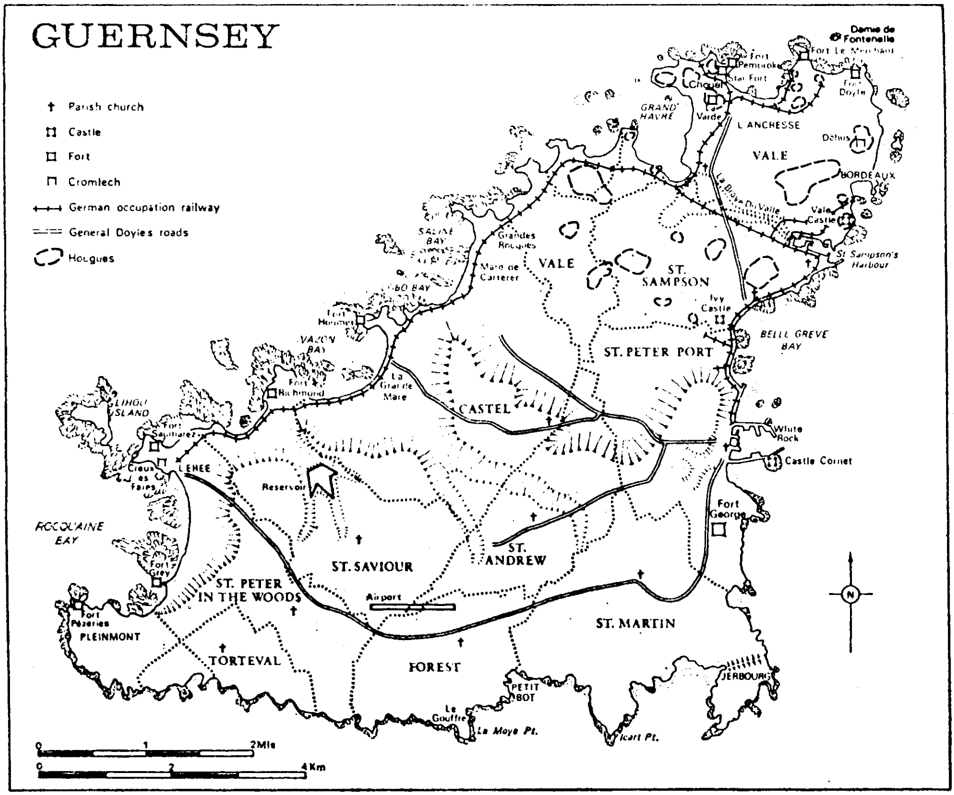
THE GUERNSEY EXPERIMENT

Compiled by

OLIVE and JAN GRUBIAK



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THE GUERNSEY EXPERIMENT

An account of the monetary techniques

initiated in 1817

which contributes to the Island's

present prosperity

and the low incidence of taxation,

with appendices on the

GLASGOW RATES VOUCHER SCHEME

and the first full reprint of the

HISTORIC REPLY

of the

STATES OF GUERNSEY

to the Privy Council

justifying their experiment in monetary reform.

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INTRODUCTION

This world we inhabit is a prey to crazy contradictions. On the one hand, our scientific progress has been fantastic; with the splitting of the atom, thereby releasing the pent-up forces of the universe, new vistas have been opened out of such possibilities for mankind as even H. G. Wells could scarcely have foreseen. Possibilities of danger and painful extermination, no doubt - but should we avert the danger, a whole world of plenty and leisure could be ours for the taking.

A complete revolution in industry is already possible, by the use of automation. We are still, nevertheless, compelled to do dull and degrading work, which could easily be done by machines; no work, no wages. Our hankerings for security and the good things in life are translated into demands for full employment, no matter how unnecessary. It is slightly unfashionable, nowadays, to refer to poverty in the midst of plenty, but, alas, poverty is a terrible fact to our undernourished old-age pensioners, sick and poorly paid or unemployed workers. The gulf stretches unbridged between what we are, and what we could be! We have achieved mastery of the Earth, by taming the elements we have provided ourselves with mechanical robots, but we continue to endure poverty and slavery, in spite of all.

One would imagine that distributing wealth would be a simple matter, in comparison with the formidable task of producing it. Yet it is our distributing system, or money system, which is at fault. Although almost everybody, even the Government, realises our monetary system is quite out-of-date, nothing is being done about it. The Radcliffe Committee, set up to investigate monetary affairs, took two expensive years to confer, and its recommendations have been set aside. Naturally, the present financial system suits the people running it; those who control the purse strings control the nation. It suits the Banking System to keep their power by keeping money scarce. Certainly, with so many goods for sale in the shops, there is a strange shortage of ready cash. But for hire-purchase, personal loans etc., our economy would soon be on the rocks - it would founder on a surfeit of unsold goods. Debt, in the post-war world, is a common-place word. The whole nation flounders on debt, to the tune of untold millions. Considered calmly, however, this debt is only the reflection of our riches - the money loaned would be valueless, without a backing of goods and services. Surely, with all our brilliant economists, we could devise a system whereby money could be issued as required, without having resort to debt or usury?

It has been done, you know, in Austria! In a town called Worgl there stands a bridge whose plaque commemorates the fact that it was built by debt-free, locally created money. There was also a similar issue of money in Swanenkirchen in Bavaria. Both these towns were transformed temporarily from poverty-ridden to prosperous communities by this means, but both were forcibly prevented from issuing further money by their respective bank-controlled governments.

The Social Credit Government in Alberta was also prevented from issuing their own currency by the Bank of Canada and the Ottawa Government. The Alberta "Bill of Rights", a masterpiece of creative policy, designed to give the citizens of Alberta complete and economic freedom, has been declared *ultra vires*, and summarily rejected by Ottawa.

So it is with pleasure and a certain relief that we now turn to the story of Guernsey, that small but beautiful island well favoured by nature, in the quest for that most uncommon of human attributes, *common sense*.

CHAPTER ONE

FIRST STEPS TO PROSPERITY

AT THE beginning of the 19th Century, after the Napoleonic Wars, the Island of Guernsey was in dire straits. Apart from the natural beauty and pleasant climate, there was precious little else to attract visitors to the island, or indeed, to keep her inhabitants from removing to the mainland . The deep roads were mere cart-tracks, only 4ft. 6ins. wide, which in wet weather became muddy rivers between steep banks. The town was ill-paved and unnattractive, and there was not a vehicle for hire of any kind on the island. There was no trade, nor hope of employment for the poor. Worst of all, the sea was fast encroaching on the land, and was washing away large tracts of it, thanks to the sorry state of the dykes. The States Debt of £19,137 bore an annual interest charge of £2,390; the annual revenue was only £3,000.

