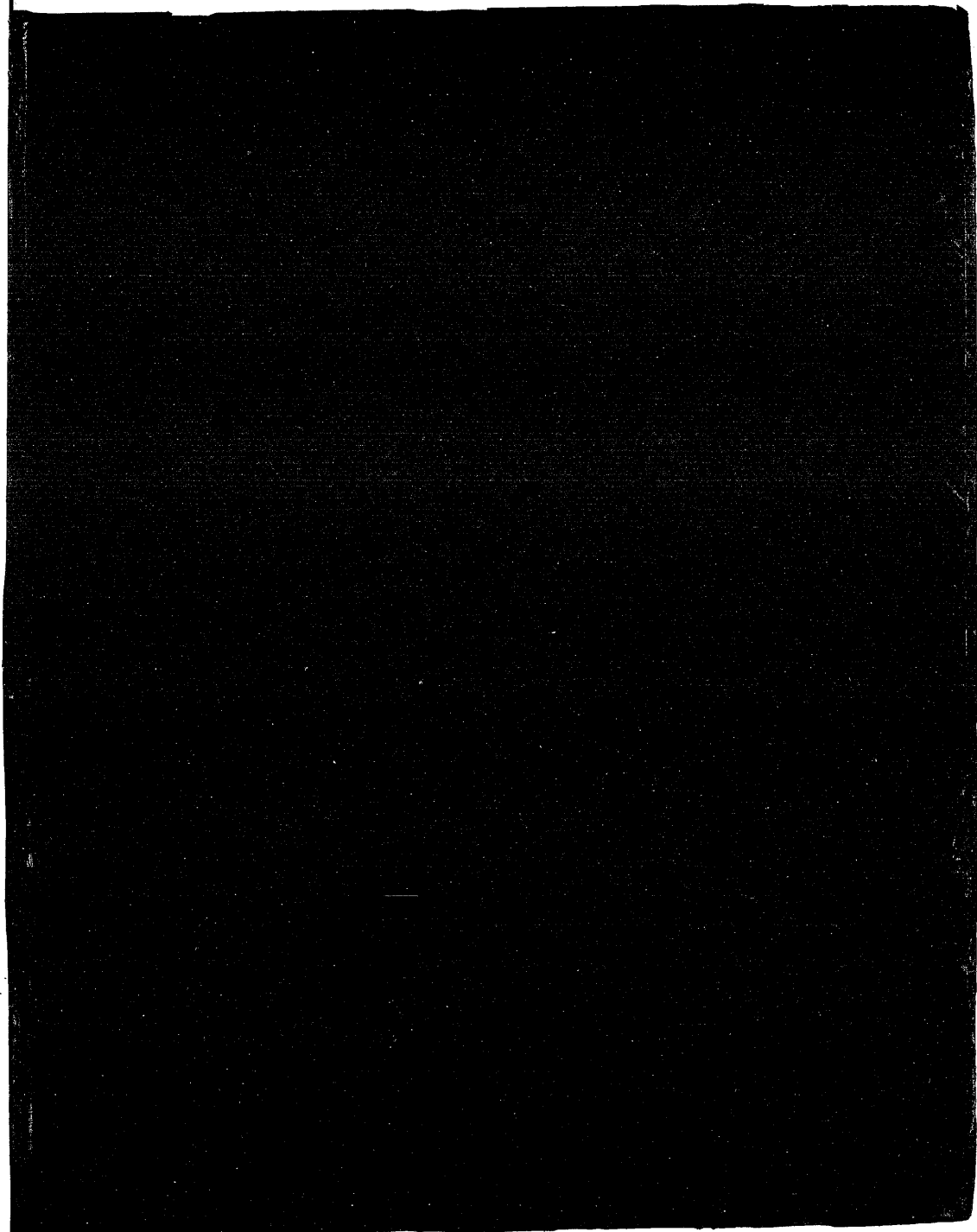
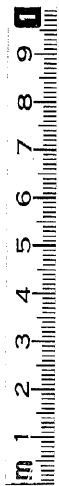


