¹¹³

¹¹⁰ i.e. Smith, *Wealth of Nations*, 3rd edn., i. 487 (corresponding to *Wealth of Nations (Glasgow Edition)*, (Bk. II, Ch. II) i. 322).

¹¹¹ *ibid.*

¹¹² See pp. 000–000 above. [To BL Add. MS 31,235, fos. 55–6, this file]

¹¹³ See pp. 000–000 above. [To BL Add. MS 31,235, fos. 36–40, this file]

Meantime let this be understood (and it may be understood without experiment) that the *obstruction* afforded *in the case in question* (the case of the proposed 12. 16^s Annuity Notes) would be much *less* than in those *other* cases, in which it does *not* appear to have operated even as a *restriction*—much less as a *bar*.—This superiority it would derive from several circumstances:—the *occasions* for passing off the note, and consequently of its being exposed to the obstruction, would, by reason of the *inferior* magnitude of it, be so much the less *numerous*: the chances *against* its finding itself, on each occasion, in *illiterate* hands, in whose instance the complication in question would be a cause of obstruction, would also be the *more numerous*: and the *trouble* of obtaining the requisite literary assistance, would be the less grudging, the greater the amount of the value at stake.

When *two* such Annuity Notes come to be added together, *there* indeed *simple inspection* (I must confess) is no longer sufficient: *there* indeed, ‘*computation*’ is required. But then, in *this* case, the *three* elements just mentioned—unfrequency of the occasion for circulation—improbability of the want of sufficient learning—and ratio of the value at stake to the trouble of enquiry—are, each of them, *doubled*: and now the value of the *principal* has *risen* to above a *quarter* of that of an *Exchequer Bill*, or *India Bond*.

Oh, but the sums thus to be added will be UNEVEN sums.—Be it so? But is there any such insurmountable difficulty, in the *addition* of uneven sums or of pieces of money passing for uneven sums?—Is there any the poorest Day-labourer who has not occasion to make such additions *frequently*, not to say continually: especially additions by which farthings are converted into pence,¹¹⁴ and pence into shillings, which are the conversions most *frequently* occurring to such accountants, and attended with the most *embarrassment*.

Neither a *guinea*, nor a *half-guinea*, nor a *seven-shilling piece*, are for perfectly even sums, familiar as they are to us. Along with these [BL Add. MS 31235_062] (except^s the 7^s piece) as well as *with one another*, I remember the 36^s—the 27^s piece, the 18^s piece—the 9^s and (I believe) the 5: 3^d [piece]:¹¹⁵ and I know of no inconvenience that the *variety* was ever attended with.—In the case of those *foreign* pieces, there may have been a little difficulty—now and then—to some people at least—in the making out the value of them by their *looks*: there [could]¹¹⁶ be *no* such difficulty, in

¹¹⁴ MS ‘and shillings’. The text follows Bentham’s draft at UC iii. 438.

¹¹⁵ Bentham’s first four allusions are to Portuguese gold coins, which were accepted as currency in Britain and, more especially, her colonies: respectively, the Johannes, or familiarly the ‘Joe’, worth 6,400 réis, or about 36s. sterling; the double moidore, worth about 27s.; the ‘half Joe’, worth about 18s.; and the ‘quarter Joe’, worth about 9s. His final allusion is to the quarter-guinea, a small gold coin worth 5s. 3d., struck by the Royal Mint in limited numbers in 1718 and again in 1762, but subsequently abandoned, having on both occasions failed to win favour with the public.

¹¹⁶ MS ‘would’. The text follows Bentham’s draft at UC iii. 438.

regard to *Annuity Notes*, since, besides their looks, by which the principal sums are distinguished, the *value*, by interest for each day, stands opposite the day in the Table.

In *France*, besides Silver money more various than our's, (*Crowns, Half-Crowns, Shillings, Sixpences, and Threepences*) I remember having, in inferior money, *five* different pieces in my pocket at the same time: *penny pieces, three-farthing-pieces, half-penny pieces, farthing pieces, and half-farthing pieces*. These were embarrassments, not mounted upon a *great mass* attended with *no* embarrassment (as in the case of the shillings, pence, and farthings for *interest*, mounted upon a *principal* of 12. 16^s), but composing, frequently, the whole of the sum, to be transferred, on each occasion from hand to hand;—transferred—and made up, out of such elements, by '*computation*'—among the poorest and most illiterate of the people.

In *America*, the *silver* paper monies, circulating under a continually varying *discount*, as compared with Silver Metal monies of the same denominations,¹¹⁷ must, in their mixture with these *undepreciated* monies, have given rise to '*computations*', attended (I should think) with every degree of intricacy, that can be ascribed to the proposed Annuity Notes.

In *France* again, how much greater embarrassment must there not have been, when *Assignats*—but more particularly when *Assignats* and *Mandats* both—were in circulation:¹¹⁸ under degrees of depreciation *varying* almost from day to day. *This* currency came, in no short space of time, to an end:—true:—but from what cause?—not from the *embarrassment* attending the *computations*—(this is pretty well established by the examples given already) but from the worthlessness—the absolute worthlessness—of the *security*.

In a word—*uneven* sums, in all their varieties, come to be *paid*.—Where is the *great* inconvenience, in having *monies* in a *correspondent* degree of variety, for paying them?—By the addition of interest to principal, if, in *some* instances, '*computations*' will require to be made, more than would have been to be made otherwise, in *other* instances they will be saved.—In the case supposed by the learned Baronet—the case of a £12. 16^s note,—raised by a half-year's interest from that value to £12: 19: 9½, suppose £13 to be the sum to be paid: *with* this note, principal and interest together, the sum will be made up, by adding *five* half-pence to it. *Without* the Note, the very simplest possible mode of making up the sum would be by *twelve* guineas and *eight* shillings: and, in proportion as *guineas* and *shillings* were deficient, the computation would increase in intricacy. How much greater the advantage in point of simplicity, if the sum requisite to be paid happens to be the exact amount of the Annuity Note? a supposition that will as frequently be

¹¹⁷ MS 'denomination'. The text follows Bentham's draft at UC iii. 439.'

¹¹⁸ See p. 000 n. above. [To note to UC i. 14, 'Circulating Annuities', Ch. |^|. Rise of Prices—how to be obviated]

verified, as that of any *other* given sum approaching to the mark:—such as, in the case of the £12: 16^s Annuity Note, the above supposed sum of £13.

§ 12. *Observations continued*

Computation complex

NOTE TO TYPESETTER: Please note the fractions $\frac{3}{8}$, and $\frac{1}{512}$ in the following paragraph.

‘I think your best computer under the old regime of the Custom House, the most perfect adept in summing up nine or ten different subsidies and imposts, would be puzzled if he were to attempt to give change for a £100 Bank Note, from a mass of Annuity Notes (part bearing nearly [BL Add. MS 31235_063] 3 per cent and part $2\frac{3}{8}$ per cent interest, p. 33)¹¹⁹ consisting of Standard Notes, Halves, and Quarters, with a few odd years, months and days, interest due on each, even with the assistance of small change, i:e: Notes of 5^d. 3^f¹²⁰ bearing an interest of $\frac{1}{512}$ part of a farthing per diem.’

Counter-Observations

On this head, what has been said already, may, I should hope, be found tolerably satisfactory, in the character of a *defence* of the plan attacked. What remains to be said on the occasion of the present paragraph, concerns rather the *weakness* of the mode of *attack*, than the *strength* of the work against which it is directed. The objection, like so many other of the learned Baronet’s objections, is borrowed, copied I may almost say, from the work objected to.—To the objection, in starting it, I gave what seemed to me an answer in two places:¹²¹ the *objection*, the learned Baronet gives as a discovery of *his own*, leaving the *answer*, as usual, *without notice*.

The answer was 1. That the extension would be *gradual*: therefore the notes would not be presented to the public in *any degree* of variety, till it had been shewn by experience, that the *next preceding degree* of variety, had neither opposed any perceptible *impediment* to their *circulation*, nor been productive of any preponderating *collateral* inconvenience.^{oo} 2. That, as far as the *number* of magnitudes was concerned, the complication would be little, if anything, greater than that which

¹¹⁹ See p. 000 above. [To 1800, p. 33, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. I]

¹²⁰ Eden had in mind the proposed 6d. Annuity note, carrying a daily interest of $\frac{1}{512}$ of a farthing: see ‘Table I, Table of a Proposed Annuity Note Currency’, between pp. 000 and 000 above. [To text file 14]

¹²¹ In his draft at UC iii. 443, Bentham noted in the margin at this point, ‘Plan, pp. 16, and 33’. The first reference corresponds to that given in the first two Bentham notes to the following paragraph. The second corresponds to p. 000 n. above. [To 1800, 27–36 n., at 34 n., ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*?’]

had been proved, by *experience*, not to be attended with inconvenience, in the instance of *Bank of England Notes*.^{pp} 3. That, in as far as the complication was the result of fractions, (mere *addition* of the amounts as presented by inspection, being all the '*computation*' that could ever occur) it would be no material impediment to the *circulation*, because any fractions that might occur would be allowed or not allowed, as people could *agree*: and there could be no fear about *agreement*, since, the paper not being proposed ever to be a legal tender, the *acceptance* of it, and consequently the *terms* of that acceptance, would depend altogether upon the *choice* of the *party*, to whom in each instance it came to be *offered*.^{qq}

^{oo} Plan, Art. 11: Note 10.¹²²

^{pp} *ibid.*¹²³

^{qq} *Suprà* §11.¹²⁴

It is with these answers before his eyes, and without vouchsafing them a word of notice, *though referring to the very passage*, that the learned Baronet constructs his argument, consisting of a repetition of the objections thus made for him and thus answered, with a reference to the superseded system of *Custom-House* computation, to which (except that figures are concerned in both cases) the system reprobated on this pretence bears not the smallest likeness. In the *Custom-House* system, *all* the rules of arithmetic (*division* in particular, the most perplexing one) were continually called into action, and the *fractions* that were perpetually occurring, were of the most diversified and intricate nature:—in the *proposed* system of paper-money, *addition*, the most simple of the rules of arithmetick, is the *only* rule ever called into action, and the fractions are of *one kind* only, and that likewise the *most simple*: viz: that which has the number 2 for the *common measure*.

The total number of the magnitudes which I speak of as *capable* of being introduced upon my plan is 19: of these I give 14, as the greatest number which I should *expect* to see capable of being introduced with *advantage*. The ground I have made, in point of *experience*, for supposing, that even *this* utmost degree of complication, would not be [BL Add. MS 31235_064] productive of

¹²² See p. 000 n. above. [To 1800, pp. 15–6, at 16, 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*', Ch. I]

¹²³ See *ibid.*

¹²⁴ See p. 000 above. [To BL Add. MS 31,235, fos. 60–2, at 60, this file]

material impediment to the circulation, has been already seen.¹²⁵ Nevertheless, *out* of this *utmost* number, the number which I *recommend*, in express terms,¹²⁶ as *proper* to be introduced in the first instance, is *one, two, or at most but three*.—Setting aside this my plan, and substituting a plan of his own, *made as inconvenient* as possible for the purpose of *inferring* the *impracticability* of it, the learned Baronet, for change for his supposed £100 Bank Note, supposes me to have issued my Standard Annuity Note of £12. 16^s of the *first* issue, with the 9 magnitudes *below* it, making me omitt the *two* magnitudes *next above* it (the £51. 4^s and the £25. 12^s) by which the complication might have been so much reduced.

¹²⁵ *Suprà* § 11.¹²⁵

¹²⁶ Art. 10.¹²⁶

What is more, to encrease (as he supposes) the impracticability, he supposes the system of the *second* issue (of which the magnitudes are for *much more even* sums, and, under which, change for his £100 Bank Note might, with the help of the two superior magnitudes, which he accordingly makes me discard, be given in the compass of *three* Annuity Notes) to have been already put into circulation at this *first* stage. At the very *beginning* of [a]¹²⁷ measure, which the *Author* is so determined to make a gradual one, the *Critic* supposes it arrived at the *middle* of its career, if not almost at the end.

What answer will he give to this? will he *adhere* to the supposition I have made for him, or *disavow* it?—If he disavows it, and says—no, I do not suppose this to be the state of things you would propose to *begin* with, but the state of things to which I suppose it *at length* to have arrived, for the purpose of my argument, in order to deduce my consequences from it—if such be the interpretation he puts upon this his own supposition, then mark the consequence.—You suppose it then (say I) to have been *carried into practice*, to the *utmost* of its extent, and this is your way of proving it to be *impracticable*.

