

APPENDICES TO 'CIRCULATING ANNUITIES'

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APPENDIX A.*

FIRST DRAFT OF CIRCULATING ANNUITIES (OCTOBER–NOVEMBER 1799)¹§ *Introduction*²

[002_030]

The object of the present Plan is—to extend the market for Government Annuities, by opening it to two classes—two very extensive classes—of customers, who (it will be seen) have hitherto stood excluded from it—viz: the possessors of sums which, though permanent, are not large enough to buy stock with; and the possessors of sums more or less considerable which, if they were permanent, would be large enough to buy stock with. A conjunct, though secondary, because consequential, object is the affording a new means of accelerating the extinction of the National Debt. But of this further on, since it depends upon the profit to be reaped by Government by opening the market for the commodity in which it deals to two additional and prodigiously extensive classes of customers upon its own terms.

The result will be that profit will be made, in the shape of interest, on a mass of money which, although the exact amount of it may not be within the reach of calculation, will be seen to be a vast and continually increasing one: a profit which, in the instance of this as of other free and fair contracts, will come to be shared between the two contracting parties: viz: the individual purchaser of the proposed easily transferable annuities, by the opportunity afforded to him of making *some* interest of money of which at present he can make none—and government, the grantor and vender of these annuities, in respect of the advantage of obtaining ready money at a less rate of interest than what it allows in respect of the money which it raises by the creation of *Stock*, and thereby, as far as the powers of this

* [Editor's Note. This Appendix contains Bentham's first attempt to draft the text of his proposal for Annuity Notes. Written in October–November 1799, it consists in six discrete sections being an 'Introduction', 'Plan', 'Advantageous Properties—Steadiness', 'Advantageous Properties—Limits', 'Cur nondum', and 'Forms'. During the drafting, Bentham consistently assumed that the value of a standard Annuity Note would be £6 6s. In the first subsection of '§ Plan', the majority of Bentham's notes have been identified and are reproduced, but it has not been possible to recover the text to which they refer. In the absence of that text, the corresponding marginal contents are reproduced as constituting the closest approach it is now possible to make to it.]

¹ This Appendix contains Bentham's first attempt to draft the text of his proposal for Annuity Notes. It was written in October–November 1799. For further details see the Editorial Introduction, pp. 000–000 above.

² This title is taken from a superseded draft of the opening of this section at UC ii. 28. For further details see the Editorial Introduction, p. 000 above.

resource [002_031] extend—of profiting to the amount of the difference.³

[002_032]

To a first view an objection, and that a very decisive one, presents itself—viz: that the supposition which is the ground work of the whole is erroneous in point of fact—for that no such exclusion exists—for that there is no quantity of Stock, how small soever, that a man may not be sure of purchasing at any time—and—what is more—of selling again—if he pleases. He may buy a farthing's worth if he pleases; and, if he pleases, sell it the same day: and though this is not customary, yet what *is* customary is—to buy it in farthing's worth's if tacked to the tail of greater sums: so that there is no sum, how fractional soever, which the market does not, in its present state, afford a man the means of purchasing and selling as often as he pleases.

[002_033]

To this it may be added—that if the *Stocks*—as not affording a circulating paper—were not of themselves commensurate to the demand for money in the shape of interest secured by public credit, yet considering the quantity of public paper circulating in so many forms—Exchequer Bills—Navy Bills—Ordnance Bills and India Bonds, there is not a conceivable modification for that demand, for which the market does not, in its present state, afford an abundant and adequate supply.

Thus far the objection.—In reply to it, it will be shewn—

1. That the market neither does in its present state afford—nor can, otherwise than by the proposed Notes, be made to afford—portions of interest suited to the circumstances of the possessors of *small* sums: that is, obtainable upon such conditions as it can be worth their while to accept.

2. That neither does it afford to the possessors of *temporary* sums a secure and adequate means of employing those monies so circumstanced to advantage—especially if the amount be under £100 (the

³ Bentham has marked the following passage which appears at this point for deletion: 'between the current rate of interest paid on money raised by Government (say from 5 to six per Cent) and the proposed reduced rate—say 3 per cent.—Such bearing the high rate of interest being bought in or (what comes to the same thing) forborne to be created—in proportion as Annuity Notes bearing the proposed low rate of interest are now issued and introduced into circulation.'

In relation to government borrowing at 5–6%, Bentham probably had in mind either the interest rate on exchequer bills, namely 5.308%, or the high effective interest delivered by the depreciation of government 3% stock: see pp. 000 and 000 n. above. [To UC ii. 180, 'Circulating Annuities', Ch. VI, § I; and note to UC ii. 398, 'Circulating Annuities', Ch. I]

least quantity of capital capable of being invested in the purchase of an Exchequer Bill or India Bond),⁴ and the time, during which it will be in a man's power to continue such investment, uncertain and precarious.

[002_034]

That this incapacity is the result of a variety of concurring circumstances which will be stated at large, and mostly applying to both cases: that it is owing to the expences, formalities, delays, difficulties and uncertainties attendant on the purchase of Stock—on the sale of Stock—and on the receipt of Dividends—to the fluctuations to which the price of Stock is exposed—in the case of Government and other public circulating paper, partly to the causes above spoken of, partly to the magnitude of the paper (meaning the magnitude of the sum necessary to purchase the smallest quantity of it), partly to its not being to be had of all sizes, according to the demand, partly to the short and uncertain duration of the income thus obtainable—partly [to]⁵ certain circumstances referable [to]⁶ the sensible qualities of the instrument itself—circumstances by which it is rendered not so fit, for the purpose of general circulation, as it might be, and as a proposed Annuity Note, in the form proposed to be given to it, will be seen to be—and in all cases to the fluctuation to which the marketable value of the article is exposed.

[002_035]

To all these imperfections it has been my endeavour to apply a remedy in the plan of the proposed Annuity Notes: and the endeavour will, I flatter myself, be found not unsuccessful.

[002_036]

It is an inconvenience attached to the existence of every species of circulating paper as yet in use (in this country at least), that the more there is of it, the more exposed it is to have its value reduced or even annihilated by any of those accidents which produce what is called a *run*: in the case of the proposed paper, so far is it from being in this predicament, that, on the contrary, the more there is of it, the better the payment of the annuities promised by it is secured: since in proportion as the quantity of it is increased, the reduced rate—say the three per cent—is substituted to the ordinary rate—say the 5 per Cent: and the amount of the national burthen is so much the less considerable. The proposition is enigmatical, paradoxical even, at the first blush: but the riddle is solved—the paradox dispelled—as

⁴ See p. 000 n. above. [To note to UC ii. 549, 'Circulating Annuities', Ch. IV.]

⁵ MS orig. 'by'; MS alt. 'of'.

soon as started. Were it practicable (which it is not pretended to be) to transmute the whole existing mass of Government annuities from their present shape into this new proposed form, the amount of the annual payments to be made on this score would be reduced from 15 millions a year, a quantum to which it is fast approaching, to 9 millions.⁷ This is too much to expect: but the advantage, if it amounted to no more than the reducing of £1,500,000 of the £15,000,000 [by]⁸ £600,000, would not be to be despised.

[002_037]

Two questions more—each in the form of an objection—here present themselves.

One is—supposing the plan really to be an eligible one, how came it in all this time not to have been established, nor, for ought appears, so much as proposed? As the solution of this question, though rather a collateral one, may contribute to afford satisfaction to the mind, and may even be necessary to afford to compleat the measure of satisfaction, it shall be touched upon in its place.⁹

Another question is—So much profit profit to both parties—and to so vast amount—whence does it all come?—Is it that so much is added to the stock of property in the world? so much more created than would otherwise have had existence?—But if so, out of what is it created?—Can so much, can any thing at all, be created out of nothing?—If not created, but only transferred, so much then as—in the shape of *profit*—passes *into* one hand, passes—in the shape of *loss*—out of another:—[002_038]if so, what and where are the hands by which the loss is sustained?—and, be they what and where they may, what, taking the whole community together, becomes of the advantage? The solution of these difficulties presents itself as another ingredient in the composition of a compleat satisfaction: these pages shall, therefore, not be closed, without attempting it: but this being also a little out of the direct track, and the road plunging down into the very depths—the as yet unfathomed depths—of political economy, it may, like the other, be discarded out of the body of this paper,¹⁰ and deposited in a place

⁶ MS 'in'.

⁷ Later in this Appendix Bentham noted that annual interest repayments on the National Debt had reached almost £18m. by July 1799: see p. 000 & n. below. [To UC i. 489 & n., this file]

⁸ MS 'to'. The text assumes that Bentham intended to parallel the just hypothesized reduction from £15m to £9m.

⁹ See pp. 000–000 below. [To UC i. 545–9, this file]

¹⁰ MS alt. 'be dismissed to an appendix'.

where it may be looked at, or not, as fancy or leisure may determine.¹¹

Mean time, both these questions are brought to view—and brought to view thus early, that it may seem that in framing the plan they have not passed unobserved—that there is no delusion in this case—for that every quarter, at which delusion could have entered, has been explored—that in the formation of the plan I have been upon my guard against delusion—against delusion in all its shapes.

[002_039]

Practice, it may be suspected, might be found incapable of fulfilling the expectations thus held out by theory:—that the business of vending and distributing all over the country so vast a mass of paper, added to that of paying the interest money due upon it, of distributing all over the surface of the Country, and into so immense a multitude of hands, and those, many if not most of them, of the lowest rank in the scale of manners, orderly behaviour and intelligence, and scattered over the whole surface of the United Kingdom, the interest money, at the several periodically-recurring times of payment, would require an establishment so complicated as to be too difficult to manage, and so expensive as to eat up too much of the profit of the concern to Government.

[002_040]

To obviate this source of objection, a task that seemed a necessary one, was the adding to the plan of the paper itself, a plan for the distribution, that is the sale, of the paper conveying the title to these annuities,^a as also a plan for the conveying the interest money or dividend money as it becomes due, into the hands of the holders of the proposed notes—the proprietors—permanent or momentary—of these Annuities.^b

^a See § |^^|. ¹²

^b See § |^^|. ¹³

Assuming in the mean time, though subject to the closest scrutiny, the practicability of the undertaking as well as the solidity of the principle, it will be a satisfaction to take a view thus early of

¹¹ Bentham may have had in mind the discussions of the negative impact of the measure on country bankers, the Bank of England, and monied-men in general, for which see pp. 000–000, 000–000, 000–000, 000–000, 000–000, and 000–000 below. [To UC 460–72, 447–52, 455, this file; UC i. 492–7, Appendix B; UC i. 38–45, 58, Appendix C; UC i. 261–6, 289–94, Appendix D; and UC ii. 256–70, ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*, Ch. XIII]

¹² See pp. 000–000 below. [To UC i. 633–42, this file]

¹³ See pp. 000–000 below. [To UC i. 611–17, this file]

the mass of advantage of various kinds which it holds out, and in such a variety of shapes, to so immense a multitude of hands.^c

[002_018]

^c In¹⁴ closing these preliminary remarks, I feel it incumbent on me to obviate a prejudice to which the observation of the minuteness and quantity of the provisions of detail contained in the following plan would be apt enough to give birth. The description of the plan being thus voluminous, the plan itself, it may be imagined, will be found proportionably complicated, and difficult to execute as well as to conceive.

But this conception, how natural soever, will upon a second glance be found compleatly erroneous. In proportion as all exigencies are provided against, the plan itself will be the more compleat and comprehensive:—in proportion as all dangers are provided against, the execution of the plan itself will be the more secure: in proportion as all difficulties are obviated, the execution of the plan will be the more easy. But in proportion as the expedients employ'd for the providing for exigencies—for the obviating of dangers—and for the removal of difficulties are particular and numerous, in proportion will the description of those expedients be voluminous.

[002_019]

In considering with myself how it could have happened that a plan which presented itself to me as being in itself so obvious, and of which the utility seemed so obvious, should not ere this have been adopted and carried into effect—the want of such a system of details as might be capable of obviating this or that difficulty that may have occurred presented itself as a natural cause—as an article, at least, in the list of concurring causes. Regarding the matter in that point of view, the pursuing the subject through all its details, and giving at once such a plan as should be capable of passing muster as compleat in all its branches, presented itself as a task which could not be dispensed with. In some cases, a few general outlines are sufficient: and for the time of public men, more suitable than a minute and voluminous detail: but the present case did not appear to be of the number.

§ *Plan*

¹⁴ This note reproduces a related passage at UC ii. 18–19, headed ‘Annuity Notes. Prefat’. Strictly speaking, the passage might have been more appropriately reproduced in an editorial note. For ease of presentation, however, it is presented as a Bentham note. For further details see the Editorial Introduction, p. 000 above.

I. *Value &c.*¹⁵

[001_604]

1. Transferable *Annuity* Notes to be issued—each granting an *Annuity* redeemable for the *sum* it is denominated by and sold at.
2. Principal and rate of interest the same in all.
3. Principal, a round sum.
- 4.—consisting of guineas rather than pounds.
5. Interest, an *integral* sum—daily or every other day.
6. The Value for each day, to be exhibited on the Note itself by Tables.
7. *Rate* of interest, below the current rate paid by Government.
8. Daily interest, not *less at first* than the least coin, or the half of it—
- 9.—nor ever more.
10. Interest to run from the first day of the year—and [of] the notes issued on each subsequent day the price to be increased accordingly.
11. Money thus raised, to be employ'd in buying in *Stock Annuities*.
12. 1. Condition of Sale, that *Note Annuities* shall never be issued under par—but that all *Loans* shall be in *Stock*.
13. 2. Condition of Sale, that such *Note Annuities* shall not be liable to be paid off till the whole of the *Stock Annuities* are paid off.
14. When the currency is established, *Fractional* Notes, viz. half, quarter &c., Notes to be issued. See 17.
15. Afterwards *multiple* Notes, viz: double, quadruple &c.

¹⁵ No text has been identified for this section, although most of Bentham's notes to the text have been identified, and are

Silver, Gold, and Paper Notes.

16. After that, Annuity Notes to be received and re-issued at the Offices.

17. To make even money in the *Silver* Notes, the price of each note may, without encreasing the interest, receive a moderate[?] encrease.

18. The amount and particulars of the issue shall be made public as regularly as the price of Stocks.

19. For every portion of Annuity Notes sold, an equal portion of Stock Annuities be extinguished, and the difference carried to the Sinking Fund.

[002_492]

{1} {*Issued .^^. in such quantity &c. .*}

See Art. 11.¹⁶

{2.} {*Circulated &c. .*}

See § |^^^| Plan Mode of *Issuing*, Articles |^^^| to |^^^|. ¹⁷

{3.} {*Dividends paid &c. .*}

See § Plan—Payment of Dividends.¹⁸

{4.} {*Auditor of the Exchequer*}¹⁹

In the case of an Exchequer Bill the name of the Auditor presents itself—either in handwriting or in a *fac-simile* stamp—and it is the only name that does present itself—on the face of the instrument.²⁰

reproduced at pp. 000–000 nn. below.

¹⁶ The object of this reference is unclear, the text for this section being unidentified. The issue of Annuity Notes was the subject of Article 1 of Bentham’s plan: see pp. 000 and 000 above. [To UC ii. 378 and 388, ‘Circulating Annuities’, Ch. I]

¹⁷ This title does not appear elsewhere in this version of ‘Plan’. For the object of Bentham’s reference see II. Sale, pp. 000–000 below. [To UC i. 633–42, this file]

¹⁸ See pp. 000–000 below. [To UC i. 611–17, this file]

¹⁹ In the margin, Bentham has noted with reference to the following paragraph: ‘Postpone to Notes on the *Form* of an Annuity Note.’ For a revised version of this note see Ch. II, p. 000 above. [To UC ii. 110, ‘Circulating Annuities’, Ch. II]

²⁰ See p. 000 & n. above. [To note to UC ii. 396, ‘Circulating Annuities’, Ch. I]

The form being of the first of the two kinds just alluded to—(i:e: rather attestative of a title, as if already constituted by other means, than *promissory*, i:e: creative of a title constituted for the first time by the promise itself) the name of this great Officer appears rather as that of a witness to the engagement, than as that of a party, entering into it. In Bank Paper—as in general in Paper payable on demand—the form is of the *promissory* kind. ‘*I promise to pay*’, &c. Which of the two forms be employ’d seems very immaterial. In the *promissory* form, there is a greater appearance of personal responsibility: which however, it is evident is equally out of the question (as towards the particular Creditor at least) in both cases. In the promissory form, the manner in which the nature of the transaction is exhibited is rather the more perspicacious and impressive. But, perhaps, it might be thought not altogether decorous that the personality of a Statesman of so high a rank should be thus brought forward, and as it were committed: especially so far as to stand [002_493] forth as uttering a promise, the fulfillment of which is, on his own part, neither enforceable nor possible. In the instance of the obscure Clerk of a Trading Company, and he too promising no otherwise than in the name of his Masters, there is no such incongruity even in language.²¹

NOTE TO TYPESETTER: Please insert a short rule, centred, within the note.

[002_494]

three per cent will be better than nothing: three per Cent, even at times when not only 5 per Cent, the utmost legal interest, but $5\frac{1}{2}$ or 6 per Cent may be had by dealing with Government:—so much better than nothing, that in this point of view the question recurs already—and recurs in considerable force—why so much as 3 per Cent?—why not rather 2 per Cent? But of this presently.²²

If it were higher than three per Cent, so much as it were above that mark, by so much would the profit to Government by the issue of it be reduced. Not indeed, if the additional quantity disposed of

²¹ In the corresponding marginal contents sheet at UC iii. 33 the following marginal contents, corresponding to five pages of missing text appear at this point: ‘{5} Interest, *yearly* (as here) or *half-yearly*?’

‘1. Yearly most simple.

‘2. In Exchequer Bills people wait longer.

‘3. Reference, for reason for thinking that if governm^l stand bound to pay yearly, Note Holders will of themselves wait longer still.

‘{6} Interest—rate of—why neither higher nor lower than 3 per Cent.’

The final missing page presumably ended with the beginning of the following paragraph.

²² Bentham has cancelled the following paragraph.

on that supposition were to be so great as to make up for the diminution in the rate of profit: on which supposition the change in the rate would be beneficial to the public upon the whole, and that in a very high degree, in respect of the accommodation to individuals (the amount of it such as will be more particularly stated further on) the accommodation to individuals—an advantage which, by the supposition, would be all of it clear gain. but that any such addition would take place does not appear probable. So many persons as, in respect of their money matters, are circumstanced in either of the above ways will, for the reason above mentioned, be glad to deal even upon these terms: and from any such addition as could be made to the rate of interest it does not appear that the number of persons so circumstanced could be made to receive any considerable increase.

[002_495]

Admitting three per Cent, then, to be about the mark—and if any thing not much below the mark, there is a [particular]²³ reason for fixing it precisely at this mark: and that is, the consideration of permanency:²⁴ a property upon which the value of the proposed species of paper with reference to the security and comfort of the individual in question, and consequently to the inducement he has to become a purchaser of it, will be found to depend in a very considerable degree.—Were it ever so little above three per cent, it would from the first be certain of being paid off before any three per Cents came to be paid off, unless the expedient of an express restriction in that respect were to be resorted to: an expedient which, when the terms of it came to be adjusted, would in the present instance be found to be attended with more embarrassment and complication than might at first sight be imagined.²⁵ Three per Cents in a few years after a war, during which, so long as it lasted, Stocks kept sinking without ever rising, were very near to par:²⁶ still more speedily may they be expected to arrive at this term after a war in the very depth of which we have seen them taking so prodigious a rise.²⁷

Fix the rate at three per cent, the standard rate for Government Annuities in general, and there will be no inducement to Government ever to pay them off, so long as there remain any other Annuities bearing an equal rate of interest: while the superior accommodation afforded by these proposed Annuities to individuals, will be sufficient to ensure to them the preference with regard to

²³ MS ‘particularly’.

²⁴ MS orig. ‘steadiness’.

²⁵ Bentham has cancelled the following sentence.

²⁶ According to Sinclair, *History of the Public Revenue*, ii. 49–68, at 63–7, where the price of 3% had stood at 90 in January 1776, and fell to a low of 53³/₅ in February 1782, before rising to 66 at the time of the Treaty of Paris in September, which ended the American war of independence, and to 76 in December 1788. Bentham made a very similar point in Appendix B, p. 000 n. below. [To UC i. 393 & n.]

²⁷ In Appendix B, Bentham ascribed the rise in question to the sale of the land tax: see p. 000 n. below. [To UC i. 393 & n.]

continuance.²⁸

[002_405v]

2. Why then no lower than 3 per cent?—The reason on this side will neither be quite so obvious, nor perhaps, in the estimation of every Statesman, quite so conclusive.

Three per Cent being the standard rate—is a rate that presents itself continually to the mind—a rate the return of which in the character of the current rate can not be altogether foreign to the imagination or even to the expectation of any one—it is a rate which at any rate can never be regarded with indifference or contempt. Of Two per cent, the next lowest rate expressible in whole numbers, this can not be said. Though next below, being so much below the familiar rate, it would in a purely pecuniary point of view be apt to be regarded with indifference and contempt: in a moral view, considered as tendered by the hand of government—and to whom tendered? tendered, as we will be seen, more particularly to the *poor*—it would be apt to stir up the ideas of hardship, oppression and extortion, and in that way be provocative of indignation and resentment.

[002_404v]

{7} { *Guineas without shillings may compose the change of it* }.

If the proposed sum of £6. 6^s.²⁹ be taken for the denomination of the Note, that property being exchanged for gold without the addition of silver, will (it must be confessed) dwell with it but a short time, if, as proposed and expected, the increase in value on the score of interest up to each day be added to the sum for which it passes in exchange: since on this plan, it will not pass for exactly six guineas any day after the second of the year, and from the eight-and-fortieth day a piece of silver, i:e: a 6^d, and from the ninety-sixth day a shilling, will be added to the change of it. Still, however, the principal, which will naturally be counted separately, being a sum exchangeable by gold without silver, the account of change, were metallic money given in change, will be more simple than if it were in pounds: since in the [former]³⁰ case, if exchanged for *metallic* money, five guinea pieces, with one half guinea piece, and four shilling pieces with one six-penny (i:e: half-shilling) piece, would be the simplest form in which the change of it could present itself. Nor even at the latest and utmost complicated period of its value will the composition of it be found as complicated when composed of guineas as it would be without the interest if composed of pounds.

A pound, indeed, though a fictitious denomination with reference to metallic money, is become a

²⁸ Bentham has cancelled the following two paragraphs.

²⁹ Bentham assumes throughout this Appendix that the standard Annuity Note would have a face value of £6. 6s.

³⁰ MS 'latter'. If the face value of the standard note were £6 rather than 6 guineas, its value (including interest at a farthing every other day) would reach £6 0s. 6d. on the forty-eighth day of the year, that is the first of the two cases put by Bentham.

real one with reference to paper money since the issuing of £1 Bank note.³¹ But in another place reason may, perhaps, shew why the plan should stand clear of any such supposition as that of the existence of Bank paper.³²

[002_496]

{8} {*Within a trifle*}.

