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KINGSTON ONTARIO CANADA

A
SECOND LETTER

TO A
FRIEND IN DEVONSHIRE,

ON THE
Present Situation of the Country.

BY A. H. HOLDSWORTH, ESQ.

M. P. FOR DARTMOUTH.

LONDON.

1816.

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SECOND LETTER

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SECOND, LETTER,
&c. &c.



London, March 23, 1816.

MY DEAR ——— ,

MY Letter to you of the 2d inst. I am glad to find, gave more satisfaction to you than to many of its readers, who are disappointed that it did not point out a remedy for the evils daily increasing around us ; but you judged of it correctly, when you said, it professed only to seek into the causes of our calamities ; not to cure them. My only object was to trace, as far as I was able, the real root of the evil.

Not content to view it only as the natural result of a change of situation from war to peace, I would endeavour to find out why we are so affected by the change, in the hope that we may be able to recover ourselves, at least as far as our local situation will permit.

The evil complained of by the Agriculturist is the want of a market for his corn. Will that revive the sinking tradesman ; restore business to the import merchant ; support the present taxes ; and ultimately pay to the public creditor his dividend ? A regular market at any price will set the agriculturist at work ; and that is all that is necessary as between him and his landlord ; and in proportion as the prices in that market are high or low, will he be able

to give employment to the tradesman and mechanic: *but the very highest is necessary, if the Stockholder is to receive his dividend.* And although strange, yet it is true, (so much do we judge by the moment, without attempting to look forward,) that on a falling market the agriculturist cries out, and the stockholder rejoices; whilst, in point of fact, to the agriculturist (except for the moment) it is a matter of slight importance, and to the stockholder it will be absolute destruction. These you will say, perhaps, are bold and speculative assertions: yet let us inquire into the truth; and I am much deceived if the facts will not fully bear me out.

But before we go into this inquiry, it will be necessary to look a little into the situation of the country, as far as regards its expenditure and income. To speak of the former in round numbers, the expenses estimated this year to carry on the government of the country are about - - - - - £30,000,000

The interest of the debt due to the fund-holder 30,000,000
 The interest of the sinking fund - - - - 14,000,000

TOTAL - - - - - £74,000,000

* *The income*, from taxes, &c. during the last year, which was

* See Mr. Chalmers, on the State of the United Kingdom at the Peace of Paris, Nov. 20, 1815, (recorded in PAMPHLETS, No. XIV. p. 413.) He calculated at that time the total annual charge £44,294,037.

* See returns of net produce of the Revenue from the 5th January, 1815, to 1816.

Customs	-	-	-	-	-	4,891,478
Excise	-	-	-	-	-	19,351,956
Stamps	-	-	-	-	-	5,865,413
Post Office	-	-	-	-	-	1,543,000
Assessed Taxes	-	-	-	-	-	6,214,987
Land Taxes	-	-	-	-	-	1,079,993
Miscellaneous	-	-	-	-	-	366,867
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Total Consolidated Fund	-	-	-	-	-	39,318,694
Annual Duties—Customs	-	-	-	-	-	2,169,144
Excise	-	-	-	-	-	595,950
Land Tax on Offices	-	-	-	-	-	16
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£42,383,804

the highest, was from the *Permanent* and *Annual*

Duties - - - - -	£42,383,804
War taxes, Customs, and Excise	9,741,426
Property tax - - - - -	14,318,572
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	24,059,998

TOTAL - - - - -	£66,443,802
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Of the War Taxes more than 16,000,000 are already done away by the repeal of the additional Malt duty, and by the Income Tax not being revived. But this is not the point to which I would draw your attention; it is the situation in which we shall be placed in the time of peace. It has, I believe, been stated, that we cannot, with our extended possessions, expect a Peace Establishment of much less than - - - - - £20,000,000

To which add the interest to the Fundholder, and Sinking Fund - - - - -	44,000,000
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It makes a total of - - - - -	£64,000,000 ¹
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During the war our Permanent and Annual taxes have not been more than - £42,383,804

Allow that the change of our situation will lower these taxes $\frac{1}{3}$ - - - - -	£14,127,931
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We shall have then an income of £28,255,870

or say - - - - -	£30,000,000
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Which will be less than what will be required - - - - -	£34,000,000
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If there are other sources from whence this will be made up, I profess I am ignorant from whence they will flow: but allowing that I am even wrong in my calculation, the plain fact that it will

