
THE SUBSTANCE
OF THE
SPEECH
DELIVERED
IN THE COMMITTEE OF FINANCE,
JANUARY 29th, 1807,
BY THE
RIGHT HON. LORD HENRY PETTY.
WITH THE NECESSARY TABLES,
AND AN
APPENDIX,
CONTAINING
THE PLANS OF LORD CASTLEREAGH
AND MR. JOHNSTONE.

LONDON:
PRINTED FOR J. RIDGWAY, NO. 170, OPPOSITE BOND STREET,
PICCADILLY.

1807.

W. Flint, Printer, Old Bailey,

SPEECH, &c.

I FEEL, Mr. Hobhouse, as I naturally and inevitably must, some weight upon my mind, in rising to address you on the present occasion. I feel that anxiety which the vast magnitude of the subject is calculated to inspire, but yet, from its magnitude and its importance, I derive some consolation, as they afford me a stronger claim upon the indulgence of this committee. I can indeed have no fear that such indulgence will be denied me, when you consider the arduous nature of the task, which my duty calls upon me to perform: and above all when you reflect, that the statements of our resources, which are the result of the accounts, for which

my Right Honourable Friend has moved, and which are to be laid upon your table, cannot now be regarded, only, as the subject of idle boast and self-congratulation, but contain all the elementary principles, and compose the solid foundation of our greatness—that they afford the means to which we are to look, the instrument we are to employ, in maintaining and securing all that we possess of national independence and individual freedom. I confidently indulge the expectation that notwithstanding the dryness and prolixity of the various minute and complicated details into which I may be obliged to enter, the subject must excite such a degree of interest in your minds, as will procure me that of which I certainly shall stand in need, a patient and unwearied attention on the part of the committee.

Although not quite unprecedented, I am aware that it is an unusual course for the person filling the situation I have the honour to hold, to open to the house, a detailed statement of the supply and ways and means for the

year before the loan has been contracted for, but I trust that from what I have to offer this night, I shall be able to satisfy the committee of the propriety, and indeed of the absolute necessity of adopting such a course upon the present occasion. Without therefore detaining the committee, by any further preface, I shall proceed to state as the foundation of what I shall have afterwards to submit to you, the supplies and ways and means for the present year, as far as they can now be estimated. Nearly the whole of the former have already been voted by the house.

(Here the noble Lord made the following statement of the)

In the course of this statement the noble Lord submitted some observations;—"It will be seen," said he, "that a separate estimate is made out for the Commissary General's department upon the principle which I have on a former occasion explained to the house, of taking out of the account of the extraordinaries of the army, which are only voted after the services have been performed, all expenditure, the amount of which can be previously calculated and ascertained. Of the amount of the sum specified as a vote of credit, 1,000,000*l.* may be considered as applicable to the discharge of an arrear of subsidies to foreign powers, due in consequence of existing treaties, and a further sum of 500,000*l.* is left to be applied to further subsidies, should the state of Europe continue to require it. Whether this interposition upon our part, may be found necessary, whether the aspect of affairs upon the Continent may, or may not become such as to require and to encourage more considerable advances, it is impossible for me now to state. What I have mentioned is all that his Majesty's ministers deem it expedient

				SUPPLIES.			
NAVY (exclusive of the Ordnance & Sea Service)				10,202,267	8	5	
ARMY	{ Great Britain	-	-	3,445,130	17	3	
	{ Ireland	-	-	-	-	-	
	{ Great Britain	-	-	506,237	0	0	13,648,098
BARRACKS	{ Ireland	-	-	469,450	12	6	5
Commissary General's Department				-	-	-	
EXTRAORDINARIES, as in 1806, { Great Britain and				-	-	-	
after deducting Vote of Com- { Ireland				-	-	-	
missary General's Department				-	-	-	
Total Army				-	-	-	
ORDNANCE { Great Britain including 422,500 <i>l.</i>				-	-	-	
Ordnance Sea Service { Ireland				-	-	-	
Miscellaneous { Great Britain				-	-	-	
{ Ireland				-	-	-	
Vote of Credit { Great Britain				-	-	-	
{ Ireland				-	-	-	
Total Joint Charge				-	-	-	
SEPARATE CHARGES OF GREAT BRITAIN.				-	-	-	
Deficiency of Malt 1805				200,000	0	0	
Services not voted paid in 1806				280,000	0	0	
Interest on Exchequer bills 1807				1,200,000	0	0	
Five per Cents. 1797, to be paid off				350,000	0	0	
Deduct Irish proportion of Supply and Civil List, &c.				-	-	-	
Total Supplies				-	-	-	
Total to be defrayed by Great Britain				5,154,273			
Deduct on account of Ireland 2-17th of the above sum of 43,811,340 <i>l.</i> 11 <i>s.</i> 8 <i>d.</i>				169,000			
Deduct also 2-17ths for civil lists and other charges, the same as last year				5314,275			
Total				40,527,065	11	8	
Total				18,223,786	18	2	
Total				3,743,716	4	3	
Total				1,866,000	0	0	
Total				3,000,000	0	0	
Total				43,811,340	11	8	
Total				2,030,000	0	0	
Total				43,811,340	11	8	
Total				5,314,275	0	0	
Total				5314,275			