The denominated value of two of the proposed Notes is £12. 12^s.; the yearly interest of the two, at a farthing a day, comes to 7^s. 7^d.¼: at 3 per Cent per annum, the principal of which a farthing a day or 7^s. 7^d.¼ a year is the interest is—not exactly £12. 12^s.; but a trifle more, viz: £12. 13^s. 5^d. 2²/₃^f. Upon the proposed footing, the principal received will not be so much as the principal of a farthing per day by 1^s. 5^d. 2²/₃^f.: but on the other hand, striking off the 1^d. 1^f. a year to make even money, and to help defray the charges of management, the interest paid fails of being equal to a farthing a day by that amount. The quantity of interest struck off is something more than adequate to the quantity of principal struck off: the principal corresponding, at 3 per Cent per annum, to the quantity of interest struck off, (viz: 1^d. 1^f.) being 166²/₃ farthings, = 3^s. 5^d. 2²/₃^f.; while the quantity of principal struck off is but 1^s. 5^d. 2²/₃^f. Two shillings then, being the amount of principal struck off over and above what corresponds to the amount of interest struck off, at £12. 12^s. the two Annuity Notes together are issued at 2^s. more than what, at 3 per cent, is their precise value: consequently, each one of them is issued at 1^s. above its value; so that though valued at £6. 6^s. it is, at 3 per cent, sold for 1^s. more than the precise worth of the Annuity granted in return for it.

[002_497]

{9} {*Daily Interest &c.*}.³³

{10} {*Yearly Interest &c.*}.

{11} {*Interest .^^. unreceived*}.

{12} {*Rate of Interest .^^. inferior &c.*}.

³¹ i.e. since March 1797: see p. 000 & n. above. [To UC xvii. 108 & n., ‘On the Stock Note Plan’]

³² See pp. 000–000 below.

³³ Bentham did not draft any text for this and the two following notes.

See above, {7}.³⁴

{13} {*At first .^^. principal sum .^^. not lower &c.* }.

{14} {*To adapt it to the pockets &c. Principal sum .^^. as low &c.* }.

The tendency of small paper to produce this most obvious effect, and thence the superior utility of small paper in comparison of large, has lately been felt—felt universally and in a very striking degree, in the instance of Bank paper—but even now, obvious as it is, seems to be rather *felt* than generally and clearly understood. At the time of the late pressure upon the Bank, two measures were resorted to for relief: the one, on the part of money'd men at large—the agreement to persevere in the acceptance of Bank paper:³⁵—the other on the part of the Bank itself—the issue of notes of a smaller denomination than had ever been in use before: viz: £2 Notes, and £1 Notes.³⁶ The alarm having once taken place, nothing less than an association, distinguished by an union of magnanimity and wisdom like that in question, would have been sufficient to quiet it: but had the issue of small notes taken place a little time before—that is time enough to [have] given the requisite degree of encrease to the circulation before those last advances were made to Government which were the immediate cause of the pressure,³⁷ that pressure (it seems probable enough) would never have taken [002_498] place: and so certain and unquestionable is the efficacy of the measure in question with regard to the encreasing the effectual demand for this paper, that it may well be said that the pressure originated—not for want of hard cash so much as for want of small notes.

When a run is produced, and thence a discount, upon any species of paper, it is not that *nobody* will take or keep that species of paper—but only that there are *some* that *will not now*, of those who *would before*. But although the large capitalist, who till now could and would bear his part in the circulation should now refuse to do so, the circulation will not, however, be arrested or affected by

³⁴ Presumably a reference to Article 7 rather than note 7.

³⁵ On 27 February 1797, at a meeting at the Mansion House convened and chaired by the Lord Mayor of London Sir Brook Watson (1735–1807), MP for the city of London 1784–93, London merchants and bankers unanimously passed a resolution, ‘That we, the undersigned, being highly sensible how necessary the preservation of Public Credit is at this time, do most readily hereby declare, that we will not refuse to receive Bank Notes in payment of any sum of money to be paid to us, and we will use our utmost endeavours to make all our payments in the same manner’: see *The Telegraph*, 28 February 1797, p. 1. According to Allardyce, *Address to the Proprietors of the Bank of England*, discretely paginated Appendix, p. 137, the resolution ‘was signed by above 2000 respectable names’.

³⁶ See p. 000 & n. above. [To UC xvii. 108 & n., ‘On the Stock Note Plan’]

³⁷ See p. 000 nn. above. [To notes to UC ii. 568, ‘Circulating Annuities’, Ch. IV]

the refusal, if for every large capitalist so refusing, there should be introduced into the market a number of small capitalists ready now, for the first time, to bear their part, so long as the sum of the small capitals thus introduced into the Market is not less than the sum of the large capitals so withdrawn from it. So rapidly³⁸ do numbers encrease as opulence diminishes that not only the class of £1 men is more numerous than the class of £5 men, but the sum total of the wealth of the less opulent class is greater than the sum total of the wealth of the more opulent: the numbers of £1 men being more than 5 times as great—probably much more—than that of £5 men.³⁹

[002_499]

{15} {*In process of time &c.*}⁴⁰

When once the currency of a paper of a certain magnitude of denomination has been thoroughly established, it becomes a sort of standard of reference and comparison, by the help of which a paper of a lower denomination, so as its ratio to the larger paper be simple and easily apprehensible, such as the *half*, may be introduced with little difficulty: in this case, even to those in whose eyes the small paper, if considered by itself, might appear trifling and contemptible, its faculty of being raised to a level with the larger by simple addition will be sufficient to rescue it from contempt. To a man who would regard the Annuity attached to a £6. 6^s. Note as worth buying, it may happen to stop there, and not to regard a £4. 14^s. 6^d. note in the same light. But though such should be his feelings with regard to a 4½ Guinea Note, the same contempt, so far from encreasing would rather vanish altogether, as he descended in his views to the 3 Guinea Note: because two such notes as these make together the exact equivalent of the 6 Guinea Note, [to] which he has been accustomed, and which by the supposition he regards as the representative of an Annuity worth possessing.⁴¹

[002_500]

By preserving in this way the sub-duplicate ratio in the decrease, it seems difficult to say to what a

³⁸ Bentham has bracketed the following six words for deletion, which would destroy the sense.

³⁹ Beneath the text, Bentham has noted: 'Finish this from another leaf when found.' In the margin, probably with reference to '£1 men', he has added: '(I mean individuals whose money concerns are considerable enough to admitt of their taking a £1 note in exchange)'.³⁹

⁴⁰ In the marginal contents sheet at UC i. 604, Bentham cancelled the marginal content to which this note refers, namely 'In process of time, half and quarter Notes to be issued', and inserted a revised version as content 14: see p. 000 above. [To UC i. 604, this file]

⁴¹ In the text, Bentham noted in relation to the following paragraph: 'Post off to Limits'. In the event, he does not appear to have used this material in that discussion: see pp. 000–000 below. [To UC i. 440–4, 460–72, 447–52, 455–9, 473–91, 425–39, this file]

length the augmentation of the quantity of this paper—a paper altogether secure (as will be seen) against those accidents which hang over every other species of paper currency without exception—may be capable of being pushed. The half of the original note having thus taken root as it were, and acquired an importance of its own, so might the half of that half, and so on almost without end. Not only three guinea Notes but 1½ Guinea Notes, not only 1½ Guinea notes but even fifteen-and-ninepenny Annuity Notes might come in time to find their way into the circulation. Moderate as is the rate or relative magnitude of the interest or produce in all these cases—minute as it is (not quite 6^d a year) when absolutely considered in the last mentioned case, yet be the produce, whether absolutely or comparatively considered, ever so small, a property thus productive is so palpably preferable to a property of the same denomination altogether barren and unproductive, that the result would by no means be an extraordinary one if the gold coin in its highest denomination (guineas), to go no lower, should come in a very considerable degree to be supplanted by the proposed new Paper. Even the 20^s Banker's notes, notes undertaking for nothing but principal without interest, have been found to produce this effect to a considerable degree, though without any thing [other] to recommend them than the substituting the danger of insolvency on the part of the promiser to the supposed greater danger of badness on the part of the material in the case of hard cash.^a

[003_030]

^a The⁴² facility with which small Bankers' Notes such as 20^s Notes are circulated, depends in good measure, if not altogether, on the state of the Coinage. Supposing no bad gold whatever, no man would take a guinea Banker's note or a twenty shilling Banker's note with a shilling, who could get a guinea. From the guinea, by the supposition, a man runs no risk, but with the Banker's note he always runs some risk. The risk of the actual solvency of the Banker, and the risk, whether through doubt of that solvency or any other cause, of failing to get other persons to receive the note.

On the other hand, the greater the chance of a guinea's being bad, the more willing a man is to expose himself to whatever chance there may be that the Banker's Note is bad. The individual, the Banker, performs the office which in Holland is, or at least used to be, performed by the Bank of deposit at Amsterdam.⁴³ It was the badness of the coin joined to the trouble of telling sums that pointed out the use of [a] Bank Receipts for sums larger than there was coin in a single piece for. For a sum for which there is coin in a single piece, the trouble of telling being the same, the risk of bad money forms the only instrument there can be for preferring the paper to it.

[002_501]

Thus would the matter stand, were the Annuity in question, and that alone, to be considered in an

⁴² This sub-footnote is not indicated in Bentham's text or the corresponding marginal contents sheet at UC iii. 33, and its insertion here is conjectural. For further details see the Editorial Introduction, p. 000 n. above.

⁴³ For the Bank of Amsterdam see p. 000 & n. above. [To BL Add. MS 31,235, fo. 5 & n., 'On the Stock Note Plan'] Amsterdam had fallen to the invading French army on 19 January 1795.

Annuity Note. But when it is considered, that, by the supposition, by this time its currency would have been compleatly established in the character of a circulating paper—capable of being exchanged at any time for the sum equal to the principal sum it is denominated from—as capable at least as if what it promised were the principal and nothing more, the divisibility of this species of paper will appear in a still stronger and clearer point of view. And, in short, if for a seven-and-ten-penny-half-penny note, were they to be sent out thus small, threepence is to be had—though no more than threepence—for the keeping of it for a year, who is there that would keep by him so much in hard cash, when, if he were to keep it for ever by him all his life long, not a farthing would be to be got by keeping it?

The limits—and the only limits—to the division, seem to be those which are set—by the trouble of *receiving* on the one hand, and the trouble, and thence the expence, of *paying* on the other hand. This trouble and expence being the same—unavoidably the same—for the smallest Annuity as for the largest, must at some period or other—supposing it actually undergone— come to [002_502] outweigh the benefit—the profit that is to be reaped by means of it. But this reduction in value supposes the trouble in question actually sustained: and reasons will not be wanting as we proceed for predicting that, in regard to the great mass of the proposed species, great and small together, this trouble would be waved: and this notwithstanding the unexampled reduction that will be seen to be effected in regard to the quantity of this trouble. Among the results which might perhaps be found to grow out of so wide-spreading an institution, one might, *perhaps*, be, that on account of this trouble, a desire might prevail of obtaining the larger Annuity Notes in exchange for a proportionable number of smaller ones: and thus, perhaps, a premium, though an extremely small one, upon the larger—or a discount—though an extremely small one—upon the smaller notes—might come to establish itself towards the close of the Year, at the approach of the time for payment. At the same time, as the disposition to forbear the receipt of the dividend became more and more general, the occasion and demand for any such premium or discount would grow less and less considerable.

[002_503]

{16} {*Interest .^^. from the first day of the .^^. Year*}.

The use of this provision, which will be found an indispensable one, is—to facilitate fixation of the value of the each Note on each day of the year for the purpose of currency, and to give uniformity, and by that means simplicity and dispatch, to the payment of the Dividend. If the interest due upon each Note were to be computed—not from one and the same day of the year (*viz.* the first)—but from the day of issuing, as there is scarce a day in the year (except Sundays) on which such Notes would not be issued, to exhibit the interest due on each day, and the encrease in value acquired

consequently by the note on such day would require almost as many of the Tables above alluded to under the name of Tables of Daily augmentation⁴⁴ as there [are] days in the year, Sundays excepted.—In regard to *payment* of dividends, if the interest were to be paid on the day of purchasing the note, the consequence is—that as notes (according to Art [^]) would be to be issued every day in the Year, there would be as many different sums to make up at the Office for this purpose as there are days in the year: with Notes circulating at all those different prices:—whereas, by the help of the arrangement here proposed, sums made up for payment of Dividends being, all of them of one and the same magnitude, nothing can exceed the simplicity and consequent dispatch which (as will be seen) may thus be given to the business.

[002_504]

{17} {*Remitted to the Fund &c.* }

From this mode of appropriation, results a wonderful degree of simplicity and facility to the whole business. No new fund created—no new Taxes imposed for the payment of these Annuities: the great existing fund—the Consolidated Fund—serves without addition: since no sooner is it burthened with one hand, than it is exonerated—and exonerated to a much greater degree than it is burthened—with the other. To sell new Annuities with one hand—to buy in the old ones with the other—such is the process—to sell the new ones dear and buy in the old ones cheap—such is the profit—of the business.⁴⁵

[002_633]

II. *Sale*

Art. 11 {1}.⁴⁶ That the Sub-Offices employ'd for the transaction of the business with individuals—as well for the sale of the proposed Annuity Notes, as for the payment of the Interest or Dividends, (of which further on) be the several existing Post-Offices{1} throughout the United Kingdom, or such of them, if not all, as it shall be thought fit to commission for that purpose:—in the District of the General

⁴⁴ See pp. 000 above and 000 below. [To UC i. 604, marginal content 6; and ii. 642, both this file]

⁴⁵ In the margin, Bentham has noted at this point: 'Reference for other reasons. Steadiness &c.' See pp. 000–000 below. [To UC ii. 586–98, i. 533–9, this file]

⁴⁶ i.e. The eleventh Article and the first in this subsection, implying that Bentham's early draft of § I of Ch. I of 'Circulating Annuities' contained ten Articles, as opposed to the nineteen marginal contents reproduced at pp. 000–000 above. [To UC i. 604, this file] To maintain consistency, the numeration of subsequent articles has been silently corrected where necessary. For further details see the Editorial Introduction, p. 000 above.

Post, the General Post-Offices:—in the District of the London Penny Post, the Penny Post Offices of that District.

[002_647]

{1}. {*Sub-Offices .^.^.^ the existing Post Offices*}.

The system of Post-Offices—of General Post Offices in the Country District[s]—of Penny Post Offices in the District of the Metropolis—presents a fortunate example of a system of Offices already organized—fashioned in the best manner—and, if not to this very business, to a business nearly approaching to it, and little, if at all, more simple.—To this establishment is proposed to be committed not only the business of vending and issuing the Annuity Notes themselves—but that of handing over the Dividend to the Proprietor of each Note. For both those businesses, *Forms* have been framed, and are given below.⁴⁷ In each Form are necessarily a few blanks: but these blanks are so few, the quantity of writing requisite to fill them up so small, and the matter of that writing so determinate—that neither can any person who is capable of transacting the business of a Penny Post Office experience any difficulty in regard to this, nor, even in regard to the quantity of business in each transaction, will there be found any difference worth regarding. In the existing business of the Penny Post, the money is removed from the individual, a couple of stamps are impressed—the letters made up from twice to six times a day into so many parcels—and the several parcels delivered, at so many times of delivery, to so many Messengers, who carry them to one [002_648] of the two Head Offices: and the Day-Bill, containing an enumeration of the several letters issued at each delivery, under the two classes of Paid and Unpaid—together with the sum of the moneys received for the former class—is or ought to be transmitted every day to the Head Office. In the new business thus proposed for the Penny Post, a paper or two, after having a very few words written on it, will be to be exchanged, or else received and forwarded—and a sum in *addition* made out. In each transaction, scarcely either more ingenuity or more time would be consumed, than is consumed continually in the sale of a farthing's worth of thread or a farthing candle. In the quantities of other people's money concerned in the two cases—and thence in the degrees of pecuniary responsibility required—lies the only material difference. But, in proportion as the communication between the Under Office and the Superior Office—between the Accountant Office and the Office of Account—is frequent, the degree of pecuniary trust reposed is less and less considerable. The instance of the existing Penny Post Offices demonstrates by experience the practicability of maintaining six communications in a day between the inferior and superior Office. But if letters, frequently with money in them, paper or metallic, or both, can be sent six times in a day, money may at any rate be sent once: and then the degree of pecuniary trust reposed is reduced

⁴⁷ See pp. 000–000 below. [To UC ii. 599–610, this file]

to the amount of the pecuniary receipts occurring on the score of the proposed Annuity Notes in the compass of a single day.

[002_649]

Among the several systems of Government Offices,—it may here be asked—why fix upon the Post-Office system?⁴⁸—Why not take the system of Stamp-Offices, or the system of Excise Offices?

The answer is—because every thing depends upon promptitude of correspondence: and it is in the system of Post Offices that promptitude of correspondence is carried to the highest pitch.—The more numerous and equally distributed the Offices, the better; that in point of situation they may be the better adapted to the convenience of customers. But the more numerous, the more difficult would it be, if the hands of these Receivers of public money were not emptied of their receipts with all possible frequency and dispatch, to meet with persons of sufficient pecuniary responsibility to undertake the charge, especially at an economical rate of recompense.

[002_643]

It may be asked—why not the local Stamp Offices?—(Stationers and other shops at which stamps are sold on account of Government).

To this it is answered—Doubtless these might be made do—as any sort of shop might be made to do, of which the Master is possessed of a certain measure of pecuniary responsibility, and able to read and write legibly.

But, except the circumstances of being already in the employ of government, these stamp shops have no one point to recommend them, no analogy between the operations carried on in the one case and those requisite to be carried on in the other—no such habits established in the one case, as are particularly suitable to the business proposed to be carried on in the other.

The distributor of stamps sells a piece of stamp paper as he would a quantity of unstamped paper—he receives the price from the individual purchaser, and accounts for it to Government. But all that is ever to be done to the paper is ready done to his hands. He makes no entry on it—no stamp is put to it by him. The Master of a Post Office, especially a Penny Post Office, is in the habit of making entries by applying stamps.

[002_644]

This first mentioned consideration is comparatively a very trifling one: the following one is far otherwise. The plan and rule of accounting observed by the Vendor of Stamps is of that dilatory

⁴⁸ This and the following paragraph may have been superseded by the two paragraphs which follow them, but both are included because Bentham cancelled neither, and paginated them consecutively.

completion which is but too prevalent—which is most prevalent in all sorts of trusts: though in the least degree, it must be confessed, in Government Trusts. The pace of the Post-master, but more particularly of the Penny Postmaster, is of the most rapid kind known. By a happy contagion, the operation of accounting for the money received for the service of conveyance has imbibed rapidity from the rapidity of the conveyance itself. Deliveries, six in every day. No fewer than six times every day packets of letters sent off, and in many of them, of course, Bank Notes. That this could not be done with Annuity Notes or with the Bank notes and Cash received with Annuity Notes would be too much for the most determined objector even to insinuate.⁴⁹

Six times in every day the produce of this financial resource emptied into its proper reservoir—the proper reservoir of all financial resources: when public moneys drawn from other sources are suffered to linger (to linger because such is the custom—a custom established when the means of adequate dispatch had not yet been brought to maturity—ere yet the practicability of adequate dispatch had been demonstrated by experience), some three months—some six months—some twelve months—some a term of years—the most expeditious not less than a week—that the indigent and dishonest class of accountants may have time to run away with it.

[002_633]

Art. 12 {2}. That, for issuing the Notes to the Sub-Offices as above specified, there be established a *Head* or *Principal* Office, {2} under the name of the Annuity Note Office, at or near to the existing Exchequer Bill Office: of which Principal Office the business shall be confined to correspondence to be carried on with the several *Local* or *Sub-Offices* in manner undermentioned, nor shall it be open to individuals either for the sale of Notes, or for the payment of Dividends. {3}⁵⁰

[002_645]

{2}. {*Head Office .^^. at or near the Exchequer Bill Office.*}

This is mentioned here rather for illustration than as a decided proposal. It would remain for enquiry whether the same Building, with or without the same Clerks, as the terms of business are so different, might be made to serve for both purposes.

{3}. {*Nor shall it be open to individuals*}.

⁴⁹ Bentham has cancelled the next paragraph.

⁵⁰ See p. 000 below. [To UC ii. 611–17] In the margin, Bentham has noted at this point: ‘this is given as an additional check, as no Note will pass without the signature of a Postmaster.’

Question—Why not? Answer.—Because the advantage would be as nothing, the dis- numerous and considerable. The Local Post Offices are, as it were, the Retail Shops, from whence the article is dealt out to individuals: the Head Office in Westminster is proposed as to serve as the great Wholesale shop or Manufactory, from whence the Dealers, and they only, shall be supplied. Were it to be opened to individuals, the number of places at which individuals might be accommodated would thus be only increased by one: nor would the accommodation thus afforded be any thing better than what might be equally afforded by the addition of another Penny Post Office. The quantity of business that might come to be done, and thence the quantity of the demand for *hands* as well as space, would be altogether uncertain and unsusceptible of calculation: and the embarrassment that might arise out [of] the promiscuous resort of crowds of individuals of the inferior classes, all standing in one another's way, and all clamorous for preference, might be productive of perpetual disturbance.—The Exchequer Bill [002_646] Office, it may be observed on the other hand, exhibits no such disturbance: but not only the numbers of the customers, but their quality, are widely different in the two cases. To compose a given sum would take between 16 and 17 times as many Annuity Notes as it does Exchequer Bills: this it would do, taking the Annuity Notes at £6. 6^s.—their highest proposed denomination: and if to these there should come to be added another swarm of £3. 3^s. Notes, and another of 1½ Guinea Notes, and so on, the confusion seems unfathomable. The difference too, in point of deportment, between the sort of person who has never less than £100 to receive with interest, and the sort of person who has the interest, and no more than the interest, of no more than a 6 guinea Note, a 3 guinea Note, or a 1½ guinea Note, to receive, is evident enough. Confined to the operation of wholesale distribution, and that too performed by the mere receipt and dispatch of packets, without any personal intercourse, even so much as with the Agents with whom the correspondence is carried on, nothing can be better defined than the quantity of business might be after a little experience, or even beforehand, and with it the quantity of House-Room necessary, together with the number and quality of the hands.

[002_633]

Art. 13 {3}. That, at the outset of the Establishment, on advertisement given, [a] small number of Annuity Notes be transmitted to each Post-Office, for the inspection of individuals, in such number as shall at any rate not exceed, in the instance of any such Office, the amount of the security taken for that purpose of the Master of the Office.

Art. 14 {4}. That the recompence made to the Postmaster for the Sale of these Annuity Notes, amount to {2^d} for each Note:{4} one penny thereof to be paid by the purchaser, the other penny allowed by Government.

[002_651]

[**{4}**]. *{That the recompence of the Postmaster on the sale of each Annuity Note be 2d}*.]⁵¹

In regard to pay, where a greater degree of pecuniary trust is reposed—it is commonly supposed—and not altogether without reason, that—in a certain proportion—a greater rate of pay may require, in prudence, to be allowed. But, for the receiving and forwarding a Penny Post letter, together with the penny paid for it, the recompense allowed—and a recompense which tradesman of very considerable pecuniary responsibility are very glad to receive—is no more than one tenth part of that same penny. This, then, being a sufficient recompense for that service—and the sufficiency of it so compleatly established by such a body of experience, a reward of ten times that amount—or even if it were no more than of five times that amount—can scarcely be regarded as insufficient for a service so little superior to it in regard to the quantity of time required, as that of vending proposed Annuity Note: delivering the Note from the Principal Office to the Customer, and the purchase-money from the Customer to that Office. If examples were to be sought for of fifty, or a hundred or several hundred times that quantity of reward for that quantity of service, they would not be very difficult to be found. But it is the frugal, and not the unfrugal precedents we are on the look out for, in the hope of rendering them fruitful and productive.

