

RICHARD PRICE AND PITT'S SINKING FUND OF 1786

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ONE of the major tasks confronting William Pitt the Younger when he became Prime Minister of Great Britain in December 1783, was that of introducing order into the management of public finance. Whatever he did about improving the methods of borrowing money, funding the unfunded debt, raising the interest rate on government stocks, or consolidating the revenue (which he accomplished after establishing the Sinking Fund), was always with the ultimate purpose of facilitating the redemption of the public debt which, by the end of the Revolutionary War, was about £250,000,000. In the famous speech of 30 June 1784 Pitt revealed his attitude. His remarks, if their burden was not derived from lessons he had learned from Dr Richard Price, certainly resembled ideas Price had been expounding since Pitt was a schoolboy. Pitt said:

It was always my idea that a fund at a high rate of interest is better to the country than those at low rates; that a four per cent. is preferable to a three per cent., and a five per cent. better than a four. The reason is that in all operations of finance we should always have in view a plan of redemption. Gradually to redeem and to extinguish our debt ought ever to be the wise pursuit of Government. Every scheme and operation of finance should be directed to that end, and managed with that view.¹

During the next year and a half there appeared other manifestations of Pitt's determination to proceed with plans for redeeming the debt. As early as 23 June 1784 George Dempster, who was close to Pitt, praised in the House of Commons the Sinking Fund idea, following 'that able calculator Dr Price'.² In January 1785, Pitt spoke of the successes of his new financial programme and promised that in the next year a Sinking Fund would be established.³ He carried through additional taxes preparatory to acquiring a surplus for a new fund. On 16 April he gave out information in order that members could school themselves 'on the subject, which was nearest to his heart'.⁴ This was the project with which, as Pitt was soon to write William Wilberforce, he was 'half mad', for it 'will give our supplies the effect almost of magic in the reduction of debt'.⁵

The idea of a Sinking Fund was by no means original with Price. He was, however, the man who for twenty-five years had been its most voluble and persistent advocate. Price's writings upon theology and morals (he was a dissenting clergyman), annuities and politics had established his reputation on both sides of the Atlantic. These, and his championship of the American cause during the Revolution, had earned in 1778 an invitation from Congress to move to America, accept citizenship, and direct the finances of the struggling revolutionaries. He preferred to remain in England, though he watched with despair the decline of British prestige and the mounting of the public debt as harbingers and causes of further evils.

¹ Quoted in Earl Stanhope, *Life of the Right Honourable William Pitt* (4 vols. 1861-2), 1, 219.

² *Parliamentary History*, xxv, 1014.

³ Stanhope, *Pitt*, 1, 255.

⁴ *Parl. Hist.* xxv, 420.

⁵ J. Holland Rose, *William Pitt and National Revival* (1911), p. 180.