This meant that whilst vast sums of money were required to save the land from the sea, and make the island fit to live in, the net revenue from all sources was only £600 per annum. This while the dyke project alone was estimated at over £10,000.

In 1815 the need for improving the Public Market, which then provided neither cover nor shelter, became felt, and a committee was duly appointed to examine the matter. It was found that further taxation on the impoverished Island was impossible. The alternative, that of borrowing money from the banks, would incur debt charges at a high interest rate, which they could not afford. It was abundantly clear that whatever they might borrow, although they paid interest charges for years, would never be repaid.

Finally, after grave deliberation, the Committee reported in 1816 with this historic recommendation - that property should be acquired and a covered market erected; the expenses to be met by the Issue of States Notes to the value of £6,000.

The arguments put forward at this time in favour of a States' issue are interesting, as shown in this extract from the Committee's report: "The Committee recommends that the expense should be met by the Issue of States Notes of £1 Sterling to the value of £6,000 . . . and that these notes will be available not only for the payment of the new market, but also for Torteval Church, roads to construct, and other expenses of the States . . . when one considers that the banks already have their notes in circulation for more than £50,000, whereas it is now proposed to restrict the States' Issue to a mere £6,000 . . ." There was also the argument that the Issue would provide a permanent revenue to the States, sufficient not only to provide for the erection of the market, but also to create an amortisement fund to extinguish the debt of the States.

These proposals, however, were not implemented until later in the same year, when the first issue of States' notes was authorised for a sum of £4,000 for coast prevention works, Torteval Church, and Jerbourg Monument. These notes were issued subject to redemption in three stages; April 1917, October 1817 and April 1818, and not for re-issue. The Committee's report recommending the Issue states: "In this manner, without increasing the State's debt, it will be possible to finish these works, leaving sufficient money in the Exchequer for other needs."

It was not until 1820, after another abortive attempt in 1819, that the Committee were successful in their attempts to finance the building of a new market, and were at last given authority to Issue States Notes for this purpose to the value of £4,500, redeemable in 10 years out of import duties and the revenue from butchers' shops. This issue was quickly followed by others, and in 1821 the number of notes in circulation was increased, on the Committee's recommendation, to £10,000, as being the most advantageous method of meeting debts, from the point of view both of the public and the States finances. Indeed, the public seemed to realise this fact, and, far from being averse to taking the notes, they sought them out eagerly. The new markets were finally opened in October, 1822.

In 1824, a further £5,000 was authorised for the markets, and in 1826 the Issue was increased up to a total of £20,000 to erect Elizabeth College and certain parochial schools. It was in this year, also, that the first States of Guernsey £5 notes appeared.

By 1829 the States' Notes Issue in circulation exceeded £48,000 - by 1837 over £55,000 was the grand total. In the Billets d'Etat it was a frequent subject for congratulation; and it was stated over and over again by eminent men of those times that without the Issue of States' Notes, important public works, such as roads and buildings, could not possibly have been carried out. Yet by means of the States' issue, not only were these works accomplished, but the island was not a penny the poorer in interest charges. Indeed, the improvements had stimulated the flow of visitors to the island, and with increased trade the island enjoyed its new found prosperity.

CHAPTER TWO

TEMPORARY SETBACKS

IT IS a well-known, and true, saying that you can't please everybody all the time, and this applied to the Guernsey States' notes issue. Certainly, during the first ten years of the great experiment there was no opposition. In 1826, however, certain persons made representations to the Privy Counsel, and laid complaints that the States had no right to exceed their annual income without the Royal consent. An explanation was demanded by the Privy Council, and was supplied by the States Financial Committee to such good purpose that the matter was closed. Photostatic copies of this historic document have been kindly supplied by M. Guillemette, and a copy will be found in the appendix to this booklet for perusal by the serious student.

The real danger to the Guernsey experiment came from the quarter one could have expected - the two private banks on the island, namely the Old Bank, and the Commercial Bank (founded in 1827 and 1830 respectively). These private institutions simply flooded the island with paper money. The States, fearing that their own notes issue would be prejudiced if this continued, appointed a Committee to confer with the banks. Truth is stranger than fiction; what happened then is hard to understand, but the fact of the matter is that it was the States who eventually withdrew £15,000 of their notes from circulation, not the banks! In addition, the States had to agree to limit their issue in future to £40,000 No light can be shone on the reasons for this mysterious decision, as there are no records extant other than the bare facts. However, this agreement remained in force until 1914, when States notes in circulation valued £41,206.

During all this time, only one forgery had been attempted and, as it was very crude, it was immediately detected. As a result of this, it was felt necessary to withdraw the entire issue, which was replaced by a new issue of "greenbacks".

CHAPTER THREE

FULL STEAM AHEAD!

SO FOR over 70 years the position in Guernsey remained static, with a limited States' Issue of £40,000. But in 1914 the Guernsey States were able to turn the tables on the private banks, and once more to issue money according to their own requirements.

The reason for this was the restriction imposed on the banks during the first World War - the demand for money was enormous, but the banks were prohibited from issuing more than the amount at that moment in circulation. The States, however, were under no such limitation, and they made such good use of their opportunity that by the end of the war, in 1918, the States' Issue had risen to £142,000.

Since that time Guernsey has never looked back. Her Notes Issue has risen in measure with her prosperity, and in 1958 there was £542,765 in circulation.

Now that the local Guernsey banks have amalgamated with English banking concerns, there are no loonger any private bank notes on the island, but simply States Notes side by side with British Treasury notes.

Naturally, there is a greater demand for States Notes; no sane citizen of Guernsey wishes to have his taxes increased to pay debt charges! To enlarge on this theme: in 1937 the States Note money, about £175,000, cost the States only £450 for printing and handling. A loan of the same dimensions would have cost about £11,383 annually. So can you blame the Guernsey taxpayers for preferring their own money since, under their sensible and benevolent financial system they pay hardly any income tax?

During the entire experiment in Guernsey, from 1817 to date, there has at no time been a threat of inflation from the creation of ***States*** Notes. At all times, the States were very careful in the issue and cancellation of notes according to their ability and requirements.

Any visitor to Guernsey is immediately impressed by the vast difference in prices between the island and the mainland of Britain. Thanks to the exceptionally low taxation and import duties, Guernsey enjoys low prices, plenty of money, and a high standard of living. In fact, Guernsey can afford to leave worries about inflation to the debt-ridden mainland!