In vain would it be for him to say—This argument of mine is in the stile of some of Euclid's—putting a case in itself *impossible*, but the truth of which, would be the necessary

¹²⁵ See pp. 000–000 above. [To BL Add. MS 31,235, fos. 60–2, this file]

¹²⁶ See p. 000 above. [To 1800, p. 15, 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*', Ch. I]]

¹²⁷ MS 'the'. The text follows Bentham's draft at UC iii. 446.

consequence, if a false proposition, the falsity of which is thus to be demonstrated, were true.¹²⁸ The state of things he supposes to be in existence (viz: the proposed system in the extent in which he is thus to prove it to be impracticable) has nothing of impossibility in it, but what is to be *proved* upon it by the medium of argument he thus employs to prove it:—viz: the degree of *complication* inseparably attendant on it. But the degree of *complication* attendant on the system in *this extent* of it, cannot exist, unless the *system itself* exists in *this extent*:—and if the system itself exists in this extent, then, by the supposition, in this extent it is actually *in practice*, instead of being *impracticable*. Thus stands the argument, according to the only plan proposed by *me* for the introduction of the measure—viz: the plan of *gradual introduction*—one magnitude after another—each *subsequent* magnitude not being introduced, till after the convenience of the system, as composed of the several *preceding* magnitudes, has been established by *experience*.

Such is the paralogism—the self-contradiction—of the argument brought up by the learned Baronet, with so triumphant a solemnity. The only possible defalcation that could be made in point of extent from the self-contradictoriness of it—(and it is a most insignificant one)—is this—Give [BL Add. MS 31235_065] me leave to suppose (says he), for the purpose of the argument, that there is a *certain extension*, place it where you will, in the instance of which the degree of complication the system would be attended with, *would* be a bar, to its taking place with advantage: say for instance at the fifth magnitude inclusive, from the Standard Note, reckoning downwards (viz. the 16^s Note).—Be it so, say I: but if this be the point at which, *for the first time*, the complication operates, (or, if tried, *would* operate) as a *bar*, then, *till* the extension of the system has arrived *at* this point, neither the complication, nor any thing else, can have proved a bar to it. In the extent given to it by the four first magnitudes, the argument thus brought to prove the impracticability of it, can do no otherwise than admitt it to have been carried into practice with advantage. *Practicable*, your argument *must* admitt the system to be, and not only so, but *actually in practice*, in every degree *prior* to that at which the supposed unsurmountable degree of complication, and the ulterior impracticability of it is supposed (supposed on no better ground than that of a vague presumption) to commence.

Thus must this argument, brought to prove the impracticability of the system, begin with admitting the practicability of it, if employ'd against any stage of it *beyond* the first; and *in* that first stage, the degree of complication is so slight, even in the opponent's own view of it, as not to be worth producing for the purpose.

¹²⁸ e.g. Euclid (fl. 300 BC), Greek mathematician, *The Elements of Euclid, viz. the first six books, together with the eleventh and twelfth*, ed. Robert Simpson, Glasgow, 1756, pp. 13–15 (I. 7), in which the impossibility of drawing two distinct triangles with sides of equal length on the same base is demonstrated by showing the contradictions inherent in a case in which the attempt is made.

According to the supposition actually made by him, for the purpose of proving the impracticability of its running any length at all—of its succeeding in any degree—he supposes it (and can do no otherwise than suppose it) to have *already* gone through *those* degrees of extent, which are attended with the *utmost* degree of complication it is susceptible of—with the exception, at the utmost, of only *one* degree, and that a degree altogether immaterial with regard to the success of it. I might therefore *admitt* the system to be impracticable, in the degree in which by this feeble presumption he endeavours to prove it so, and *still* the argument against the *putting it to trial*—(which is the aim and practical conclusion of all his arguments)—would amount to nothing.

When, under the security afforded by [the plan of]¹²⁹ *gradual* extension, I ventured to bring to view the *possible* extension of the system downwards, to magnitudes so *small* as those which present themselves at the *bottom* of the Table, it was under the expectation therein expressed that the minuteness of the ‘small notes would be protected from *contempt* by their relation to the large ones’.¹³⁰ The contempt that I had then in view, was, however, I must confess, no other than that natural and unaffected and therefore *placable* sort of contempt, which might be apt to be suggested by a *hasty* glance, to superficial but unbiased minds: against the *studied*, and in no small degree *apparently affected* contempt, of which an example has just been seen, neither this, nor any other precaution, can be expected to afford any protection or resource.

The more clearly this plan of gradual extension is scrutinized into, the more perfectly it will be seen to be exempt from every particle of possible *danger* or *inconvenience*: since, if, for supposition sake, it were carried to what might be thought *too advanced* a stage—a stage at which the complication attached to it would *begin* to operate as a *bar*, still no [BL Add. MS 31235_066] real inconvenience would ensue.—What would be the consequence?—*Not*, that paper of the too small magnitude in question *would* get into circulation, and be productive of inconvenience;—but simply, that, beyond such or such an amount, it would *not* get into circulation.—For, on the proposed plan—which is a plan of perfect *liberty*—no man *need*, and therefore no man *would*, accept of it—either in the way of *issue* or in the way of *circulation*—*to his own inconvenience*.

From these same considerations, when duly attended to, it will also appear—that—so pure from danger is the plan—that, even a *departure* from the above principle—(the principle of gradual extension)—could not be productive of any very material inconvenience. The magnitudes, for which the state of the public mind and public habits were not *as yet* ripe, would *not be taken out*, when offered: or, if *taken out*, to some small amount—the embarrassment experienced in the course

¹²⁹ The text follows Bentham’s draft at UC iii. 450.

¹³⁰ See p. 000 n. above. [To 1800, pp. 15–16 n., ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. I]

of the offers made of it in circulation would operate as a bar to the ulterior extension of it.

Whether upon the ground of the impediment expected from the complication, or on what other ground (for no explanation has ever yet been entered into on this point) persons—not affected towards the proposed system in the manner of the learned Baronet—but entertaining favourable expectation of it—have felt themselves disposed for presenting this or that limit [to it]¹³¹ *beforehand*, rejecting of course all ulterior extensions. Upon second thoughts, however, a fixation thus arbitrary and unnecessary, how naturally soever it may have presented itself to a first glance, would be given up. It would be preferring vague conjecture—and that without any particular use or reason that hath as yet been alledged—preferring *unfounded conjecture*—to the *experience* of future times. The advantage by giving to the *number* of magnitudes every degree of *extension downwards*, (the ineligibility of which has not been testified by special indications, deduced from the experience of the magnitudes last in issue) is plain and palpable: because, with every *such extension*, the extension of the *market*, and an addition to the *number* of the possible *customers* for this paper, and thence to the possible *amount* of it, would keep pace.

The utmost amount, of the inconvenience capable of resulting from it, would be the inconsiderable *expence*, produced, on the score of engraving and printing, by the magnitudes thus offered without acceptance, or, after acceptance changed for others more convenient,¹⁴ added to what little degree of disappointment might be the result and what little discredit might be supposed to be reflected by the miscalculation.

¹⁴ As per Art. 17.¹³²

From the above suggestions, two *practical* recommendations may, in the present stage of the business, be deduced.—The first is—not to mistake for an objection—much less a conclusive objection—to the system, any suggestion that may present itself with regard to the supposed expediency of its stopping at this or that particular stage in its extension downwards: a suggestion of this sort, how apposite soever it were in the character of an amendment, would have no force whatever in the character of a peremptory objection to the measure.

The other is—not to be drawn aside, by the conception of any *supposed*, but *undefined* and *undemonstrated*, *necessity* or [*convenience*],¹³³ to depart from the system of *sums* and *rates of interest*, contrived, as this is, with a view to its being carried *both ways*, to a degree of *extent*, subjected altogether to the future decisions of *experience*: in a word not to committ the decision on

¹³¹ The text follows Bentham's draft at UC iii. 452.

¹³² See p. 000 above. [To 1800, p. 23, 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*', Ch. I]

¹³³ MS 'inconvenience'. The text follows Bentham's draft at UC iii. 453.

this point to mere presumption and *caprice*, how imposing soever may be the authority that calls for it, while *reason* presents at once so *easy* and so *safe* a guide.

[BL Add. MS 31235_067]

§ 13. *Observations continued*

Silver paper impossible

‘Paper money never can answer as a substitute for Copper money till Copper is as valuable as Gold.’

Counter-Observations

This is one way of asserting—or rather [of]¹³⁴ *more* than asserting—in a stile of greater confidence than can be expressed by *simple* assertion)—that no paper money has ever been employed as a substitute for *Silver* money. So much for assertion: but how stands fact?—Is *possibility* sufficiently proved by *fact*? Once more, what has the learned Baronet done with his memory? Did he never hear of such a person as *Adam Smith*? Did he never hear of the *Yorkshire* paper *sixpences*? not to speak of the paper *shillings*, and so many *other* paper monies, spoken of by that *Adam Smith*?¹³⁵ Did he never hear of such a place as *America*, its *Colonies* and their *currencies*?¹³⁶ Did he never hear of such a place as *France*, with its *Assignats* of all *values*, from hundreds or thousands of *livres*, down to I know not what *minimum*, reduced in value at least down to a fraction of a farthing? Did he never hear of such a place as *Scotland*, with its 5^s *Notes*, or of such things as *Acts of Parliament*, sometimes *forbidding* these *Notes*, and sometimes *legalizing* them?¹³⁷—What is it he means by ‘*answering*’? Can it do otherwise than ‘*answer*’ to a man, when he gets *sixpence*, or anything else, for what costs him *nothing*? When *Assignats* perished, was it because it would not have ‘*answered*’ to Government to issue them at their denominative value?¹³⁸

¹³⁴ The text follows Bentham’s draft at UC iii. 454.

¹³⁵ See p. 000 & n. above. [To note to BL Add. MS 31,235, fo. 60, this file]

¹³⁶ See p. 000 & n. above. [To note to BL Add. MS 31,235, fo. 60, this file]

¹³⁷ In the mid eighteenth century, Scottish non-chartered banks had issued notes for as little as 1s., or even 1d., with 5s. notes relatively common, but such practices were terminated in 1765 by the Bank Notes (Scotland) Act (5 Geo. III, c. 49, § 7), which prohibited the circulation of notes with a value of less than £1. In 1797 the Bank (Scotland) Act (37 Geo. III, c. 40) temporarily suspended the prohibition, and 5s. notes again circulated widely. The period of suspension was extended on several occasions until 1799, when the Issue of Bank Notes (Scotland) Act (39 Geo. III, c. 10) set a permanent lower limit of 5s. on Scottish notes.

¹³⁸ See p.000 n. above. [To UC i. 14, ‘Circulating Annuities’, Ch. |^|. Rise of Prices—how to be obviated]

Paper money, be it made as cheap as it will, will *not* cost absolutely *nothing*. But does he look upon it as part of my plan, that it should be issued in sums in which it could *not* be issued but to a *loss*? In what page or line of those printed sheets, will he find a syllable, that can fix a suspicion on *me*, of ever harbouring any such absurdity? would he not find a *direct contradiction* to it, if he could prevail upon himself to look at it?¹³⁹

§ 14. *Observations continued*

Wear and tear

‘The wear and tear would ruin the paper money mint. A month’s circulation, among *market women*, *turnpike-keepers*, and *publicans*, would *obliterate* every *clause* of these portable contracts—every *receipt* for interest—every *table* of computation.’

Counter-Observations

Before, we had *assertion*—now, we have *argument*—against fact.—Had *France*—had *America*—has *Scotland*—no ‘*market people*’ nor ‘*publicans*’? Does he suppose that his own, or any other *hostile* powers, will be suffered to call for change *ad libitum* for the purpose of bringing on the ruin he predicts? Let him look to Article 16,¹⁴⁰ he will find all such ingenuity anticipated and barred out.

In the picture he gives of the speedy *illegibility* of these instruments, one would think he had been speaking of a *manuscript*, and a manuscript *without a copy*. Instead of the *thinnest paper*, as in Bank notes, he supposes a thickness, like that of *parchment*, or the paper of *Exchequer Bills*, in which the *pigment*, howsoever incorporated by impression, may be *worn off*, while the *ground* remains *entire*. He considers not, that in case of a doubt or a difference, respecting the tenor of an instrument, copies of which are continually passing through every body’s hands, the *window* of every *Local Annuity Note Office* (that is of every Town and Country Post-[BL Add. MS 31235_068]Office) if not the *pocket* of the *next neighbour*, would present wherewithal to remove it. He does not consider, that so long as the *principal sum* (which of course will be in *great* letters) is discernible, all the *rest*, in any other view than that of *security against forgery*, would be a matter of indifference. *Colour* alone—*form* alone—much more, colour and form *combined*—afford difference enough, to convey the difference between sum and sum, to the few eyes unable to comprehend numerical figures. He forgets (what is not our learned, and really and eminently

¹³⁹ See p. 000 n. above. [To 1800, p. 22 n., ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. I, note {14}]

¹⁴⁰ See *ibid.*

learned, Baronet capable of forgetting for this purpose?) he forgets all those *devices*, the *efficiency* of which has been established by the experience of so many ages—all those expedients for producing the *effect of letters* on *unlettered eyes*. Did he ever see such a thing as a Coat of Arms? Did he ever see a sign-post with a *sign* to it?—Does he suppose, the customers of the *Lion* would not be able to find the *house*, because a piece of the *tail*, or two or three of the *claws*, happened to have scaled off? But, supposing this proposition of his were as *true* as it is erroneous, in what respect would his *argument* be the better for it?—Who would be the sufferer by the obliteration?—Not the *public*; but the *individual*, who *chose* to be so by his *negligence*.