[002_652]

In the Stamp-business, the rate of profit, reckoning it at so much for each transaction, is—in the case of the Sub-Distributor—the Officer whose dealings are with individual customers—still lower, much lower than in the business of the Post Office. Upon the whole of this, great and small together, his rate of profit is 2½ per Cent, equal to a penny in forty upon his receipts.⁵² This, upon the two-penny stamps for receipts is—not as in the Penny Post business a tenth of a penny for every transaction, but the half only of that small fraction—the fortieth part of two-pence—the tenth part of one halfpenny. True it is, that the two-penny stamp is the least of all the stamps upon Receipts, which, the greater part of them, are for less money than another species of Stamps: but true it also is, on the other hand, that of all species of stamps that on receipts is the species of which the greatest number is vended, and that of all species of Stamps on Receipts, the two-penny stamp is that of which the greatest number is vended: more I should expect to find than of all the other stamps on Receipts put together:⁵³ and in London, among the shops at which Stamps are sold, in by far the greater number no other Stamps are sold but Stamps on receipts. The shops at which Stamps

⁵¹ The italicized phrase in braces is editorially supplied. Bentham appears to have drafted this passage at UC ii. 651–7, 659, headed ‘Annuity Notes. Plan Annot. Sale &c.’, in continuation of note **{1}** to Art. **11**, and it is inserted here in consequence of its correspondence to the subject of this Article, where Bentham indicated his intention of supplying a note in elucidation.

⁵² [Annotation to be finalized]

⁵³ [Annotation to be finalized]

of all sorts are to be had are few indeed.

[002_653]

In the case of the Sub-Distributor of Stamps, the pay not only ought to be, and must be, in the instance of every class, an adequate recompence for the service, but actually is, or the situation would not be accepted and sought after, as we find it to be. But in the most numerous class of Stamp-Officers, the tenth part of a half-penny, as we have seen, is the pay for each transaction: and so much greater is the number of transactions in the instance of this lowest priced stamp than in the instance of any, or, perhaps, all other prices put together, that if, in the case of this Class of Stamp Officers, we suppose the value of the money received in each transaction to amount on an average to 4^d, the supposition will probably be found a high one. This would bring the rate of profit in the case of the Stamp Office business to an exact level with the rate of profit in the Penny Post Office business. But, then, in the Stamp business the number of such transactions in a day in the most frequented Stamp-shop, or in [an] average Stamp-shop, is probably far inferior to the number of transactions in the same time in the most frequented Penny Post Office, or in an average Penny Post-Office. On the other hand again, the number of transactions that occur in the business of the Penny Post Office as between the Post-Master and the Letter Carriers, six in a day in town, is, in this instance, a species of burthen super-added to that which is borne in the business of the [Stamp-shop].⁵⁴

[002_654]

In the case of the Retail Stamp Office, the business of each transaction is, notwithstanding, much less oporose than in that of the local Post Office. In the case of the Stamp-Office, it consists merely in the delivery of the Stamp to the customer with one hand, and receiving the price of it with the other: in the case of the Penny Post Office, besides taking in the letter and receiving the money, an observation is to be made whether it be paid for or no—and, in the case of a two-penny letter, whether a penny only or the whole two-pence—and two stamps, one of them the result of the above observation, are to be impressed: the two taken together being expressive of the *place*, as also of the time, by the designation of the Month, Day of the Month, and Hour of the Day.

Upon the whole matter, the case of the Retail Stamp business seems to concurr with the case of the local Penny Post Office business in representing a tenth of a penny for each transaction as a sufficient recompence for the quantity of trouble needful in those instances, independently of the demand for pecuniary responsibility considered. In the case of the proposed Annuity Note business, if the trouble of each transaction be supposed five times as great, or even four times, or perhaps three times as great, as in the case of the Post Office business, the supposition will [002_655]

⁵⁴ MS 'Penny Post Office', contradicts the sense of the passage.

probably be found a large one. But say five times: on that supposition, taking quantity of trouble only into the account, a half-penny for each note sold would be a sufficient recompence. If, in consideration of whatever additional degree of pecuniary responsibility may be thought requisite, this sum be quadrupled, so that the entire recompence for each Note sold shall be 2^d, whereof one penny to be paid by the individual, the Customer, the other by Government, the Vendor, the allowance, it should seem, can hardly be deemed too scanty.

A certain degree of pecuniary responsibility, it may be observed, is actually required of the proposed Vendors of Annuity Notes, in their existing character of Post Masters: security to a certain amount is taken of them: the degree of pecuniary responsibility an equivalent for which is to be supplied by the proposed extra three half-pence, in addition to the half-penny for the trouble is, therefore, only what corresponds to the difference between the quantum of security found at present, and that higher amount, if any, which they might be required to find, in the event of the attribution of the proposed new business in addition to the existing business of the Office. On this it may be observed on the other side, that the quantum of security taken [002_656] of them at present is no more than in proportion of the sums at present remaining in their hands: and to these sums the produce of the proposed new business will be a clear addition. A reply that may be made, on the other hand is—that under favour of this security the sums suffered to remain in their hands, are the receipts of a whole month. This may be stated [as] one-and-thirty times the amount which it would be necessary to leave: for if money in letters can go from every such office not only once in a day, but six times a day, it will be difficult to say what should hinder its going once a day without having a letter for a cover to it.

A point which, at the same time, [I] ought not to pass over altogether unheeded is the demand that may appear to be presented for additional pecuniary responsibility on the part of the persons by whom the carriage of the monies received in the sale of Annuity Notes is to be performed, and the demand for additional pay that may appear to arise in consequence. It is, however, to be considered on the other hand, that at present the demand for pecuniary responsibility on the part of persons of this description is considerable, and indeed, in a manner indefinite, by reason of the sums which are liable to be inclosed, and which, more especially since the issuing of the small Bank Notes, continually are inclosed in Letters.

[002_657]

Whatsoever the profit allotted to the Agent of Government on this article, the portion that without prejudice to the sale of it can be left to be borne by the purchaser is confined within very narrow bounds. If the difference between the purchasing price and the circulating price be much more than what is necessary to recompence a man for the trouble of going to the Shop—the Post Office—instead of waiting till a Note comes into his hands in the course of circulation, either a man will wait, and thus the vent of the article will be checked and retarded, or else he will be on the look out

for Notes already in circulation, in which case those who happen to be possessed of them in quantities will ask an extra price for them, by which means there will be an agio or premium on circulating notes as compared with fresh ones, and the steadiness in regard to price, and consequent simplicity in regard to the business of circulation—properties in which the value and utility of the article are so much concerned, will be more or less disturbed. A penny seems to be quite enough for the Vendor to take from the purchaser: [002_659] if any thing more be allowed to the Agent of Government, it must be paid by Government. Nor does such a sum as a penny appear liable to be too much: for although between a penny and nothing there are three different sums, viz: three-farthings, a half-penny and a farthing—yet within such limits there does not appear to be room for an agio to establish itself.

On the other hand, if the Office price (the price they were sold for at the proposed Offices) was lower than par price, as indicated by the Table, nobody would care to receive the Notes in circulation, every body who wanted a Note would be going for it to an Office. By this means the circulation would be in a considerable degree checked—the market would not be completely open to any but the possessors of temporary sums—and an agio would establish itself upon notes offered in circulation—a discount to nearly the amount of the difference thus supposed to be attempted to be established between the Par or Circulation price and the Office price.

[002_634]

Art. 15 {5}. That from the Local General Post Offices, on each Post day, there be transmitted to the Annuity Note Office, by the Mail Coaches, but in a separate box or package, and either directly or through the medium of the Head General Post Office, but in the latter case without being opened or detained at that Office, from each Country Post Office, the money constituting the produce of the sale made of Annuity Notes thereat, on or up to that same day, up to the departure of the Post, together with a *Day-Bill*, expressive of the number of Notes sold on or up to that day and hour, according to the practice{5}⁵⁵ observed in the instance of the Penny Post Offices, in respect of the money received for the conveyance of Letters through those Offices—the Notes sold being characterized by their respective N^{os}.

Art. 16 {6}. That the Number of Annuity Notes thus regularly kept up at each Sub-Office be gradually increased, according to the experience of the demand: yet so as not to be increased beyond the amount of the security found, which for that purpose may undergo a proportionable increase

⁵⁵ No text has been identified for this note.

likewise.

[002_635]

Art. 17 {7}. That, as often as in the course of any day, or other interval between one departure of the Post and another, it shall happen at any such Country or Local Office that the number of Annuity Notes demanded hath exceeded the number in hand at that Office, each individual at the time of whose application the supply thus happens to have been exhausted, shall, on payment of a guinea or a £1 Bank Note by way of deposit, be intitled to a certificate of such his application in the form of a *Receipt*{6} for the deposit-money so deposited, in which Receipt shall be signified an interval of time within which it shall be lawful to him, and incumbent on him, to apply, by himself or the Bearer of such Receipt, at the same Office: within such interval of time in each day as shall therein be also be specified: the first day being the earliest day on which, in the established course of the business, the Annuity Note may, in consequence of the punctual transmission of the duplicate or memorandum of such Receipt or Certificate, be expected from the Head Office: at the expiration of which interval, if no application shall have been for the Annuity Note so bespoke, the deposit money shall become forfeited to the Crown, with power to the Master of the Annuity Note Office to allow, to the extent of an half of the amount, to the Master of the Post Office at which the failure took place: otherwise, on production of the Receipt, and payment of the remainder of the purchase money, the Annuity Note be delivered, and the Receipt taken back in Exchange.

{6}. See a Form for this Receipt in § |^| *Forms* N° |^|. ⁵⁶

[002_636]

Art 18 {8}. That (to simplify the business of telling, packing and examining the purchase-money) a particular mode of composing the amount be recommended in preference: in which (as well for the advantage of the Bank as to save the danger of bad money and the trouble of examining money in that view) Bank paper shall be recommended in preference to Coin: for instance, that of the £6. 6^s, the £6 be in Bank paper: and if the interest make it amount to £6. 7^s or more, the 7^s shall be paid by the piece of gold called a Seven shilling piece:—and that no copper be received for a sum capable of being paid in silver, nor any silver for a sum capable of being paid in gold.

[002_638]

⁵⁶ See p. 000 below. [To UC ii. 600, this file]

Art. 19 {9}. That, instead of mixing together the whole of the purchase money transmitted by the same post, (to simplify the business of counting) the purchase money for each Note sold, be put up with the above duplicate of the Receipt for the purchase-money, and the deposit-money for each Note bespoke, be put up along with the duplicate of the Memorandum of application; each in a small box or other convenient package{7}⁵⁷ appropriated to that purpose, exhibiting the name of the Postmaster together with that of the Post Town: and that these boxes or packages be of an uniform size and shape, and be all together inclosed and locked up in an exterior box of corresponding form and magnitude, and distinguished in like manner.

[002_636]

Art. 20 {10}. That, if the purchase money be paid in a form other than such form or forms as shall have been pointed out in such recommendation, an additional fee of a halfpenny shall be paid to the Postmaster who, in consideration of such fees, regular and casual, shall in all cases be answerable for the goodness of the money he receives.{8}⁵⁸

[002_637]

Art. 21 {11}. That on receiving his receipt for his deposit money, the customer so applying shall sign duplicates of a printed *Form of Application* for the same:{9}⁵⁹ of which duplicates one shall remain with the Postmaster, the other shall be transmitted together with the Deposit-money to the Head Note Office, to serve as a Voucher and Warrant to the Head Officer for the transmitting of the Note to the Local Office in consequence.

Art. 22 {12}. That along with each Annuity Note sold shall be given a *Receipt*{10}⁶⁰ (by the filling up and signing a printed form) for the purchase-money to the purchaser of such note; in which Receipt the Note shall be characterized by the N^o which constitutes its name: and that of this Receipt a duplicate, serving as an envelop for the purchase-money, shall be transmitted to the Head Office.

Art. 23 {13}. That the recompence for the sale of a bespoke Note be the same as for the sale of a Note belonging to stock in hand,{11} and that, of the penny paid by the individual purchaser, one

⁵⁷ No text has been identified for this note.

⁵⁸ No text has been identified for this note.

⁵⁹ No text has been identified for this note. For the form to which that note would have referred see p. 000 below. [This Appendix]

⁶⁰ No text has been identified for this note.

halfpenny be paid at the time of signing the Memorandum of application and paying the deposit, the other on the receiving of the Note.⁶¹

[002_650]

{11}. {*Recompence .^^. the same .^^. as for the sale of .^^. Stock in hand*}.

Though the trouble attending the sale of a bespoke Note is just twice as much as that which attends the sale of a Note out of stock in hand, the profit must not be greater: since if it were, the difference would operate as an inducement to the Agent of Government to sell bespoke Notes in preference to Notes already in hand: by which means the trouble to the Purchaser would be doubled. On the plan here proposed in preference, the interest of the trustee is connected with his duty, that is with the interest of the trust: on the opposite plan, the two interests would be opposed.

[002_638]

Art. 24 {14}. That, to prevent vexation, a limited penalty (leviable by the Master of the Chief Office) be made imposable on a Postmaster who, having an Annuity Note in Stock, shall, by requiring from a Purchaser a *Memorandum of application*, put *him to* the trouble of returning for his Note on another day:{12}

{12}. An offence evidence of which, if committed, will appear upon the face of the Delinquent's account with the Head Office, by comparison of the Stock in hand, with the Notes sold and bespoke on each day.⁶²

[002_639]

Art. 25 {15}. That each Memorandum of application be marked with the day when received, and the day when forwarded—whether it be the same day with that received or a different one, and a N^o distinguishing it from the other Memorandums of application transmitted the same days: and that the packet containing the Memorandums transmitted on each day be accompanied with a *Day Bill*, according to a printed form{13}⁶³ in which the N^{os} shall be ranged one under another in so many lines: and that, in sending off from the Head Office the several Annuity Notes thus bespoke, an entry be made in a returned duplicate of the Day Bill of the transmission of an Annuity Note in satisfaction of the demand or application so made, by entering in writing the N^o of one of Notes sent—after the

⁶¹ Bentham inserted a note-marker at tis point, but failed to give it a number. No corresponding note has been located.

⁶² In the margin, Bentham has noted: 'Quere, will it?'

⁶³ No text has been identified for this note.

words—*Satisfied by sending N^o {^^}*—which may be in print, together with the signature (written or engraved) of the Clerk by whom the dispatch is made; and that a duplicate of every such Day Bill (formed by the filling up of a printed duplicate) be made at the same time, and kept at the Head Office.

Art. 26 {16}. That upon the receipt of any such application or string of applications, it be an instruction to the Clerk to dispatch along with the Number of Annuity Notes so bespoken, a *further number* equal to the number allotted to the Local Office in question for its stated supply or stock:{14} but that the account of the Notes sent as *bespoken*, and that of the Notes sent *in course* to keep up the Stock, without their being bespoken, be kept separate.

[002_631]

{14}. {.^.^ A further number &c.}

It may appear at first sight, as if this article might, if [punctually]⁶⁴ executed, be sufficient to supersede the use of *Applications* altogether. This, however, will by no means be the case, especially in the remote parts of the Country. The number of Notes intrusted to the several Distributors being a limited number, determined by prudential considerations, it may easily happen that before a supply can be sent from the Head Office sufficient to fill up the gap produced by sales already known to have taken place, applications may come in to more than the amount of the remaining part of the Stock. It may even happen not infrequently that the number of Notes applied for by a single customer may be sufficient not only to take off whatever may happen at the time to be amount of the Stock remaining at the time, but even the whole supply, or more than the whole supply, intrusted to that Office. If, for example, 50 Notes, (value 300 guineas besides interest) were to be the allowed stint, ten or a dozen frugal manufacturers, applying in concert from the same manufactory, or the stock of a single Friendly Society, would be adequate to the production of such an effect.

[002_640]

Art. 27 {17}. That in reparation of the damage that may come to be sustained by accident or wear and tear, a Note torn or defaced be exchanged at the Head Office through the medium of any Sub Office, on payment the same fee{15}⁶⁵ as on the original bespeaking of a Note—the old note standing in lieu of deposit money—to the Master of such Sub-Office. That the mode of proceeding be similar to

⁶⁴ MS ‘punctuality’.

⁶⁵ No text has been identified for this note.

that prescribed as above in relation to Notes bespoken by payment of deposit money: and that the above fee of 2^d be payable, one penny on the delivery of the Old Note, and signing of the Memorandum of Application, the other on the receiving of the fresh Note.—That the N^o of the fresh Note be the same with that of the old one:{16}⁶⁶ and the old Notes, after having been marked as cancelled, be preserved at the Head Office, in readiness to be recurred to at any time, on suspicion of fraud.⁶⁷

Art. 28 {18}. That a Homily to be read in Churches and composed by the authority and under the direction of the persons by whom Forms of Prayer for particular occasions are composed, recommending to the labouring classes the acquisition of Annuity Notes, by shewing the advantages that may be derived from this species of property, as well in a moral as in an economical point of view, by industrious persons to themselves and their families, by laying up a provision against sickness, accidents and old age, to the encouragement of sobriety and frugality, and the proportionable discouragement of drunkenness and every other species of dissipation and extravagance.⁶⁸

[002_641]

Art. 29 {19}. That at the Chief Office on each day there may be made up an Abstract, exhibiting in the form of a Table, a summary and collective view of the transactions of the day immediately preceding: an operation which in the method above exhibited, will be an operation of perfect facility, in its nature almost mechanical, and recurring every day, with little, if any, difference. The Clerk by whom this part of the business is performed may be stiled *Clerk of the Abstracts*.

NOTE TO TYPESETTER: Please centre the following two lines of text.

Plan of the proposed Heads for a Daily Abstract.—One for the District of the General Post—Another for the District of the Penny Post.

Col. 1^o Alphabetical list of the several Post Offices, as described by the Towns in which they are respectively situated: the Towns classed into Divisions according to the Mail Coaches by which the Packets from the several Offices are respectively convey'd: in each such Mail Coach Division, the

⁶⁶ No text has been identified for this note.

⁶⁷ Bentham has marked the following Article for possible deletion and written above it 'Note?'

⁶⁸ The following Article does not appear in the corresponding marginal contents sheet at UC i. 604.

order of the alphabet to commence anew.⁶⁹

[002_642]

Art. 30 {20}. That, to save the trouble of calculation, there be given at the back of each Annuity Note a Table to be stiled *The Daily Augmentation Table*, shewing the Value of the Note for every day in the Year, as the same is increased by the accumulation of Daily Interest.

Art. 31 {21}. That for the like purpose there be moreover added after the Daily Augmentation Table a set of spaces or compartments, (say 40 in number) in which at the end of each Year, at the time of paying the interest due for that Year upon the Note, if presented for payment of Interest, there be entered the figures expressive of that year—as 1801, 1802—and so forth: and that to the Register of Yearly Payments be subjoined another Table, to be stiled *The Yearly Augmentation Table*, shewing the value of the Note for each number of Years (say up to 40 inclusive, as before) during which the interest may come to remain unpaid, as the same is increased by the accumulation of Yearly interest: by the help of which indications, if the Note be a fresh one, having been issued that same Year, or if, although not a fresh one, the interest that has accrued upon it has been received up to the last Yearly time of payment of Dividends, the value thereof, to a penny, principal and interest together, may be seen at once by bare inspection, on turning to the Daily Augmentation Table: but if the receipt of the interest hath been forborne for any number of Years, (which forbearance, if it has taken place, will be visible on the inspection of the Register of Yearly Payments) then to the value as given by the Daily Augmentation Table must be added the sum standing in a line with the number expressive of that number of Years in the Yearly Augmentation Table.

[002_611]

III. *Mode of Receiving Dividends*

Art. 32⁷⁰ {1}. That the business of receiving Dividends be in like manner transacted, in Town as well as Country, through the medium of the Post-Offices.

Art. 33 {2}. That for this purpose, the Holder of each Note be allowed to present it for payment, at any Post Office at his choice; signing at the same time duplicates of a Form of Application for that

⁶⁹ Bentham has marked the final two Articles in this section for possible deletion.

⁷⁰ Bentham began a new sequence of numbers for the Articles in this section beginning at 1. For the sake of consistency, the continuation of the previous sequence is editorially supplied.

purpose: that the Note so presented be left at the Post Office to be forwarded by the next departure of the Post, together with a *Form of Application* for that purpose, to the Head Office:—and that in lieu of it, to serve untill the return of the Note with the Dividend, a Receipt {See § Forms} (to be termed *an Annuity Note Receipt*) be given to the bringer of the Note,⁷¹ in which receipt shall be appointed the day on, and portion of the day within, which, the bringer of the Note, or any other person on bringing the Receipt, may exchange it for the Note together with the Dividend or Dividends.

Art. 34 {3}. That the portion of the Year within which an Annuity Note is thus to be presented for the payment of the Dividend be a limited period, no longer than is necessary, and to be determined by the time necessary at the Sub-Office to transact that part of the business which is there and there only to be transacted—the time necessary at the Head Office to transact the business of the whole mass of Annuity Notes so far as the same is to be transacted at that Office, the time necessary to make due allowance for having respect for the convenience of individuals—[002_612]and the time requisite for correspondence with the Head Office: which last portion of time, being the interval between the departure from and return of the Post to each Post Office, will of course vary within certain limits according to the distance of each Country Post Office from the metropolis:—lastly the time to be allowed for accidents relative to the state of the weather, and of the Roads.

Art. 35 {4}. That (to prevent the casual accumulation of Annuity Notes presented for payment at any particular Post Office beyond the pecuniary security given by the Master of such Office), a number be appointed for each, beyond which it shall be made penal for him to receive: on the completion of which number on each day, a Notice, printed in large characters, shall be exposed in a front Window, declaring the Annuity Note box to be full till such or such a day and time of the day next ensuing.

Art. 36 {5}. That a Box for containing of the Dividend moneys be allotted to each Post Office, containing inner Boxes or compartments the same in number as the greatest number of Annuity Notes which the Master of that Office is permitted to receive: each Inner Box or Compartment being adapted to the reception of a *Rouleau* containing the Dividend money on an Annuity Note for one Year.{1}

[002_622]

{1}. [{{Inner Box or Compartments being adapted .^^.}.]

Instead of the Box, a Leather purse, of the diameter of a *Rouleau*, and a length proportioned to the number of *Rouleaus* corresponding to the greatest number of Annuity Notes each Sub Office was

⁷¹ See p. 000 below. [To UC ii. 604, this file]

allowed to receive for one delivery, might perhaps be preferable. A purse of this sort would have the appearance of a Sandbag such as those which are sometimes employ'd to keep the air from coming in at crevices about doors and windows. It might be laid open by a lace, and be laced up as it was filled. Such an implement would be much lighter and take up much less room than a Box: besides that the money would be more effectually and easily secured against wearing by the jolting of the carriage. In considering the number of Post Towns the Letter-Bags of which may come to be convey'd in one and the same Mail-Coach, the bulk and weight of the proposed additional [burthen] appear to be an object of no small account. But the amount of it will be very different, according as silver and copper, or silver alone (as hereinafter proposed)⁷² were employ'd in the composition of the Rouleau.