CHAPTER FOUR

CONTRASTS AND CONCLUSIONS

IT IS with reluctance that we leave the Island of Commonsense and return to the British mainland, but as this is a story with a moral and a lesson to be learned, the return must be made. What a contrast we find here - what a burden of debt to be paid by the long-suffering British citizen! Every year enormous rates and taxes have to be levied to pay for interest charges on debts that can never be repaid. The National Debt is now in the region of £28,000 millions, and bears an interest rate, in 1960, of no less than £640 million (double what we spend on National Health Insurance). Remember that of this sum collected from the taxpayers, only about 1/5 is returned in interest to private savers. The rest goes back to the banks, British and foreign.

It is easy to see, even if you are not mathematically minded, why we are still paying for the Battle of Waterloo. At 5% interest per annum, the interest paid on the National Debt is equivalent, after 20 years, to the original sum borrowed. Yet if our Parliament had come to the same conclusions in 1816 as the Guernsey States, and like them had issued their own money - what a different position we would now enjoy! Our National Debt would simply not exist and, as in Guernsey, our taxes would be negligible.

Thanks to the British Government policy, our Local Authorities are faced with financial problems which are well-nigh insoluble by orthadox methods. They are forced to borrow large sums at high interest, which can only be paid by constantly increasing rates.

One of the worst examples of debt-ridden communities can be found in Glasgow, with its local debt of over £167 millions. Every year enormous debt charges have to be paid out of the ratepayer's pocket; in 1960, the figure is £9,412,665 (almost half the total rates collected).

It is of interest to compare certain figures in connection with the Glasgow Fruit Market, with those of the Guernsey Markets, already given. In Glasgow, the original Fruit Market in Candleriggs was built in 1817, and cost £60,000. This money was raised in conventional fashion, by an interest-bearing loan. Unlike Guernsey Markets, repaid 10 years after they were built, the Glasgow Markets were not repaid until 1956 - 139 years later! We have been unable to obtain precise information about the total interest paid over the 139 years - however, it is on record that between 1910 and 1956 no less than £267,886 was paid in interest alone!

No sooner has the debt been repaid than the necessity for scrapping this very expensive, but now obsolete, Fruit Market has arisen. In the Further Development Plan for Glasgow, the Fruit Market will be moved to a new site to relieve the present traffic congestion. It is as yet hardly possible to forecast the cost of this project, but between acquiring land, building and compensation, it may well be considered that the entire market will cost several million pounds. If this sum of money is raised in the usual manner, as an interest-bearing loan, the effects on Glasgow rate-payers will be doubly disastrous. Market rents will be sharply increased, probably trebled, which will put many small wholesalers out of business. Those who remain will be forced to recoup their additional expenses by increasing prices on goods sold, which will raise retail prices in Glasgow. Then there is the expense of the loan itself. It need hardly be pointed out that if an original loan of £60,000 took 139 years to repay, a loan of several million pounds will be a burden on countless future generations of Glasgow citizens!

It can safely be assumed that every public work carried out on the financial basis of an interest-bearing loan, eventually costs the ratepayer almost three times its original cost - for instance, a house costing £2,000 to build, will eventually coast £5,500.

So it is that every Local Authority in Britain, not just Glasgow, is in the same dilemma. To take another instance - Spittalfield Market in London proposes to spend £700,000 on improvements. The tenants have agreed to have their rents increased to yield a total of £30,000 - but at 5% interest, even the first year's debt charge of £35,000 will leave a deficit of £5,000 to be added to the capital of the original loan. Each successive year will see the debt growing, instead of being repaid, as in Guernsey.

The new plan for Covent Garden, London's fruit market and main distribution centre for this country, will cost £20,000,000. When this new market begins to operate, rents will practically treble to meet the high interest charges on this loan. This will mean that distribution costs will rise throughout the entire country to meet the higher rents wholesalers will require to pay for their market stands.

The yearly revenues of the Guernsey Markets helped to build roads, harbours, schools, houses, etc., and to improve the island of Guernsey. The yearly losses of the Glasgow Markets, due entirely to debt charges, have come out of the Glasgow ratepayers' pockets. It is noteworthy that during the blackest times of the depression in the 'twenties and 'thirties, Glasgow paid the highest interest charges!

Debt, private and public, is the cancer that preys on the vitals of our civilisation, not only in Britain, but throughout the world. Many of our greatest thinkers have recognised this fact. Sir Mortimer Wheeler and Sir Compton Mackenzie, in their recent television programmes on Roman and Greek civilisations, have denounced high taxation and usury as main factors in the downfall of Rome and Greece.

Must we wait till our own great civilisation follows its predecessors into limbo, or can we learn the lesson in time to prevent disaster?

The contrast between bankruptcy and prosperity, between negligible taxation and legalised robbery - in a word, between Guernsey and Britain, points the lesson. The flaw is in money creation. Guernsey creates its own money as a Credit, the so-called nationalised Bank of England creates our money as a Debt. Guernsey lit the torch of freedom from debt 130 years ago, and they are reaping the benefits in present prosperity. Guernsey leads the world in commonsense finance - shall we follow, or shall we continue to flounder ever deeper into the quagmire of debt, taxation, and final extinction? *The decision is yours.*

APPENDIX A

A QUICK SOLUTION TO LOCAL FINANCE PROBLEMS

To bridge the gap between action at national level, and the present local borrowing, a *rates voucher scheme* has been suggested. This scheme was originally drafted in, and for, Glasgow, but it could be applied anywhere.

Legally, the scheme is watertight and practicable, and could be put into operation without any difficulty, with immediate and lasting benefit to the community.

Historically, the scheme has many precedents in the shape of money tokens issued in hard times by innumerable towns and industries.

There is no danger of inflation from this scheme, since the only difference between that and orthodox policy would be as follows:

If the money were raised as a loan, it would be issued into circulation as a debt.

Under the Rates Voucher Scheme, only the *same amount of money* would be issued into circulation, in the form of Rates Vouchers, but *not* as a debt.

in each case, the basis for the issue is the same, Glasgow's assets, ability and needs. (Remember - there is no inflation in Guernsey.)

PROPOSED RATES VOUCHER SCHEME

For several months Mr. J. K. Grubiak was a member of the Partick East Ward Committee, during which time he occupied much of the monthly meetings by asking the councillors some questions on interest charges, etc., which must have given these honourable gentlemen some awkward moments. Many of the questions he asked were, at any rate, never answered, and there must have been many a sigh of relief when he resigned.