Brought forward - - - - -	£42,383,804
War Taxes—Customs - - - - -	3,126,900
Excise - - - - -	6,614,526
Property Tax - - - - -	14,318,572
	<hr/>
	24,059,998

£66,443,804

¹ The whole amount before the war was not, I believe, £16,000,000.

be impossible to find an income equal to the debt and annual expenditure at the *expected amount*, will not, I believe, be denied. Whether this debt be paid or not, is a matter to which the agriculturist looks but with comparatively little interest: it is the attention of the fundholder, and those who depend on our taxes for their income, that I would call to this subject.

To the agriculturist a *regular* market, I said, alone was necessary: if he has that, he knows his labours will be repaid; he is induced to improve his property; he can borrow money for the purpose, because the lender knows he will in proper time be repaid with interest; he adjusts his expences to the price of the articles he sells; he pays his landlord, his labourer, the mechanic and tradesman, *on the same scale*; and he will be as comparatively rich at the end of the year, whether, on the average, corn be at 60s. or 100s. per quarter. In proportion as his transactions increase, will public credit be restored; in proportion to the price of his produce, will the circulation of money be increased or diminished; and in the same proportion will the tradesman find a sale for his goods; and activity will be again given to the whole commercial part of our community. If then a regular market will do all this, how is it to be effected? Will not wholesome laws for the protection of our own, by duties on the importation of foreign corn, amounting in

Let not any man fear that restrictions like these would produce scarcity in this country: it would be the only mode likely to create a good supply at a fair price to the British grower. Mr. WESTERN tells you in his Speech, (see PAMPHLETEER, NO. XIV. p. 520.) that from the reign of Charles II. to the year 1773, such was the case when even a bounty was given on exportation by King William; and he quotes a speech of Monsieur de Caradec de la Chalotais, Procureur General, to the Parliament of Brittany in 1764, who says, "at the time we unfortunately forbade the exportation of corn, our neighbours encouraged and rewarded it. They (the English) in consequence tilled with emulation; their fields were covered with abundance; and in those years of want, we, who formerly used to sell them wheat, were obliged to pay them the tribute of that encouragement which they gave their fellow citizens. In three years the English received from France 10,465,000 livres. The consequences of our bad administration have been, first, that France dare not cultivate more than her own wants require: and not being able even to elevate her views above what is barely necessary, she must infallibly often fall below; and consequently remain exposed to all the accidents of bad seasons and short crops."

ordinary times to a total prohibition, and by preventing the foreign merchant from making a granary of our warehouses, be the most safe, and indeed the only way to effect it? and if authority be wanted, can a better man be quoted than LORD COKE,¹ who says, "But I have observed that the most excellent policy and assured means to increase and advance agriculture, is to provide that corn shall be of a reasonable and competent value; for, make what Statutes you please, if the ploughman has not a competent profit for his excessive labour and great charge, he will not employ his labour and charge without a reasonable gain to support himself and his poor family."

And here it will not be improper to remark the strange ideas promulgated by many who say, that the rise of the funds will throw money, through the banker, into the purse of the farmer. Yet this doctrine is held by some who profess themselves to be men of business.

It will keep money, it is true, in the purse of the capitalist, because he will not buy stock at a disadvantage to himself. But when the farmer brings his bill to the banker to be discounted, is he refused because his money is gone into the Funds? or because the capitalist has not any left with which he can assist him? If the farmer's bill is on a person in London, by whom the banker knows it will be paid in course, would any difficulty arise in finding notes for the exchange? has the banker forgotten the mode of making notes at his pleasure?

The gentleman who wants money on mortgage, may get it the more readily when the funds are very high, but the farmer will never find relief until the *certain sale of his produce will enable him to pay his bill when it is due*. It is the *regularity* of the transaction, not the certainty of payment at a distant period, that can tempt a banker to discount; *the blood will reflow to the extremities, when there is a cause there to attract it*.