[002_613]

Art. 37 {6}. That, along with each Annuity Note so forwarded as above, from a Sub-Office to the Head Office, for payment of dividend, there be put up a signed duplicate of the Annuity Note Receipt abovementioned {Art 2.},⁷³ such duplicate to be kept at the Head Office as a Voucher for the payment of the Dividend for the purpose of which it was transmitted.

[002_614]

Art. 38 {7}. That the Dividend money be transmitted from the Head-Office in *Rouleaus*, one for the Yearly Dividend on each Note, the sum in cash therein to be composed in the same manner, and the several Rouleau's being consequently, all of them of the same size:{2} and that with each Rouleau transmitted, be remitted back the duplicate of the Note-holder's application, by which the dividend was called for: and that with each Rouleau transmitted, if there be but one Yearly Dividend to be paid, or with one of the Rouleaux, if there be more Dividends than one, the Annuity Note itself be put up and remitted back.

[002_618]

{2}. In the Payment branch, the identity of the sums—the consequent uniformity of the business, gives a facility to it much beyond any thing that is or can be exemplified in the transactions of the Bank of England. In the payment of Dividends at the Bank, the sum, being in each instance an uncertain one, can not be prepared before-hand: the sum must be mentioned and demanded, before it can be counted out. Nor is it paid by the same hand, or in the same room, at which the amount of

⁷² See p. 000 below. [To UC ii. 614, 623, this file]

⁷³ i.e. Article 33, being Article 2 of the subsection 'Sale': see p. 000 above. [To UC ii. 633, this file]

it is ascertained. In this room, the number of dividends due, and the amount of each, being ascertained by the Books, and the Books signed by the Stockholder or his agent, a warrant is given him for the amount, and this warrant he has to travel with to the Warrant Office, situated at no inconsiderable distance, where he finds each Clerk pre-engaged perhaps, by a number of other applicants. That division of labour, though attended in this instance with an encrease of labour, fails in this instance of being attended with such advantages, upon the whole, as are sufficient to warrant the adoption of it, is what I see no reason to suspect. But neither is the existence of that encrease, even on the part of the Official establishment of that great corporation, nor the much greater encrease of time consumed on the part of the individual, liable to dispute: and in the instance of the proposed Annuity Notes it is no small advantage that the demand for so much time and labour is capable of being struck off.

[002_619]

At the Bank, the time requisite for the payment of a given sum is rendered altogether uncalculable, not only by the perfect uncertainty of the sums, as well in point of magnitude as of *evenness* (I mean the number of the pieces of money necessary to compose each sum), but by the equally perfect uncertainty with regard to the number of applicants coming at the same time: and were even both these points fixed and ascertained, still would the degree of dispatch be continually liable to be retarded and disturbed by incidents arising out of doubts, well or ill grounded, real or affected, relative to the goodness of the several pieces of money, and the altercations liable to be produced out of those doubts, by the peculiarities that may occur in the temper of individuals.

At the proposed Annuity Office, individuals having neither access nor occasion for access, all such incidents, with the delays that hang to them, drop off of themselves. The operations are confined to two—telling or making up, and dispatching. The sums to be *told* are the same sums, sums of 3^s. 9^d, to be composed (for so, for uniformity sake it will be convenient for them to be) and made up in the same manner. Men, women and children—the deaf and dumb—and the blind—may be employ'd in it. And the day by which they will be wanted being foreknown, whatever length of time may be requisite for the completion of the business may be pre-allotted to the performance of it. It may be a perfect piece of *clock-work*; and the time and number of hands requisite for the performance of a given quantity of it—for making up a given number of 3^s. 9 penny dividends—may be pre-determined with little less certainty than the striking of a clock. For dispatching it, the *Annuity-Note* Packet from [002_620] each Post Office is opened, the Annuity Notes contained in each taken out, and their respective N^{os} entered in the *Payment Book*, and, after entering the Year of

our Lord in the blank Register of Payments printed on the back of each Note, the Note is replaced in the Box, with the Rouleau containing the 3^s. 9^d. on the top of it.⁷⁴

[002_314]

Art. 39 {8}. That for the composition of the sum 3^s. 9^d.½, three shilling pieces and one sixpenny piece be at any rate employed: that the odd halfpenny be retained for charges of management, that for the three pence of copper three of the new penny pieces (on account of their uniformity and close package) be employ'd: but that it be taken into consideration whether, to save the conveyance of such a bulk and weight of copper by the Mail coaches, it might not be worth while to *establish*, or rather *augment*, a coinage of three penny pieces in silver.**{3}**

[002_623]

{3}. The additional demand that would be thus produced for unexceptionable silver money, would add to the reasons which plead at present in favour of silver coinage: and if such a coinage should take place, the proposed plan would afford a very commodious vehicle for a general and equable circulation of it. When the mass of Dividend likely to remain undemanded is considered, as likewise, the multitude of the cases where the payment may be performed in gold (a 7^s. piece will just serve for two half-year's Dividends, or for one half-year's Dividend upon two notes), the quantity of silver likely to be wanted for this purpose at any given time of payment will be seen to bear a very small proportion to what is likely to be made the whole amount of such a coinage.

[002_614]

Art. 40 {9}. That, previous to the putting up of each Note for the purpose of being retransmitted as above, a mark may be made by writing or by a stamp in the blank Table called the *Register of Yearly Payments* on the back of the Note, expressive of the Year or Years the Dividend or Dividends of which have on that occasion been paid.

[002_615]

Art. 41 {10}. That, to secure the goodness of the money thus employ'd in the payment of Dividends, and prevent complaints of bad money on the part of Note-holders, and disputes between

⁷⁴ In the margin, Bentham has noted at this point: 'State *all* the distinguishable operations, one under another, in a Table.' No such table has been identified.

Note-holders and the local Postmasters on that subject, each Rouleau be marked on the outside by a stamp (which may be at the bottom, which will be flat and even) expressive of the name of the Clerk by whom, or under whose direction and responsibility, it was made up:—and that it be closed at the top or mouth by a wafer, sealed with an appropriate seal: the seal not to be broken by the local Postmaster, but in the presence of the holder of the Note-Receipt, or on his applying to receive his dividend with the Note.

Art. 42 {11}.—and that on that occasion, should any piece or pieces of money in the Rouleau be objected to by the Note-Receipt Holder as bad, the Postmaster, on application made by the Note Receipt Holder by the signing and filling up of a Form to be provided and kept for that purpose,⁷⁵ the Complainant signing two copies of a Memorandum of Complaint (he paying a penny for each piece objected to), to put up as many pieces as are objected to, in a packet to be sealed with the joint seals of the Postmaster and the Complainant, which packet so sealed shall immediately be returned to the Head Office, to be opened and inspected by an Officer to be appointed for that purpose, under the name of the *Inspector of Dividend Monies*: whereupon, if the Inspector adjudge it <good>, he shall keep it for his own, returning in lieu thereof a piece of equal value, fresh from the Mint, out of a quantity to be kept for that purpose: <.^.^.> with power to the Complainant [002_616] within a certain time to take it back: but if it be adjudged bad, money fresh from the Mint, at the expence of the Packing Clerk in fault, who shall be obliged to receive the bad money (previously cut to prevent its being passed off) at its denominated value, and shall moreover forfeit a penny, which the Complainant shall be at liberty to receive, together with his own penny which he had deposited.

Art. 43 {12}. That one of the Copies of the of the Memorandum of complaint remain as a Voucher at the Head Office, and be stampd with one or other of two stamps expressive of the adjudication: viz: Money adjudged good or Money adjudged bad—with the date, the Inspector's name and stile of Office:—the other, with the like stamp, to be returned to, and remain at the Sub-Office: and that a signed copy of the Adjudication at large be also returned at the same time to the Sub-Office, to be delivered to the Complainant.

[002_617]

Art. 44 {13}. That to obviate disputes for priority among Note-holders applying for payment of Dividends, and to prevent Postmasters from giving an undue preference to those whom they are inclined to favour, and from retarding the dispatch of persons to whom they may bear a spite, an order

⁷⁵ See p. 000 below. [To UC ii. 605, this file]

of priority be established upon such a principle as not to capable of being changed or influenced by a Postmaster: such as the order of the N^{os} by which the Notes are denominated, rather than the order in which applications for payment are made, that is registered by the Postmasters as having been made:— and that the N^{os} of the Notes in respect of which Payment of Dividend has been applied for, shall, pending the application, be kept in numerical order in a front window of the Office, from whence they may be seen by passengers and persons in general without doors, without the necessity of going in and demanding it, and waiting till it be produced.

[002_586]

§ *Advantageous Properties—Steadiness*

A⁷⁶ property without which the proposed Paper would be incompetent to its purpose—a property which is the indispensable basis on which every beneficial result that can be expected from it must depend, is that of being *steady* in respect of its marketable value:—exempt not only from failure but from depreciation: exempt not only from losing the whole of its marketable value, but even from losing any part of it—at least from any part of it worth regarding: exempt, in a word, from *agio*, that is not only from being subject to a discount, but even from so much as bearing a premium: for of its being ever capable of bearing a premium at one time, the being liable to be subject [to] a discount is an inseparable consequence.⁷⁷

[002_587]

If the proposed species of paper were not fit for general circulation, were not secure of being generally received in circulation—as generally and as certainly as Bank Notes, the demand for it, and consequently the quantity capable of being kept on foot, would be confined to what lies within the reach of the industrious possessors of *small sums*, the frugal among the Poor. To be suited to the circumstances of the possessors of considerable though temporary sums, to the demand of persons in easy circumstances—in other words of all that are not comprized in the class first mentioned—it is necessary that from the very nature of this species of property, it should be, as the phrase is, *every body's money*—secure at all times of meeting with hands ready to receive it, and not only so, but ready to receive it at a value not inferior to that at which it has been received already: in short, that it should

⁷⁶ Bentham has marked this paragraph for possible deletion, although it remains uncanceled in the corresponding marginal contents sheet at UC iii. 31.

⁷⁷ In the corresponding marginal contents sheet at UC iii. 31 Bentham has marked the content corresponding to the following paragraph for possible deletion. The text, however, bears no such mark.

be compleatly adapted to answer the purpose and perform the functions of a circulating *medium*: and that, if possible, to such a degree as to possess a property which in no known instance has ever yet been possessed by any circulating medium, the pretious metals themselves, which are the basis of all circulation, scarce excepted, viz: the being *depretiation-proof*.

[002_588]

A circulating medium, to fulfill its destination, must either possess of itself an intrinsic value (a value equal to that which is ascribed to it) or convey an assurance, and that, practically speaking, a never failing one, of something which does possess such an intrinsic value, which *is* in possession of such a value. In the language of Adam Smith, it must either itself have a *value in use*,⁷⁸ or convey a promise, accompanied with apparent certainty of fulfilment, [of] the possession of something which has a value in use, or it can not be made to possess the supposed *value in exchange*.⁷⁹ Gold and Silver do, both of them, possess this value in use; whence the foundation, and the sole foundation, of their value in exchange. Paper, in the form and quantity in which it is employ'd as a circulating medium, does not of itself possess any such value in use: but in as far as it is employ'd to convey a promise of a certain quantity of gold and silver, and that promise is regarded as being secure of accomplishment, it is accepted, and serves as a succedaneum to the Gold or Silver promised by it.

[002_589]

The capacity of any species of Paper currency with regard to its answering the purpose of a circulating medium, its *goodness* in a word, depends upon its solidity, apparent as well as real, upon the certainty which there is and which there appears to be, that the promise it [conveys will be fulfilled]. Government paper excepted, no paper now existing—[no]⁸⁰ paper that ever has existed, ever has approached—no paper that can exist can ever approach—to the solidity of the assurance convey'd by the proposed Annuity Notes: no mercantile paper—no paper of any private Banker, how opulent soever—not even the paper of the Bank of England.

In the case of all Banker's paper without exception, the possible insolidity, the certainty of failing in a case that may very well happen—the certainty of failing in the case of a *run* to a certain extent—in a word, the certainty of failing as often as the fulfillment of the promises convey'd by the whole mass of paper, or even of considerably less than the whole mass of paper, shall come to be called for within a

⁷⁸ MS alt. 'to use'.

⁷⁹ See Smith, *Wealth of Nations (Glasgow Edition)*, (Bk. I, Ch. IV) i. 44.

⁸⁰ MS 'now'.

certain space of time—is of the very essence of the business. If the whole quantity of hard cash promised by the Bank to be paid on demand—that is, to be paid if so applied for, all of it the same day, and all of it on any [002_590] day, were kept all of it, and all of it constantly, in the coffers of the Bank, in a condition to answer to such demand, in the concerns of the Bank profit would be impossible, and the expence of management would be so much neat loss. In this predicament stands all paper undertaking for present money, money payable on *demand*, that is in a quantity at a time, at the option of persons unknown, and incapable of being compleatly provided for, or so much as foreseen.

In the proposed paper, so far is the whole amount of the money received from being returnable on demand, that the quantity demandable is at no time so much as one thirty-third part of the money received, nor that on a day uncertain, but on a day which is never out of sight, and for the business of which there is the whole twelvemonth to provide, with the whole wealth and the whole power of the Country to provide it. In a word, the thing undertaken for by the proposed paper is no other than what is undertaken for by the creation of stock; an undertaking the performance of which was never yet known to fail, nor, since the institution of the engagement, has the failure of it on any determinate occasion or period of time been ever so much as apprehended. The day *may* come—the day *will* come (it has been said)—when a failure, in some degree or other [002_591] in respect of these engagements, will take place.⁸¹ but to fix upon this or that day, however distant, for the fulfilment of the prognostication, is more than has ever yet been attempted by the most confident of these prognosticator[s].

In all other papers, the fund for payment remaining the same, the greater the quantity of paper issued, the greater the danger of failure. In the case of the proposed paper, not only the danger of failure does not increase in proportion to the quantity issued, nor so much as encrease in any proportion, but in the same proportion it decreases and security takes its place: since according to the plan no new engagement of this kind can ever take place, but an old engagement is immediately cancelled, and that to an amount much more considerable.⁸² In proportion as other paper is issued, the solvency of the fund for payment is diminished; in proportion as this paper is issued, that solvency is encreased.

[002_592]

⁸¹ See, for instance, Hume, 'Of Public Credit', 360–1, and p. 000 n. above. [To note to UC i. 712, 'Circulating Annuities, Ch. [^]. Political Advantages']

⁸² See p. 000 above. [To UC ii. 36, this file]

That portion the demand for which originates with the possessors of small but permanent sums, the *permanent customers* as they may be termed, and that which originates with the possessors of temporary sums, the *temporary or flying customers*—as they may be termed, form two very distinguishable masses. To answer the purpose of the latter class, it is necessary that the faculty of circulating it, the assurance of passing it, its assurance of retaining the property of a circulating medium, appear to stand upon an unquestionable foundation: to its finding customers among the former class, such assurance is not necessary. To a man who meant to preserve it all his life long as a source of income and felt at the same time within himself the assurance of being able to keep it all that time, the faculty of parting with it within that time would be a matter of indifference: the uncertainty of his retaining that faculty would not prevent his becoming a customer for the proposed Annuity Notes. On the other hand, to a man who, though he expected to be able to keep by him a certain mass of property in this shape for a period of three months, yet foresaw the necessity of parting with it for the payment of debts, or the defraying of necessary charges [002_593] by the end of that period, it is a species of property that could not be accepted of, unless by the end of that period he possessed to his own satisfaction a sufficient certainty of being able to pass it on without loss. To a person of the former class, the assurance of its currency would be a matter of indifference: to a person of the latter class, that assurance would be a circumstance altogether indispensable. Looking round him, then, for customers who, when the time comes, shall be ready to take the commodity off his hands, he will find them distinguished into two classes—the customers for permanent income, and the class to which he himself belongs, the possessors of temporary sums—the *flying* customers. The demand on the part of the customers for permanent income is not liable to fail: but, on the other [hand], the quantity of the demand thus created is limited, and the amount of it is, it may be thought, already satisfied. His present dependence, therefore, will be on the persons of his own class, the possessors of temporary sums. Among these, should it ever happen that more of this paper money were wanted to be disposed of than what could find persons willing to accept of it, its value and the price [002_594] it bore in the market would undergo an inevitable depreciation.

But though this is a state of things very easy to conceive—as easy as the opposite—it is a state of things not at all likely to be realized. The possessors of temporary sums are—not this man or that man—but all men without exception: by the same rule that any one such person has a demand for this species of property, so has every other. Without a real demand, without an application actually made in consequence, no one such Note can ever have been issued: it is a commodity the contract of which originates not with Government, the *vendor*—but with the individual—each individual—the *purchaser*.

It is not with these Note-annuities as with Stock Annuities, which from time to time, according to

the exigency, are forced into the market in immense masses, on which occasions customers must be found at any rate. The one are distilled into it like the dew, the other are poured into it like a torrent. It is by the experience of their currency that the application for them in each instance is preceded and suggested.

No man can ever have [002_595] obtained any such note *in the way of issue*, I mean at the Office, who would not have preferred obtaining it in the course of the circulation, and in that way would have obtained it if he could have got it: because the trouble and expence of taking it out in the way of *issue*, reduced as it has been to its lowest terms, is always something: and in the way of circulation he obtains it without either the trouble or that expence. The practice of taking out Annuity Notes can never have become *general*, but the practice of *receiving* them must have become universal, and the disposition so to receive them confirmed into a habit—a habit as determinate as that which engages a man, without reflection, without thought or deliberation, to receive Bank paper, as he would Gold. Of this disposition the necessary consequence is—that in the ordinary state of the market there must, bating accidents, exist at all times a disposition to receive a greater quantity of this article than is ever found in it. In the language of the Alley, individuals of all classes will, in the ordinary state of the market, be *Bulls* of Annuity Notes.

Supposing at any given period this disposition to abate—supposing the tide upon any particular occasion to turn, and the public in general to become *Bears* of Annuity Notes, thus much appears already in a general point of view, that if the supposition can ever be realized, it can only be in consequence of some accident, and that a sudden one. I say a sudden one: for if the cause be of a such a nature or in such a quantity as to be gradual in its operation, the effect will fall not upon the demand in the way of *circulation*, but only on the demand in the way of *issue*. Fewer Notes will be taken out: but so long as any at all continue to be taken out, the disposition—the eagerness to receive them in the way of circulation—can not be so much as [002_596] slackened.

I have started the supposition of an accident of this sort, for the sake of illustration: but if any one such cause be looked out for, it will be rather difficult to find.

If in this respect the proposed paper were on no higher a footing than Bank paper, the probable stability of it might well enough be admitted to be sufficient for practice. Twice only since the æra of its institution—twice only in the compass of about a century—has the paper of this great but private

Company been found to experience so much as a momentary shock.⁸³ But, at both those periods, what produced the crisis and the difficulty was an *extraordinary run*: an extraordinary call upon the issuers of that paper to do what by that paper they undertake to do in favour of as many as call upon them so to do, (viz: deliver in exchange for every note, gold or silver to the value which it imports) subject all the while to the physical impossibility of doing it in favour of more than a certain number and value of Note-holders should it be called upon by more than that number and value.

[002_597]

To no such *run* can the proposed Government paper be ever exposed. There never is that time—there never can be that time—in which the Bank, or any Bank but a mere Bank of deposit, can be in a condition to fulfill the whole of the engagements it has contracted—to answer at all times the whole of the demands that *may* come to be made on it. There never can be that time on which Government can *on a sudden*—(I say *on a sudden* for, be it remembered, *that* is the point in question)—can be unprepared to answer in the utmost plenitude the demands that, on the score of the proposed Annuity Notes, can ever be made upon it. What the Bank undertakes for by every Note it issues is to pay, and to pay on what day soever the demand may happen to take place, the *principal* sum specified in that note. What Government undertakes by a proposed Annuity Note to do on any one day is to pay—not the *principal* sum specified in that note, but only the *interest*, at the rate of three per cent—not the whole of that sum, but less than one thirty-third part of it—and that—not at an uncertain day, at the option of the demandant—but on a day certain, predetermined by government itself.

[002_598]

The taxable powers of the nation may be to such a degree exhausted, as not to suffice for the payment of the whole of the Annuities with which it stands chargeable, nor consequently for the whole of the proposed branch of those Annuities. The whole island may become a province of France—or be swallowed up by the Sea.—The globe of which it forms a part may be carried off by a comet, and frozen, drowned or burnt.—We have no need on the present occasion to take any account of any of these calamities: and *that* not so much in consideration of the improbability of them, (for there is not

⁸³ The most recent occasion was, of course, the crisis leading to the suspension of cash payments on 26 February 1797, for which see p. 000 n. above. [To note to UC cvii. 162, ‘Political Prospects’] The other occasion Bentham had in mind may have been the commercial credit crisis of March 1793, when a failure of private bankers led to a general alarm and a demand for guineas rather than paper money. The Bank of England ‘curtailed their discounts to a point never before experienced’, while the crisis was assuaged by the parliamentary approval of the issue of £5m. in ‘Commercial Exchequer Bills’: see Baring, *Observations on the Establishment of the Bank of England*, pp. 15–33, at 21, 31.

one of them that can be pronounced impossible, and some of them may be even be not improbable) as because, as Bank paper is the assumed standard of comparison, they, any of them, would be no less fatal to the credit of Bank Notes.⁸⁴

[001_533]

To a disorder which appears to be impossible, it may appear scarce worth while to suggest a remedy:—yet were the disorder ever to break out, there is a remedy which promises an effectual cure to it. Supposing this paper to undergo a discount, *Government might buy it up*.⁸⁵ The Commissioners, in return for the large sums of money they will by this time have received for buying up Stock by the sale of these Annuity Notes, may employ a part of these sums, (and it can be but a very small part) in the buying them up, till by this means the price of them has been raised to par.

By this means, so much of the loss to individuals will be made to form a profit to Government. It will be a clear profit: for so much of this species of paper as Government buys in below par during the depretiation, (which by the supposition is but temporary) so much the more will it have to sell at par, when things have come round again, and the depretiation is at an end. If it were possible (which it is not) that the whole of the quantity sold at the under-price could be bought in by government, the profit to government would be so much the more.^d

^d It certainly is not possible: being repugnant to the supposition; for, by the supposition, the paper in question is already sold by individuals at an under-price.

[001_534]

It might even be a rule—secret or public—changeable or unchangeable—that so soon as the price of this commodity shall have become subject to a certain discount, the proposed operation of buying of it up on account of Government shall take place. The rate of discount fixed upon for this purpose

⁸⁴ In the corresponding marginal contents sheet at UC iii. 31 the following summary appears at this point, for which there is no text: ‘No discount worth regarding on this paper could be produced by any sudden demand for *ready money*: for either this paper as well as Bank would be accepted for ready money, or the pressure would fall upon Bank papers and not on this.’ The missing passage apparently occupied a single folio. In the text, Bentham has cancelled the following four paragraphs (‘To a disorder .^.^ upon their notes.’)