As to *copper* Notes I point them out merely for ‘*consideration*’:^{uu} nor so much as for consideration for the *present* time; but only for the *future possible time*, in the state of things that would take place, supposing the line of currency to have been *already* extended downwards—and extended with success—to the level of the *lowest* rank of the *Silver* Notes.

^{uu} Art. 11.¹⁴¹

When he speaks of obliterating *receipts*, he speaks, as usual, from imagination: had he looked at what was before him,¹⁴² he would have seen, that he might as well have talked of *wearing out the air*. The receipts are proposed to be given—as such receipts have *actually* been given—not by *adding words*, but by subtracting paper.

§ 15. *Observations continued*

Circulating medium—how much wanted

‘Of £400,000,000¹⁴³ of Annuity Notes—*supposing* them all as good as Banker’s Notes—*how much* would be wanted as a *circulating medium*? Would the *remainder* be any thing more than a mere security for an Annuity?—Its imperfections in this office I have already noticed.’

Counter-Observations

And so it’s matter of *supposition* only—a sort of *concession* to be made for the *moment*, only for the purpose of the *argument*—that a mass of Notes, issued on the security of the whole mass of

¹⁴¹ See p. 000 above: ‘that it be then considered whether to give it a further extension downwards, viz. to the level of the *copper* coinage’. [To 1800, p. 15., ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. I]

¹⁴² In his draft at UC iii. 457 Bentham has noted at this point, ‘Table II. Note 29’. See ‘Table II. Form of a proposed *Annuity Note*, on the several plans of Half-Yearly and Yearly Interest’, between pp. 000 and 000 above. [To text file 15]

¹⁴³ MS ‘400,000’. The text follows Bentham’s draft at UC iii. 458.

national property—and of which, to the amount of £400 Million’s worth, have, by this same supposition, met with purchasers—should be ‘*as good as Banker’s Notes*’!—But what does ‘*good*’ mean here?—good in point of *security*?—good in point of *currency*? or both?—What is the proposition, to which he vouchsafes to give this momentary consent?—That the whole property of the community, is *as* capable of fulfilling the mass of pecuniary engagements charged on *it*, as the aggregate property of the aggregate number of Note-emitting Bankers, is of fulfilling the aggregate mass of pecuniary engagements charged upon *their* Banks?—or, that a species of property, which, by the supposition, has already found purchasers to the amount of £400,000,000, shall have as good a prospect of *continuing* to find purchasers, as a species of property which, by how much soever it may now be deemed excessive, will scarcely be supposed to have swollen beyond a tenth, or even so much as a twentieth part of that sum?

[BL Add. MS 31235_069]

I say nothing here of the *matter of fact* (for such it is), viz: that these 400 Mushrooms^{ww} (who are thus put by the learned Baronet in *one* scale, while the rest of the Nation, with his Globe (when created) in the middle of it, are, in the stile of Chinese Geography, crammed into the *other*)¹⁴⁴ are of that sort, that, in the compass of a few months, have been known to die off, by a hundred at a time:^{xx}—nor of the *principle* (for such it is) that ought never to be out of mind, when Banks and Bankers are on the carpet—viz: that it is of the *essence* of the trade, that, in an event which may happen at any time, *the fulfillment* of their engagements, *taken in the aggregate, is physically impossible*. The *concessions* which it would be the tendency of these observations to make *absolute*—the concessions which, in any other than an *hypothetical* form, the liberality of the learned Baronet can not prevail upon itself to gratify me with—come in but in a parenthesis: questions such as these are rather too [big]¹⁴⁵ to be settled in the compass of a comment on a parenthesis.

^{ww} In the beginning of the year, 399; according to the printed *List*.¹⁴⁶

^{xx} Chalmer’s Estimate, edit. 1794. p. liii. Preface.¹⁴⁷

¹⁴⁴ According to Claude Adrien Helvétius, *De l’esprit*, Paris, 1758, Discours II, Ch. VIII, p. 98, the individual with an unduly narrow perspective on the world ‘est .^.^ aussi fou que ce géographe Chinois, qui, plein d’un orgueilleux amour pour sa patrie, dessina une mappe monde dont la surface étoit presque entièrement couverte par l’empire de la Chine, sur les confins de laquelle on ne faisoit qu’appercevoir l’Asie, l’Afrique, l’Europe & l’Amérique’.

¹⁴⁵ MS ‘long’. The text follows Bentham’s draft at UC iii. 459.

¹⁴⁶ Bentham probably had in mind *A Correct Alphabetical List; containing all the Country Bankers residing in England, Scotland, & Wales, with the Names of the Bankers in London upon whom they draw*, 3rd edn., London 1801, published

The learned Baronet has weighed the Annuity Note plan, and found it *light*:—but behold the texture of his scales!

‘Of this 400,000,000’ (says he) ‘*how much* would be *wanted* as a *circulating medium*? would the *remainder* be any thing more than a mere security for an Annuity?’—How much would be ‘*wanted*’? the meaning of the word *wanted*, though it is so *familiar* a word, is not quite so *clear* as might be supposed: but of that elsewhere.^{yy} In any sense, thus much may be answered.—In *each* shape, sometimes *more*, some times *less*: the *proportion* depends upon the *times*.—In whichever of its two shapes each Note is *most* wanted, at *each* point [BL Add. MS 31235_070] of time—in *that* shape (we may venture to say without any such nice scrutinizing into the import of the word *wanted*) in *that very shape* will it be employed, *at that time*.

^{yy} [BL Add. MS 31235_69] In one sense,¹⁴⁸ money *will* always be *wanted*—wanted in a quantity which has no *limits*:—*paper money* consequently, and in a quantity always alike unlimited—so long as it will pass for money: for what *individual* is there, that does not find himself the richer the more he has of it?—Does it follow from hence that it is incapable of existing in *excess*? that it is impossible the *Country* should have too much of it?—Most surely not.—It seems a contradiction in terms, to say that money can be constantly *wanted*, in a quantity constantly *excessive*. The result is—that the proposition *money is wanted*—is true and false at the same time. It is evident, therefore, that the sense in which it is *false* must be a *different* one, from that in which it is *true*.

Wanted is, on this occasion, exactly synonymous, to the more plausible and more frequent word, *required*.^a The solution of the question, *whether the increase of money by paper money ought to be suffered to go on without restraint*, depends upon the distinction, between what is true, and what is false, in the *propositions* of which this word has been the characteristic *term*—upon the detection of the deep-rooted fallacy, of which it has very honestly been made the vehicle.

^a *Suprà* § 11.¹⁴⁹

On examination of the opinions given, in the form of *evidence* to the two Houses, on the

by T. Boosey. No copy of this edition appears to have survived; the fourth edition of 1802 lists 400 ‘country’ banks in England and Wales and 55 in Scotland.

¹⁴⁷ See p. 000 & n. above. [To UC ii. 268 & n., ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. XIII.]

¹⁴⁸ The text sheets of Bentham’s draft of this note at UC iii. 167–71 (5 August 1801) are subheaded ‘Alarm Contents’ (iii. 167) or ‘Eden. Alarm’ (iii. 168–71).

¹⁴⁹ See p. 000 above. [To BL Add. MS 31,235, fos. 60–2, at 60–1, this file]

occasion of the *stoppage of the Bank*,¹⁵⁰ I find the more use of this word *required*, given and received as an equivalent for all information as to the nature and ground of the alledged demand. I have *numbered* the *occasions* on which, and noted the *persons* by whom, it has been thus employ'd: and it is but in *one* instance, that I find the idea attached to it, connected with any others that are more determinate.¹⁵¹

The investigation of the above *practical* question, relative to the *stoppage* of paper money, resolves itself, therefore, in effect, into a comment on the word '*required*', when predicated, as it has been, of *an increase of money*.

Of the result of this investigation, the following is a statement compressed to the utmost point of condensation.—

1. That every addition to the mass of money, over and above what corresponds to the addition made in the same time to the mass of consumable and other moveable and vendible commodities, is productive of *rise of prices*.

2. That the additions made to the mass of money, have *hitherto* been all along productive of additions to the mass of real *wealth*, beyond what would have been made without the *added money*.

3. That, however, even when the addition is made solely in the shape of *metallic* money, the *suffering* produced by the *rise of prices*, and its attendant pressure, is always *more* than an equivalent, for any *enjoyment* produced by the addition to the mass of wealth: and that, metaphysical as the cast of the proposition may seem to be, the truth of it is capable of being made apparent, by considerations already familiar to the public eye.

[BL Add MS 31235_70]

4. That the disadvantage arising from the encrease of money, is not only *aggravated* in *degree*, but *doubled* in *kind*, when the encrease takes place by *paper* money of the sort actually in use: because in this case, not only the rise of prices receives an *augmentation without limit*, but a danger of *General Bankruptcy* is introduced: a danger, which, *sooner or later*, cannot fail of being realized, *unless* a remedy be applied.

5. That the effect of a *defalcation*, if *copious* and *sudden*, from the mass of money in circulation, would be productive of more *pressure*, as well as more *danger*, in respect of general Bankruptcy, than an excessive *addition* to the same amount: and, that, if such *addition* were to have the effect of bringing on such a catastrophe, a sudden and copious *defalcation* would be

¹⁵⁰ See p. 000 n. above. [To note to UC ii. 567, 'Circulating Annuities', Ch. IV]

¹⁵¹ No such enumeration appears in the only notes located made by Bentham on the Committees into the affairs of the Bank at UC iii. 56, for which see p. 000 n. above. [To note to 1800, p. 18 n., 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*', Ch. I] The instance he had in mind occurs in the evidence of Henry Thornton: see pp. 000 n. above. [To note to UC ii. 251, 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*', Ch. XII]

among the first *effects* of the addition, and immediate *causes* of the catastrophe.

6. That a *simple stoppage* of the encrease of money by *Bank and Banker's* paper money, would at once stop the rise of prices (taken in the aggregate) and dispell the danger of General Bankruptcy: nor would it be productive of any inconvenience, beyond the particular inconvenience resulting from the stoppage of the current pernicious gains.¹⁵²

7. That as to the proposed *Government Annuity-Note* paper, so far as, in the character of circulating money, it came *in lieu* of an equal quantity of the existing sorts of *private* paper, it would (besides the *profit* to Government by reduction of the National Debt and other items) contribute to *reduce the danger* in respect to particular Bankruptcies.

8. But that if, in any *sudden* and *considerable* quantity, it were to constitute a *clear addition* to the mass of money in circulation, the *benefit* it would be of in *other* respects, would not be an equivalent for the *inconvenience* it would be productive of, in respect of *rise of prices*.

9. That, therefore, the *desirable* result would be—that, as this *Government* paper *encreased*, such *private* paper should *diminish*:—that it seems probable enough, that such diminution on the *one* part would, of itself, keep pace with the encrease on the *other*, with a degree of exactness sufficient for the purpose:—but that *if it did not*, the quantity of private paper should, from time to time, be subjected to *ulterior* retrenchments by *positive law*.

10. That the suffering individuals to *coin*, each for his *own* benefit, that which has in every respect the effect of *money*, was originally an *oversight* on the part of the *legislature*: and that the utmost *hardship* that can result to *individuals* from any *defalcation*, which for the good of the *whole* may *require* to be made, from time to time, from the quantity of such money, is no greater, than that which results from the endeavours all along employ'd, to prevent the mass of money from receiving additions, from *counterfeit metallic* money.

11. That, in proportion as the proposed *Government* paper money came to extend itself at the expence of *private* paper money, it would act partly as a preservative, partly as a *Cure*, with respect to those occasional and sudden *scarcities* of money (i:e: of money actually employ'd in circulation) which have for their cause, in most, if not all instances, the *radical imbecillity* inherent in the constitution of the chief of the existing sorts of private paper money: viz: the conveying of a *promise*, importing a man to be *always ready*, for the payment of *metallic* money, in the shape of *ready money*, in *greater* quantities than it can be *always* had.