Eventually, however, during his short, but lively, attendance he learned quite a lot about the city and its management. Glasgow has a waiting list of 140,000 families for Corporation houses. As the rates in Glasgow stand at 27/7 in the £ the housing programme for 1959 had to be cut to 4500 new houses. It is fairly obvious that the waiting list, even without the addition of future generations, will be waiting for many years to come. Not to mention the fact that many if not most of Glasgow tenements are beyond hope of renovation, and should be demolished. We in Glasgow are reckoned to be in the worst housing position in Western Europe - our slums are quite notorious.

During recent years Glasgow rates have rocketed because of the large sums borrowed for expenditure on housing schemes. These loans are borrowed at high interest rates. Last year Glasgow required £46,444,849 for total expenditure. We received a Government grant of £17,537,376. Sundry revenue was

£6,317,691. This left a remainder of £21,500,246 to be collected from Glasgow rate payers. Out of that amount, we paid debt charges of £9,412,665. in other words, about 40% of rates collected in Glasgow is paid out in usury. Compare this sum with that spent on housing - £3,136,017; or on health - £2,503,230.

These interest charges, together with the unpaid (and unpayable!) capital, are mounting every year into an intolerable civic burden. There was an increase of £2,000,000 in one year only, between 1957-8 and 1958-9 in interest charges alone. Glasgow today has total assets of £211,230,759, but her liabilities now total £167,779,665. This leaves us debt-free assets of £43,451,094 - enough to back a municipal bank, if action were taken before further shrinkage.

This desperate position set Mr, Grubiak thinking of ways in which interest charges could be eliminated, and a rates voucher scheme was found to be the answer, based upon certain principles for monetary reform.

There was, and is, in existence a scheme by which ratepayers may purchase vouchers in advance of rates payments throughout the year. These vouchers are printed in units of £1 value, and are available for sale at Corporation offices, or, recently, in the banks. Just a kind of savings sheme for the public and, for the Corporation, a method of getting some of the rates in advance.

Mr. Grubiak's idea was to make these vouchers negotiable, in effect, to use them as legal tender, and have them circulating round Glasgow as £1 notes. The following copy of the scheme as submitted is self-explanatory:

In Glasgow, at present, essential public works are being restricted through lack of funds, not shortage of materials or labour. Housing, in particular, is being badly held up for purely financial reasons. Partick alone could be greatly improved by the demolishing of vast numbers of condemned houses, and erecting multi-storey flats in their place. Yet rates are so high that further taxation is almost impossible. We are already crippled by interest payments on existing debts, which are increasing every year. Unfortunately, loans entail high rates of interest, which eventually mean that although the original sum has been paid in interest charges, the capital sum remains as a debt. In the present situation, the following proposals could be carried out by extending the use of the existing rates voucher system, at great and lasting benefit to the citizens of Glasgow.

(1) Mr. Grubiak proposed that rates vouchers of £1 and 10/- be printed up to half of the total rates to be collected in the coming year.

(2) These vouchers should be used in part payment of wages of council employees, from the lowest to the highest. On the technical point of legality, it could be put that the employees were buying

vouchers after payment of their wages in the usual way.

(3) .The council should pay their contractors partly in rates vouchers.

(4) Glasgow businessmen and shopkeepers should be given authority to accept these vouchers from their customers.

(5) The above shopkeepers and traders should be allowed and encouraged to use these vouchers immediately in payment of their rates. Arrangements should be made for accepting payments of rates daily.

(6) Part of the City Collector's office should be used as a civic bank, for exchange of surplus vouchers, or their safe depositing on account. Deposits should also be received, and bank accounts opened, for ordinary savings at 2.5 per cent. interest. These deposits could be used to lend out to our contractors, who pay excessively high debt charges on bank overdrafts at present.

(7) Customary precautions, such as watermarks and serial numbers, should be taken against forgery.

ADVANTAGES OF THE RATES VOUCHER SCHEME

(1) Every year the Glasgow Corporation is forced to borrow money from the Treasury at high interest charges on short term loans before their rates are collected. Debt charges on these and other loans amounted to over nine million pounds in 1959-60. The use of rates vouchers in part payment of wages would reduce the amount of money required in loans, and therefore reduce debt charges and rates.

(2) Cheaper loans and overdrafts to our contractors should secure lower tenders from them, and so reduce the cost of public works.

(3) By using the vouchers more and more, it will be possible after a few years to achieve repayment of our civic debt, and thus accomplish a major reduction in the rates.

(4) There is a large and growing problem of unemployment in Glasgow. As long as the workers, machinery and materials exist (as they do), it should be possible to put them to work on civic improvement, housing, etc., by paying men wages in rates vouchers. This would increase the wealth and amenities of our city, and provide work for the unemployed.

(5) The same vouchers would be used indefinitely.

It is Mr. Grubiak's considered opinion that, in order to fully implement the Scheme, a Municipal Bank should be opened.

This is far from being a revolutionary idea; there is at least one precedent in Birmingham, whose Municipal Bank is well established and successful. It should be relatively simple to get the necessary legislation passed through Parliament.

Glasgow has the necessary assets for the establishment of a Municipal Bank; there is no reason, legal or otherwise, which would forbid this step.

The benefits derived would benefit every Glasgow ratepayer for generations to come.

APPENDIX B

Historic Reply of the STATES of GUERNSEY to the Privy Council, justifying the Guernsey Experiment. Here published, for the first time, since 1829.

To the Right Honourable the Lords of the Committee of Council for the Affairs of Guernsey.

The Answer of the STATES of GUERNSEY to the Complaint of three of their Members dated the 10th April, and transmitted by THEIR LORDSHIPS's Order of 19th June 1829.

My Lords,

Discarding from their minds allusions and topics of a personal nature, and every sentiment of recrimination, the STATES OF GUERNSEY are desirous of vindicating themselves in the manner most becoming the respect due to YOUR LORDSHIPS, and the consciousness of right, by settling facts against errors, reason against fears, "honest deeds against faltering words."

To judge of the States by any particular act or period, would be to dismiss all consideration of previous motives and future benefits, of connecting causes and effects. Comprehensive views of the general policy of the States can alone enable them to prove, and Your Lordships to judge, of the wisdom and propriety of their measures. Taking, therefore, a retrospect of the period which immediately preceded the grant of the duty on Spirituous Liquors first graciously conceded in 1814; they deem it necessary to lay before Your Lordships, a summary account of the state of this Island, at, and from that period.