⁸⁵ In the margin, Bentham has noted at this point: ‘Receiving it at the Exchequer is buying it up at par.’ In the corresponding marginal contents sheet at UC iii. 31, he has noted t this point: ‘To be done by occasionally receiving them at the Exchequer &c., deficiency to be supplied by the Sinking Fund.’

should be very small: because though the greater it were, the profit to Government from this source would be the greater, yet it is only by a part (the part thus bought up by Government) that this profit would be afforded: and even [though]⁸⁶ the profit to government were to be equal to the whole of the loss, what Government would then gain in the individual transaction would not pay for what the character of the paper would suffer in respect of its steadiness upon the whole. For illustration sake, fourpence upon a proposed six guinea note bearing interest 3^s. 9^d½ a year, or for the sake of even money 4^s, may be stated as the discount, upon the establishment of which the execution of the proposed powers of purchase on government account shall take place. This, at 4^s a year, will be equal to the interest of one month. This will be four times what it is proposed it shall cost to an individual purchaser,⁸⁷ (exclusive of the allowance made to the Agent by Government) to take out a note in the way of issue:—or perhaps 2^d instead of 4^d would be better still.^e

^e Improbability of its sinking thus low: since long before this, all *issue* must have ceased.

[001_535]

From a regulation of this sort: no possible loss or inconvenience—no possible species of abuse—could ensue to Government. On no possible supposition could any profit be derived in the way of speculation, by a factitious depretiation of this kind produced on purpose. By a man's taking out in the way of issue a quantity of this paper which he did not want, and then pouring it into the market all at once for the purpose of effecting such a depretiation, such a depretiation might doubtless, within the latitude left by the supposed regulation, be effected. But to the author of this supposed manoeuvre, what would the effect? just so much loss, and nothing else: therefore, no such manoeuvre would ever be attempted or so much as thought of. By the purchase, though in a quantity ever so sudden and excessive, he would indeed lose nothing: if he took out a million's worth at a time, he would not, it is true, in this way raise the price upon himself, either of the fresh quantity he thus bought or of the quantity already in the market: the paper being by its constitution always to be had of Government at par, and thence radically unsusceptible of [001_536] a rise. But in the sale—in the circulation of it—he would sustain a loss, a loss proportioned to the depretiation he had thus produced. Suppose the quantity thus taken out to be 60,000 guineas' worth, making 10,000 six guinea notes: and suppose that by an ostentatious hawking he had succeeded in reducing the price of this paper to its supposed *ne plus ultra* of depretiation, viz: a discount of 4^d. What would be the consequence? That so long as the sale of his

⁸⁶ MS 'that'.

⁸⁷ See **Art 14 {4}**, p. 000 above. [To UC ii. 633, this file]

notes at this discount continued he would have produced a loss (amounting [to] from 4^d to ¼^d) to such holders of these Notes as during the depreciation should have parted with their notes. But what would he be the better for this loss? just nothing: the loss upon his own 10,000 Notes would be from a farthing to 4^d a piece: and not a farthing's worth of gain would accrue to him from any loss sustained by other Note-holders upon *their* notes.

[001_537]

A Government paper and not subject to an agio?—a Government paper and not exposed to a discount?—the very idea has something paradoxical upon the face of it. Paradoxical or not, it certainly is new—but, for being new, it will not be found the less true. It would be not only paradoxical but untrue, were it not for the pre-established existence of a mass of Annuities—and so large a mass—in the shape of Stock. It would be so, were it not for the pre-established institution for the buying in of Stock.⁸⁸ It is by this application of the purchase money in the buying in of old Annuities that Government is enabled to sell the proposed new Annuities in any quantity.—It is by the perpetual as well as unlimited disposition and readiness to sell, and sell at par, that it establishes the impossibility of a *rise*: it is by the physical impossibility of a rise, added to the other circumstances we have seen, that it establishes the moral impossibility of a fall.

[001_538]

Upon a confused—a hasty—and superficial view—a degree of suspicion may be adapt enough to attach upon the species of paper here proposed.—A circulating paper to be issued by Government!—issued in notes of unexampled smallness!—issued in immense—in unexampled—and even in unlimited quantity!—and issued without any fresh fund created for the payment of it!—and thus comes in the idea of the French Assignats.⁸⁹

On a second glance all these grounds of suspicion will disappear. A circulating paper issued by Government is in constant and most extensive experience.⁹⁰ As to the smallness of the notes, separately

⁸⁸ i.e. the Sinking Funds: see p. 000 n. above. [To note to UC cvii. 172 'Political Prospects'] To Bentham has marked the following sentence, which appears at this point, for deletion: 'What a sluice is to a Canal, this buying up plan is to the proposed branch of the system of Finance.'

⁸⁹ See p. 000 n. above. [To note to UC i. 14, 'Circulating Annuities', Ch. [^]. Rise of Prices—how to be obviated]

⁹⁰ Bentham probably had in mind exchequer bills, although the degree to which they circulated was limited. For a later discussion see 'Observations by Sir Fred. Morton Eden, .^.^ on the Annuity Note Plan, .^.^ with Counter-Observations by the Author of the Plan', pp. 000–000 below. [To BL Add. MS 31,235, fos. 52–6]

taken it leads to nothing, except in as far as it serves as an indication of a proportionable largeness in the whole mass of the paper collectively considered: the largeness of the mass is matter of equal indifference, except in as far as it leads to the danger of overloading the fund for payment. For the want of a fresh fund it is all the better, instead of being so much the worse: it has the old established funds to rest upon, which, in as much as they are old established, are surer than [001_539] any new ones: and it adds nothing to the pressure upon these existing funds, but on the contrary takes from it, because as fast—nay much faster, almost as fast again—as they are charged with this new burthen, they are exonerated of the old.

With the French Assignats it has thus much—and thus much only—in common, viz: that it conveys a transferable promise of money, and that promise expressed on paper. By a French Assignat, a title was convey'd to land to a certain value, a shilling's worth, or six-penny-worth or whatever it might be. Three points amongst others were wanting to the goodness of this paper. That the title thus convey'd were a good and sure one—that land were capable of being cut out into shilling's and six penny shares—and those slices portable.—The proposed English paper is not built upon such dreams.⁹¹

⁹¹ In the corresponding marginal contents sheet at UC iii. 31 the following contents, corresponding to nine pages, appear at this point, for which the text has not been identified: '26. Probable extent of circulation of this paper—it will ne very great.

'27. It will take the place in no inconsiderable degree of the pretious metals.

'28. Admission—that payment of what is undertaken for will not be sufficient to keep this paper from depretiation.

'29. The price of Note Annuities will not be liable to be affected by the price of Stocks—1. Not raised by the rise of Stocks.

'30.—Not lowered by the fall of Stocks.

'1. Customers not the same unless when Stocks are risen to very near par. 2. In that case Stockholders, after having sold out to buy Notes, may to a great amount at once be for selling Notes to buy Stock, on a fall of Stock. 3. But this, before it can depretiate *Notes* in *circulation*, must have stopt the issue. 4. By raising the price of Stock, the fall of Notes must soon be stopped.

'Addendum. Not probable that the migration from Stock to Notes should be considerable enough to produce a perceptible re-action of this kind.

'30^a This will afford a *steadiment* to Stock.

'31. Nor by any demand, however sudden, for ready money payable at home.

'1. Such a demand might be satisfied by Annuity Note paper itself. 2.—or it would only go to stop the issue.

'32.—Nor even by demand for ready money, payable abroad.

'1. Pay for British troops on the Continent. 2. Subsidies—3. Loans—4. Remittances to support credit of correspondents. No more than £70,000 out of 44 millions exported. See Rose's pamphlet.'

The first three of these marginal contents are repeated, but marked for deletion, at the beginning of the marginal contents sheet at UC iii. 34 (12 November 1799), headed '§ Extent &c., Contents.'

[001_440]

§ Advantageous Properties—Limits⁹²

These Note Annuities will not take place in any degree of the existing Stock Annuities in the case where permanent income is desired by the possessors of large sums: no man will for a permanence lay out his money at 3 per Cent when on the same security he may lay it out at 4, 4½ and 5 or 5½ per Cent. In this point of view, it would seem that none of the wealth that at present goes to the purchase of Stock Annuities, would be employ'd in the purchase of these Note Annuities, nor, therefore, go to swell the mass of Annuity that would be granted on these terms and capable of being put into circulation. It seems, however, not improbable, that a part of the money which is now employ'd in the purchase of Stock Annuities for the sake of the temporary profit, notwithstanding the danger of loss by selling out, by reason that no equally secure mode of placing out money for a time altogether at the command of the lender is to be met with, may, in consideration of that danger, and for the purpose of avoiding it, be invested in the purchase of Note Annuities, though at no higher rate of interest than 3 per cent.

[001_441]

The quantity that comes under this description will, it is evident, encrease as the *Funds* rise, that is, as Stock Annuities become dearer and dearer, so that a less and less rate of interest is to be made on money invested in the purchase of them: since the dearer Stock Annuities are, the less a man pays for that sort of security against depretiation—against loss by reselling, which is afforded by the peculiar steadiness of these Note Annuities.

[001_442]

The Elements, then, of the total mass of Annuity Notes that will be found in circulation at any given period, say 10 years after their institution, may be distinguished and summed up as follows:

1. One part of coming in lieu of an equal portion of the quantity of hard cash at present circulating—Gold and Silver taken together.

2. Another part coming in lieu of an equal part of the quantity of Bank paper at present

For 'Rose's pamphlet' see p. 000 & n. above. [To note to UC 571, 'Circulating Annuities', Ch. IV]

⁹² This heading reproduces the marginal subheading on the text sheet. The Corresponding marginal contents sheet at UC iii. 34 (12 November 1799) is headed '§ Extent &c.'

circulating.

3. Another part in lieu of an equal part of the quantity of private Bankers' paper at present circulating.⁹³

4. One part coming in lieu of a proportionable quantity of Stock Annuities.

5. One part purchased by foreigners who would not have taken Bank Paper nor invested their money in the purchase of Stock Annuities.

6. One part purchased by the possessors of small sums for the purpose of permanent income, and by them retained without being put into circulation.

[001_443]

In the quantity of paper currency circulating in the form of Bills of Exchange and Notes of hand, the proposed paper will make no reduction. No man accepts of these promises of future money payable at a distant period, if he can [get] present money of the same denominated value in hand or payable on demand. The man from whom a Bill of Exchange for six guineas, whether drawn or endorsed by him, is received, is always a man from whom 6 guineas in gold, bank notes, or annuity notes is not to be had.

The case is the same with regard to the quantity of Government Paper in circulation, in the shape of Exchequer Bills, Navy Bills, and Ordnance Bills: so likewise with regard to India Bonds. While any of these papers are to be had, no man of those who are at present in the habit of purchasing any of these papers will purchase Annuity Notes in preference. But, on the return of peace, these papers will disappear, and then part of the money that is now invested in the purchase of these papers will come to be invested in the purchase of Annuity Notes to keep for a time, upon the principle of the portion already mentioned of the money at present invested in the purchase of Stock Annuities.

NOTE TO TYPESETTER: Please centre the following line of text.

[001_444]

Quantity of currency at present circulating in the character of ready money—Say

⁹³ In the text, Bentham has marked the following three paragraphs for deletion.

NOTE TO TYPESETTER: Please present the following table in two columns, without the grid lines. Please also align the figures horizontally with the last line of text in each cell, and align the figures vertically in relation to each other. Also please add/remove dots linking words in the first column to figures in the second as necessary. Finally, please note the fraction $\frac{3}{4}$ (three-quarters).

	Guineas
Gold Coin	44,000,000
Silver Coin including base taken at its nominal value .	4,000,000
Bank paper of £5 notes and upwards	12,000,000
Bank paper in notes under £5 notes	4,000,000
Private Bankers Paper in the shape of promissory notes payable on demand	<u>6,000,000</u>
	70,000,000
Proportion of the above currency that will be replaced by the Annuity Note currency say $\frac{3}{4}$	52,500,000
Add	
Stock Annuities in the hands of foreigners residing abroad	2,500,000
Note Annuities in the hands of proprietors of small sums at home, customers for permanent income, and hoarded by them without being ever put into circulation	5,000,000 ⁹⁴

[001_460]

⁹⁴ The following marginal content, for which there is no text, appears below this table at UC i. 444: ‘D^o by increase of frugality. D^o by increase of general opulence and population.’ The next two folios in Bentham’s paginated sequence at UC i. 445–6 contain only the following marginal contents: ‘6. The quantity of cash which can not be driven by it out of the market consists of divers parcels, one of which is the quantity necessary *to buy* it with. 7. Annuity paper might be made for larger sums, as well as Bank paper.’ In the marginal contents sheet at UC iii. 34 (12 November 1799), Bentham has noted ‘Blank’ in relation to these two contents.

Without⁹⁵ the assistance of Government, this paper may occupy the whole of the space occupied by Private Bankers paper, and, of the Bank, whatever is over and above the quantity received and issued by Government:—also the greatest part of that which is at present occupied by hard Cash.

With the assistance of Government, it may occupy the remainder of the space occupied by Bank paper: i:e: if received, and re-issued in the way of circulation.⁹⁶

It can not make any addition to the quantity of circulating medium pre-existing in the country: on the contrary, it will tend rather to subtract from it. A considerable part of that medium is composed at present of Private Bankers' promissory Notes. These Notes would be excluded by the Annuity Notes; and the Annuity Notes will not supply their place. They will exclude the Bankers' Notes compleatly. What a man gains by receiving a Banker's Note rather than hard cash is, as already stated, the saving the time and trouble of counting, the danger of bad money, and the difficulty of conveying by a public conveyance.⁹⁷ All this a man will gain in equal degree by an Annuity Note. On the other hand, the danger a man exposes himself to in return for those advantages, is the chance of failure on the part of the issuer of the Note. To this danger a man is not exposed in any degree by an Annuity Note.

[001_461]

Supposing the Annuity Note currency established, what course would such a Banker, when so called upon, have to take, to fulfill the promise conveyed by his note? what would be the change given by him for his promissory Note? It would be either hard cash, Bank of England paper, or Annuity Notes. But, by taking[?] hard cash, a man would take that sort of money to which, bating the danger of [in]solvency, even the Paper, which by the supposition he wishes to exchange, would be preferable, supposing it to be had in portions small enough for the purpose. So[?] he will not take even hard cash.—By taking Bank Paper, he would take what is preferable, in respect of portability, security against falsification, and dispatch in reckoning, to hard cash, and is so far upon a par, though no more than upon a par, with Bankers' Notes, and which in point of security against failure is even preferable

⁹⁵ This and the following seventeen paragraphs were originally drafted to appear at later point in this section: see p. 000 n. below. [To note to UC i. 459, this file] In the present volume, they have been moved in accordance with Bentham's memorandum in the corresponding marginal contents sheet at UC iii. 34 (12 November 1799). The end of the sub-sequence is indicated by an editorial note at p. 000 n. below. [To note to UC i. 472, this file] For further details see the Editorial Introduction, p. 000 & n. above.

⁹⁶ In the text, Bentham has marked the first sentence of the following paragraph for deletion.

⁹⁷ Bentham in fact detailed the advantages of both Bank of England and country banker's notes over hard cash in the following paragraph.

to them, but which in this last point is still inferior to Annuity Note paper, and which, as much as private Bankers' paper, is inferior in respect of the grand property of carrying an interest. By taking Annuity Note paper when the Banker's paper in question came to be presented for payment, a man would indeed get the very thing desired—that species of money which is preferable to every other? Such is the advantage a man reaps by presenting the Banker's note for payment, supposing him to have received [001_462] it:—but what should be any man's inducement to receive it?—What in particular should be any man's inducement to take it out in the first instance. The best thing that can happen to him is to be paid in Annuity Note paper: its⁹⁸ best property is that of being a paper promising a quantity of Annuity Note paper, or at least *a chance*^f of a quantity of Annuity Note paper, to the same amount. But of what use is the promise, were it even a determinate one, in comparison of the performance? when the effect of the performance is to convey principal and interest, and of the promise principal alone without interest. Who is there that, having received the promise with one hand, would not at the same instant call for performance with the other?

^f I say *a chance*: for as Annuity Note Paper yields the holder an interest, and neither Bank paper nor hard cash yield any—in other words, as, by keeping Annuity Note paper a man gets more or less for every day he keeps it, and gets nothing at all by any quantity of Bank paper or hard cash he keeps, of course Annuity Note paper will be the last species of currency a Banker will part with. Nothing will force it from him but the neither having, nor being able to get, Bank Paper or Cash.

[001_463]

The Annuity notes having once got footing in the circulation, it is indeed difficult to conceive how Bank paper should keep its ground in any quantity, unless by being forced into it by means of extraordinary measures taken for that purpose. At present, Bank paper itself, for sums of any magnitude, is generally preferred to hard cash: if it were not, it would not be to be found: since nobody takes it but by choice. Portability, Dispatch, by saving the trouble of counting, and security in respect of the risk of loss by bad money, are the obvious and indisputable grounds of this preference. But the Annuity Notes, supposing them to be taken at all upon the footing of a circulating medium, will obtain a still more decided preference over Bank Notes: possessing as they will all the grounds of preference that are possessed by Bank Notes, with the advantage of carrying an interest to boot. This being the case, as often as the option is given to a man between Bank Paper and Annuity Notes, the Annuity notes, and they only, will be received. Every body who wants paper will be asking for Annuity Notes:

⁹⁸ i.e. the Bankers' note's.

nobody will be asking for Bank Notes. Persons will, as at present, be applying at the Bank for cash in exchange for their Bank Notes:⁹⁹ nobody will be applying at the Bank for Bank Notes.

The effect will not take place with any such rapidity as to produce a run capable of affecting the credit of the Bank: but the narrowing and, at length, putting an end to the circulation of that species of currency, preventive measures apart, though gradual, will not be the less sure.

[001_464]

To confess the truth, supposing this currency to be once established and universally known, I do not see how it is possible that any paper which yields no interest—in a word, that either Bank of England notes or the promissory notes of Country Banks—should continue to be accepted. Small as may be the amount of this interest for a short time and upon a small note, it is always something: and though it be but a farthing, yet even a farthing will be sufficient to turn the scale where there is absolutely nothing in the other. In transactions to a certain amount, the interest will be an object to every body. It is from these large transactions that the public mind in this respect will receive its form: and in the form of a general proposition, the difference between interest and no interest being universally felt, a man, in each instance, acts up to that general feeling, without the need of any particular impulse. Were the farthing itself considered, it might not be sufficient to produce any sensation one way or the other: but inasmuch as the paper which gives the farthing presents itself in the character of a paper bearing interest, while a Bank note for the same sum, or the same sum in hard cash, presents itself as yielding none, even this farthing's worth of advantage thus accruing will be as sufficient to turn the scale: and a thousand pound could do no more.

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Another expedient that presents itself in this view is the giving a forced currency to a quantity of Bank Paper, by favour[ing] the employment of [it], as above proposed, in the purchase of Annuity Notes.¹⁰⁰ This, so long as Bank Paper continues of itself in the market, seems clear enough of objection: and is accordingly here above proposed in the view of simplifying the business of remitting the purchase money taken for these Notes.¹⁰¹ But supposing the time come when the Annuity Notes shall have obtained the decided preference over Bank Notes, no person who can get an Annuity Note

⁹⁹ Given that the Bank of England's obligation to convert its notes into cash on demand had been suspended since February 1797, it is difficult to understand the meaning of Bentham's assertion.

¹⁰⁰ See Article **18 {8}**, p. 000 above. [To UC ii. 636, this file]

¹⁰¹ See previous note.

choosing to accept of a Bank Note, the matter will not be altogether so simple. If the producing a Bank Note for as much of the purchase money as can be thus composed be rendered a condition *sine quâ non* to the purchase of an Annuity Note, a condition to this effect can not but clog in a considerable degree the issue of Annuity Notes. As, by the supposition, no person will keep a Bank Note for its own sake, the keeping Bank Notes for the purpose of supplying them to purchasers of the Annuity Notes will become a business, and a business from which, as from every other, a profit is to be derived. Bank Notes will thus be at a premium, and this premium will be so much added to the price a man will have[?] to pay for an Annuity [001_466] Note. And what will be the amount of this premium? It can hardly be less than the difference in point of real value between the Annuity Note for a given sum, and Bank paper for the same sum—the difference between a paper carrying interest at 3 per Cent and a paper not carrying any interest.¹⁰² What this difference may amount to is a problem the solution of which seems to be attended with a degree of difficulty that, for the present purpose at least, will hardly pay for the labour. What seems evident enough is—that it can not but be very considerable. The upshot will be that every Master of a Local Annuity Note Office—that is, according to the plan, every Master of a Post Office, Penny Post as well as General Post included, will find it necessary to keep by him Bank Paper to the amount of the highest priced Annuity Note. Call the number of these Offices, 5,000: 5,000, multiplied by £6. 6^s, the price of the largest Annuity Note, makes 30,000 Guineas. This would serve for the operation, supposing it not made necessary for the purchase-money [to]¹⁰³ travel in the form of Bank Paper to the Chief Annuity Note Office in Town: but in this case the equivalent to the Bank would be next to nothing: since it would amount to no more than the interest at the rate of 5 per Cent per annum upon this quantity of Bank Paper, that is, to 1,500 Guineas a year.

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If, on the other hand, it were made necessary for the purchase money to travel to Town in that shape, this would make it necessary that every such Local Postmaster should thus keep in circulation between his Office and the Chief Office in Town Bank Notes to the entire value of the largest stock of Annuity Notes entrusted to him at a time. Call the number of this Stock 50, the value will be 300 Guineas. Five thousand times 300 Guineas, makes 1,500,000 Guineas: but this, while in the character of a compensation to the Bank for the loss of its paper currency it would be inadequate, would, in the character of a burthen upon the several Post Masters, be intolerable. It would require more than a salary

¹⁰² There is no indication on the text sheet that Bentham wished to replace this sentence with the following sentence, and accordingly both are included here, although they appear to contradict each other.

¹⁰³ MS 'should'.

to the amount of the interest (viz: 15 Guineas a year in the instance of each Postmaster) to compensate it: and it would render it matter of difficulty in many parts of the country to find persons capable, in point of pecuniary qualification, of accepting the Office.

Another thing is that the compensation made equal as it is, applies only to the Bank of England—and does not extend itself in any shape to the Country Bankers: and if these individuals could afford to go without compensation, much more could that vast and opulent commercial body.

[001_468]

If the amount of the national income were to receive an encrease from the proposed paper, the demand for it, and consequently the quantity issued in each year, would receive a proportionable encrease. But it does not appear that the national income should receive any such encrease.

On the contrary, it will experience a diminution, and that on more accounts than one. I mean by the national income, the income in the hands of individuals, in contradistinction to that which is received and expended by government.

1. In the first place, it will undergo a diminution on the account of the amount of Government Annuities: annuities paid to individuals by Government. This is the diminution which is constituted by, and runs in proportion to, the grand advantage resulting to Government from this measure. So much money as Government raises at this reduced rate interest, viz. 3 per Cent, so much the less it has to raise at higher rates of interest: so much the less, therefore, is the amount of income which the money'd men whom Government will have had to deal with, for the raising of the money it will have had occasion for, will have had to receive—to receive at the expence of Government—and thence of the entire nation, of which they themselves form a part, indeed, but only a part.