12. That, in proportion as it came to extend itself, in *Ireland* as well as in *Britain*, the *proposed currency* would constitute a *remedy*, to the inconvenience under which not Ireland only, but Britain likewise labours, by the *high extra price*, which in *Ireland*, a man is obliged to pay, for *money to be received in Britain*: and that this remedy, as far as it could be made to

¹⁵² MS 'beyond the inconvenience resulting from the stoppage of pernicious gains'. The text follows Bentham's draft at UC iii. 169.

extend, would be more *direct* and *simple* and *lasting*, than any other that could be employ'd.

[BL Add. MS 31235_070] And here comes a *second* occasion,^{zz} to notice a feature, as useful in itself as it is *peculiar* to the proposed system,^a together with the pains taken by our Critic to avoid the sight of it. Here, as before, he is resolute in his efforts not to see, that each and every note—not excluded by its magnitude, is of an *amphibious* nature, alike applicable to *either* branch of service. To avoid this sight, here as before, he divides the aggregate of them, without mercy, into two *uncommunicating* masses, each applicable to *one* of the services alone, if to any, and never to the *other*.—After such a division, what in the name of common sense can be done with questions that are thus grounded on it?—what answer can be given to them?—The distinction is altogether of the Critic's *own* imagining—the '*remainder*' he speaks of, is altogether of his own *creating*. In the *plan itself*—among the Annuity Notes *themselves*—there is *no* such distinction—*no remainder*: and this [BL Add. MS 31235_071] to any eye that will be pleased to see it, is one of their great uses and points of convenience. As to our Critic, if nothing will serve him but he must have *distinctions* and '*remainders*', where the nature of things refuses them, let him try his hand upon a *Squadron of Seahorses*:—let him divide them into troops—and say to one troop,—‘Mind me—*your* place is in the *water*—and you others—*your* place is on the *land*.—But observe! you must stay, every one of you, where you are put: you must not ever think of changing places.’

[BL Add. MS 31235_070] ^{zz} See above § 3.¹⁵³

^a viz: as far as concerns paper money in *pieces* each of any thing less than £100 value.

The force of this argument, such as it is, consists in the not seeing the difference between an *Annuity Note* and a parcel of *Stock*:—between a thing that *may* be passed from hand to hand, *by mere delivery*, wherever there are two hands belonging to two bodies: and a thing which *cannot* be transferred from hand to hand, but at *one* particular place, with a particular set of *formalities*.—Of a parcel of *Stock*, it may *indeed* be said, with truth, that (in our Baronet's words) it is '*a mere security for an Annuity*', and nothing more:—but an *Annuity Note* is a security for an Annuity, and it is a *piece of money besides*:—not both, indeed, to the *same person*, at the *same time*: (the boy with his cake:—[though]¹⁵⁴ it was so good a cake—could not eat it up and still have it untouched)—not *both* at the *same time*, but *either at all times: each at that time*, at which it is *most* wanted.¹⁵⁵

¹⁵³ See pp. 000–000 above. [To BL Add. MS 31,235, fos. 40–3, at 40–2, this file]

¹⁵⁴ MS 'thought'. The text follows Bentham's draft at UC iii. 462.

¹⁵⁵ Bentham has cancelled the following paragraph which appears at this point in his draft at UC iii. 462: 'Well come then, to humour the learned Baronet—let the nature of things be confounded—and let an Annuity Note be neither more nor less than so much Stock. Then is every thing set to rights again. Then no such thing as an Annuity Note—Stock is stock again: the storm is over—the embryo of the Globe Insurance Company may crawl forth into life—What? will not

In this latter of the two inseparable characters—that of a mere security for an Annuity—the ‘*imperfections*’ of the species of paper in question are what (the learned Baronet informs us) he ‘*has already noticed*’.—Noticed them—indeed he has—viz: the points which shewed themselves as ‘*imperfections*’ in *his* eye:—noticed them he has—so also have *his* notices been noticed. The *new* matter that *remains* to be noticed here, consists in the *fresh* supposition—the *newly supposed state of things*, in which by this reference he assures us that the self-same imperfections would be found.

The imperfections *then were*—and now (according to him) still *are*—

1. That the proposed paper will not come into existence in any *quantity* worth regarding.^b

^b § 2.¹⁵⁶

2. That to *individuals*, considered as customers for it, in the character of a *source of income*, permanent or temporary, it will not be productive of any *benefit* worth regarding.^c

^c § 3, 4, 5.¹⁵⁷

3. That to *Government* it will produce more *loss*, by the defalcation it will make from the *legacy tax*,^d than it will produce *profit* from *all* sources taken together.

^d § 6.¹⁵⁸

4. That the mischief it will be productive of, *at the death* of a head of a family, by the opportunity it will afford to one member of the family to *steal* the property of another, will, together with its other bad effects, be more than an equivalent for any benefits it seems likely to produce:^e—at least in the character of a source of permanent income.

^e § 6.¹⁵⁹

even this serve him? Will he quarrel with Stock—with his good friend and Ally Stock, for no other offence than the idea of its having appeared in danger of being confounded with or converted into or confounded with a parcel of Annuity Notes? Is it to be called names and pointed at as a mere security for an Annuity? What then?—what should it be? what would he have it be? Stock, let me tell him, though it be but Stock—is no such bad thing. Give me the 400 Millions of this Stock which he holds so cheap—no, even an odd million, give me this little million—and the globe, and all which it contains, shall be his.’

¹⁵⁶ See p. 000 above. [To BL Add. MS 31,235, fo. 40, this file]

¹⁵⁷ See pp. 000–000 above. [To BL Add. MS 31,235, fos. 40–6, this file]

¹⁵⁸ See p. 000 above. [To BL Add. MS 31,235, fos. 46–7, at 46, this file]

¹⁵⁹ See p. 000 above. [To BL Add. MS 31,235, fos. 46–7, at 47, this file]

Such (according to him) were its ‘*imperfections*’, in what (according to him) would be the most *probable* state of things.

Now for the re-appearance of the *same suppositions* in [BL Add. MS 31235_072] this *different* state of things, which, for the purpose of the argument only, but, however, for the purpose of the argument, is to be *supposed* a true one.—

NOTE TO TYPESETTER: Please present the following Table without the grid-lines, and align the figures in the second column horizontally with the last line of text in the corresponding cell in the first column.

1. <i>New state of things</i> —£400,000,000 of Annuity Notes out in issue. <i>Concomitant imperfection the 1st</i> —This a quantity <i>not</i> worth regarding.	
2. <i>New state of things</i> , as before. £400,000,000 of Annuity Notes out in issue.— <i>Concomitant imperfection the 2^d</i> —The benefit to <i>individuals</i> a quantity <i>not</i> worth regarding. <i>Proof</i> —Purchases one after another to <i>this</i> amount, without <i>benefit</i> and without <i>motive</i> : <i>effects</i> to <i>this</i> amount, produced without a <i>cause</i> .	
3. <i>New state of things</i> , as before.—£400,000,000 of Annuity Notes out in issue. <i>Concomitant imperfection</i> —more <i>loss</i> to Government, by defalcation from the <i>legacy tax</i> , than <i>profit</i> from <i>all</i> sources:— <i>Proof</i> —Interest upon £400,000,000 capital of Annuities taking the whole at no more than 3 per cent per annum	12,000,000
Profit by conversion of 3 per cent Stock Annuities into £2. 19 ^s : Note Annuities (supposing Annuity Notes to be issued all of them when Stock Annuities were at par, instead of being issued when Stock Annuities are at 60, 61, and so on respectively) ¹ / ₆₀ of the £12,000,000: this alone makes	200,000
Deduct total present amount of the legacy tax for the year ending 5 th Jan ^y 1801 ^f —supposing it were <i>all</i> lost England ^g 135,095 Scotland ^h 2,890	137,985
Neat profit from this source alone, and in a state of things, in which, according to our Baronet, ⁱ there can be no profit at all	62,015
Add profit <i>in money</i> , by difference between £400,000,000 of Annuity Notes sold at £100 and Stock Annuities bought, upon an average, at 85: viz: 15 per cent, being the supposition made by M ^f Secretary Rose in his Finance	

Pamphlet of 1799–1800: ^j supposing 3 per cent Stock Annuities to have risen to par by the end, or in the course of, this conversion: (if they have not, the profit will be greater)	£60,000,000
Quantity of Stock Annuities bought in or paid off with this £60,000,000 of money, at 85, as above	70,588,235
Besides profit by <i>reduction</i> of 5 per cent and 4 per cent <i>Stock Annuities</i> to 3 per cent <i>Note Annuities</i> (profit, by the difference between £3 per cent, and £2. 19 ^s per cent, being already reckoned): of which profit the Annuity Note system [will] ¹⁶⁰ either have been the <i>cause sine quâ non</i> , or a <i>concurrent</i> cause to an indeterminable degree. Two per Cent per annum upon £48,250,427 ^k of 5 per cents (subject to correction [for] ¹⁶¹ the <i>Loyalty Loan</i>) is per annum	965,008
One per Cent per annum upon £45,269,669 ^l of 4 per cents is per annum	<u>452,696</u>
Making altogether, per annum	1,417,704

^f Commons Accounts, 2 June 1801, N^o 1.¹⁶²

^g *ibid.* p. 26.¹⁶³

^h *ibid.* p. 30.¹⁶⁴

ⁱ *Infra* § 18.¹⁶⁵

¹⁶⁰ MS ‘would’. The text follows Bentham’s draft at UC iii. 466.

¹⁶¹ MS ‘from’. The text follows Bentham’s draft at UC iii. 466.

¹⁶² i.e. *Accounts Presented to the House of Commons respecting the Public Income of Great Britain, for the year ending fifth of January 1801*, 2 June 1801.

¹⁶³ *Ibid.*, pp. 26–7. The figure is the net produce of legacy duty in England for the year ending 5 January 1801: payments into the Exchequer from this source totalled £137,780.

¹⁶⁴ *Ibid.*, pp. 30–31. In this case, Bentham has given the figure for the total remittances paid into the Exchequer from legacy duty in Scotland, the net produce of the duty being given in the accounts as £2,962 16s. 1d.

¹⁶⁵ See p. 000 below. [To BL Add. MS 31,235, fos. 74–7, at 74, this file]

^j *Brief Examination &c.*, p. 26. 6th Edit.¹⁶⁶

^k Commons Account N^o VI 17 Apr. 1801, p. 9.¹⁶⁷

^l *ibid.*¹⁶⁸

Besides 5 or 6 other inferior sources of profit, not worth particularizing in this view. The amount, however, would be more than the [BL Add. MS 31235_073] deduction, for the over-estimate of the profit in the Loyalty Loan 5 per cents, convertible optionally into 4 per cents.¹⁶⁹ Sixty million of principal money—added to about 1½ million a year in Annuities—such is the *profit*, over which, in this estimate of the learned Baronet's, a supposed *possible loss*—not of, but upon, a sum of £134,000¹⁷⁰ a year—(of which supposed loss not a penny might come to be realized)—would, upon this supposition, *preponderate*.

§ 16. *Observations continued*

Detrimental to Bankers

'If *hoarders* should prefer Annuity Notes to *Banker's paper* and Banker's tills,¹⁷¹ will not the 4 or 500 Bankers in Great Britain be injured and intitled to compensation?—If *Circulators* should prefer Annuity Notes to *B^k of England paper*, will not *that* public body be a sufferer?

Counter-Observations

¹⁶⁶ i.e. Rose, *Brief Examination*, p. 26.

¹⁶⁷ See *Accounts presented to the House of Commons, reflecting the Public Funded Debt of Great Britain, and the Reduction thereof, to the first of February 1801*, 17 April 1801, p. 9. Bentham has combined the debt of £28,125,582 19s. 7d. on 5% consolidated annuities with that of £20,124,843 15s. on the 'loyalty loan' of 1797, which also bore an interest rate of 5%, to produce a total figure of £48,250,426 14s. 7d.

¹⁶⁸ *Ibid.* The figure given in the accounts for the debt on 4% consolidated annuities is in fact £45,269,859 17s. 2d.

¹⁶⁹ See pp. 000–000 above. [I think it's the immediately preceding pages]

¹⁷⁰ According to Bentham's figures the profit in question was almost £138,000: see p. 000 above. [To BL Add. MS 31,235, fo. 172]

¹⁷¹ In the copyist's text of Eden's letter to Vansittart at UC iii. 362, Bentham has replaced this word with 'Bills', but in his draft of this work at UC 467, where the excerpt from Eden's letter is in a copyist's hand, 'Bills' has been crossed through and replaced with 'tills'.