The steps taken during the war for the prevention of smuggling had deprived this Island of the trade which the supply of that traffic occasioned, and a great portion of the inhabitants of their usual occupation, consisting not in smuggling themselves, but in importing the goods and making the small packages in which those goods were sold in the Island; Privateering, adventurous speculations, and the great expenditure of fleets and garrisons compensated in some measure for the loss of this occupation, but when the war ceased also, a general want of employment, and consequent distress ensued.

In this Island, eminently favoured by nature, antecedently to the new roads first projected by SIR JOHN DOYLE, Bart., nothing had been done by art or science towards the least improvement; nothing for the display or enjoyment of local beauties and advantages; not a road, not even an approach to Town, where a horse and cart could pass abreast; the deep roads only four feet six inches wide with a foot way of two to three feet, from which nothing but the steep banks on each side could be seen, appeared solely calculated for drains to the waters, which running over them rendered them every year deeper and narrower: Not a vehicle, hardly a horse kept for hire; no four wheeled carriage existed of any kind, and the traveller landing in a town of lofty houses, confined and miserably paved streets, from which he could only penetrate into the country by worse roads, left the island in haste, and under the most unfavourable impressions.

In 1813, the sea which had in former times swallowed up large tracts, threatened from the defective state of its banks, to overflow a great extent of land. The sum required to avert the danger was estimated at more than £10,000, which the adjoining parishes subject to this charge, were not in a condition to raise.

The state of the finances was not more consolatory, with a debt of £19,137, and an annual charge for interest and ordinary expenses of £2,390, the revenue of three thousand pounds left only six hundred for unforeseen expenses and improvements.

Thus, at the peace, this Island found itself with little or no trade; little or no disposable revenue, no attraction for visitors, no inducement for the affluent to continue their abode, and no prospect of employment for the poor. No wonder, therefore, if emigration became the object of the rich in search of those good roads, carriages, and other comforts which they could not find at home, and the only resource of the other classes, whose distress was likely to be aggravated by the non-residence of the former. Misery and depopulation appeared inevitable, from the peace to the year 1819 inclusive, more than five hundered native and other British subjects embarked for the United States, and more prepared to follow.

It is said, the powers of the human mind in society lie at times torpid for ages; at others, are roused into action by the urgency of great occasions, and astonish the world by their effects. This has, in some measure, been verified in this Island, for though nothing done in so small a community can cause a general sensation, its exertions may yet produce wonderful results within its own sphere. It is the duty of the States to show that roused by the deplorable situation above described, they took, and have since pursued the steps best adapted to meet the exigency of the case, and that those steps have been attended with complete success.

To increase the revenue was an indispensable preliminary, but to do so no other means lay within the power of the States than a tax on the several parishes, according to the rates at which they were respectively assessed, and to this tax there were insuperable objections. When voted by the States, each parish raises its proportion by a levy of so much in the pound on every parishioner's income, but the proportion itself is determined by the ancient rates, and not by the same justice to all the parishes relatively to each other, as is dispensed between all the parishioners of the same parish. Property having augmented in some parishes in a greater ratio than in others, to continue the original rates is evidently unjust towards those whose increase has not kept pace with the rest; particularly when the equality is become so great that a parishioner of the town would only pay one shilling in the pound, where those of some other parishes would pay eighteen. There appears no good reason why the States should not be competent to correct so gross an inequality, or if not, to doubt their obtaining the Royal authority for that purpose; but this question being considered as in some degree connected with the representation of the several parishes in the States, and being viewed with jealousy by the Town, it was deemed prudent to avoid the dissensions to which the subject would naturally lead, and at a time when it was so desirable to conciliate and retain the affluent, not to indispose them by any attempt to alter the rates.

Under these circumstances was the application made for the duty on spirituous liquors; and, notwithstanding the opposition of many of the inhabitants, HIS ROYAL HIGHNESS THE PRINCE REGENT was graciously pleased by an Order in Council of 23rd July 1814 to authorize the States to raise One Shilling per Gallon on all such liquors consumed in this Island for the term of five years.

The same duty was renewed for ten years by virtue of a second Order in Council of 19th June 1819, after similar opposition. And on the declaration at YOUR LORDSHIPS' bar, of the advocate deputed by the opponents, that a clause to the following effect would reconcile them to the measure, and no objection being made to it on the part of the States, these words were inserted in the gracious order in question; viz.; "That One Thousand Pounds per annum of the produce of the said duty be applied solely to the liquidation of the present debt, together with such surplus as shall remain out of the produce of the tax in any year after defraying the expenses of roads and embankments, and unforeseen contingencies. And that the States of the said Island do not exceed in any case the amount of their annual income without the consent previously obtained of His Royal Highness in Council: And the said States are hereby directed to return annually to the Privy Council an account of the produce and application of the said tax."

In 1825, the Lt. Govenor SIR JOHN COLBORNE, and the States, having extended their views to the erection of a new College and other important works, which could not be undertaken without the assurance of a renewal of the duty, constituting the chief part of the revenue, a third Order in Council of the 30th September 1825, conceded to the States the right of levying the same for fifteen years beginning on the 1st September 1829. And this, without the smallest opposition from any of the inhabitants, and without the conditions annexed to the second order.

With gratitude for the means placed at their disposal, the States feel an honest pride in the recital of the manner in which those means have been applied. First, considering the danger arising from the bad state of the sea embankments, and the hardship of subjecting particular parishes to a charge for the general safety to which they were unequal, the States took on themselves the present repairs and future maintenance of those embankments.

This essential object connected with the paved slips, or avenues to the beach, has been attended with an expense of £14,681 19s 0d, without including five or six thousand for a breakwater to defend the line of houses at Glatney, on the North side of the Town.

Independently of the sums contributed by Government towards the military roads, from twenty-nine to thirty thousand pounds have been expended by the Island on the roads, so that in lieu of those before described, there are now fifty-one miles of roads of the first class, as good as those of any country, with excellent foot-ways on all of them, and seventeen miles of the second class.

Not only the main Harbour, Piers, Quays, Buoys, and Sea Marks have been attended to, and at a great expense, but, in order to facilitate the exportation of the granite from the North of the Island, the Harbour of St. Sampson has been rendered secure and convenient by a new Breakwater and Quay.

The situation and state of the Town, were thought to preclude all hopes of much amelioration, but the widening of High Street and other Streets, the reducing the precipitous ascent to the Government and Court House, the clearing away of the unsightly buildings, that obstructed the view and approach to those public Edifices, the new Sewers, Pavements, and above all the Public Markets, and new Fountain Street, attest the solicitude of the States toward the Town, and surprise those who return to it after a few years absence. Add to these the enlarging and improving of the Court House and Record Office, where the public have direct access, and where are kept the contracts and registry of all the real property of the Island. Add also the New College, which with the laying out of the new grounds, and the roads round its precincts, contributes to the embellishment of the town, induces families from other places to settle in the Island, on account of their children, and affords to the inhabitants the ready means of a good education.