to provide. It is thought that such a sum may be wanted, but there is no ground to form any certain conclusion upon that point.

With regard to the sum allotted to the interest of Exchequer bills for the present year, those gentlemen who were in the last parliament will recollect that it was in the last sessions thought to be the more wise and manly course to state all the expenses of the year at once, and fairly to vote the interest that was to accrue upon the unfunded debt, in the year in which that debt was to be created, without leaving it to be provided for in a subsequent session; a course in which I am sure, the committee will think it proper to persevere.

And now, Sir, having gone through the several articles of the supply, I shall find great satisfaction in stating the ways and means by which that supply is to be met.

The produce of the duties on malt, pensions, tobacco, &c. I estimate at 2,750,000 l. the sur-

plus of the consolidated fund I take at the same sum as the last year 3,500,000 l. and I am happy to state to the committee, that notwithstanding the inauspicious changes and events which have occurred in Europe since the last sessions, I feel myself perfectly warranted in this calculation. The next article of the ways and means will be the war taxes, which although their produce will, I trust, be greater, I shall at present, for reasons I shall afterwards explain, take only at the sum of 19,800,000 l.; and here, Sir, I am glad to take the opportunity of informing the committee, that the measures adopted last sessions with regard to the property tax, have led to a result far exceeding the most sanguine expectation of the persons who were concerned in framing those measures, certainly far exceeding any expectation that I had formed. Indeed the result of the assessments of the present year has been such, that although I took the property tax at but 10,500,000 l. in the last sessions, I now feel myself justified in taking it at 11,500,000 l.

The other war taxes upon customs and excise, I shall set down, including the increased produce of the additional duties imposed last year, at 9,500,000 l. ; there is a further sum under this head to be added of no very considerable magnitude—it is the result of an arrangement which has been some time in contemplation, but to the object of which it might be injurious at this moment to allude in explicit terms. I shall for the present observe only that it will be adopted more with a view to regulation than to revenue, and I have no doubt that when communicated to this house it will meet with general approbation. Combining the produce of this arrangement with the duties I have stated I conceive myself warranted in taking the war taxes *prospectively* at 21,000,000 l. ; although it will be remembered that as a part of the ways and means for the year they are taken at 19,800,000 l. The next article of the ways and means is the Lottery, which I estimate at 450,000 l. the same sum as last year.

In addition to these several sums there re-

mains to be raised by loan 12,200,000 l. Gentlemen will recollect that the loan of last year was 18,000,000 l. And it will readily be admitted that the consequences likely to result from such a reduction of its amount, will be most beneficial.

Taking then the whole of the ways and means, viz,

Duty on Malt, Pensions, &c.	-	£ 2,750,000
Surplus of Consolidated Fund	-	3,500,000
War Taxes	- - -	19,800,000
Lottery	- - -	450,000
Exchequer Bills on Vote of Credit		2,400,000
Loan	- - -	12,200,000
		<hr/>
		41,100,000

It will be observed that the total of the supplies being 40,527,065 l. 11s. 8d. while that of the ways and means is 41,000,000 l. there will remain an excess of 572,934 l. 8s. 4d. an excess which it may be thought desirable to provide, with a view to those circumstances in the state of the world, which may occasion an unavoidable fluctuation in that part of our revenue

which arises from the trade and commerce of the country.

Having thus, Sir, fully stated the supply and ways and means for the year, I should feel were I now addressing you in any ordinary times justified in confining my view to the exigencies of the moment.

I might here close my statement dismissing the subject for the present year, and relieving myself from the necessity of intruding further upon your patience.