Bankers sufferers? the Bank a sufferer?—Well, and what then?—As a man, I might feel—as an advocate for the public—preferring the superior interest to the inferior—the more extensive to the less extensive—I neither know nor care.—What? shall not the public be allowed to borrow its own money upon the *best* terms?—upon any terms which, without fraud or force, it can get the lenders to accept?—These are among the topics, which I have discussed at large;—as our Critic might have *seen* already in the Table of Chapters,¹⁷² and as he might well have *imagined* without seeing it.—The effect of the measure, will not be *all* damage to them, if it be *any* damage: but if it *were* all damage, what damage was ever more pure from *injury*?

By this argument—if there were any thing in it—his own ‘*plan*’ or ‘*project*’ would be struck through and through.—His own company is a phantom yet, *waiting for existence*.—Can that be said of the *public*, or of *Government*?—The recoil upon self and C^o he does not see:—in ‘the zeal to destroy’,¹⁷³ *self-destruction* is no object with him. I will save him from the blow. His question is worth nothing: *not* even against *himself*. ^.^ If another *man’s-mercier* were to set up in Bond Street, would not the existing *man’s mercers* ‘*be intitled to compensation*’?¹⁷⁴

Any body that pleases, issues paper, *without interest*, and *with* or *without security*.—Government must not issue it, even *on payment of interest*—and on the *very best security*:—a security made better and better still, by every piece of paper issued on these terms!

§ 17. *Observations continued*

Would not rival Consols

‘Till, however, the Stocks are near par, there seems little probability that a 3 per Cent Note will rival a 3 per cent consol.’

¹⁷² Bentham presumably had in mind the inclusion of Ch. XIII. PARTICULAR INTERESTS *concerned*, in the Table of Contents given in the partial printing of ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’: see p. 000 above. [To 1800, p. 8, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

¹⁷³ See John Dryden, ‘Alexander’s Feast, or The Power of Music’ (first published at London in 1697), in P. Hammond and D. Hopkins (eds.), *The Poems of John Dryden*, 5 vols. (Harlow, 1995–2005), v. 9–18, at 17 (l. 151): ‘And the king seized a flambeau, with zeal to destroy’.

¹⁷⁴ Bond Street (technically formed of two contiguous streets, Old Bond Street and New Bond Street), in the Mayfair district of London, had been built up in the early eighteenth century, and by Bentham’s day was a focus of fashionable society, known for its many expensive fabric and clothing shops. Several explicitly advertised themselves as ‘men’s mercers’, such as William Carr of 158, New Bond Street, Gouldsmith and King of 108, New Bond Street, and Richard Otley of 16, New Bond Street: see *A London Directory, or Alphabetical Arrangement; containing the Names and Residences of the Merchants, Manufacturers, and principal Traders, in the Metropolis and its Environs, With the Number affixed to each House*, London, 1799, pp. 37, 71, 120.

Counter-Observations

More blindness, similar to what we have seen manifested above in the case of *Exchequer Bills*,^m but still more determinate. The features of advantage possessed by *Annuity Notes*, in comparison with *Exchequer Bills*, might, without much difficulty, have been collected by the learned Baronet, from the sheets he had before him, in some such form as that in which they are exhibited above.ⁿ The features of advantage, possessed by *Annuity Notes*, in comparison with the object *now* upon the carpet—*Stock Annuities*—were and are *ready collected* to his hands.^o In regard to *purchase*, 7: during *custody*, 4; in regard to *transfer*, 8. They are staring him in the face, for he [BL Add. MS 31235_074] quotes one of them *in terminis*: he controverts not one of them: unless it be the one about the facility afforded for the making *settlements in trust*, (which is the one he quotes)^p and that no otherwise than by representing it as unintelligible, because the explanation given of it was in one of the Tables he had before him, (Table II)¹⁷⁵ instead of the printed pages. He controverts *not one* of them: but shutting his eyes against them *all*, he keeps on his train, as if he had reduced them to non-existence.

^m *Suprà* § 9.¹⁷⁶

ⁿ *ib.*¹⁷⁷

^o *Plan.*¹⁷⁸

^p *Infrà* § 20.¹⁷⁹

NOTE TO TYPESETTER: Please note the fraction $\frac{1}{60}^{\text{th}}$ (one sixtieth) in the following paragraph.

I have shewn, that for *temporary* sums to *any amount*—and for *permanent* sums to any less amount than about £100,^q a *nominal* and *apparent* 5 per cent in *Stock Annuities*, is not so much as a *real* 3 per cent:—is not so much as the £2. 19^s per cent, afforded by the proposed *Note Annuities*: that accordingly, at the hands of *Bankers*, in *Town* as well as in *Country*, a 3 per cent, and even that but *apparent*—wanting considerably of being a *real* 3 per cent, has been, and is, *preferred* to the nominal 5 per cent given by *Stock Annuities*: meaning what, if *risks* and *expences* were thrown out of the account, the 3 per cents *would* give at *present*. But, as *three* per cent *Stock Annuities* rise

¹⁷⁵ See between pp. 000 and 000 above. [To text file 15, ‘Table II. Form of a proposed *Annuity Note*, on the several plans of Half-Yearly and Yearly Interest’]

¹⁷⁶ See pp. 000 above. [To BL Add. MS 31,235, fos. 52–6, this file]

¹⁷⁷ *Ibid.*

¹⁷⁸ See pp. 000–000 above. [To ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

¹⁷⁹ See pp. 000–000 below. [To BL Add. MS 31,235, fos. 52–6, this file]

towards *par*, the *now* nominal 5 per cent becomes *less and less*, till their arrival at *par*; when it is reduced to an *equally nominal* 3 per cent. *Real* 3 per cents rival *already* these *nominal* 5 per cents: *Note Annuities* are (within $\frac{1}{60}$ th) *real* 3 per cents: and yet they *will* not (according to him) rival these *nominal* 5 per cents, till the nominal 5 per cent is nearly reduced to an equally nominal 3 per cent!

^q *Suprà* Plan pp. 47, 48.¹⁸⁰

NOTE TO TYPESETTER: Please note the fraction $\frac{3}{8}$ (three-eighths) in the following paragraph.

On the advantage that *Note Annuities* will have over *Stock Annuities*, in respect of *superiority of duration*, I will not insist on the *present* occasion, because, by the supposition (as he *now* words it) at the period he supposes, *Stocks* are *not yet* ‘*near par*’, are *not yet* at the period, at which (if there be any such thing at that time as the proposed Annuity Notes) the universal *redemption* of *Stock Annuities*, either by *extinction*, or *conversion* into such *Note Annuities*, cannot but take place: a proposition, demonstrated (I had thought) in the printed sheets that were before him, yet denied by him, with his usual decision; as will be seen presently,^r and upon what grounds. But this period, being, by the supposition not ‘*near*’, may be supposed not to be as yet *in prospect*: for if it *were*, the advantages which the *Note-Annuities* would hold out, in point of *permanency*, while the *fall*, as soon as it takes place, would be from almost £3, to not quite $2\frac{3}{8}$ per cent, would surely form no inconsiderable item in the catalogue of these attractions.

^r § 18.¹⁸¹

§ 18. *Observations continued*

No benefit at par

Please note the fraction $\frac{3}{8}$ (three-eighths) in the following paragraph.

‘When they (3 per cent *Stocks*) are at *par*, the public will derive no benefit from this scheme, unless they can issue Annuity Notes yielding only $2\frac{3}{8}$ per cent interest.

‘The extension of the plan to paying-off public Annuitants would in no case be practicable.’

¹⁸⁰ i.e. 1800, pp. 47–8, pp. 000–000 above. [To ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. IV]

¹⁸¹ i.e. the immediately following section.

Counter-Observations

Of this mass of argument, with the sweeping denial that crowns it, the substance, if I understand it right, will be found to be contained in the two following propositions.

[BL Add. MS 31235_075]

Position—‘When Stocks’ (3 per Cents) ‘are at par’, Government will *not* be able to ‘*issue Annuity Notes, yielding only 2³/₈ per Cent interest*’.

Inference. Therefore, when Stocks (3 per cents) are at par, ‘the public will derive no benefit from this scheme’; viz. the issuing of Annuity Notes.

As to the *position*—taking it as stands on paper—and as it appears to have been standing in the learned Baronet’s mind—it is indisputably true; but his argument will not be much the better for it.

According to the *plan* itself, while there are *any* Stocks at all—(any redeemable Annuities remaining in the form of Stock—unredeemed by Annuity Notes of the first issue—by Annuity Notes bearing £2. 19^s per cent)—no Annuity Notes of the second issue *can* be issued:—for, by the terms of the Article,^s it is only ‘*upon the redemption of the last parcel of redeemable Stock Annuities*’, and not before—that ‘*the Offices are to be opened for the emission of a second issue, at a reduced rate of interest.*’

NOTE TO TYPESETTER: Please note the fraction $\frac{3}{8}$ (three-eighths) in the following paragraph.

Taking it strictly, then, the case he mentions, as a case in which ‘*the public will derive no benefit from the plan*’—viz: the case of Government’s trying whether ‘*they can issue Annuity Notes yielding only 2³/₈ per cent interest*’, and finding it impracticable—is a case which, under the plan against which he is urging this argument, can never happen.

^s Art. 20.¹⁸²

A case which under and according to the plan cannot *but* happen, is—that of the extinction of the *whole* mass of *redeemable Stock Annuities*: the place, of such of them as have not been bought in or paid off, being occupied by a proportionable quantity of *Note Annuities*; viz: Note Annuities of the *first* issue: the mass of redeemable Annuities then remaining, having been converted, in point

¹⁸² See pp. 000–000 above. [To 1800, pp. 26–35, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

of form, into Note Annuities.

As soon as Stock Annuities (3 per cents) ‘*are at par*’, *then* it is, that, with the help of the existing *Sinking Funds*, such conversion (according to my view of the matter) cannot fail to *begin* to take place: and, almost as soon as it has *begun* to take place, *then* it is that (according to my own view of the matter) it can *scarcely* fail to be completed.^t

^t *ibid.*¹⁸³

In the *course* of the process, and naturally (on account of the profit) at the *earliest* stage of it, [the]¹⁸⁴ different parcels of redeemable Stock Annuities—5 per cent—4 per cent—and 3 per cent—will all of them, have been *paid off*, and the rates of interest respectively borne by *them*, reduced to the rate borne by the *Note-Annuities*; viz. £2. 19^s.

When, with all this before his eyes, the learned Baronet asserts—and asserts with so much composure—that ‘*the extension of the plan to paying-off public Annuitants would in no case be practicable*’, I am altogether at a loss to conceive, what could have been the ideas that, in his mind, presented themselves in company with those words. *Paying-off*, is the word *I* used:^u *paying-off*, is the word he uses. *Buying-in*, I mention as the first stage of the plan:^v *buying-in*, *he* (by implication at least) considers as that first stage. *Paying-off*, *I* speak of as an *extension*^w from that first stage:—*paying-off*, *he* speaks of as an ‘*extension*’ likewise. The practicability of the plan as to the *buying-in*, he does not directly controvert: on the contrary, by an implication which I am almost bold enough to state as tantamount to a necessary one, he even admits it:—yes; in a certain quantity, he certainly *does* admitt it:—in [BL Add. MS 31235_076] short, in *any* quantity, ‘*not great enough to be an object of finance*’.^x

^u Art. 19, 20.¹⁸⁵

^v *Ibid.*¹⁸⁶

¹⁸³ *Ibid.*

¹⁸⁴ The text follows Bentham’s draft at UC iii. 474.

¹⁸⁵ See pp. 000–000 abvoe, at 000, 000. [To 1800, pp. 26–35, at 26, 34, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

¹⁸⁶ See pp. 000–000 above. [To 1800, pp. 26–35, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

^w Art. 19.¹⁸⁷

^x *Suprà* § 2.¹⁸⁸

Well then: during the existence of the Annuity Note plan, viz: between the opening of the issue and the arrival of Stock 3 per cents at par, *some* part of the mass of Stock Annuities *has*, according to him, been *bought in*, by money produced by the sale of Note Annuities. From the arrival of Stock 3 per cents at par, the *conversion* in question (the conversion of them (as above explained) into Note Annuities) will be *going on* till it is *compleated*: which conversion, consists in the expelled Annuitants buying Note Annuities with the money put into their hands, in the paying off of their Stock Annuities. Yet, according to him, ‘the *extension* of the plan to paying off public Annuitants would *in no case* be practicable’.

The difference, between *buying-in* Stock Annuities, and *paying* them *off*, is simply this. *Buying* them *in*, requires the concurrence of the Annuitant: *paying* them *off*, requires *no* such concurrence. It is when the purchase depends upon the *Annuitant* as well as Government, that, according to the learned Baronet, it is *practicable*: when it depends *altogether* upon Government, then, according to him, it is no longer practicable.