The advantage resulting from all these improvements has not been confined to their utility, or to the increased activity given to industry, and the circulation of money by the public expenditure; they have excited in all classes a similar spirit of improvement, which displays itself in the embellishment of the premises already built upon, and above all in the number of handsome dwellings since erected. In the Town parish alone 401 houses have been built since the year 1819 at an expense of upwards of £207,000 and few towns do now present a more animated scenery around them, or one where ornament and comfort are more generally united; the same comfort and improvement are witnessed in every direction, and at the greatest distances from town. And thus it is, that the public works have not only given life and activity to every species of industry by the immediate effects of their utility, as for example to the building of a number of mills in the Island, before supplied with most of its flour from abroad, and, now enabled to manufacture it for exportation, but and still more by the consequent impulse communicated on all sides, prompting the wealthy to lay out for

Fountain Street, notwithstanding it be now the ground of the complaint before Your Lordships.

After proving as is done by the papers referred to, No. 1, 2, 3, that the means of the States are fully competent to meet all their other engagements and exigencies, it is for them to show by the paper No. 4, that by combining the interest and forming one concern of the Market, and Fountain Street, which do really join each other, the income arising from the premises, with the yearly sum given by the States, will be quite equal to the gradual extinction of the engagements contracted on that joint account.

It were to be wished that the roads, embankments, and other works on which large sums have been expended could have repaid themselves with the same ease, but if essentially necessary to the prosperity of the Island, they constituted before their execution, debts and obligations which it was imcumbent on the States to discharge; and they have since given an increased value to labour and property more than commensurate to the expense.

Relatively to so small a section of the Empire, great things have been effected with slender means; that so much has been done may with truth be ascribed to the fairness and disinterestedness which have marked every resolution of the States, and its execution; to the vigilant and gratuitous superintendence of their Committees, and to the public spirit of the Inhabitants.

Devoted to the good of HIS MAJESTY'S service, and not resting on isolated facts, the States have laid open the whole of their conduct and views, and beg leave to refer to their worthy and highly respected Lieutenant-Govenor MAJOR GENERAL ROSS for the correctness of their statement, and for the situation of the Island. They have the approval of their fellow subjects, and of their conscience, but they would feel deeply humiliated if they did not merit and obtain the commendation of Your Lordships.

APPENDIX

No. 1.

DEBT OF THE STATES

To the Savings Bank at 3% (first vote)	£10,000
To Individuals	£557

At 3% Interest	£10,557
In Notes of 20s each	£14,443
135 Quarters 2 Bushels 3 Denerels and 18 Sous 8 Deniers Rents, equal to	£2,740

	£27,740

payment of the debt over and above the obligations imposed. Those conditions, incidentally introduced in the second Order, do not in any way form a part of the third order now in force.

Though released from the positive conditions of the former Order, the States have shown no intention, and do by no means desire to depart from its general spirit; on the contrary, when availing themselves of the means graciously afforded by, the third Order in Council to continue their improvements, they came to the following resolution on the 22nd November 1826. "That far from entertaining any wish of augmenting the Debt, the States recognize the principle that it should not exceed, at the end of the fifteen years for which the duty is further granted, the sum to which the Debt shall amount at the end of the ten years present duty; They impose on themselves that obligation anew, and bind themselves by the most solemn engagement not to increase the debt."

To prove the capability of the States to effect the important works which they have undertaken without increasing the amount of their present reduced debt, they submit to Your Lordships the two annexed accounts, No. 1 of the actual state of the debt and revenue, and No. 2 of the plan of finance voted by the States for their rule of conduct during the fifteen years continuance of the third Order in Council.

The same proof may be drawn from the very statement of the Plaintiffs, who admit, that after paying every engagement entered into, after executing every work undertaken, the debt may be reduced to fifteen thousand pounds. What cause of alarm can there then possibly exist? What prospect, on the contrary, the States humbly ask, can be more gratifying than that of remaining with our New College, new Harbours built and to be built, New Markets of every description, new Roads in every direction, new Streets, one of thirty feet instead of seven in the greatest thoroughfare between town and country, in short with nearly all the greatest improvements that can be desired, paid for to the last shilling; and all this, according to the statement of the plaintiffs themselves, with the debt reduced to fifteen thousand pounds, and the revenue augmented £17,000 per annum, by those very improvements?

Such is the subject of blame, which the States deem one of praise and exultation, presented to Your Lordships; and the statement referred to, it should be observed, abundantly provided for all the ordinary expenses of repairs and administration, during the fifteen years; but say the Plaintiffs, nothing is left for other new works, or unforeseen expenses; and must allay their fears, as will be seen in the paper annexed No. 3.

The same paper will dispel the fear expressed by the Plaintiffs of the falling off of the Revenue on account of the want of labour in the public works, the States say they, having, already anticipated those works and the means of undertaking others. In this, the vote on paper is confounded with the execution of the works, for it will appear that of those so voted, very few if any are completed, some of considerable import but just begun, and others not yet commenced; moreover, that £40,000 may be reckoned as disposable for new works not voted, so that, altogether, works to the amount of £58,000 will receive their execution and payment in the fifteen years during which a stagnation of labour, and a decrease of revenue are apprehended.

In the Markets, and Fountain Street, the States have undertaken works essentially necessary. The cost might be supposed to exceed the means of the States, if credit did not in the first instance furnish the chief expense without the charge of interest, and if the works themselves did not provide for the extinction of the engagements incurred.