But I think the committee will feel with me that with the prospects that are before us in the present crisis of the history of the world, when the elements of discord are abroad, in the conspicuous station which we fill in Europe, with the eyes of all its nations fixed on us, that still preserve and value their independence, or that look to us as the means of regaining the independence they have lost, His Majesty's ministers would not be justified were they to con-

tent themselves with presenting to parliament a limited and narrow statement of our circumstances and our views. I have no doubt that parliament and the country will agree with me in thinking that it is our duty and our interest to take an enlarged view of our situation and our prospects, and that from the emotions of gratitude we justly feel for our deliverance from the dangers that are past, we should direct our attention to those with which the future seems pregnant. Upon that future, there yet hangs a dark cloud, which we ought to contemplate, though not with alarm, yet with the awe and circumspection which our situation calls for. Much has passed over our heads, but there remains an impenetrable gloom, which although no human eye can search and scrutinize, it is yet our duty, if we can, to anticipate the dangers it contains, and to provide against the evils, which it menaces, all those means of security which our national resources must happily afford, and which our reflection and experience may enable us to apply.

First of all then, as the greatest evil that can befall a civilized nation, it becomes our duty to make such arrangements as shall enable us to provide against the dangers of protracted warfare, to maintain the dreadful conflict in which we are engaged, and the termination of which no man can foresee, with the firmness we have hitherto shewn in its support, and if possible with increased energy and exertion.

With this impression upon my mind as to the situation in which the country is placed, I feel myself bound, not merely to consider the amount and nature of our resources, but the adaptation of those resources to any contingency which may arise. In my view of this subject, I should not think myself justified in concealing my opinion that there are unfavourable as well as favourable points belonging to our financial situation; and I feel, and the country must feel, that we labour under a considerable difficulty in discovering new sources of taxation; but yet so far from regarding this

as matter of surprise, I must confess the surprise I feel is, that the system of taxation should have so far supported us as it has done; such must be the feeling of any man who reflects upon the history of our revenue. It will be recollected that after the conclusion of the American war in the year 1784, our permanent revenue amounted to but ten millions, and yet that great financial statesman (Mr. Pitt) who then presided over the affairs of the country, found it difficult to devise additional taxes. Indeed, some which he had imposed, he felt himself obliged to withdraw in the following year, and the difficulties under which he laboured were readily acknowledged. Yet such has been the augmentation of our resources that the permanent revenue reached the sum of twenty-eight millions at the conclusion of the last war, and at present it amounts to no less a sum than thirty-two millions.

It must indeed be matter of heartfelt satisfaction to any man interested in our fate, to reflect upon such evidence of the growing pros-

perity of the country, to find that our means have kept pace with our expenditure, and enabled us to bear for so many years a constant and progressive addition to our burthens.

At the same time that I state the difficulty of finding out new objects of taxation, I beg not to be understood as considering the means or disposition of the country exhausted in this respect; for relying on the spirit and alacrity of the people to submit to further sacrifices from a just conception of the important ends for which those sacrifices would be made, I am prepared to state that ample means would be forthcoming if required to pay not only the interest of the loan of this year, but of the next, and perhaps several years to come. But looking, as I think it is our duty to look, to a long period of protracted war, we could hardly expect to continue from year to year, in addition to our actual burthens, augmenting our permanent taxes to a considerable extent without imposing restraints which might prove extremely vexatious and distressing in some in-

stances, and in others incurring the risque of injuring the produce of old duties, and impeding national improvement, by taxing staple commodities, or such articles as would impede the growth of our trade and manufactures, by enhancing the price of the instruments with which they are conducted. In this view then it becomes of great importance to consider of what application our resources in future will admit, and if possible to combine with a provision for the vigorous support of the contest in which we are engaged, some relief from the prospect of increasing burthens. To relieve the public from any pressure is at all times desirable, but with the prospect before us, it is an object of the last importance. But the policy which prompted such a resolution, would indeed be most short-sighted and unjust, and defeat the very objects it purposes to attain, were it to lead to any anticipation of the resources of the future, much less did it involve the violation of any of those principles which have been recognized by public opinion, or sanctioned by public faith, and which it will, I trust, remain the invariable

policy of this country to uphold. Much and ardently as I desire the relief of the people, I should never be reconciled to any proposition, however calculated to gratify this desire, if that relief were to be accomplished by the sacrifice of any of those major considerations, of any of those fundamental obligations, into which parliament has deliberately entered, and which the voice of the country has confirmed. I should be amongst the first to resist any measure calculated to injure, much less to destroy that great system which has so essentially contributed to maintain our national credit and to promote our national glory. But happily there exists no necessity for any breach of faith, for any deviation from that course of rectitude which has ever constituted the pride and honour of Great Britain. (*Hear ! hear ! hear !*)