Without *money*, it certainly is not practicable in *either* case. But the Annuity Note plan, how small soever may have been the mass of money it has *put into* the hands of Government, at the worst has not taken any *out*. But, at this *present* time, the Sinking Fund is already putting into the hands of Government above 5 Million a year, for that purpose: and the increase in the price of Stocks, must have been rapid indeed, if, by the time they are at par, those 5 Millions have not received a very considerable *increase*. The Annuitants, thus forcibly expelled out of the *Stock* Annuities, will have no other Government Annuities to resort to for the employment of their money than the *Note* Annuities. At a time when Note Annuities were not to be bought but [by the]¹⁸⁹ *sacrifice* of two per cent, out of the 5 per cent which they might have made of their money by buying 3 per cent Stock Annuities, at the price they bear at present—notwithstanding this prodigious sacrifice, these Note Annuities according to the Baronet’s own admission,^y had at any rate *some* purchasers: now that *these* Annuities are to be had without *any* sacrifice—now that Government Annuities are not to be had in any *other* shape—now that the quantity of Government

¹⁸⁷ See the title of ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. I, § II, p. 000 above. [To 1800, p. 26, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

¹⁸⁸ See p. 000 above. [To BL Add. MS 31,235, fo. 40, this file]

¹⁸⁹ MS ‘at a’. The text follows Bentham’s draft at UC iii. 477.

Annuities capable of being had is *lessening* every day—now that the quantity of *money*, capable of being laid out in the purchase of government Annuities, is *encreasing* every day—*now* it is that, according to the learned Baronet—(who has not the smallest doubt about it)—Annuity Notes will no longer obtain a single purchaser.

^y *Suprà* § 2.¹⁹⁰

From the time that *Stock* 3 per cents are arrived at par, let the money raised by the emission of *Note* Annuities have contributed ever so much, or ever so *little*, to the rise, from that time, if any *Stock* Annuities are paid-off, and any *Note* Annuities bought-in, with the money received in exchange for the *Stock* Annuities so paid-off, the *conversion* has *commenced*, and (to use the learned Baronet's own words) '*the extension of the plan to paying off public Annuitants*' has commenced. At the *completion* of such conversion, i:e: when *no* part of the mass of redeemable *Stock* Annuities remains, '*the extension of the plan to paying-off public [BL Add. MS 31235_077] Annuitants*' has been *compleated*. This completion will *equally* have taken place—and that in virtue of '*the extension of the plan*'—whether any part, of the money employed in the paying-off the *Stock* Annuities, be over and above what has been raised by the paying-off of prior masses of the same sort of Annuities: that is, whether any *fresh* money has been brought in for the purchase of *Note* Annuities, *besides* that which had been previously obtained, by the sale, forced or spontaneous, of *Stock* Annuities.—If any fresh parcels of money *have* during the time been brought into the market for the purchase of *Note* Annuities, the conversion will have gone on so much the *quicker*: but *without* any such import of fresh money, so long as there are Annuity Notes to sell, the quantity of money furnished by the Sinking Funds will have been amply sufficient, not only to *set* the conversion a going, but to *keep* it going at a rapid pace: so that '*the extension of the plan to paying off public Annuitants*', by means of these *Note* Annuities, may be compleated, even without any preference given by purchasers to this *new proposed* form, in comparison of the *existing* form of *Stock* Annuities.^z—It is under these circumstances that it is, according to him, '*in no case practicable*'.

^z During the period *previous* to the commencement of the conversion, the amount of the *profit* made by the Annuity Note plan, will indeed depend, upon the quantity of fresh money brought in to the Government Annuity Market for the purchase of these *Note* Annuities. The *price* of *Stock* Annuities purchased with such monies being *given*, the amount of the profit will be in exact proportion to the *quantity* of *fresh money* so imported. But *during the conversion*, the amount of profit will *not* depend upon the quantity of such fresh imported money in any degree, any otherwise than in as far as the conversion of the higher rates of interest into this lowest rate

¹⁹⁰ See p. 000 above. [To BL Add. MS 31,235, fo. 40, this file]

is *accelerated* by that means: and if the whole conversion should be effected at once by *subscription*, (as explained in the note to Art. 20)¹⁹¹ *then*, there being no room for such acceleration, no fresh profit can be derived on that account from *this* source. The only profit, produced in this case by such fresh money, will be that which depends on the *acceleration* of the arrival of the respective periods of the *subsequent reductions*, from £2. 19^s to £2. 7s. 5^d per cent, and so on, by so many successive issues.

§ 19. *Observations continued*

Inapplicable to Trusts

‘The extensions of the plan to paying off public Annuitants would in no case be practicable.¹⁹² A great part of the funds belongs to trustees.—How could my *Trustees* convert Consols into Annuity Notes, and give me authority to receive the annual interest, without, at the same time giving me the Annuity Notes, which, being payable to bearer, would enable me to spend the principal?’

Counter Observations

I repeat the *proposition*, to preserve the connection between that and the *demonstration*. The *demonstration* I call it, for, if to serve in that character be *not* the intention of it, then is the *proposition* a mere crude assertion without proof.—If the naked word of the learned Baronet were to be taken, in respect of this the *most important part* of the obnoxious project, as well might he have proposed its being taken as to the *whole*: nor is this the first time of its occurring to me, that a method thus short and easy, would not have been less prudential, than the more troublesome course he has pursued.

On more occasions than one it has appeared to me (not to say on every occasion) that his assertions would have gained much in force, by being disencumbered of his arguments. If what we have seen be really meant for argument, and for argument in support of the otherwise unsupported proposition that stands next before it, let us try the experiment [BL Add. MS 31235_078] upon it and see whether the present occasion, may not, at any rate, serve as an example.

‘A great part of the funds belongs’ (says he) ‘to *Trustees*’:—and then comes the difficulty about Trustees. Let this difficulty (for the argument sake) be unsurmountable: and now let us observe the use he makes of it. You cannot pay-off funds belonging to Trustees: therefore you

¹⁹¹ See pp. 000–000 n. above. [To 1800, pp. 27–36 n., ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

cannot pay-off funds *not* belonging to Trustees.—Paying-off is not practicable in this *one* case—therefore it is not practicable in *any* case.

The learned Baronet's *law* here matches with his *logic*. In what law-book—in what book of Statute Law—of Common Law—or of Equity Law—or even of morals—has our lawyer made the discovery—that the Trustee of a Creditor *cannot* be made, or *ought not* to be made, to receive his debt? In what part of the *Reports of the Committee of Finance* has he read,¹⁹³ that the *redeemable* part of the Governmental Annuities consists of two portions—one *redeemable*—the other *irredeemable*?—and that the *irredeemable* portion is *any* part of the *redeemable* portion, that the proprietors may, at any time, by the contrivance of a *trust*, choose to *save* from being redeemed?

But 'how could my Trustees' (says our man of law)¹⁹⁴ 'convert consols into Annuity Notes and give me authority to receive annual interest, without, at the same time giving me the Annuity Notes, which being payable to bearer would enable me to spend the principal?'

Before I give a direct answer to this question, I will trouble him with a few more. Has he ever (I must ask him once more) heard of such a place as *Ireland*? Does he know (or not know) that in that Country there is a *public debt*? Does he know (or not know) that in that country, till a few years ago, their debt had no other form than that of separate and portable notes called Debentures—issued, some, if not all of them, for £100—a sort of thing like India Bonds?¹⁹⁵ that so *late* at any rate as the 2^d of April 1800 (and (for aught I know) to the present day) above a fourth part of it was in that form.^a Does he suppose that in Ireland there are no such persons as *Trustees*? or that the Debt of that Country—to the amount of so many millions—could have existed for such a length of time, and no part of it have become the subject-matter of a *trust*? When he has found an answer to these questions, he will have found, that even in this narrow part of the case—this narrow portion which in his mind had passed itself for the whole—the objection, even before discussion, will have dwindled into nothing.

¹⁹² The following sentence does not appear in the copyist's version of this work and is reproduced from Bentham's draft at UC iii. 481, where it appears in a copyist's hand, and the copy of Eden's letter to Vansittart at UC iii. 363.

¹⁹³ See p. 000 n. above. [To note to UC ii. 14, Appendix G]

¹⁹⁴ Eden had not in fact trained in or practised law.

¹⁹⁵ For Irish debentures and India bonds see pp. 000 n. and 000 n. above. [To note to to UC xvii. 83, 'On the Stock Note Plan'; and to UC ii. 390, 'Circulating Annuities', Ch. I] The following sentence is an addition by Bentham which the copyist appears to have inserted in the wrong place. The text follows Bentham's draft at UC iii. 483.

<p>^a Commons Union Accounts 2^d April 1800.—p. 108.¹⁹⁶—Total Debt 25,662,640 Whereof Debentures 7,172,740</p>

Without staying for any answers to my questions, I will now satisfy the curiosity testified by his. His Trustees may be as many as he pleases: he paying, if it pleases him to have *more than two*, the very moderate recompence I shall require of him for the extra expence and trouble. For the purpose of explanation—to save the trouble he might otherwise have to bestow in understanding or misunderstanding me—for the purpose of explanation, I will suppose *but two*.—His Note (as I had already had the honour of observing to him,^b though he was too much engaged to listen to me) may be divisible in *three* or *four* or even *more* parts—but say here *two* parts. When the time for payment of the interest is come, his Trustees (having put, each of them, his own name and direction on his own part) deliver or send, each of them his own part, to the *Local Annuity Office nearest* to him (that is to the nearest Post-office) or, [BL Add. MS 31235_079] any other that may be more *convenient* to him—each using the *same office*—or, if it be more convenient, *a different one*. The office-keeper, or office-keepers, respectively transmitt the part, or respective parts, to the *General Annuity Office*, from which place the *clerk* whose business it is, remitts back each part-Note to that one of the two local offices from which it came: with the addition of the *rouleau* or *packet* containing the amount of such interest-money, to *one* of those local Offices: at which place it will be sealed up, and directed, for one of the Trustees, or for the learned Baronet himself, according to such appointment as shall have been made in that behalf by such Trustees:—where it lies, till the person who is to receive it, by himself or *order*, *calls* or *sends* for it, with the other part of the note: the time being preascertainable by the course of the post. *Printed forms* expressive of such *words* as appeared to be of a *general* nature in the several instruments¹⁹⁷—with *blanks* for such as were of a *particular* nature, would have been provided by his humble Servant—the fly upon the wheels.¹⁹⁸ *Receipts—Orders—Letters*—none of them larger in size, nor more complicated in phraseology than the *printed forms* we see for *receipts*—or the *engraved* forms we see for *promissory* Notes.—The process (I am sorry to say it) would be to be repeated *toties quoties*: just as it would be, if he were to set his *Attorney* to receive the money, charging 6: 8^d for it,¹⁹⁹ with or without other attendances,

¹⁹⁶ See ‘Accounts of Irish Revenue and Expenditure’, in ‘Accounts and Papers relative to The Commerce, Revenue, and Expenditure of the Kingdoms of Great Britain and Ireland’, 2 April 1800, p. 108, in *Commons Sessional Papers of the Eighteenth Century*, cxxx. 126. The figures in fact relate to the state of affairs on 25 December 1799.

¹⁹⁷ For the forms drafted by Bentham for use in the sale of Annuity Notes and the payment of dividends see Appendix A, pp. 000–000 above. [To UC ii. 599–610, Appendix A]

¹⁹⁸ In a fable composed by the fifteenth-century Italian scholar Laurentius Abstemius, a fly sat on a coach-wheel and said, ‘What a Dust do I Raise!’: see Sir Roger L’Estrange, *Fables of Æsop And other Eminent Mythologists: with Morals and Reflexions*, London, 1692, Fable 270, p. 236. Bentham’s point is to stress the ease of such provision.

¹⁹⁹ See p. 000 above. [To 1800, pp. 47–8 n., ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

journies, letters, parcels and *et cæteras*.—As for me—not meaning to make a profit by him, I should do the business for him upon my own frugal plan:^c charging no more for it than the very small portion of time, necessarily bestowed upon it, and paid for on that plan, would require. A few pence for business done, as it were, by *steam*: a few pence, considering the scale I work upon—would satisfy me.

^b Table II Note 24.²⁰⁰

^c Art. 15. Note 13.²⁰¹

NOTE TO TYPESETTER: Please note the fractions $\frac{3}{4}$ and $\frac{1}{512}$ (one five hundred and twelfth) in the following paragraph.