But you will ask, will this revival of agriculture and of commerce enable us to raise our taxes to pay our debts and public servants? That must depend on the *price of the markets, added to their re-*

¹ See PRESTON'S *Address to the Fundholder*, &c. where the subject is most ably treated, and the quotations from LORD COKE on this subject much more at length, page 47.

gularity. In whatever state of society we may be found, our absolute wants for food and raiment will be the same; and these a regular market will always assure us. But taxes grow out of the luxuries which we fancy we require; which with increasing affluence we always eagerly seek; but which, without the means of obtaining, we must be content to forego. And however melancholy the fact, the more we would now appear just to those from whom we have borrowed in a time of war, the more must every species of luxury be encouraged, with all the train of evils that will be its inseparable companions. In proof of this, let us only reflect on the state of society a year or two since. Was there a rank that had not moved many degrees above itself; without enumerating the fortunes rapidly made, but more quickly dissipated, from an attempt to vie with others who had more lasting resources on which to draw? Take the mechanic alone, and see how changed were the very principles on which he lived! His wages were increased; not in proportion to the price of his food, but the luxuries he now conceived necessary to support his rank amongst his companions: otherwise why could not the labourer in a manufactory have done as well on twelve shillings per week as the ploughman? The latter will eat more, and requires as much clothes to defend him from the weather: but the former must support his *clubs*; be dressed like a gentleman on a Sunday; and earning enough for all his *wants* in four days of each week, spend the others at the ale-house, or some place of public amusement.¹ And how was this brought about but by the high prices in our markets? With an increase in our rents we added to our stock of luxuries: we required not a larger dinner; but it must be of a more costly nature: our establishments and servants' wages were increased; our houses

¹ If any one has doubts of the different state of the labourer in the country and the manufacturing town, let him make inquiry into their habits, and he will be speedily convinced of the fact;—let him ask whether while the labourer in husbandry is working at from nine-pence to fifteen-pence per day, the manufacturer and mechanic in the town is equally reduced; and if he finds he is not, let not a *high price of corn* be accused of raising our manufactures: the truth is, the manufacturing labourer is paid for his *skill*; and the man, who would deprive him of a just reward, would take away the stimulus to exertion, which it is always wise to encourage.

better furnished; all ranks better dressed; hence our manufactories were kept at work; the stock of our farms was always in demand; and the tradesman and the agriculturist naturally supported each other. In this state of society it is not difficult to raise taxes. When our pocket is overflowing, we ask not the price of what we purchase, as when we find it is getting empty. If we can give £120 for a pipe of port wine, we heed not what proportion the duties bear to its first cost.

But now, when the situation of the farmer and the tradesman is so changed, what must be the fate of the landlord? and with him of the merchant? Can the one or the other pay as he did to support the state? Of the great river that flowed into the Treasury, how many springs are dried up!

It is true, you may enact taxes; you may keep on heavy import duties: but will they be paid? Can they be obtained in time of peace? Was not the duty² on tea obliged to be given up by Mr. Pitt, because it could not be obtained? Will not every sort of smuggling be increased in the proportion that the *duty bears* to the *first cost of the article*? and what we cannot thus evade, shall we not learn to do without? If there was not a buyer, there would never be a smuggler: but enact what laws you will against him, as long as there are those who will purchase contraband goods, there will always be men ready to procure them; and thousands who would not think it worth the risk to save a duty of *thirty per cent.* will not hesitate to do it if the transaction will save sixty.

The loss on taxation cannot be more clearly seen, perhaps, than by looking at the result of a depreciation in the value of land, or of what is usually better understood by saying a fall in rents. How does this affect the landlord or the tenant, as in regard to each other? Not in the least. *Corn*³ being the commodity to

¹ Many thousands assisted to pay the taxes from the very money they received from the Treasury, and it would be curious to see how much of the £66,000,000 was paid out of the loans annually obtained! What better friends have the indirect Taxes than soldiers, sailors, and public servants?

² It will be found on inquiry, that houses are now establishing on the Continent for the sole purpose of smuggling goods into this country.