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But this, through a relative loss, is certainly not to be placed to the account of absolute loss. So much the less as these creditors of the nation receive annually on the score of income, so much the less does the whole nation taken together (these its creditors included) annually pay on the score of taxes.¹⁰⁴ The disadvantage to these monied men is an unperceived diminution of gain to a certain amount; the

¹⁰⁴ In the margin, Bentham has noted against the following sentence: 'Sum for sum, the mischief of a loss is always greater than the benefit from a gain. If the case were otherwise, the motive for punishing theft, fraud, and peculation would cease.' He incorporated the substance of the sentence into his text at p. 000 below.

advantage to the nation at large is the escape of a loss to the same amount on the score of taxes: a loss not a particle of which accrues without being severely felt. To say that, taking this consequence into the account, the result of the measure were not a beneficial one upon the whole, would be as much as to say that taxes are no burthen, and that a tax of 90 per cent on income would be as eligible as a tax of 10 per cent.¹⁰⁵

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2. In the next place, it will undergo a diminution in respect of the income lost by the Bankers who, had it not been for this Government paper, would have gone on issuing their own private paper as at present, and making five per cent upon it. Call the amount of private Banker's paper 8 millions constantly in circulation, 5 per cent upon this principal makes annually £400,000.

3. In the third place, it will undergo a diminution in respect of the income lost by traders who, had it not been for the expulsion of this Bankers' paper, would have gone on borrowing it of them and making 5, 6 or 7 per cent upon it^g—say 10¹⁰⁶ per cent—to boot. From hence results an additional loss to the annual amount of [£800,000].¹⁰⁷

^g A part of this sum, it may occur (as of every other large sum miscellaneously collected), would have passed through the hands of prodigals, and been consumed in the way of prodigality. I deduct nothing, however, on this score: inasmuch as, so far as the mass of wealth in question happens to go through the hands of prodigals, in so far it saves from that course other masses of wealth which would have otherwise taken that course. In as far as it increases the sum total of wealth, it will encrease that part which is prodigally expended: but I see no reason for attributing to it a tendency to encrease the ratio of that part to the whole.

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Here then is a national loss to the amount of [£1,200,000]¹⁰⁸ a year on the score of private

¹⁰⁵ i.e. the highest rate of Pitt's income tax, established by the Duties on Income Act of 1799 (39 Geo. III, c. 13), which imposed a tax of 0.833% on annual incomes of between £60 and £65, rising gradually to 10% on incomes of £200 and above. Annual incomes of under £60 were exempted from the tax.

¹⁰⁶ MS orig. '6'.

¹⁰⁷ MS orig. '£500,000'. 6% of the assumed total of bankers' paper would in fact equal £480,000. For Rose's estimate of profits on trade as 15%, which is the likely source for Bentham's emendation, see p. 000 & n. above. [To note to UC i. 299, 'Circulating Annuities', Ch. V]

¹⁰⁸ MS orig. '£900,000'.

Banker's paper. But against this loss produced is to be set a great loss saved: the loss from those failures which happen from time to time on the part of private Bankers. Sum for sum, it seems difficult, not to say impossible, to take any thing like an exact account as between these two losses.

In respect of its nominal pecuniary amount, the loss by failures would, I make no doubt, appear by far the least. But in their nature and in respect of their influence upon the happiness of society, they are widely different. The loss to the Bankers themselves is no more than a diminution of profit, and that a most equable as well as gradual one. The loss to their customers is a positive loss of the most afflictive kind, unequal to the last degree—unexpected—unprepared for, falling in large masses, and bringing ruin in the train of it.

If it takes five years, for example, to expel the eight millions' worth of Banker's paper, it may be ten years, perhaps, before the amount of Annuity Notes in the hands of individuals belonging [to] the labouring classes (including those who by the assistance of this help to frugality will have been raised up above the level of the labouring classes) [001_472] will have risen to this height. But then, in the course of another ten years—the amount of Annuity Notes in the hands in question—the amount of national savings accumulated in the shape of these Notes—may have risen to twice that amount: while in the same space of time the amount of Banker's paper—increasing in no greater ratio than that of the national increase of the stock of wealth—would not have received an increase by more than a half—a third—or a quarter of that amount. And mark well the difference between the one mass of wealth and the other. The one is a bank of security against sudden exigencies and sudden losses: the other is a continually extending *mine* of sudden losses. The Banker's 8 millions, if it swells the means of the Banker, swells his expenditure—the luxurious and unproductive part of his expenditure—in proportion: the Working-man's 8 millions swells his income and his capital, all of it at the expence of his expenditure.¹⁰⁹

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What I am equally obliged to confess is—that admitting this result¹¹⁰ to be upon the whole an ineligious one, the mischief, such as it is, does not appear to admitt of a remedy.

An expedient, that for the moment might present itself in that character, is—the limiting the quantity of this paper: in the view that, constituting by this means but a part of the currency, the

¹⁰⁹ This point marks the end of the insertion indicated at p. 000 n. above. [To note to UC i. 460, this file]

¹¹⁰ Bentham presumably had in mind the expulsion of the paper currency of the Bank of England and the country banks.

remainder of the circulation would be left open to the two unproductive papers in question, as at present. This, however, it may soon be recollected, would be inconsistent with a principle that has already been stated as a fundamental one:¹¹¹ if the quantity were limited, the price would rise, and having risen it would [be] liable to fall again, and so on continually: and thus it is that steadiness in point of marketable value, a property shewn to be an indispensable one to the success of the proposed currency, would be at an end.

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It is not only in respect of the amount purchased by the industrious and hard working possessors of small but permanent sums that the mass of Annuity Note Paper will be receiving an encrease: it will be receiving a farther and equally constant encrease in respect of the amount purchased by the temporary possessors of large sums, in respect of the additional spur and facility by means of which it will operate in encrease of accumulation in their instance. It will add nothing to the income of any individual of this class in the first instance, at the time of its flowing into his hands, but by giving him a profit, and that an unexampled one, upon every particle of it which he saves instead of spending it, it will be affording him an inducement, and that a constant one, for saving more and more, and spending less and less. Not that he will keep his savings in this shape beyond a certain mark: I mean the mark [at] which, when it has [been] attained, it will have risen to such a magnitude which it will bear the expence and trouble of a purchase into the Funds. A man [001_449] who otherwise would have laid up but £200 a year, lays up now (say) £300 a year. This additional £100 a year comes in, say, in equal proportions on every day of the year: this will be the same thing as if he had the half of it, £50, from the beginning of the year to the end. Here, then, for every sum saved in the course of the year by the operation of this impulse[?] will¹¹²

The quantity of Annuity Note paper thus remaining in the hands of an individual at the same time will not be limited to the exact mark at which the profit by changing it into Stock commences: few are those in whom such alertness is to be found. It will more frequently be kept to the end of some regular period, such as that of the year: at the end of each twelvemonth a man will vest in this more profitable shape the produce of the twelvemonth's parsimony. The accession that will annually accrue from this source to the total amount of Annuity Note paper—this accession, though altogether out of the reach of

¹¹¹ Bentham may have had in mind the provision in Article 1 of his plan that the Annuity Note currency would be issued 'in whatever quantity it shall be applied for by purchasers on the conditions herein after mentioned': see p. 000 above. [To UC ii. 383, 'Circulating Annuities', Ch. I]

¹¹² The sentence has been abandoned at this point.

calculation—will hardly be looked upon as an inconsiderable one.

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The next loss on this score, whatever may be the real amount of it, promises to be compensated, and more than compensated, [by] the mass of advantages so various and so important, that will accrue to the labouring classes, that is the great bulk of the community, in respect of the encouragement afforded to good thrift: a track in which the accumulation of the matter of wealth, and the preservation of good morals go hand in hand.

The loss to Bankers is the loss of a fixed annual sum, not susceptible of encrease, otherwise than in proportion as the sum total of national wealth receives an encrease. The gain to the labouring and industrious and frugal Poor—and those whom it finds labouring and industrious, and whom it renders frugal by affording to them the hitherto unprecedented means of being frugal to advantage, is a mass encreasing without end. The quantity of Bankers' paper in circulation, and consequently the amount of profit upon that branch of the currency, can never bear more than a certain proportion to the quantity of hard cash—of the article of which it conveys the confident, the ever brittle and the so frequently broken, promise. In the instance of each individual Banker, if that proportion be exceeded, failure and ruin is the consequence of the excess.

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That, in virtue of this result, the institution would be productive of a prodigious mass of damage is not to be denied: but if the damage be found to be much more than compensated, and altogether clear of injury, the objection is such as ought not to be regarded as a peremptory one. As between individual and individual, what it does is neither more nor less than the enabling every man to make his own advantage of his own money: instead of reposing it in the hands of a stranger, whose business consists in lending out other people's money at their risk. It were strange indeed if a man were not to be left or made as free to do with his own as with other people's. If it be no injury for government to permit one Banker to get a customer's money to make use of in preference to another Banker, still farther is it from being an injury for government to enable the customer to make use of it, or rather to afford him the additional motive in question for making use of it himself. There is not in any trade or profession a man whose profit is not in the same way made at the expence and to the damage of his competitors, that is of every other person in the same trade or profession: and if damage thus produced without injury were to be prohibited, to prohibit it would, in other words, be to prohibit the exercise of every profession and every trade.

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The damage, such as it is, would be confined to men of opulence: it would accrue to them not suddenly but gradually, at the gradual rate at which the proposed currency would insinuate itself into the circulation: out of such a multitude of sources of profit as now are, and on the supposition in question would remain, open to them, it would shut up this one: but as it would shut up this one only, leaving all those others open, whether the damage would in fact amount to any thing would still remain a question as immaterial as it would be impossible to solve.¹¹³

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When things have once run to this pass, there seems no reason why Annuity notes already in circulation should not be received and re-issued at the Exchequer, as Bank notes are at present, meaning, of course, to those who choose to take them in preference to hard cash.¹¹⁴ Meantime, a consequence which it will be necessary to look in the face is—that as often as there happens to be an extraordinary demand for the pretious metals, whether by reason of the very extraordinary conjunction

¹¹³ In both the text and the corresponding marginal contents sheet at UC iii. 34, Bentham has marked the following four paragraphs at UC i. 453–4, which appear at this point, for deletion:

‘It will therefore substract from the circulation the amount of the entire stock of Bankers’ notes. Nor will it make an addition to an equal amount, or so much as to any amount. Bankers’ Paper consists of promises. That paper at an end, there is nobody else to give any such promises. What the circulation contains at present is hard cash to the amount, say, of 50 millions, and paper promising that same hard cash (for there is no other) to the amount, say, of 20 millions more. Of this 20 millions’ worth of promises, there is now an end: not that there is any want of persons who are ready enough to make such promises, but there is nobody that will take such promises.

‘It does not appear that by reason of the expulsion of this promising-paper, there will be a single Annuity Note more issued. Hard cash, and that alone, is what Government will receive in payment of every Annuity Note it issues. Bankers’ Paper will most certainly not be taken: Bank paper will not, let us suppose. No man will, therefore, obtain an Annuity Note in the way of issue, who has not hard cash to give for it.

‘The necessity, therefore, of giving hard cash for the purchase of an Annuity Note will have to keep in the circulation a quantity of hard cash which otherwise would be expelled.

‘The void made in the circulation by the total expulsion of Banker’s paper, and the partial expulsion of Bank paper, can not be filled up by Government. It is not in any degree, or by any means, in the power of Government to encrease the amount of Annuity Notes. It may force—as it does force, and finds itself obliged to force—into the market any quantity of Stock Annuities, according to the exigencies which press upon it—but it can not force into the market any quantity of Annuity Note Annuities. No such thing as an Annuity Note is ever to be had without being paid for in hard and ready cash actually in hand: and that is the very thing which Government can never get enough of.’

¹¹⁴ Bentham has both marked for deletion and cancelled the following sentence, which appears at this point: ‘For this purpose they must, of course, have been received into the Exchequer on the footing of hard cash.’

of an alarm for public credit, as in case of invasion, or rebellion or the like, or by reason of the ordinary and frequent occurrence of a demand for metallic money or bullion for exportation, Annuity notes attempted to be re-issued from the Exchequer will be liable to be refused. To provide for this contingency, it seems necessary that a reserve, and that a very considerable one, of hard Cash should be kept in the Exchequer for this purpose. Hence will result an annual expence equal to the amount of the interest upon this sum, which will thus be in general lying dead. But this loss is no objection, it being no more than a small deduction from a vast body of profit that has preceded it.

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Supposing the proposed receipt of Annuity Notes at the Exchequer to be established, Government, not being bound for any thing more than the interest, would have it in its power without any breach of faith to suspend this receipt at any time. But though this could be done without breach of faith, it could not be done without prejudice to the steadiness of the proposed paper—a quality so often insisted upon as essential to its value, and to its obtaining that extent of circulation which is here supposed.

The sinking fund might, as far as it went, be applied to the filling up of any such temporary deficiency of receipts in hard cash as is above supposed, without any breach of faith or other inequity[?]: but this alone could not be relied upon as being at all times sufficient to such a purpose. A reserve in hard cash, as in the Bank and in countries that do not experience the advantages and disadvantages of paper credit, may probably be found to be indispensable.

The amount of this fund, according to all appearance, need not be very considerable.^h

^h According to M^r Roses's pamphlet of 1799,^a the drain produced in the course of a 4 years ending in 1796 by such a mass of foreign subsidies and the maintenance of English armies in foreign parts, did not carry off so much as a million's worth of coined gold: and in the years 1797 and 1798, during which the forced re-importation was carrying on, out of £8 million's worth of gold imported, not above £70,000 worth [appears] to have ever existed in the shape of British coin.¹¹⁵

¹¹⁵ MS orig. 'to have been composed of British coined gold exported and re-imported'.

^a p. 64 French edit.¹¹⁶

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The proportion of hard Cash necessary to be kept in this case by Government can never be equal to that which it is now necessary to be kept by the Bank. What the Bank keeps, it keeps under the apprehension of not being otherwise in a condition to fulfill the engagement it lies under in virtue of its promise of changing each and every one of its notes for hard cash on demand. Government, in respect of the proposed Annuity Notes, takes no such engagement: all it engages for is to pay interest, which interest is not increased by any given mass of Annuity Notes, but diminished. It is not, therefore, for any such urgent and indispensable object as that of its keeping up its credit that the expedience of keeping up the proposed proportion of hard cash is indicated, but merely by that of maintaining the steadiness of the proposed paper, and preserving it from a momentary—for it can scarcely be anything more than a momentary—depreciation. Be the demand for hard cash of the highest degree of urgency conceivable, the credit of the paper—the credit of Government in respect of this paper—can not in the smallest degree be affected by it. The thing that credit is exposed to suffer by is a breach or apprehended breach [001_458] of engagement: no engagement, no breach of engagement: where no engagement is broken, no credit can be lost.

It may even bear a question whether, even without any such support as that which is here proposed, the proposed paper would be capable of being affected by any such demand for cash to such a degree as to be made to bear a discount: change of price may fall rather upon the marketable price of cash than upon the marketable price of Annuity Notes: hard cash may bear a premium while Annuity Notes do not bear any discount, but continue to pass at the par price.ⁱ

ⁱ If Annuity Notes were to be issued in as small sums as silver is coined in, this supposed effect could not take place: *cash* bearing a premium and *paper* a discount would be convertible terms. But as there would be still a quantity of gold in circulation, for example in half-guineas and seven shilling pieces at least, if not in guineas, the case might be that a six guinea Annuity Note would still pass for six pound six shillings with interest up to the day among persons in general, but that the comparatively few who were occupied in making provision for the supposed extraordinary demand for gold or silver coin or bullion would pay, and would continue while the demand remains

¹¹⁶ See George Rose, *État de la Grande-Bretagne, relativement à ses finances, son commerce, ses manufactures; et Tableau de l'accroissement de son Revenu et de son Commerce, de 1792 à 1799*, London, 1799, pp. 64–5, corresponding to *Brief Examination*, pp. 74–5: see p. 000 & n. above. [To UC 571 & n., ‘Circulating Annuities’, Ch. IV]

unsatisfied, a few pence or a few shillings more for the purpose of obtaining the value of the six guinea note in hard cash rather [than] in paper, while in the country at large the equilibrium continued unvaried and undisturbed.

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Supposing these Annuity Notes to have driven out of the circulation the Bank of England paper; another question that recurs[?] is, how is it to fare with the Exchequer, and with the other Government Offices which receive money on Government account? Are they and the individuals paying money into them and receiving money out of them to be loaded with hard cash for every sum?—If not, there seems to be no alternative but the¹¹⁷

[001_473]

On the quantity of capital circulating in the country, the effect of this new stock of money will be to increase it: it will increase it by the amount of the whole quantity issued, deducting the amount of Bank and Banker's paper at present in circulation. This, by taking its place, it will have expelled and annihilated altogether: of the hard cash, what it expells out of the circulation it certainly will not annihilate. In its own shape or in the shape of Bullion, it will go abroad: but where sent abroad it certainly will not given for nothing: it will not be transferred without that profit without which, or at least what appears a reasonable expectation of it, no property is ever parted with in trade.

[001_474]

To see whether the addition above stated be or be not a clear one, let us follow up in its progress the money received by Government as the purchase-money of these notes. Vested in the hands of the Commissioners of the Sinking Fund, it is employ'd in the buying up of Stock. For every hundred of Annuity Notes sold and issued, they will receive 600 guineas, making £630 ready to be employ'd in buying up so much Stock as, at the price of the day of purchase, it will fetch. By this, it may be said, no addition will be made to the quantity of hard cash in circulation: it will indeed, when lodged in the hands of the individuals of whom the Stock is purchased, be so much thrown into the circulation: true:

¹¹⁷ The text is abandoned at this point. In the margin, Bentham has noted: 'Answer. Issue larger Annuity Notes. Doubloons, Quadruples. An 8ple = [£50. 8] [MS '£50: 16'].

'Answer. These things will settle themselves according to general convenience.—If Bank Paper is not wanted, it will not remain—if it is, it will remain—since there will be a demand for it.'

In Bentham's original arrangement of the draft, the sequence inserted at pp. 000–000 above appeared at this point. [To UC i. 460–72, this file]

but it is from the circulation that it will have been taken out before it was lodged in the hands of Government and these Commissioners: which is neither more nor less than takes place at present in respect of every such sum of £630 which they employ in that way out of their[?] present funds.—The answer is—true:—by the hard cash thus employ'd in Government no addition is made to the quantity of hard cash circulating in the country: but an addition is made to the quantity of money circulating in the country in respect of the hundred Annuity Notes which, by the supposition, are worth as much as the hard cash, and which leave the quantity of hard cash in the country undiminished.

[001_475]

Observe the difference between a purchase made of £630 worth of stock out of the existing fund, and a like purchase made out of the proposed fund. In both cases, the cash must equally be drawn out of the circulation by the Commissioners, before it is returned to it: drawn out of the hands of one set of individuals before it is transferred into the hands of another set of individuals. But in the existing case, being the produce of taxes, i:e: value taken without a pecuniary equivalent, it empties one set of hands in proportion as it fills another; in the proposed new case, it goes as far towards filling the hands into which it is transferred as in the other case, but it leaves no void behind: from no one hand does it take six guineas worth of gold without leaving in the same hand six guineas worth of paper, worth, by the supposition and by the experience, exactly as much as the gold. Suppose 22 millions of pounds' worth to have been thus disposed of, over and above the amount of Bank and Banker's paper which, by being replaced by an equal value of Annuity Note paper, has been annihilated. Here, then, are £22,000,000 of circulating money made [over] to the purchaser of this paper in the shape of Annuity Notes: and the £22,000,000 of hard cash remains, if not in the circulation of the country, at any rate in the world, for certainly, by having passed for a moment through the hands of the Commissioners, it is not annihilated.

[001_476]

A proportionable quantity of *Stock*—of Stock Annuities—is, it is true, bought up into the hands of Government, and thence capable at any time of being annihilated. But by this annihilation there is not the less quantity of circulating money: for the existing Stock Annuities never existed in the shape of a circulating medium: and the proposed Annuity Notes will be existing in that shape.

Neither is the Stock annihilated: for it is kept afoot on account of the purchaser, viz: government.

[001_477]

The sum total of currency will be diminished by the amount of the Bank and Banker's paper

expelled out of the circulation.

It will be augmented by the total amount of the Annuity Notes introduced into the circulation.

If the total amount of Bank and Banker's paper previously existing in the circulation were [smaller]¹¹⁸ than the total amount of the Annuity Note paper introduced into it, the quantity of currency in the circulation will, therefore, be augmented upon the whole: in the opposite case, diminished.

Bank and Banker's paper, it is to be observed, will be so much value driven out of the circulation and annihilated: the amount of this species of paper will not be to be added to the amount of Annuity Note paper introduced into the circulation.

Of the quantity of hard cash at present in circulation, no part will be in the condition of so much value annihilated: that part, if any, which does not remain in the circulation, will at any rate not be lost. It will re-assume the form of bullion, and either be exported or not, according as a profit is or is not to be made by the exportation of it. If in that shape it be, all of it, employ'd at home, it will be well; if any of it be exported, it will be still better: for it will have been disposed of to still greater profit than if employ'd at home, otherwise it would not have been exported.

[001_478]

If the value expelled and kept out of the circulation in the shape of promissory paper were so much cut off without an equivalent from the quantity of money in circulation, the result would, taken by itself, be an undesirable one: and, as for as it went, would operate as a drawback from the beneficial effects of the measure. The amount of Banker's paper in the country is so much value, so much real value, created, as it were, out of nothing. The paper of a £100 Bank Note is, in itself, worth nothing: but the labour called forth by the expectation of it, is not worth less than if it had been called forth by the direct expectation of so much hard cash. If, for argument sake, the credit of the Bank were to be destroy'd, the £10,000,000 of Bank paper now in circulation would be so much value lost and annihilated. But the quantity of labour and of valuables of all kinds, the produce of that labour, to which the quantity of Bank paper all along in circulation has given birth, and for which it has been accepted as an equivalent in exchange, would not be lost: it would no more be lost than if the article received as an equivalent for it, had been all along so much solid gold.

[001_479]

¹¹⁸ MS 'greater', contradicts the sense of the passage.

Not only would the quantity of wealth existing in this shape be expelled and annihilated, but every source from whence it flows would be dried up, as it were, for ever by the extinction of the branch in question of [the] Banking Trade, viz: so much of it as consists in the issuing of promissory notes payable on demand and accepted as hard cash. So long as the habit of receiving Banker's paper on the footing of hard cash continues, so long the quantity of hard cash in the country receives an accession to a certain amount, whatever be that quantity; and in proportion as the quantity of hard cash in the country encreases, in the same proportion will the quantity of paper which it is capable of supporting, and which it will accordingly be made to support, encrease along with it. Suppose, for illustration sake, the proportion to be one half: and call the quantity of hard cash at present in circulation 44 millions: 22 millions is, on this supposition, the quantity of value at present flowing from that source, and which would come to be destroy'd in the first instance: cash and paper together 66 millions. But in process of time, as population and wealth go on accumulating, the quantity of hard cash will rise [to] 50 millions: when this period, then, arises, the quantity of paper which would have been capable of being supported, and would accordingly have been supported, would have risen to 25 millions: cash and paper together, 75 millions. If, then, 22 millions would thus be [001_480] cut off from the capital—say—of the year 1805, 25 millions would thus be cut off from the capital—say—of the year 1810.