.^.^ A pretty piece of work! (exclaims the Baronet, here as before)^d a pretty piece of work, ‘for the interest of a Note of 5^d $\frac{3}{4}$ bearing an interest of $\frac{1}{512}$ part of a farthing *per diem*’! to which I reply—(out of one of the thousand passages he has been so careful not to see)—that, according to such human probabilities as human creatures find it necessary on ordinary occasions to be governed by, people will not be at this trouble and expence, in other than *such* cases ‘where *the magnitude of the sum*’^e (and he has my leave for adding the relative magnitude—relation being had to the pecuniary circumstances of the parties) ‘*renders it worth while*’.

^d § 12.²⁰²

^e Table II Note 24.²⁰³

Two parts (a head piece and a tail piece) capable of *division* and *reunion*:—every note, made out according to the form exhibited in Table II, (where it courts the honour of his glance, if he

²⁰⁰ See ‘Table II. Form of a proposed *Annuity Note*, on the several plans of Half-Yearly and Yearly Interest’, note {24}, between pp. 000 and 000 above. [To text file 15]

²⁰¹ See p. 000 n. above. [To 1800, pp. 18–21 n., ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

²⁰² See pp. 000–000 above, at 000. [To BL Add. MS 31,235, fos. 62–5, at 62–3, this file]

²⁰³ See Table II. Form of a proposed *Annuity Note*, on the several plans of Half-Yearly and Yearly Interest, note {24}, between pp. 000 and 000 above. [To text file 15]

would be pleased to look at it) contains *already*.²⁰⁴

After this specimen, I don't know whether I may be fortunate enough to obtain credit with the learned Baronet, for the very small degree of ingenuity that would be requisite, for the framing of a Note to the like effect, according to a form which should render it divisible into *three, four*, or even *more* parts.

Where the necessity of the concurrence of *two* parties is not deemed a sufficient safeguard—so that the concurrence of a *third* party—and thence a Note of *tripartite* form—is thought necessary to be required—I should hope and expect, that, for the protection of a mass of interest [BL Add. MS 31235_080] to less than some such amount, for example, as £3. 0. 8 (the year's interest on a note or mass of Notes to the amount of £102: 8^s principal money) this *extra* degree of complication would not be thought requisite. But this would be matter for experiment *at the time*.^f

^f A process like *this*, takes no small portion of time to *describe*: it might take ever so much *less* to *practice*.

Of the degree of *time* and *trouble*, requisite to the performing of this or that set of operations (especially if it include any thing of the *mechanical* cast) the *measure* afforded by the *number of words* employ'd, with or without necessity, in the description of it, would, though a *natural* measure enough, be in many instances a very *fallacious one*. Were an Anatomist to set about describing the mode, in which the performance of a *capriccio* on the *piano-forte* was produced, by a detail of the different *muscles*, or distinct bundles of muscular fibres, with the *bones* and so forth of the hand, and arm, by which the several *strings* were made to sound, with or without a description of the respective shares possessed by the several portions of *inanimate* matter (*keys, picks* and so forth) in the production of the effect, when would he have done?—The *tune* would be finished, before our historiographer had finished the *first note*.

The learned Baronet has heard or not heard, of such things as *chests*, each with *two* or *three* different *locks*, and as many different keys, for keeping documents, or other valuables, under joint custody, for *corporation* or other purposes. Opening such *three* locks, requires the possessors of the three corresponding keys, to be assembled and met together, in *person* or by *proxy*, all of them at the same *time*, at that same *place*. For, a loaded chest, with three locks, would not travel, by the post or otherwise, with quite so much convenience, especially to and from two or three places at once, as three little slips of paper would, each to its respective place. Yet, had it not been for the *fact*—or even *notwithstanding* the fact (for *facts* do not afford much obstruction to the learned Baronet), how much better a game would he have had to play (if such had been my *plan*—I should have said my

²⁰⁴ See Table II. Form of a proposed *Annuity Note*, on the several plans of Half-Yearly and Yearly Interest, note {24}, between pp. 000 and 000 above. [To text file 15]

project)²⁰⁵ in proving the impracticability of keeping trust money or trust documents in a chest furnished with three such locks?

He has heard and seen, in no small numbers, things called *Indentures*—*bipartite*—*tripartite*—*alias-partite*—and *pluries-partite*—being parchments with *notches* in them, now serving no other purpose but that of occasionally vitiating deeds by their absence, but originally destined and applied to purposes of the sort here in view,²⁰⁶ though the adaptation of the article to those purposes be now disused, for reasons neither unsubstantial nor very difficult to divine.

He has seen or not seen, the pieces of wood called *Tallies*, furnished with corresponding sets of *notches*:—contrivances, which, whether better or worse imagined than the notches in paper or parchment, were directed to the same general object, and will hardly be regarded as contemptible ones, at least in the Office in which they are still in use.²⁰⁷ In *this* instance, one of the correspondent pieces goes on its travels, while the other, designed as a check to it, stays at home. If both were to travel, while the payment of the money depended upon their *reunion* at the Office from whence the money was to *issue*, the case would, in principle, be more apposite, than that of the actual practice in that office, to the case of the proposed Annuity Notes.

These *split sticks*, with correspondent notches, may be considered as a contrivance of no small ingenuity for the age that gave them birth: and, for aught I can pretend to say, may be at least upon a par with any other, for the particular purposes for which they are [BL Add. MS 31235_081] in use: but, to the purpose of the *proposed* currency, the *transfers* it is destined to undergo, and the *dangers* it will have to combat, a system of checks, embracing the arts of *engraving*, *paper-making* and *letter-founding*—each in its most delicate and [difficultly]-imitated²⁰⁸ forms (a system of which the learned Baronet has given so exquisite a misrepresentation in a passage we shall come to

²⁰⁵ The italicization in this sentence follows Bentham's draft at UC iii. 487–8]

²⁰⁶ An indenture was a legal contract comprising mutual covenants, written in the medieval period on a single sheet of parchment in two or more copies, which were separated from each other for retention by the contracting parties with a serrated or indented cut, so that they might be matched at a later date as a test of authenticity. In post-medieval indentures the irregular cut survived, but became purely symbolic. Indentures might be bipartite (for a contract between two parties), tripartite (in particular where a contract between two parties had been made before a court of law, the third copy being retained among the court records), or multipartite. *Alias* and *pluries* referred respectively to the second, or third and subsequent, copies of writs, issued when the first had proved ineffectual, but these were not terms commonly applied to indentures.

²⁰⁷ Tallies were wooden sticks, notched in a prescribed pattern as a record of a financial transaction, and then split lengthways, the two parts being retained by the respective parties as evidence of payment or debt, that might be matched if necessary in the course of audit: more specifically, Bentham alludes to the tallies held in the Exchequer as records of the receipt of taxes, a system in use from the beginning of the twelfth century until 1826.

²⁰⁸ MS 'difficulty-imitated'. The text follows Bentham's draft at UC iii. 491.

presently),²⁰⁹ will perhaps be deemed still better adapted than the parts of a split stick—as well as to the lights and usages of the present age.

§ 20. *Observations continued*

Inapplicable to Settlements

‘I do not *comprehend* how (p. 46) “*settlements of money*” could be made by this scheme “*without trouble or expence*”.’²¹⁰

Counter-Observations

I will try what I can do (which to judge from experience will be very little) towards prevailing upon the comprehensive faculties of the learned Baronet to atchieve this enterprize.

If I had said, that *ALL Settlements of money may thus be made without trouble or expence*, I should have said what I did not mean. Contingencies; with conditions, limitations, and restrictions, depending on such contingencies, such as are sometimes found in settlements, cannot be expressed, but by a deed containing words, adapted to *each* respective purpose. Settlements, the object of which confines itself to the preventing *one* certain person from receiving money without the consent and participation of *another* (the *husband*, for example, without that of the wife or of the trustee for the wife) may *really* thus be made, ‘*without any trouble or expence*’ worth regarding in such a case, and at any rate, with a degree of each very inconsiderable indeed, in comparison of what is necessary, in regard to the species of property in question, in its *present* form of *Stock Annuities*.^g

^g The learned Baronet mentions it among the obstacles to industry and frugality among the lower classes,^g that the hoards of an industrious and frugal wife lie so compleatly at the mercy of a dissipated and ungenerous husband. To this mischief the divisibility of the proposed Annuity Notes might perhaps do what, consistently with the matrimonial engagement, can be done towards applying a remedy.

²⁰⁹ See § 21, p. 000 below. [To BL Add. MS 31,235, fo. 82, this file]

²¹⁰ See p. 000 above. [To 1800, p. 46, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. IV]

^a *Observations on Friendly Societies*. p. 22.²¹¹

Nor is saving of trouble and expence the only benefit: in point of security also there is some advantage.—In the case of Stock Annuities, in the way in which Settlements of that species of property are generally arranged, though the concurrence of *two* or *more trustees* is made necessary to the alienation of the *principal*, the receipt and application of the *interest* is commonly confided to the probity and punctuality of a single person.—As to so much (if I do not at this moment misrecollect), unless some special precautions are taken to the contrary,^h an encrease of the *number* of Trustees rather *encreases* than *diminishes* the danger; since any *one* of a number of Trustees—the *first* that happens to apply—may receive and dispose of the money, without the consent or privity of the *rest*.—A survivor might at any rate;—as also of the principal.

^h This, I should suppose, must depend upon the concurrence of the *Bank*: whose usage to that effect, howsoever it might be sanctioned in Equity, would not be warranted at Common Law.²¹²

Upon the plan of my Annuity Notes, in the case put (as above) by the learned Baronet,²¹³ neither should *he* (the *cestuy que trust*)²¹⁴ without the concurrence of his *Trustees* ‘*spend the principal*’, nor should his Trustees, all or any of them, be they ever such knaves, have it in their power to spend so much as the *interest*. [BL Add. MS 31235_082] The *interest*, if received at all, should be received upon such *terms*, as should ensure the immediate coming of it into *his* hands.²¹⁵

§ 21. *Observations continued*

Exposed to Forgery

‘I don’t think the Author’s plan of types twice as *large* as those on the wall facing the Treasury,²¹⁶

²¹¹ i.e. Eden, *Observations on Friendly Societies*, p. 22: ‘the instances are not few, where a stupid, drunken, and idle, man has an intelligent and industrious wife, able to earn enough to feed her children, and to accumulate a little sum, which in some evil day she must resign to her husband.’

²¹² [Annotation to be finalized]

²¹³ See p. 000 above. [To BL Add. MS 31,235, fo. 81, this file]

²¹⁴ See Blackstone, *Commentaries on the Laws of England*, ii. 328: ‘As, if a feoffment was made to A and his heirs, to the use of (or in trust for) B and his heirs; here at the common law A the *terre-tenant* had the legal property and possession of the land, but B the *cestuy que use* was in conscience and equity to have the profits and disposal of it.’

²¹⁵ See p. 000–000 above. [To UC ii. 314–15, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. XVI]

²¹⁶ Bentham had in mind the wall of the Privy Garden, on the east side of Whitehall, which, before its replacement by railings in 1806, was used for the display of broadsides and prints for sale, and was described as ‘fringed by pamphlets,

would prevent Forgery.’

Counter-Observations

Proportion (is it necessary for me to say?) is the circumstance *I* trusted to, not *size*: proportion, with the view that was explained, and which he was so resolute not to see. *Tall* was my word:—the *principle* being *argument* proof—a *joke* there was to be, at any price:—and the word *tall* was unfortunately not ‘*large*’ enough to let it in.—What was to be done?—out, with *tall*—in, with *large*:—and now—head and ears—comes in the joke—large types *my* expedient against Forgery! as if the *tallness*, or even the *largeness*, was all *I* trusted to against forgery!—That *my* views were not quite so narrow—my confidence not quite so blind—might have been seen by any body that had not determined not to see it, in the notes on that subject in the Table:ⁱ—in one of those two Tables, into *both* of which the eye of the learned Reviewer could [not] carry so close a scrutiny, when a triumph on the *pre-occupied* ground of complication was to be the fruit of it.^j

ⁱ Table II. Notes 14, 22, 24, 29.²¹⁷

^j *Suprà* § 11, 12.²¹⁸

A plan for putting types by *hundreds*, into a *space* not capable of holding a *dozen* of them!—This ‘*the Author’s plan*’ too, ‘so declared in *terminis*’.²¹⁹—No indeed; not the *Author’s*, but the *Critic’s*. *His* stamp it bears—in characters not quite so large indeed, ‘*as those on the Wall facing the Treasury*’; but yet quite large *enough to be read*.

§ 22. Observations continued

Exposed to Fluctuation

‘He supposes possible cases in which his Notes would bear a premium. p. 32.’²²⁰

‘Other possible cases may be supposed, in which, like Exchequer Bills, they would bear a discount.

ballads, and ragged advertisements’: see J.P. Malcolm, *Londinium Redivivum, or, an Ancient History and Modern description of London*, 4 vols., London, 1802–7, iv. 280.