³ Every one who is in the habit of letting or looking after his estates knows that according to the price of corn will be the value of meat and

which all other things adjust themselves, if the lord loses 10s. per acre on his land, he buys its produce in proportion; the tradesman must lower his goods, or the other cannot be a purchaser; and the duties of Excise and Customs *must adjust themselves accordingly*. And it will not be difficult to see what must be the effect, if you will calculate a loss of 10s. per acre, on an average, of 40 millions.¹ The rental of the country will fall £20,000,000. The farmer who, to pay his rent, must himself make more than four rents, for the various outgoings of his estate, labour, manure, the living of his own family, and profits, spends £60,000,000 less; so that there is taken at once out of circulation £80,000,000; and can any man doubt that a large revenue must fall with it?

But this doctrine of high prices² will, I fear, at first sight alarm the merchant—"Can I," he will ask, "export the produce of our manufactories, if the price of every thing is so high, and hope to sell on the Continent?" Clearly not, if those prices are the effect of a want of system; of the eternal fluctuation of a market which is left to seek its own level, and in which the merchant and manufacturer cannot place any confidence; as those would have it who have contended that we have not a right to interfere with the prices of the staff of life: of high prices which will grow out of the confusion of such a moment as the present, when *relative value between articles for sale is unknown*. But from those which are produced by *regular system*, brought about either by a state of war or by wise regulations, a very different effect will be produced. No transaction is finished, until the return for what is sent abroad finds its place in your ledger; and if the balance there is in your

other produce. If corn is low, and meat high, the farmer feeds as much cattle as he can; and the prices soon become equal; if corn is dear, the farmer turns all the land he can into tillage, and the scarcity of fat cattle soon brings meat to the same price.

¹ PRESTON calculates the number of the United Kingdom at 60 millions of acres. See his *Address to the Fundholder*, p. 52.

² See also Mr. WESTERN'S Speech, where a larger result will be found, of the loss in circulation.

² Perhaps it would not be improper here to remark, that if the public creditor, the merchant, or manufacturer, is alarmed at the idea that the price may be so high as to stop a part of the export trade, he would do well

favour, none can doubt of the profit.¹ Suppose the merchant give £80 for a manufactured article, and sends it to the Continent, where it sells for the same sum; and with that buys something that on its arrival procures him £100; the transaction is in his favour, though he sold abroad at first cost, and the same might be the case even with a loss on the export.—The greater height to which this system can with safety be carried, the larger share may the Public Creditor expect from the transaction.

To leave things then to find their level, is to permit your markets to be regulated by the value of Corn on the Continent; and the price at which they can raise it, will (with free intercourse) regulate the value of every thing in England. This must happen in a time of peace,² if *wise laws* are not enforced to support the *artificial system* on which we are raised. I trust, then, I have shewn that system will be of service, at least as far as it will go. That it will ever place the price of things at a height equal to the full payment of our debt, I dare not venture to hope, but in proportion as we support it, *will public credit be restored*; and if it cannot be raised high enough to pay the fundholder his full demand, a less dividend will suffice him to buy the same necessaries which he may require.

As I cannot pretend to the skill of finding a remedy for our

to turn his eyes to the state of the home market at low prices, and compare the two accounts before he determines which to adopt.

¹ See PRESTON'S *Address to the Fundholder*, pag. 24. Or *the Spectator*, No. 174. Or inquire into the mode in which the East India Company carry on their trade with China.

² Great objection seems to be taken by many to doing away the system of bonding foreign corn. But who will purchase from the farmer on speculation, if he knows that when the price is as high as 80s. the doors of the bonding warehouses may be thrown open, and the market deluged with corn; with corn grown in another country at half the price of our own? Shall the land which supports our poor not find full protection from the State? and are we really to tell the fundholder that the scale on which every thing is to be adjusted, is a corn-market ever fluctuating below 80s. and that the direct and indirect taxes are to be raised on that scale? What gave security to the farmer in war, but the knowledge that his surplus stock at the market would find a purchaser at hand; and if you deprive him of that security and send a competitor against him, will he till his fields with the same spirit? The dread of a falling market operates on the mind perhaps as strongly as the fact itself taking place.

situation, to able statesmen more accustomed to political subjects, I leave that; but if to you I have more clearly shewn how dependant we are on each other, and that to *derange the system of our markets* is to cut the roots from the tree, whilst to benefit *that system* will give new life to every branch, the object I had in view has been completely effected.

I am, My Dear ———,

Yours, faithfully,

A. H. H.