[001_481]

It will not only put an end to the existing Stock of paper currency of the promissory kind, but render it impossible for any body—for individuals—for companies—for government itself—to set up any such currency in future. Neither now nor at any time will a man take barren paper, who can get productive: neither now nor at any time will a man take *brittle* paper who can get *unbrittle*.

[001_482]

The supposition, however, of the want of an equivalent for the Bank and Banker's paper thus expelled is purely an ideal one. Not a Bank Note nor a Banker's note will be expelled without an Annuity Note to equal amount being substituted in its room. It is only because and in proportion as Annuity Note paper is preferred that Bank and Banker's paper is expelled: nobody will refuse a Bank or Banker's note, but because instead of it he chooses rather to have, and accordingly provides himself with, an Annuity Note.

But if Annuity Note paper is preferred to Bank and Banker's paper, much more will it be preferred to hard cash: for Bank and Banker's paper, to which the Annuity Note paper is preferred, is

itself preferred to hard cash: else it would not exist in the quantity in which we see it exist, nor in any quantity: for hard cash is what by [all] sorts of agreements and pecuniary obligations a man is entitled to; nor does any man receive paper but by choice.

[001_483]

If the effect of this new Government paper were to drive the existing Bank and Banker's paper out of the circulation on the sudden, without taking its place, and so to leave the gap or any part of it unfilled, for ever or for any considerable length of time, such a result would, in proportion to the amount of it, be a drawback from, and even, in a case that might be put, more than equivalent for, the benefits of the measure. But no such untoward results would be to be apprehended. If, in a country containing 44 millions of hard cash in gold alone, paper, which does no more than promise what cash performs, circulates on a footing with cash itself, it is because it is really preferable, and that by reason of the three properties already mentioned.¹¹⁹ What then is the consequence? Annuity Notes, in as far as they are to be had, will be preferred to Bank and Banker's paper: true—but wherever Annuity Notes do not make their appearance, Bank and Banker's paper will continue to be preferred to hard cash, as at present. No vacuum—not even a gap—will ever take place in the circulation—not even for an instant—not a single Annuity Note's worth of Bank or Banker's paper will be expelled, but at the time that an Annuity Note is ready to take its place.

[001_484]

No inconvenient scarcity of hard cash can be produced by it.

It is only in proportion as a man can find hard cash to pay for a fresh Annuity Note that a man can take it out in the way of issue and make any such addition to that amount to the quantity of this paper in circulation. This cash a man can not pay an extra price for: since there is no currency by which—nothing in the shape of which—any such price can be made. Bank and Banker's paper having been once expelled, two species of money, and two only, exist by this time in the currency: metallic money and this paper money. If, therefore, it were possible that an extra price could be paid for metallic money, it could only be in this paper money: but the paying an extra-price in this paper money is, in other words, the same thing as the circulating this paper money at a discount. But, by the supposition, there is a demand for it in the way of issue, which by its constitution can only be at the par price. Therefore, so long as there is a scarcity of cash, the issue of this paper can not in any degree go

¹¹⁹ See p. 000 above. [To UC i. 462–3, this file]

on: and therefore again, so long as the issue of this paper does go on, it is a sign and a proof that there can not exist any scarcity of hard cash.

Let us exhibit the same truth in another point of view. That Steadiness in regard to price is, by the terms of the proposed constitution of this paper, a never-failing property of it, has already been made appear.¹²⁰ But, when all other paper is out of the circulation, nothing remaining in it but these [001_485] two species of currency in question—metallic money and this paper money—steadiness in the instance of one is a necessary consequence of—or rather is the same thing with—steadiness in the other. The ballance having but two arms, if one can not be elevated above the level, the other can not be depressed. If Annuity Note paper can not be below par, hard cash can not be above par: if Annuity Note paper can not be inordinately plenty, hard cash can not be inordinately scarce.

This being the case—so long as there can neither be too much Annuity Note paper, nor too little—neither too much hard cash, nor too little, what the proportion may be of the one to the other is matter rather of mere curiosity, not of use: a truth worth knowing, and at the same time a certain one, is—that the proportion will not be any other than the most convenient one:—that point ascertained, what is that precise proportion at any given period is scarce worth knowing and, perhaps, not capable of being ascertained:—I mean beforehand: for supposing the currency once established, the task would be an easy one.¹²¹—It is only for the sake of determining whether that proportion would be a convenient one that the knowing what the proportion would be would be of use.¹²²

[001_486]

Here an observation comes in, and that a very natural one—if Bank and Banker's paper is preferred to hard cash, hard cash will therefore be expelled, expelled compleatly, and that still more certainly and speedily than Bank and Banker's paper.

The answer is—so, accordingly, it would—were it [not] for the following causes, by which a certain quantity can not but be kept in.

1. One is—that it is in hard cash and no otherwise (Bank paper being supposed to be expelled)

¹²⁰ See § Advantageous Properties—Steadiness, pp. 000–000 above. [To UC i. 586–98, 533–9, this file]

¹²¹ In the margin, Bentham has noted at this point: 'Reference to the Register of Notes issued': see pp. 000 and 000 above. [To UC ii. 383, 'Circulating Annuities, 'Ch. I, and to UC i. 604, this file]

¹²² Under the text, Bentham has noted at this point: 'Transition[?]'—This regards the *habitual* state of things—but for extraordinary conjunctions?'

that the payment for the Annuity Note paper as it is taken out can be made—it is only by hard cash that an Annuity Note will in the first instance be to be obtained.

2. Another is—that it is only in hard cash that payment of the interest due upon Annuity Notes can be made. One set of Annuity Notes can not be given in payment for another set of Annuity Note[s] by government.

3. A third is—that neither can the interest due upon the existing Stock Annuities be paid by the proposed Annuity Notes. At present it is paid in hard cash, or, with the consent of the Stockholder, in Bank notes. Bank paper being once expelled, hard cash remains as the only shape in which it can be paid.

[001_487]

Whatever be the quantum of hard cash requisite, it will remain incumbent on government, in virtue of its engagements, and to the extent of those engagements, to provide that quantity:—and for the means of so doing it can never be at a loss. Supposing hard cash to be deficient, it can only be because Annuity Note paper is superabundant: but not a guinea can Government issue in the shape of Annuity Note paper, without having received it, and received it at the very same instant, in the shape of hard cash. Exportation then apart, whatever Government has received in the shape of hard cash for Annuity Note paper issued, either it has paid [away as] money, or it has lying in the Exchequer: so much of it as has been paid away has been restored to the circulation, and no such deficiency in the circulation as is supposed can have taken place: so much as hath not been paid away remains in the Exchequer, ready to be restored to the circulation at any time, when wanted.

[001_488]

Nor can the quantity of hard cash which Government will stand bound, in virtue of those engagements, to supply the circulation with be insufficient to the purpose. If it were, an excess in this quantity of Annuity Note paper poured in to the circulation by Government would be the consequence.¹²³

[001_489]

As to the quantity which it will be necessary to retain, and which some how or other will be

¹²³ In the margin, Bentham has noted at this point: ‘Quere how to continue this.’

retained, in the circulation, for all these three purposes, it will not be found so great as from the enumeration of the above several sources of demand might be apt to be supposed. From that enumeration, the whole amount of a year's interest on the national Debt in the present form of Stock Annuities might at first be supposed to constitute but a part of it. On a second view, the quantum necessary will be found much reduced. The total amount of the interest payable on Stock Annuities, reckoning to the end of the last session ending in July 1799, is, in round numbers, £18,000,000.¹²⁴ But we are not to conclude that on this single account, or even on all three accounts put together, the amount of hard cash necessary for the above three purposes would be so much as £18,000,000. The £18,000,000 is paid in half-yearly payments, and were each half-yearly payment to be made all at once, all of it in the compass of a single day, instead of being distributed as it is through all the days of the half-year, according as it is demanded, still £9,000,000 would be sufficient: because in the course of the half-year, by the time the money were wanted for the payment of the next dividend, the whole amount would either of its own accord find its way back, or might easily be made to find its way back, to the source from whence it had flowed.

Nine millions is, therefore, what would be sufficient for this purpose; as to the payment of the interest on the Annuity Notes, though mentioned in a separate article, it does not constitute a distinct purpose, since the sum total payable on the score of interest on the national debt can not be increased—can not on the contrary but be reduced—by the introduction of the proposed Annuity Notes, that is by the conversion of a part of the mass of Government Annuities into that shape.

The other remaining purpose, viz. the coming back to Government in payment for the continually increasing mass of Annuity Notes issued, is indeed a distinct purpose: but it does not appear to require a distinct fund: it will rather serve, as far as it extends, to afford a natural channel whereby the money issued by and from the Exchequer for the two other purposes may be brought back to government.

[001_491]

This enquiry about the proportion of cash that will continue unexpelled is matter of curiosity, and may contribute to satisfaction, but does not afford any practical inference. This is a matter that will arrange itself, and can not at any rate but arrange itself, according to public convenience: in proportion

¹²⁴ According to the financial resolutions moved by Pitt on 3 July 1799 and agreed by the House of Commons on 11 July 1799, the total of money to be raised in 1779 included 'Interest of public funded debt, charges of management, and sinking fund on the 5th Jan. 1799, after deducting interest payable by Ireland', to a total of £18,762,024: see *Parliamentary History* (1798–1800) xxxiv. 1146–55, at 1149.

as the demand for this article continues to exist, the quantity necessary for the supply of that demand will continue unexpelled—in proportion as the demand vanishes, the article will vanish with it, that is, will make its way out of the circulation, and be employ'd to still better account by being sold in the shape of bullion and thus producing a profit in the way of trade.

[001_425]

To what extent the issue of the proposed paper may be carried, and consequently to what extent the beneficial effects resulting from it may be pushed, is a head of enquiry too interesting to be passed without notice.

On a first view, it seems as if no assignable limits could be set to it: as if the issue were to go on without end. No one who has a single piece of Gold in his pocket but would find it more for his advantage to possess this paper: in this way, the whole of the gold currency will be poured into the lap of Government: and thus, if gold were in the same predicament as Bank and Bankers' paper is, the whole of the gold currency would be expelled, and this Annuity Note paper would take its place. But the gold currency is not capable of being *thus* expelled: the causes which will operate the expulsion of Bank and Bankers' Paper do not apply to gold. The gold, in proportion as it is paid in on the purchase made of an Annuity Note, comes, it is true, into the hands of Government: but it is not by that means taken out of the circulation, since no sooner does it get into the hands of Government than it is poured back again into the circulation by being paid to the [001_426] Venders of Stock Annuities in exchange for what they have to sell. But from whatever hand a guinea comes in this way into any man's pocket, whether from the hand of another individual or whether in this way from the hand of government, there can never come into the pocket of any man a single guinea which he would not find for his advantage to exchange for an Annuity Note to the same amount. Here then, we have the image of a *circulation*, or rather *vibration*, carried on without end. Six guineas, taken by an individual out of his pocket, and paid to government obtains for him an Annuity Note: and in this shape makes an addition of six guineas to the mass of national wealth, but the same six guineas, finding their way awhile after in the course of the circulation into the pocket of the same individual, are by the same reason sent in again to government, leave again in the pocket of the individual another Annuity Note, and thus make another addition to the amount of another six guineas, to the mass of national wealth in this same shape.

What is true of each parcel of six guineas will be true of the aggregate of all the six guinea parcels taken together of which the gold coinage is composed. Call it, as before, 44 millions; within a certain period of time this 44 millions, having been employ'd in the purchase of Annuity Notes, will

have found its way into the hands of government, leaving in the hands of the individual 44 millions worth of Annuity Note paper, in [001_427] the room of it. But within a period of little longer duration, the whole 44 millions will have found its way back again into the hands of individuals, from whence it will be discharged again into the hands of Government, leaving behind in the hands of the individual[s] [an]other 44 millions worth of Annuity Notes.

A year being the period at the end of which bread-corn, the basis of income, is received, a year is the period within which this exchange of guineas for annuity notes will come to be made, on which supposition 44 millions (the amount of the gold coin) is the amount of the addition that will annually be made in that way to the mass of national wealth: and, for aught that *as yet* appears, this annual exchange of gold for paper, this annual introduction of 44 millions of fresh paper, and this annual addition of 44 millions to the amount of national wealth, must go on without end.

The aggregate of the income of individuals may, according to an estimate made by authority, be set down as amounting [to] 125 millions:¹²⁵ to which the expences of government are not to be added, since it is out of the expences of government that a share equal or nearly equal to the expences of government is derived. The amount of each man's income accruing during a year, added to the amount of the sums of saving which each [001_428] man has in his hands for the purpose of being employ'd in the shape of a capital in the course of that year, constitutes the amount of the sums which in the course of that same year may by possibility be exchanged with Government for Annuity Notes. On each succeeding year, a man's income is renewed again, and money to the same amount, the same individual pieces of coin and paper (supposing the income and capital to have received neither accession nor diminution) find their way back into the same hands, and go in exchange for a fresh parcel of paper to the same value as before. Call the aggregate amount of national income, as before, 125 millions: call the aggregate of gold coin, as before, 44 millions; and for argument sake, call the average amount of Bank and Bankers' paper taken together, on each day of every year 18½ millions: then will the amount of the national currency be equal to half the amount of the national income; and for every £100 a year of which that income is composed, there will be, in hard cash and paper taken together, £50 in some man's pocket (what for current expences, what for keeping in the shape of capital) for and during six months of that year. In this view of the matter, somewhat more than a third of the national income will be the amount of the addition thus made in the shape of Annuity Note paper in the compass of each succeeding year.

¹²⁵ See Rose, *Brief Examination*, unpaginated Appendix No. 7. In the margin, Bentham has noted 'Alter' in relation to the remainder of this sentence.

[001_429]

In days of yore, before those advances had been made which have since been made, [and] the science of political economy had come to be understood as it is at present, this view might have passed for uncontrovertible: at the time of the South Sea project,¹²⁶ for example, before the disclosure of those scenes[?] by which men have been put upon their guard against the sources of delusion which hang over this intricate branch of science, no voice might have been raised against it, or, what comes to the same thing, no voice that would have been heard.

At present, since examples of past calamities have lent the materials of instruction, and since writers such as Hume and Adam Smith have appeared to put those materials into shape,¹²⁷ the idea of a never-ceasing and never-ending creation of value out of nothing is, without any close investigation, sufficient, to shut the door of a man's bosom against the expectation of any such result. That there must be a fallacy somewhere is what there are enough who will be ready to persuade themselves: but to discover in what precise corner the fallacy lurks, and what the shape and complexion of it is, is not so easy, nor so perfectly within the reach of a momentary glance.

[001_430]

Adam Smith has assigned a limit to the mass of national currency, and to the mass of paper (meaning Bank and Bankers' paper) entering into the composition of it.¹²⁸ But neither does the argument he employs appear convincing in its operation, or so much as clearly intelligible in itself, nor, accordingly, does the limit he ventures to set appear to be set at the right place. After direct exhibition, illustration will frequently have its use: but in his hands, illustration, instead of being given in addition to a direct exhibition, is given in lieu of it—is made to take its place. In his hand, money at sometimes becomes a thing circulated, in a wheel, at other times it becomes the wheel itself: at other times the

¹²⁶ The South Sea Company, launched in 1710 and incorporated in 1711 (9 Ann., c. 21), was granted a trading monopoly in the South Seas as a means to pay off the National Debt. The infamous South Sea Bubble of 1720 involved a dramatic fluctuation in the value of the Company's stock from approximately £100 per share in mid-1719, up to £1,000 per share in mid-1720, back to approximately £100 per share in late 1721. See J. Hoppit, 'The Myths of the South Sea Bubble', *Transactions of the Royal Historical Society*, xii (2002), 141–65, at 143–4; N. Ferguson, *The Ascent of Money: a Financial History of the World*, St Ives, 2009, pp. 156–7.

¹²⁷ i.e. Adam Smith and David Hume.

¹²⁸ Bentham had in mind Smith's discussion at *Wealth of Nations (Glasgow Edition)*, (Bk. II, Ch. II) i. 286–329, and in particular 292–5, 300–1: see p. 000 n. above, and pp. 000–000 below. [To UC ii. 573, 'Circulating Annuities', Ch. IV, and i. 301–15, Appendix D]

trade or the circulation is a sponge, and because a sponge of a given magnitude and texture can not absorb more than a certain quantity of water, it is concluded that more than a certain quantity of that which passes for money can not within a given period be made to find itself in the hands of the nation at a time. This being granted, it follows that for every six guineas' worth of paper you introduce into men's pockets, you drive out of them by necessity six guineas' worth of hard cash. But if this be granted, it is granted without sufficient proof, or at least without sufficient proof furnished by Adam Smith.

[001_431]

To come at a clear view of the subject, we must turn aside for a moment from that illustrious teacher of political economy, who has explained so many points and left so many points unexplained, we must turn aside one moment from Adam Smith, with his wheels and sponges, and look directly into the great book of things, and to that view of it which, in other parts of his valuable commentary, he himself has given us of it.

Wealth being nothing but the product of labour,¹²⁹ wealth being all derived from labour, to the stock of wealth existing in *the world* no real addition can be made but by and in proportion to a previous addition to the mass of labour. In any particular country, an addition may be made to the mass of wealth in either of two shapes: by a previous addition to the average amount of labour which, before the period in question, had been periodically exerted in the country in question, or by the introduction of the produce of labour exerted within the same period, or any preceding period, in any other or foreign country.^j

[001_432]

^jGold is a sort of article which different classes of moralists have at times despised, or affected to despise. Vulgar moralists have spoken slightly of it considered in the character [of] the representation of wealth.¹³⁰ Adam Smith, with more sincerity but with equal injustice, in its own particular character. Gold and Silver being articles of intrinsic value, as intrinsic and independent as that of any other articles whatsoever, Gold and Silver being not only articles of intrinsic value, but the bearer of whatever value ever has been or can be given to paper, the value of [them]¹³¹ was not

¹²⁹ MS del. 'operating on land and the produce of land'.

¹³⁰ [Annotation to be finalized]

¹³¹ MS 'it'.

to be depreciated by direct and sober argument. It is accordingly attacked by Adam Smith in the way of ridicule. ‘Pots, pans and kettles’ are ignoble things:¹³² and being such they would, if placed in certain situations—in a heroic poem for example—be regarded with contempt. In the same situation, Gingerbread cakes would be at least equally apt to excite the emotion of contempt: but if from this contempt it were to be inferred that bread corn is of no value or of slight value, because bread corn enters into the composition of a gingerbread cake, the inference would not be just. Pots, pans and kettles, when thus unexpectedly brought to view together in the text of a grave [001_433] book, call forth the emotion of contempt; therefore they are of slight value: were gold and silver to be in a certain degree more plenty than they are at present, they would, in a certain proportion, be converted into pots, pans and kettles:—therefore, gold and silver are articles of slight value: nor could any accession which the stock of national wealth could receive by any superior degree of plentifulness on the part of these articles, be an object worth regarding in a serious point of view. Such, and no better, is the argument of this always ingenious, most commonly instructive, but not unfrequently fanciful, confused, and delusive and inconsistent writer, with whom not only plate itself is held up to view as an object of declared contempt, but the Nobility, who keep it for the use of their tables, inasmuch as they have thought proper of late years to expend their incomes in the acquisition of these splendid and elegant, but surely innocent, enjoyments, instead of employing them as their Ancestors did, in the maintenance of bodies of armed and idle ruffians, for no other purpose than that of tyrannizing over peaceful industry, and cutting one another’s throats.

[001_431]

From this observation several consequences will be seen to follow.

[001_434]

1. In the country in question, (Great Britain) let the whole of the capacity of labour in the country, at the commencement of and during at the period in question, be already employ’d, employ’d to the utmost, to the best advantage possible, and in the course of the year, whether gradually or all at once, let an additional 44 millions’ worth of gold, *as yet uncoined*,¹³³ be introduced into it, suppose, by prizes to that amount taken on board Spanish plate ships or otherwise. On this supposition, in the way of labour, produced by this gold as it came to be paid away, no addition could be made within that period (a year) to the mass of national wealth. But independently of what further value that quantity of

¹³² See Smith, *Wealth of Nations (Glasgow Edition)*, (Bk. IV, Ch. I) i. 439–40, and p. 000 n. above. [To note to UC i. 20, ‘Circulating Annuities, Ch. [^]. Rise of Prices—how to be obviated’]

¹³³ MS orig. ‘coined or as yet uncoined’. In the margin, Bentham has noted: ‘It makes a difference which’. At p. 000 below Bentham modifies this assumption to discuss the effects of gold which enters the country and remains in the shape of coin.

gold might, in a country in which any part of the capacity of labour remained unemploy'd, have given birth to within that time, the gold itself, which by the supposition is introduced into the country, has its value: the country would *not*, in consequence of this accession, have the greater quantity of *other* valuables introduced into it, but it *would* have this additional quantity of gold.

[001_435]

2. Let the unemploy'd capacity in regard to labour still unemploy'd, amount in the course of the year to the value of one million, and let the 44 millions' worth of fresh introduced gold be so employ'd as to call forth all that capacity into act, to as much advantage as usual. On this second supposition, the accession of wealth which the country derives from the introduction of the gold amounts to 45 million, whereof 44 in gold, and the other million in other articles to which the gold given in payment for the labour bestowed on the production of them has given birth.

3. The unemploy'd capacity in regard to labour in Great Britain amounting to nothing, as under the first supposition, let a portion of this gold, say half, be exported into other countries by which no such accession has been experienced, being paid there in exchange for the production of those other countries, in the way of trade. In this case, taking the rate of profit made in the way of trade at the rate at which it has been taken by authority, viz: 15 per cent upon the capital or sum employ'd in trade,¹³⁴ the accession which the country derives from the introduction of the gold amounts to [£]47,300,000, whereof 22 million remaining in gold, 22 million the value of the goods [001_436] bought with the 22 millions of gold exported, omitting out of the account the profit of trade, to the amount of 15 per Cent, and £3,300,000 the amount of the profit so made.

4. The intercourse with foreign countries being open, as under on the 1st and 3^d suppositions, and the quantity of unemploy'd capacity in regard to labour amounting to what would be sufficient to produce an additional million's worth of value, in moveables or the improvement of immoveables, as under the 2^d supposition, let 22 out of the 44 millions be employ'd in the bringing of this capacity into action, while the other 22 are employ'd in the purchase of other articles from foreign countries, as before. In this case, the accession which the country derives from the introduction of the gold amounts, as we have seen, to £48,300,000.

[001_437]

On this occasion a distinction which has been started, or at least employ'd, by Adam Smith will

¹³⁴ The authority was George Rose: see p. 000 & n. above. [To note to UC i. 299, 'Circulating Annuities', Ch. V]

require to be brought to view, viz: the distinction between value in use and value in exchange.¹³⁵—

Whatever portion of the 44 millions of gold came within the period of time in question to pass into the shape of pots, kettles and pans—of manufactured plate, would be so much acquired value in use: whatever portion failed of passing into that shape in the course of the same period would for so long fail to be added to the amount of value in use. The stock of national comfort would be increased by so much as it is more comfortable to eat off [of]¹³⁶ pure and durable and resplendent gold, than off of dull and sordid pewter or brittle crockery ware.