I now come to the more satisfactory part of my duty, to touch upon the state of our great national resources, and in adverting to those topics it must be a peculiarly gratifying circumstance to reflect that the prosperity which they

indicate does not depend upon mere fortune; That it has not arisen from any of those casualties or chances which alternately raise or depress states—but that on the contrary it is the gradual result of the resolution, foresight, and energy of parliament supported on the part of the people by a spirit, industry, and perseverance, alternately the cause and the effect of national improvement and prosperity. (*A loud cry of hear ! hear !*)

In considering our resources, the sinking fund, and the system of raising a large portion of the supplies within the year, which has given rise to the present amount of war taxes, are the two great subjects to which I shall have occasion to direct your attention. I hope for the indulgence of the committee while I take the liberty of dwelling upon their origin and progress, more especially as they form the groundwork of the system, I shall have to propose for its consideration. They are, perhaps, the most remarkable features in the political and

financial history; not only of this, but of any country in the world.

First then as to the sinking fund, or the system of applying annually certain portions of the revenue to redeem, and after redeeming, to accumulate for the further redemption of debt. The first establishment of this fund took place, it will be recollected, in 1786, and it was introduced by Mr. Pitt, to the credit and honour of whose name it will long remain a monument. Wherever I contemplate this system, it is impossible that I should not feel a satisfaction in adverting to the author to whose measures I can never allude with greater satisfaction, than when I am enabled to bestow upon them that tribute of admiration which in the present instance I most warmly, and I may say, enthusiastically feel.

It will be matter of pleasing reflection to the house to recollect at the moment when we have felt within the space of the same year the loss of two illustrious characters; as dis-

tinguished competitors for fame and power as any country ever saw, and whom all men, whether friends or enemies, I mean of course political enemies, for none other could such men have had, will admit to have been the greatest and brightest ornaments of the time in which they lived; to recollect, I say, that both these distinguished persons concurred in the approbation and sanction they gave to this measure; that after some slight differences of opinion it was finally marked by a coincidence of sentiment on the part of both; that, amidst the dissention which prevailed on other topics, amidst the conflicts which so often and so long agitated this house, that upon the subject of the sinking fund, all those feelings and animosities disappeared; and the measure has uniformly continued to derive from that combination of opinion all the just weight and authority that belonged to it.

When the sinking fund was first established, as I have already observed, in 1786, one million was appropriated to the purposes of that fund. At

that time, the public funded debt, amounted to 238,231,248l. and therefore the sinking fund, was equal to $\frac{1}{238}$ th part of the whole debt. The accumulation of the latter however raised its proportion to the former by the close of 1792, to $\frac{1}{176}$ th part. A further addition to this fund was proposed by Mr. Pitt, and readily adopted in 1792, consisting of a grant of 400,000l. arising from the surplus of the revenue, and a further annual grant of 200,000l. So thenceforth 1,200,000l. were applied to the increased fund, and at the commencement of the war with the French republic, in 1793, looking to what had been held out and declared in the previous arrangements, a sinking fund of a different character was constituted. This consisted in setting apart one per cent. on the nominal capital created by each loan in order to form a fund for the liquidation of that loan. With respect to the first sinking fund, the sum voted in 1786, and that superadded to it, in 1792, were to be allowed to accumulate at compound interest until they reached the *maximum* of four millions; and it was provided that

any surplus which might afterwards arise should become applicable to the public service and be at the disposal of parliament. But the fund arising out of the principal established in 1793, was to be subject to no such limitation; for the sum of one per cent. appropriated upon each loan, was to go on accumulating until it accomplished the redemption of that loan, which it was calculated would probably be effected in 45 years from the period at which the loan might have been contracted.

No alteration was made in the relative state of those funds until the year 1802. When Lord Sidmouth, looking at the amount of the debt, but at the same time, impressed with the necessity of keeping open and unincumbered the system of raising a large portion of the supplies within the year, found it expedient from the amount of taxes he was compelled to raise to defray the interest of stock, for which the income tax had been pledged, to avoid loading the public with the additional of a sinking fund for that stock. To reconcile the stock-