The views of the States are to render these public improvements a source of future revenue, which shall again afford the means of further and greater improvements. The same plan has been acted upon with success in several places, and particularly at Bath, and Liverpool, to the permanent increase of their revenues, and to the great benefit of those places, and of the Country at large. It is difficult indeed to conceive whence can arise the objections to measures, which without laying the least burthen on any one, surely and quietly operate to the general good, except it be from the disinclination of most persons to enter into that close examination of figures necessary to a right understanding, and the distrust consequent on the need of that examination and comprehension. In our case it may be added that accustomed, on the subject of improvement, to a long apathy confirmed by the state of a revenue inadequate to the least undertaking works of magnitude when first proposed created the greatest alarm. The new roads were opposed by far the greater number of those who were to derive the most benefit from their use, and who from experience are now clamorous for more. The Market was only voted, the third time it was offered to the consideration of the States, although it was represented that independently of its various advantages, it would in a short time permanently add to the revenue. Experience has proved the correctness of that view of the question, and opening the eyes of the public, has turned their sentiments of fear and distrust to one of perfect confidence. Hence it was that the public voice called on the States to realise the benefits likely to result from the substitution of a street thirty feet wide, in lieu of one of seven feet, in the heart, and connecting the two extremities of the Town, and forming the principal avenue from the Country to the Harbour; twenty to thirty carts frequently waited at one end until those coming from the other had passed. Such a thoroughfare in the most populous quarter could not but be fraught with danger, and the accidents that occurred were numerous, while the closeness of the street, height of the houses, and filth collected at the back of them were a constant source of miasma and disease. Never was a measure voted with so much unanimity, and general satisfaction, as the removal of this public nuisance, and rebuilding private mansions greater sums than were expended for public works, and creating a permanent source of employment, by the future expenses which the repairs and occupation of those mansions will require.

The extent of benefits conferred is sufficiently attested by the concurrent testimony of inhabitants and strangers. The sole objects of His Majesty, and of His Most Honorable Privy Council are the public good and general happiness; The States might therefore confidently look for indulgence, even if, in promoting those objects, they had fallen into some little deviation from the strict letter of any particular order. But implicit obedience to the Royal authority in Council being their paramount duty, they cannot rest satisfied under the imputation of having, even unintentionally, derogated from that duty.

The words of the second Order in Council have already been cited. The right of levying the duty on spirituous liquors is granted for ten years; a condition is annexed purporting that the States shall not exceed their annual income, and on the contrary, that out of the produce of the duty, one thousand pounds shall be applied annually to the extinction of the debt; that condition is naturally in force for the same period, and for the same period only, as the grant to which it is annexed; it is necessarily so limited, because the means by which it is to be fulfilled, the produce of the duty, ceases at the end of the ten years for which the duty is granted.

The States are bound to prove that they have complied with the conditions of that Order; they did so comply, when wishing to erect a new Market, they applied for and obtained the order of 10th October 1820, which imposed on them, at their own request, the further obligation of an annual payment of four hundred and fifty pounds for ten years.

This sum began to be paid in 1822, and has been paid for eight years, during which the obligation amounts to................	£3,600 0 0
now elapsed to................	£10,000 0 0
Total amount of the two obligations imposed.......	£13,600 0 0
The debt at the commencement of the ten years elapsed amounted in rents and money, including the cost of the Market, to................	£43,668 15 2
The Debt, Rents and Market included, has been reduced to................	£27,740 0 0
Total amount of the sums actually applied to the payment of the debt................	£15,928 15 2

The conditions of the second Order in Council have thus been more than fulfilled, by the application of £2,328 15s 2d to the

Deduct from this the balance still due by the Market, and carried to the joint account of the Market and Fountain Street.. £6,100

£21,640

REVENUE

Exclusive of the produce of the Market, now carried to the joint account of Fountain Street and the Market, the Revenue of the States on the average of the last five years, 1829 inclusive, amounts to.. £8,245

APPENDIX

No. 2.

Plan of Finance adopted by the States, and to be pursued during the fifteen years from this date ending in 1844 *inclusive.*

After winding up all the accounts of expenditure during the last ten years, and completing the works undertaken in High Street, Smith Street, St. James's Street, Government House, Court House, and other parts of the town, the balance due to the Treasurer of the States will be at the end of the year nearly £1,500 which will be carried to the Lottery account, affected by the Royal Court to the above works, in case they exceeded the vote of the States.

The property in Fountain Street and the Market will make a joint concern under one Committee of management, that will keep an account of the cost and produce of that property seperate from the general account of the States. As the revenues rising from this property, with the assistance of the sums set apart by the States for this purpose, will be fully equal to liquidate all the engagements contracted on that joint account. It will be left to do so gradually without any further interference with the accounts of the States. The Houses of Fort Joli having been purchased with the money received from the Savings Bank, and now due by Fountain Street, will be added to that street account; and the rents before due by the States, also purchased with the same money, are taken from the amount of the debt, and will be extinguished - this will save the necessity of keeping seperate accounts for those objects.

The revenue, exclusively of the produce of the Market, is shown by the paper No. 1, to be, on the average of five years, £8,245 and is now taken for the basis of our calculation at..£8,100 0 0

On this, there is an annual charge for the whole of the 15 years for the College..........	£1,540 0 0
And an annual charge for Fountain St.	£600 0 0
Add to this the annual charge of interest and ordinary expenses for repairs, Militia, salaries, &c., &c.	£2,500 0 0
	£4,640 0 0
Remains disposable...	£3,460 0 0

The engagements of the States are as follows - they have already been voted to be paid in the order they are placed, at the exception of the sums for the building of two harbours on the coast, which were to have begun to be paid on the two first years, but which work not being yet commenced, the time may be thus prolonged, without putting off the execution of the works.

APPENDIX

No 3.

Remarks on the Statement of account making part of the complaint presented against the States.

The Statement includes the debt; the building of the College; sums voted for the College and Parochial Schools for fifteen years to come; sums assigned for payment on the revenue of the year preceding those fifteen years and actually paid, sums equally assigned for payment on a reserved portion of the revenue of the first five years, and finally for harbours not yet begun.

Of the whole of the sums contained in the statement, no vote has been objected to, except that for Fountain Street. This article it is which so much swells the account, and this it is, which alone is complained of. But Fountain Street joined to the Market should be viewed seperately, and as by no means interfering with the debt and revenue, beyond the contribution of £600 per annum voted for fifteen years, and £400 more for the two first years 1830 and 1831; because that joint concern is not only fully equal to clear itself of all its engagements, without calling for any other assistance from the States, but will ultimately add considerably to their revenue.

The total of the account is stated in round numbers, at £115,000

The interest due is estimated at................................	£1,700
and the annual income of the house in Fountain Street at the same sum.	

The annual income at..£8,800
The ordinary expenses from £1,800 to £2,000 per annum, say..£2,000

Remain..£6,800
This sum multiplied by fifteen, amounts to............£102,000

Balance..£13,000

View of the disposable revenue of the States in each of the fifteen years to come after the payment of engagements.