²¹⁷ See Table II. Form of a proposed *Annuity Note*, on the several plans of Half-Yearly and Yearly Interest, between pp. 000 and 000 above. [To text file 15]

²¹⁸ See pp. 000 and 000 above. [To BL Add. MS 31,235, fos. 60–5, this file]

²¹⁹ The quoted phrase does not appear in Eden’s letter to Vansittart.

‘As to the probability of any state of things as extraordinary as to produce a Discount, he refers to a Chapter not printed.’²²¹

‘I shall therefore close the discussion.’ .^.^.

Counter-Observations

The sort of *smoke*, in which so hot a fire thus evaporates, is not the least extraordinary part of this *review*. To judge from every thing that has gone before, these three observations could not (it is plain enough) but have been designed to point, some how or other, against the plan in the character of *objections*.—Is it so then?—But how can this be?—Of themselves they point at nothing.—‘*He supposes possible cases in which his Notes would bear a premium.*’—Do I so?—Well, and what then?—‘*Other possible cases*’ (says he) ‘*may be supposed, in which, like Exchequer Bills, they would bear a Discount*’—may they so?—Well, and what then? ‘*As to the probability of any state of things so extraordinary as to produce a discount, he refers*’ (concludes the Critic) ‘*to a Chapter not printed.*’—Well, and what then?—What would he have had me do? Are not sheets printed one after another? can *every* thing be put into the same sheet or the same page?—Will the sale of Annuity Notes be less *probable* or less *lucrative*, for any thing of all this?

The turn of the argument (as far as I can make any thing [BL Add. MS 31235_083] of it) seems to be as follows: urged by the necessity of the case, I will venture to take the place of my learned opponent, and speak, to the best of my inadequate inability, as *he* might be supposed to speak, in explanation.

‘Here you see this projector, notwithstanding all his pretensions and overweening confidence, about the *steadiness* of this paper money of his, in regard to its current value—here you see him notwithstanding, speaking of cases in which *it would bear a premium*. His eagerness to gain credit to his wares, for every valuable property that he thinks may help to recommend them, has betrayed him into the inconsistency of thus ascribing incompatible properties to the same subject.

‘This (it is true) is what of itself would not much affect him: for, so long as the alternative lies only between being always at par, and being sometimes *at par* and sometimes *above* it, the supposition of a *premium*, true or false, will give his paper so much the better a complexion than it would wear otherwise.

‘Meantime what his propensity to self-delusion will not suffer him to be aware of, and what it

²²⁰ See pp. 000–000 n. above, at 000–000 n. [To 1800, pp. 27–36 n., at 32–3 n., ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

²²¹ See p. 000 above. [To 1800, p. 41, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch. III]

is therefore necessary for *me*, who am *proof* against self-delusion,²²² to remind him of, is—that whatever article is observed at [certain]²²³ *times* to bear a *premium*, is observed at other *times* to bear a *discount*.—Hope of premium, and danger of discount, go uniformly together: and, by thus imprudently bringing forward the supposition *favourable* to his views, he has unawares given me a right, and an equal right—a right which he is *estopped* from disputing,²²⁴ to advance the opposite *unfavourable* one.

‘In one place to be sure, he *does* bring himself to admitt a discount upon this paper of his, as an event *just possible*. But the colours in which he paints this possibility are so *faint*, that the words he employs on this occasion, are worth quoting, for the purpose of shewing the strength of the delusion that has got possession of his mind. “As to the probability of any state of things so extraordinary as to produce a discount” (these are his very words) he refers to a Chapter not printed.—After such a [specimen],²²⁵ can there be any reasonable hope of seeing, in this or any thing else that is to come, any argument by which the decision ought to be affected?—No certainly. It is, therefore, already time to “close the discussion”: and to express my “hope” (the hope to the consummation of which this discussion has, on *my* part, from first to last been directed), viz: that “*public credit will not be permitted*” to be destroy’d, by this pretended “*medicine*”.’

Such is the *spirit* and *tendency* of my learned opponent’s argument, *as it strikes me*:—now comes my answer to it.

1st. As to *bearing a premium*, the cases termed by him ‘*possible cases*’, and spoken of as if this were *all* the probability I could venture to attribute to them, I gave, and still give, as *certain* ones:^k as certain of taking place, sooner or later, in regard to Annuity Notes, supposing them to be in existence. *I averred* the certainty: I exhibited the *grounds* of it: *he* has looked at them, and found them impregnable. This *certainty* is no particular result of the *proposed paper*: it is not *given* as such. It depends upon the *times*: upon the proportion between National *hoarding*, and National *expenditure*, *at the time*: [BL Add. MS 31235_084] it depends upon the demand for Government Annuities *in any form*, rather than upon the particular form proposed to be given to them by the proposed Annuity Notes.

²²² In Bentham’s draft at UC iii. 496 the phrase is rendered ‘such delusions’.

²²³ This word does not appear in the copyist’s version of this work. The text follows Bentham’s draft at UC iii. 496.

²²⁴ See Blackstone, *Commentaries on the Laws of England*, ii. 295: ‘a man shall always be *estopped* by his own deed, or not permitted to aver or prove any thing in contradiction to what he has once so solemnly and deliberately avowed’.

²²⁵ MS ‘opinion’. The text follows Bentham’s draft at UC iii. 497.

^k Art. 20. Note 17.²²⁶

2. As to their *bearing a discount* in ‘*possible cases*’ which (the learned Baronet says) ‘may be *supposed*’; but by suppositions, none of which he has ventured to produce; I leave his argument in possession of all the advantage, derivable to it from such ‘*cases*’ and such ‘*suppositions*’, with all the ‘*possibility*’ that belongs to them. The *possibility* will, at any rate, never rise in *my* mind to a *probability*, so long as it rests upon no better foundation, than the ‘*likeness*’ he has found in them to ‘*Exchequer Bills*’. What the *causes* are, by the operation of which *Exchequer Bills* are made to bear a discount, I have shewn above:¹ in the same statement in which it is shewn, that not one of those causes applies to the case of *Annuity Notes*.²²⁷

¹ *Suprà* § 9.²²⁸

All depends upon *epochs*: distinctions which he is as resolute to keep out of sight or confound, as I have been studious to discriminate them. During a certain period (viz: till Stock 3 per cents are about par) I give it as altogether *impossible* that these securities *should* bear a premium. *From and after* that period, I *do* look upon it as *scarcely* possible, that they should *not* bear a premium; in any event other than the event contemplated and spoken of in this view^m—viz: the event of a supervening *war*, with a fresh and *copious* creation of Stock Annuities, for the expence of it.

^m Art. 23.²²⁹

‘*As to the probability of any state of things so extraordinary as to produce a discount*’,ⁿ the states of things I had in view, are—1. the case of a demand, for the *materials of Gold and Silver money* for exportation, so copious and so urgent, as to have exhausted the *whole amount* of the stock existing in the state of *bullion*:—2.—that of a *generally prevailing* doubt, in respect either of the *solvency* or the *stability* of that government, on which the fulfilment of the engagements

²²⁶ See pp. 000–000 n. above, at 000–000 n.. [To 1800, pp. 27–36 n., at 32–3 n., ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

²²⁷ In Bentham’s draft at UC iii. 499, the following cancelled passage appears at this point: ‘The word *possible*, with all the credit that belongs to the use of it, is all his own—The cases he gives for possible, I, in the very passage referred to by him, give for certain cases. The certainty is such as no man could have avoided seeing, that could have borne to look at it. Our Critic could not bear to look at it. He shuts his eyes as usual, dozes till the idea of certainty is gone with that of the arguments that demonstrated it—and then comes the dream of possibility in the room of it. Could he have found the shadow of an argument to the contrary, would he have left it unemploy’d?’

²²⁸ See p. 000 above. [To BL Add. MS 31,235, fos. 52–6, this file]

²²⁹ See p. 000 above. [To 1800, p. 37–8, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, Ch.

conveyed by this species of paper depends.

ⁿ Plan Chap. III.²³⁰

The first case exhibits a state of things, to the production of which I cannot conceive any adequate cause, distinct from those of which the second case would be productive: viz: such a scene of general calamity, whether by foreign invasion or intestine war, as—by reducing the value—not merely of future *money*, but of *wealth of all kinds* expected *in futuro*—would produce a general eagerness to possess that species of *money* (metallic money) which does *not* depend upon futurity for its value.

‘Possible cases’ like *these*, I do not consider, however, as constituting *any* objection to the proposed currency:—1st—because I have the satisfaction of not seeing any reason for considering them as wearing any face of *probability*, proper for acting upon, or worth regarding with a view to action, in the present state of things;—2^{ly}—because, if they applied at all, in disrecommendation of the *proposed paper*, it would not be till after all paper of *weaker texture*—that is all sorts of existing *private cash paper* (Bank of England paper *not* excepted) were utterly suppressed:—3^{ly}—because the dependency of a species of currency on the stability of the *existing Government* (even were it a much less *good* one than it is) is a property that, in my view of it, pleads in *favour*, rather than in *disfavor*, of the measure.

[BL Add. MS 31235_085]

§ 23. Observations concluded

Dangerous to Public credit

‘I shall therefore close the discussion; with a hope, that if public credit wants *medicine*, it will not be permitted (to use Hume’s expression) *to die of the Doctor*.’²³¹

Counter-Observations

What can he mean by ‘*public credit wanting medicine*’? *Who* supposes it to be in want of medicine? In *any* sense, howsoever *figurative*, what has the case to do with medicine? Government, according to circumstances, borrows, sometimes at one rate of interest, sometimes at another. What has *one* rate more than *another* to do with *medicine*? Does the argument run for example in this wise?

²³⁰ See p. 000 above. [To 1800, p. 41, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’]

²³¹ See Hume, ‘Of Public Credit’, p. 361: ‘And as public credit will begin, by that time, to be a little frail, the least touch will destroy it, as happened in FRANCE during the regency; and in this manner it will *die of the doctor*.’

‘Whatever has any thing *new* in it, is *quackery*, and quackery consists in *the abuse of medicine*. *Annuity Notes* have some points *new* about them: therefore, the issuing of them would be *quackery*—*vending of quack medicines*.’—What if the *Attorney General*, in a judgment he is to give, were to take for a precedent, *this judgment of this one Judge*?—*Globes* (he might say) are *round*, and so are *bolus*’s. Go—you are no better than a *quack*; we want none of you *Bolus*’s: away then with your *Globe*. The two judgments—the supposed and the real—might, I think, be shaken in a bag.

If public credit must needs be made a *patient* of, the only thing that can be called *medicine* is the *Sinking Fund*. So far, then, from the patient’s ‘*dying of the Doctor*’, it is only by the *Doctor* that he *lives*. In the *formula* I have ventured to propose, has this our *Censor* been able to find any thing like a reason, for supposing that the *virtue* of the *medicine* will be impaired by it?

But enough of *Death and the Doctor*; and all such figures and such jokes.—If *public credit*—if the capacity of the public, in regard to the fulfilment of its engagements, be *lessened*, it must be in one or other of two ways: by an *encrease*, in the amount of those *engagements*: or by a *decrease*, in the quantity of the *matter applicable to the fulfillment* of them. The proposed paper does *not* make any *decrease* in the quantity of the *matter applicable to the fulfillment* of those engagements: it does *not* make any *encrease* in the *amount of them*. On the contrary, the leading property of it—and that an inseparable one—is—the making a *decrease* in that *amount*. Not a *note* can ever be issued, but *some part* of the mass of those engagements is *cut off*. This is what the ‘*project*’ does, *so far and so long* as it does *any thing*. It is matter of *intuition*: and even the learned *Baronet*, who disputes every thing, has not been able to dispute it.—If public credit be *injured* by *this*, by what then, is it to be served?

I can not conclude, without taking serious notice of an attempt thus to convey the most impressive of imputations, without the shadow of a ground for it:—nay—or so much as an endeavour to support it.

The arguments we have seen, were they ever so much stronger than they are, do not so much as glance that way: what they point to, is—so far as *public credit* at least (the object of this charge) is concerned—mere *impracticability*—not *dangerousness*.—Danger? In the whole field of political [BL Add. MS 31235_086] history, what plan was ever more pure from it?—If the paper *does* sell, the public will be proportionably *served* by it: if it does *not* sell, it will do at any rate no *harm*: the public will *not* be *injured* by it.

Impracticability is to be made matter of *proof*: but dangerousness—an objection beyond comparison more conclusive—is to be taken for granted *without proof*—without *attempt* at proof—

and *against* proof—taken for granted upon the strength of a joke—and such a joke!—And now I take my leave of the learned Baronet with his jokes.