With regard to value in exchange, the result would be very different. Take first the case in which no part of the capacity in regard to labour remains unemploy'd, nor is there any mart for the gold in foreign countries: and let none of the gold pass out of the state of coin into the state of manufactured plate. So long as this state of things lasted, there would be no advantage in any shape gained to the country by the influx of so much gold. [001_438] The accession being supposed equal to the quantity existing at a period immediately previous to the accession, the general result in point of national wealth would be that the prices of all articles would be doubled, and the quantity of value in use—the quantity of the instruments of comfort and enjoyment—neither greater nor less. Of the value in exchange possessed by of the stock of gold coin previously existing, one half would be destroyed by this new influx: other articles would be at double the price they were at before; gold at half the price: not that these other articles would be the more difficult to get than before:—they would require a double quantity of gold to pay for them, but that double quantity would be as easy to get as the single.

Such would be the state of things, considering the matter on the abstract ground of the quantity of wealth: but considering it on the practical and more important ground of national happiness, the case would be very different. If, indeed, the supposition started by Hume were to be realized, and the new stock of wealth distributed in exactly the same proportion as the old, then indeed, even in point of happiness, there would be no change.¹³⁷ but a supposition to this effect is evidently a purely ideal one: every other mode of distribution would be as possible as [001_439] this: the chances against this one would be infinite: and on every other plan of distribution, in proportion as it deviated from this

¹³⁵ See p. 000 & n. above. [To UC ii. 588 & n., this file]

¹³⁶ MS 'from'.

¹³⁷ See David Hume, 'Of the Balance of Trade', (first published in *Political Discourses*, Edinburgh, 1752, pp. 79–100), in *Essays, Moral, Political, and Literary*, pp. 308–26, at 316: 'We fancy, because an individual would be much richer, were his stock of money doubled, that the same good effect would follow were the money of every one increased; not considering, that this would raise as much the price of every commodity, and reduce every man, in time, to the same condition as before.'

proportionality, some would be made richer, others, in an equal degree, would be made poorer: and thus would a proportional degree of unhappiness be produced: since sum for sum, a given sum, coming in in the shape of *gain*, never produces so much happiness, as it produces unhappiness by going out in the shape of *loss*, an axiom of pathology in which all the considerations that plead for the preservation and protection of property, have their root.

*Cur nondum*¹³⁸

[001_245]

A topic of inquiry, in the character of an objection, here presents itself—If the plan be really an eligible one, how comes it not to have been already in use. If eligible at present, are there any circumstances to render it such at present that would not have rendered it equally eligible long and long ago? If so, is it not reasonable to think that it would long and long ago have been established, were it not for some considerations, which whether perceptible or no at first sight, would on due consideration be found to put a negative upon it?

To this it may be answered—

That a mode of operation has once been established, is in all human transactions, but more particularly in all government transactions not only a natural cause, but in default of some specific and conclusive reason to the contrary pointed out and clearly brought to light, a reason abundantly sufficient why it should continue to be observed, nay even exclusively observed.—But that any such reasons have ever hitherto been brought to light is more than I have ever heard.

[001_246]

That[?] a plan should be introduced and brought to perfection at one and the same time, that at the time of its first appearance and adoption it should present itself in a state of absolute perfection, is little of a piece with the nature of man, and in particular with the nature of man acting for others and not for himself—in a word, with the nature of government.

In speaking of perfection, I mean with reference to the order of things as existing at the time. But

¹³⁸ i.e. ‘Why not before’. No corresponding marginal contents sheet has been discovered for this sequence, which is subheaded ‘Part II 2^{do}’. For Bentham’s intention to include such a discussion see p. 000 above. [To UC ii. 37, this file]

a plan may have been in a state of perfection with reference to the order of things existing at the time, and yet, at any subsequent and distant period, be found by lapse of time reduced to a condition very far short of perfection with reference to the order of things as existing at that succeeding period.

These are topics that bear very wide of the proper mark, the real merits: but which, constituted as the mind of man is, possess an influence as great as those which apply in the closest manner to the real merits. So much more, in many cases, is vague presumption regarded, than direct and positive proof!¹³⁹

[001_247]

Whether, at the first institution of the market for Government Annuities, the mode of transfer might have been established upon any other footing more commodious than that which was then adopted, and which continues to be in use—I mean upon any footing such as, besides being more commodious if practicable, would also have at that time been practicable, is an enquiry of very wide extent, and which happily is not necessary nor very material to the present purpose. A consideration which, though still not necessary to the present purpose, may seem to throw some light upon the present enquiry is, that at the first opening of the market in question, the mode here proposed would really not have been practicable. At that period the creation of Specific Funds was necessary, and those adequate to the discharge not only of interest, but principal. In the plan here proposed, the existence of public credit is supposed and built upon—in other words, of a persuasion universally established

¹³⁹ The following related passage at UC i. 529, headed ‘Annuity Notes. Ch. [^]. Objections. *Cur nondum*’, was probably drafted later than the draft reproduced here: ‘This objection, such as it is, applies with equal force to all measures of Government whatsoever—the best as well as the worst, those which are established, as well as those which remain to be established.’

‘It applies to the reduction of interest in M^r Pelham’s time—to the establishment of the two existing Sinking Funds—to the measure for the Sale of the Land Tax, coupled with the application of the produce to the formation of a third Sinking Fund.’

‘There is a time for all things.—Times, and separate times, are requisite for genius, for wisdom, and for courage: for conception to bring forth, for judgment to mature, and for the resolution to fortify itself. In Government measures, the origination, communication, adoption, proposition sanctionment, execution are the works of separate, and sometimes widely distant, times.’

‘Expediency changes with the times—Measures that now are not only expedient but practicable, may half a century ago have been neither practicable nor so much as expedient.’

‘Once in place, objections of this sort, objections that have no special application to the measure to which they are opposed, involve a virtual admission of their own falsity. I can find nothing to say against the measure, yet I will oppose it, and oppose it with inappropriate objections, because wanting either understanding or industry to find appropriate ones.’

among all classes of people that whatever pecuniary engagements are entered into by government, there exists at the same time on the part of government a never failing determination and a never failing power to carry them into effect.

In the present state of the market, that persuasion is most firmly and happily established: established upon the foundation of experience: of the unbroken experience of a whole century. At the opening of the market [001_248] no such experience as yet existed: what experience there was, stood on the opposite side. The breach of public faith, the nullity of government promises, as evidenced by the shutting up of the Exchequer in Charles the second's time in the year ¹⁴⁰ was still fresh in view. Such was the state of public credit under a government then firmly established, under an undisputed title: and in William's term^[?], ¹⁴¹ though the intentions of government, at the fountain head at least, [were] ¹⁴² as pure as in that former reign it was corrupt, yet throughout the reign, as well as for a long time after, the prince, amidst the storms by which his title was assailed, still tottered on his throne.

In those days, the whole mass of ready money capable of being brought to such a market was as nothing compared with what it is at present: as nothing, even if all that were able, whether willing or not willing, to spare money in an adequate mass were to be taken into the account: but if from the few who were able, those who, through disaffection or ignorance failed to be among the willing, came to be deducted, the remainder was found small indeed. Not only £10 men, but £20, £50—even £100 men were then out of the question: antecedently to experience it was not in the nature of man that the idea of engaging in so ec[001_249]centric, obscure and evidently perilous a branch of money traffic should be diffused thus extensively and descend so low. The individuals who at that time a day came forward to the assistance of government were a few men of pre-eminent character and distinguished opulence, who, linked together by unity of interests and affections, clubbed their councils as well as their purses in the support of the common

¹⁴⁰ Charles II (1630–85), King of England, Scotland and Ireland from 1660, raised considerable funds in the early part of his reign by borrowing from the London goldsmith-bankers, assigning them the proceeds of certain taxes as security. On 2 January 1672, under further economic pressure through his commitment to the Dutch war, he declared the 'stop of the Exchequer' for one year, suspending repayments of the loans. According to Gilbert Burnet, *Bishop Burnet's History of His Own Time*, 2 vols., London, 1724–34, i. 306–7: 'The Bankers were broke; and great multitudes, who had trusted their money in their hands, were ruined by this dishonourable and perfidious action'.

¹⁴¹ William III (1650–1702), King of England, Scotland, and Ireland from 1689.

¹⁴² MS 'was'.

cause.¹⁴³ The rapidity with which the benefit of a well-grounded engagement has since been found to pass from hand to hand could at that time scarce have been conceived: it was a stretch at the time to regard the transfer of such an engagement, under any set of formalities, as practicable with security and advantage. To give security to such transfers was the one thing needful at that time: to give facility and dispatch—to sacrifice security, or even the slightest appearance of it, to dispatch was what could not naturally come into contemplation: for as yet the use of any such extraordinary degree of facility and dispatch had not begun to manifest itself: the demand for it had not as yet come into existence. It was too early to be on the look out for the means of giving facility and dispatch to the ascertainment of the value of an article which people in general were not disposed to take.¹⁴⁴

NOTE TO TYPESETTER: Please leave a space on one line, insert a short rule, centred, and follow it with another space of one line.

[002_599]

¹⁴³ Bentham had in mind the group of individuals including William Paterson (1658–1719), banker, Michael Godfrey (1659–1695), merchant, and Charles Montagu (1661–1715), first Baron and first Earl Halifax, Commissioner of the Treasury 1692–9, 1714–15, Chancellor of the Exchequer 1694–9, First Lord of the Treasury 1697–9, 1714–15, who developed a plan for the Bank of England, which received its Royal Charter on 27 July 1694 (5 & 6 Will. & Mar. c. 20), and thereafter supported and administered long-term public borrowing.

¹⁴⁴ The following superseded draft of the beginning of this section is at UC i. 244: ‘That an idea should be carried into execution the very instant the state of society is ripe for it, the very instant that the state of surrounding circumstances present a possibility for its establishment, is too much to expect in every instance. That it can not be carried into execution before society is ripe for it is strictly, and even tautologically, true: but what the interval shall be between possible and actual execution, will depend upon a thousand contingent and uncalculable circumstances. Upon the character of the times—upon the character of men that lead the times—and upon the fortuitous concurrence of intellectual atoms in inventive heads. In the composition of this plan three main ingredients have been employ’d—The extent and solidity of public credit—The existing mass of Annuities created by Government, the produce and evidence of that credit—the institution of the commission for buying in these Annuities on the account of government—The practice of issuing circulating paper of various kinds on the account of Government and the credit and currency of that paper—and, in a subordinate degree, the

FORMS¹⁴⁵*Sale***B 1. Form for an Application to a Postmaster for an Annuity Note by a person desirous of purchasing the same.**

To the Postmaster of {Abingdon in Berkshire.}

I hereby desire you to procure for me an Annuity Note, Value six guineas {£6. 6^s} principal money, so soon as the same can be obtained from his Majesty's Chief Annuity-Note Office in Westminster, for which Note I am now ready and willing to advance to you the sum of one guinea— {£1. 1^s} as and for the deposit-money required by law, You giving me at the same time a *Receipt* for the same, in such form as is also appointed by law:—and on receiving such note I hereby consent and agree to pay the remaining Ballance money of five guineas together with such interest as on the day on which such Note shall be applied for, shall thereon be due, reckoning a farthing for every other day from the first day of January last past[?]; according to the Table called the *Daily Augmentation Table* printed on the back of each Annuity Note:¹⁴⁶ and if such note be not applied for, and the said Ballance Money paid or tendered, by myself, or by some other person bearing the |^^^| within thirty-one days from the date hereof, I am content that the said Deposit money be considered as forfeited, and the amount thereof disposed of according to law.

Witness my hand,

{Abraham Adams}

[002_600]

B 2. Form of Receipt for Deposit Money paid on application made to a Postmaster for an first Annuity Note.

institution of so rapid a system of correspondence and conveyance, and so cheap and expeditious a system of Official Management as is exhibited by the operations of the General and Penny Post-Offices.'

¹⁴⁵ As indicated at p. 000 n. above, [To UC ii. 647, this file] Bentham intended to append to his text a set of the forms to be used in the Annuity Note scheme. The incomplete set of forms is reproduced in the remainder of this Appendix.

Town	County	Day	Month	Year
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Received of {Abraham Adams} one Guinea {£1. 1^s} as and for the *deposit money* for an Annuity Note Value six guineas {£6. 6^s} principal money, which, on behalf of the Auditor of his Majesty's Exchequer, I do hereby undertake to deliver to the said {M^r Adams} or to the Bearer of this receipt with the name of the said M^r Adams, signed by him, to the Form of Authority herein contained, any day after the {^^^} of {^^^} next ensuing, on which they will respectively call for the same at this my Office at any time between the hours of {^^^} in the forenoon and {^^^} in the afternoon, {he} or such {his} Agent paying to me the further sum of five guineas, together with interest, on the whole £6. 6^s, to the amount of a farthing every other day, reckoning from the first day of January of this present year to the day on which such note shall so be called for as aforesaid.

Witness my hand

{Peter Punctual}

Postmaster.

N.B. If the Note be not called for within 31 days from the date hereof, the deposit-money is to be considered as forfeited.

To the Postmaster of Abingdon in Berkshire,

Deliver to the Bearer hereof, on the terms abovementioned, an Annuity Note as above bespoken.

Witness my hand,

Abraham Adams.

[002_601]

B 3.¹⁴⁷ Form of Application to a Country Postmaster for a fresh Annuity note

¹⁴⁶ See pp. 000–000 above and between pp. 000 and 000 below. [To text files 5 and 15]

¹⁴⁷ MS '2'.

in lieu of a Note torn or defaced.

To the Postmaster of Abingdon Berkshire

The {6 G^a} Annuity Note N^o {^^^} herewith delivered being in a state unfit for general circulation, I hereby desire you to deliver to me Your Receipt for the same according to the Form by law appointed, and upon receiving back such Receipt to deliver to myself or other the Bearer of such Receipt a fresh Note of the same value so soon as the same can be obtained from his Majesty's Chief Annuity-Note Office at Westminster, the space of time and time of the day within which application for that purpose is to be made being appointed by you in and by the face of such Receipt.

[Witness my hand,

Charles Careless]¹⁴⁸

[002_602]

Dividends

C. Instruction for receiving Dividends on Annuity Notes

Whosoever, being in possession of an Annuity Note is desirous of receiving interest due thereon, is to apply to the Master of the Post Office, (General or Penny) at which he wishes to receive it, and give him notice of such desire by signing and properly filling up the printed Form of similar to the Form [C 1]¹⁴⁹ hereunto subjoined: he is at the same time to leave the Note with the Postmaster, who will give him his receipt for the same by filling up and signing a printed Form of a Receipt similar to the Form [C 2]¹⁵⁰ hereunto also subjoined: in which Receipt will be specified the time, both as to days (called *Payment Days*) and Hours (called *Office Hours*) within which the Note, together with the interest is to be called for: within which time the Note and Interest will be delivered to whosoever is the Bearer of the Receipt, he or she delivering up the same. But, to prevent the proprietors of Notes from throwing the burthen and risk of keeping the Notes upon the Postmaster, if application be not made and the Receipt produced, as above, till after the days of payment are expired, the Note will not be delivered up, but on payment of the Interest due thereupon from the first day of the year untill the day on which

¹⁴⁸ The name is supplied from a paragraph cancelled by Bentham, in relation to which he noted in the margin: 'Here give the description of the abode very full and particular, together with that of the person's condition in life.'

¹⁴⁹ MS 'A'. The text follows the title of the form for consistency.

¹⁵⁰ MS 'B'. The text follows the title of the form for consistency.

application shall so be made.

[002_603]

C 1. Notice.

{^^^} day of December 1802

To the Post Master of {^^^},

I desire to receive at your Office as aforesaid payment of the Year's Interest due on the first day of January next ensuing for this present year 1802 on the Annuity Note N^o {15,702}: which I herewith leave in your possession for that purpose, to the end that the same may under your care be transmitted to the Chief Annuity Note Office at Westminster, and thence returned to me through your Office as aforesaid, together with the amount of the said Dividend.

Witness my hand,

Abraham Adams.

[002_604]

C 2. Notice-Receipt.

At his Majesty's Post Office in {^^^},

{^^^} day of December 1802

Received of {M^r Abraham Adams} the Annuity Note N^o {15,702} which, at his desire, signified to me in and by his notice of this date, I hereby undertake to transmitt by the next Post to his Majesty's Chief Annuity Note Office at Westminster, to the end that the said Note may, together with the Year's Interest thereupon due on the first day of January next ensuing, be remitted back to me for his use: and I do accordingly undertake to deliver and pay over, to the Bearer of this Receipt, the amount of such interest (being, 3^s. 9^d) together with the said Annuity Note, on the {^^} day of January next ensuing, on his or her applying to me at this my Office any day (Sundays excepted) at any time between the hours of {^^} in the forenoon and {^^} in the afternoon, he or she then and there returning to me this Receipt.

Witness my hand

{Benjamin Banks} Postmaster.

Take notice, that after the time above limited, the Note and Interest can not be obtained in exchange for this Receipt but upon payment of interest from the first day of the Year to the day on which application is made.

[002_605]

C 3. Form for a *Complaint of bad money, to be preferred by the Holder of an Annuity Note.*

At the Office of Peter Punctual, Postmaster for the {Town of} Abingdon in Berkshire} {4} Jan^y 1802, {11} o'clock in the {fore}noon.

I {George Grumble}, having this day made application at the above Office with the Annuity Note Receipt {N^o 4757} for the Annuity Note N^o {4757}, for the purpose of receiving back the said Annuity Note together with the Year's Interest due for this {or the} Year 1801, upon the same, and having, in presence of the Postmaster of the said Office, opened the Rouleau by him tendered to me as containing the money remitted from the Annuity Note Office in Westminster to be delivered in payment of the said Interest money, and seeing cause to suspect that one of the pieces of money contained in the said Rouleau, to wit a piece designed to pass for a {shilling}, is not truly a {shilling} coined in his Majesty's Mint, but a piece of base metal fabricated in imitation of the same, or is not of full weight, do hereby require you, the said Peter Punctual, to set apart the said piece and forthwith return the same to the Head Office: whereupon I on my part am ready and willing to deposit in your hands the sum of one penny, as required by law, and to concur with you in sealing with our joint seals the packet containing the said suspected piece, to the end that the same may be dispatched to the said Chief Office by the next departure of the Post: and I do moreover consent and agree to return or send for the purpose of receiving a fresh piece of money in lieu thereof, at such lawful and reasonable time as you for that purpose shall hereupon appoint.

Witness my hand,

{George Grumble}.

[002_606]

C 4. Form of a Post Mater's *Certificate of Complaint* of bad money.

At my office, being His Majesty's Post Office in and for {the Town of Abingdon in the County of Berks.}

This {fifth} day of January 1802.

To {M^r George Grumble},

Having received the *Instrument of Complaint* just now signed by you and delivered to me, touching a piece of money, contained in the Rouleau received by me this day from the chief Annuity Note Officer in Westminster, in payment of the Interest-money due for the Year {1801} upon the Annuity Note N^o {4757}, which Rouleau has just been opened by you in my presence, and which piece of money you, by your said *Instrument of Complaint*, have objected to as *bad*, desiring that the same may be exchanged for a piece of good money fresh out of his Majesty's Mint, and have thereupon deposited with me the sum of one penny as required by law, consenting to forfeit the same in case the piece so objected to be reported good by his Majesty's Inspector of Interest Moneys at the said Annuity Note Office and by him accepted as such in his own account, and forasmuch as you have joined with me in packing up the said suspected piece, and in securing the same under our joint seals, to the end that the identity thereof may be ascertained, and have moreover requested me to appoint some reasonable time at which you or any good and lawful person appearing with this Certificate [002_607] on your behalf may apply at this Office and receive such piece of fresh money in exchange, together with the Report of the said Inspector General touching the matter of your said Complaint—I {Peter Punctual}, Post Master, at and of the said Post Office, do accordingly appoint and require you to attend, or cause some good and lawful person to attend in your behalf, at this Office, for the purpose aforesaid, on {Wednesday} next, being the {8th} of this instant January, at any time between the hours of 10 in the forenoon and 2 in the afternoon, or else on {Thursday} the {9th} instant, within the same hours, at your election, hereby forewarning you that in the event of your not attending in person or by such your Agent, at one or other of those times, your said Deposit money will thereupon become forfeited, and your right to receive back the said equivalent for the said suspected money will cease.

Witness my hand,

{Peter Punctual}.

N.B. If the piece of money by you complained of be adjudged BAD, you will, along with the piece of money returned in lieu, receive the sum of one penny, being a fine paid by the maker-up of the Rouleau for his neglect: and whether the piece complained of be reported *good* or *bad*, you will in lieu of it receive a piece fresh from his Majesty's Mint.

[002_608]

C 5. Form for a Report from the Inspector of Annuity Note Money on a Complaint of Bad Money, Reporting it Bad.

At the Annuity Note Office at Westminster—this sixth day of Jan.^y 1802.

I, Stephen Sharp, Inspector of Interest money at his Majesty's Annuity Note Office aforesaid, having this day received a packet transmitted to this Office by {Peter Punctual} Postmaster of {Abingdon, Berks}, under the joint seals of him the said {Peter Punctual} and an Annuity Note holder named {George Grumble}, containing a piece of money declared by the said Peter Punctual and George Grumble to have been contained in the Rouleau transmitted from this Office on the {fifth} instant, under the signature of {Henry Hastings}, one of the Makers-up of Rouleaus belonging to this Office, in payment of the Yearly Dividend for the Year 1801 due on the Annuity Note N^o {4757}, and having perused an instrument purporting to be a duplicate of a *Complaint of bad money* proffered by the said {George Grumble} in relation to the piece of money so contained in the said packet, and having diligently inspected, examined and tried the piece of money so complained of, do hereby adjudge the same to be bad: and in lieu thereof I have taken order for the transmitting of a piece of the same denominated value viz: a shilling piece, fresh from his Majesty's Mint, to the Postmaster [002_609] of the said Town, to be by him delivered to the said {George Grumble}, or any fit person bringing the *Certificate of Complaint* given to the said {George Grumble} by the said {Peter Punctual}, within such time as, in and by the said Certificate, is appointed: as also the sum of one penny, which I have caused to be charged to the account of the said Henry Hastings aforesaid, together with the value of the said fresh piece: and have caused the said suspected and hereby condemned piece to be delivered to the said {Henry Hastings}, having first caused the same to be cut in two in my presence.

Witness my hand,

Stephen Sharp.

[002_610]

C 6. Form for a Report from the Inspector of Annuity-Note-Monies, on a complaint of Bad Money from a Note-Holder, reporting it GOOD.

I, Stephen Sharp &c., and so on as above—do hereby adjudge the same to be GOOD: and in confirmation of this my judgment I have accepted the said piece to my own use as good for the denominated value thereof: and in lieu thereof have taken order for the transmitting of a piece of the same denominated value, viz: a shilling piece fresh from his Majesty's Mint, the value whereof is to be charged against me in my account with the said Office, according to the regulation established in this behalf, in and for the same: which said fresh shilling piece is to be transmitted to the Post Master of the said Town to be by him delivered to the said {George Grumble}, or any fit person bringing the *Certificate of Complaint* given to the said {George Grumble} by the said {Peter Punctual}, within such time as, in and by the said Certificate, is appointed: and the deposit money of a penny, which in and by the said Certificate appears to have been deposited by the said {George Grumble} on the preferring of his said Complaint, is hereby declared to be forfeited.

Witness my hand

Stephen Sharp.

Inspector of Annuity Note-Moneys.

NOTE TO TYPESETTER: Please begin new page.