ENGAGEMENTS	1830	1831	1832	1833	1834	1835	1836
Break water at Glatney	980	980	980	980	980	-	-
Payment to Sark as their share of the duty for the 15 years	320	320	320	320	320	-	-
Works in the High Street	400	400	400	400	400	-	-
Two harbours on the South Coast	-	-	300	300	300	300	300
Market to make up the 10 years from its commencement	400	400	-	-	-	-	-
In aid of the National Schools	-	-	100	100	100	100	100
Central Country School	130	-	-	-	-	-	-
Idemnity (Ruettes Brayes)	100	170	-	-	-	-	-
Works on the harbour of the Bec du Nez	150						
	2480	2270	2100	2100	2100	400	400
Still disposable	980	1190	1360	1360	1360	3060	3060
	3460	3460	3460	3460	3460	3460	3460

After the year 1836, there exist no further engagements, so that there will remain £3460 at the disposal of the States annually.

Recapitulation of the sums at the disposal of the States after the payment of every engagement entered into:-

In 1830	£980	In 1838	£3,460
In 1831	1,190	In 1839	3,460
In 1832	1.360	In 1840	3,460
In 1833	1.360	In 1841	3.460

In 1834	1,360	In 1842	3.460
In 1835	3,060	In 1843	3,460
In 1836	3.060	In 1844	3,460
In 1837	3,460		-------
	-------		£24,220
	£15,830		15,830

Still disposable in the 15 years.. 40,050

APPENDIX

No. 4.

Joint account of Fountain Street and the Market

FOUNTAIN STREET

The cost when the whole street is rebuilt, and the new Fish Market is completed, will be as follows:-

Due to the Savings Bank, at 3%	£9,500
Due to individuals, at 3%	7,486

	16,986
Rents - 509 Guernsey Quarters, at £20 per Quarter	10,180

	27,166
Notes of 20s already issued	13,000
Required to complete the works	10,950

	£51,116

MARKET

The cost of the Market was	£12,748
Paid off since	6,648

Balance due on the Market	6,100

Total cost of both	£57,216

The interest varies according to the price of corn paid for the rents, but as they are gradually bought off, by money borrowed at 3% - and the price of corn will probably not exceed 15s per Guernsey quarter, the interest may be reckoned per annum at £920.

Whereas the debt that would remain is by the Statement said to be fifteen thousand - ERROR........,£2,000

The Plaintiffs have multiplied the disposable revenue by fifteen, whereas they should have multiplied by sixteen, for they reckon among other engagements, the sums actually paid by the revenue of the year preceding the fifteen, for which they give no credit, an omission of at least..,£5,000

The interest is reckoned at £1700 per annum, but no credit is given for its yearly diminution, by the action of the disposable revenue, on the debt at interest. If this interest can be made to cease in nine years, instead of fifteen, as it so easily may, the remaining six years would give to the States a further sum of..£10,200

Errors and omissions in the statement..................£17,200

The ancient Debt Rents and Market included, is now reduced to..£27,740

By the statement, corrected as above, the Debt can be reduced to..£13,000

£14,740

Remaining at the disposal of the States.................31,940

As no inconvenience can be felt in leaving the amount of the debt, at the end of fifteen years, the same as it is now, since every other engagement will be discharged - this, added to the errors above mentioned, leaves Thirty One Thousand Nine Hundred and Forty Pounds at the disposal of the States.

This is a sufficient answer to that part of the statement, which expresses a fear that the revenue will decrease from the circumstances of no new means being left for new works to give labour to the working classes.

But to this amount may be added the works, included in the statement, that will really be executed, and paid for during the fifteen years, and which amount to £18,000, making together £49.940, that will be expended during that period. This calculation is drawn from the statement itself, and on reference to the Paper No. 2, it will be seen that instead of £31.940. there will be at least £40,000 of disposable revenue to be added to the £18.000 of works already voted, making in fact £58.000, to be expended during the fifteen years.

The works alluded to, as included in the statement, but which will be completed and paid for during the fifteen years, are :-

College and Parochial Schools............£5,600
Fountain Street..10,960
Two Harbours.. 1,500

Means by which the above sum may be paid off.

By the lease of 27 new Houses in the Market place and Fountain Street - 6 Apartments, 13 Shops in the Fish and Meat Markets, and five Houses purchased by Mr. Robinson's Heirs, of Mr. Grut, Mr. Maillard, and Miss Le Roy; the whole valued at	£1.960
By the produce of the Market, valued at	460
By the rent of two houses near LE FORT JOLI, that belonged to Mr, Condamine, and which were purchased with money from the Savings Bank now carried to the account of Fountain Street	40

Rent from real property	2,460
By annual contribution of the States until the whole is liquidated	600

Annual receipts	3,060

By the contribution of the States from their revenue of 1830 and 1831, £400	800

These means will appear to every one sufficient when it is considered that every year the said means will increase by the interest of the sums paid off, and that every year the interest due will be decreasing, so that without any man's being called upon to contribute a penny, and with the sole assistance from the States' revenue of £600 per annum this great and necessary improvement will be effected, and will finally repay the States with interest by forming a permanent revenue of more than two thousand a year.

APPENDIX *No.* 5.

Amount of the Produce of the Duty of One Shilling per Gallon on all Spirits consumed in the Island of Guernsey, and the manner in which it has been expended, during the Ten Years for which the said Duty was granted, beginning on 1st September 1819. In obedience to the Order of His Majesty in Council of 19th June 1819.

PRODUCE.

			£	s.	d.
Net produce on the Duty on Spirits for the year 1820			3.439	3	0
Net	do.	1821	4.158	0	2
Net	do.	1822	4,187	12	5
Net	do.	1823	3,689	2	2
Net	do,	1824	3.901	12	6

Net	do.	1825	4,533	11	6
Net	do.	1826	6,380	18	0
Net	do.	1827	6,341	16	7
Net	do.	1828	6,154	10	0
Net	do.	1829	6,027	1	10
			48,813	8	2

HOW DISPOSED OF

By so much paid towards the reduction of the Debt -	£15,928	15	2			
Produce of the Meat Market, the sum of £150 for eight years -	£1,200	0	0			
				14,728	15	2
By so much expended in aid of the other Revenues of the States towards the undermentioned objects,						
By the construction of new Harbours and encouragement to the Society for Fisheries.......	5,255	17	11			
By Embankments against the encroachment of the sea...	2,265	2	8			
By Expenses on Forts, Watch Houses and Militia...............	2,735	6	5			
By Improvements in Town, Smith Street, and environs, Court House etc...................	8,661	14	0			
By the constuction of Roads of first and second Class......	14,525	1	0			
By Elizabeth College, Repairs......................................	640	18	0			
				34,084	13	0
				£48,813	8	2

Guernsey, December 11, 1829.