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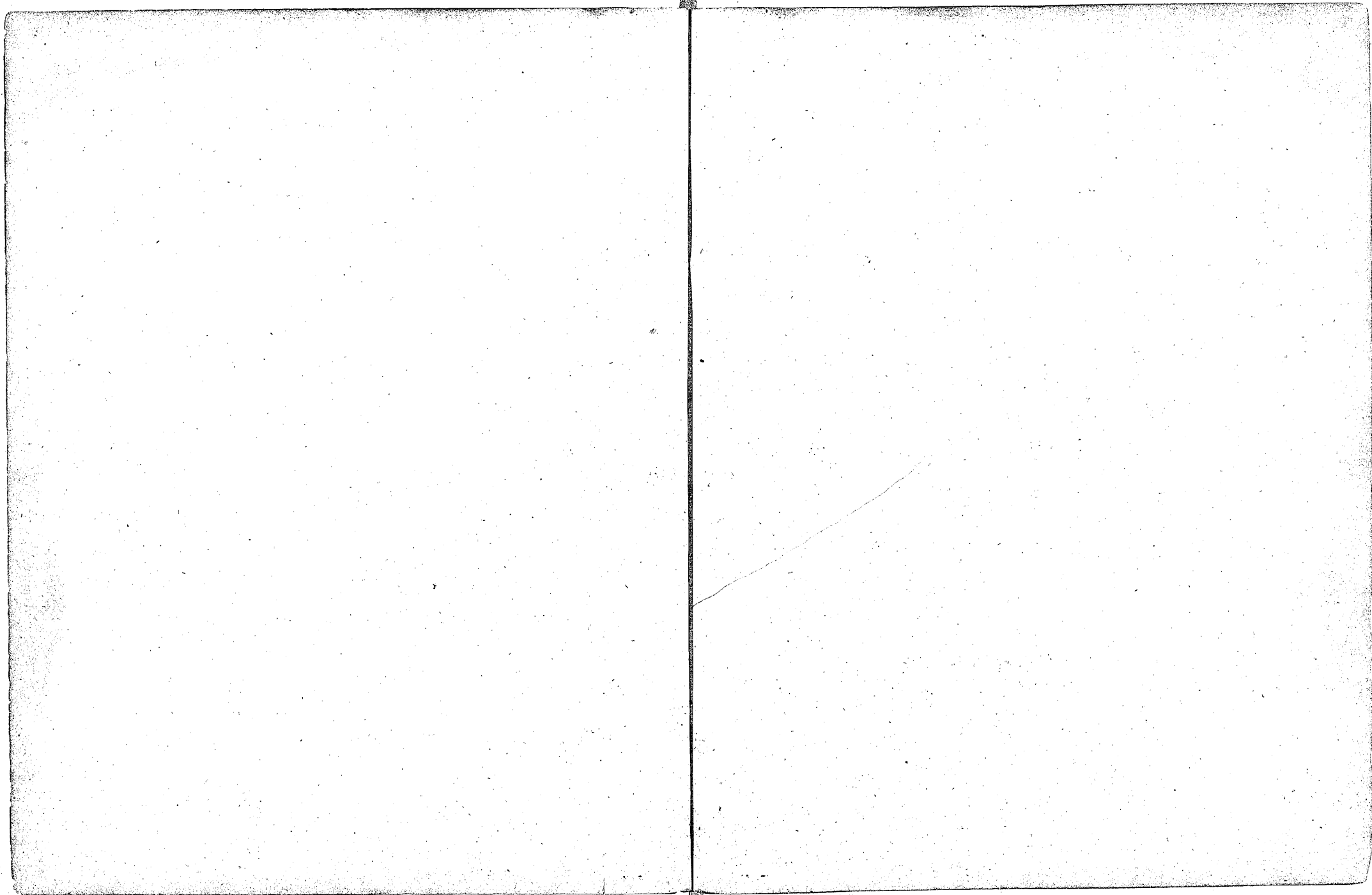
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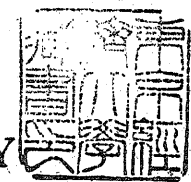
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東京経済大学図書館

- 本は大切に扱いますよう
- 返却は遅れないように致
しませう
- 本の配列を乱さないよう
に致しませう
- 切取、無断持出はやめま
しませう





AN
I N Q U I R Y
 INTO THE
PRINCIPLES OF POLITICAL OECONOMY:
 BEING AN
 ESSAY ON THE SCIENCE
 OF

Domestic Policy in Free Nations.

IN WHICH ARE PARTICULARLY CONSIDERED
 POPULATION, AGRICULTURE, TRADE, INDUSTRY,
 MONEY, COIN, INTEREST, CIRCULATION, BANKS,
 EXCHANGE, PUBLIC CREDIT, AND TAXES.

By Sir JAMES STEUART, Bart.

Ore trahit quodcumque potest atque addit acervo. Hor. Lib. i. Sat. i.

IN TWO VOLUMES.

V O L . I .

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P R E F A C E.

IT is with the greatest diffidence that I present to the public this attempt towards reducing to principles, and forming into a regular science, the complicated interests of domestic policy. When I consider the time and labour employed in the composition, I am apt to value it from selfish considerations. When I compare it even with my own abilities, I still think favourably of it, for a better reason; because it contains a summary of the most valuable part of all my knowledge. But when I consider the greatness of my subject, how small does the result of my application appear!

The imperfections, therefore, discovered in this work, will, I hope, be ascribed to the disproportion between the extent of the undertaking, and that of my capacity. This has been exerted to the utmost: and if I have failed, it may, at least, with justice, be said, that I have miscarried in an attempt of the greatest importance to mankind.

I no where shew the least desire to make my court to any particular statesman whose administration might have been hinted at. I freely follow the thread of my reasoning without a bias, either in favour of popular opinions, or of any of the numberless systems which have been formed by those who have written upon particular parts of my subject. The warmth of my temper has led me often into commendations, when I was pleased; but when I felt the effects of ill humour on being dissatisfied with particular circumstances, relating to countries, to men, and to things, which I had

P R E F A C E.

in view at the time I was writing; I seldom thought it proper to be particular. I have, in general, considered the danger of error, either in blaming or commending the steps of any administration, without being well informed of the whole combination of circumstances which the statesman had before him at the time.

This composition being the successive labour of many years spent in travelling, the reader will find some passages in which the unities of time and place have not been observed. These I could have corrected with ease, had I not been advised to leave them as characters to point out the circumstances under which I wrote, and thereby to confirm the authenticity of certain facts.

The modes of thinking, also, peculiar to the several countries where I have lived, have, no doubt, had an influence on what I have writ concerning their customs: the work, therefore, will not, in general, correspond to the meridian of national opinions any where; and of this it is proper the reader should be apprised, that he may not apply to the domestic circumstances of his own country what was intended to refer to those of other nations; nor impute what was the irresistible effect of my experience and conviction, to wilful prejudice.

I have read many authors on the subject of political oeconomy; and I have endeavoured to draw from them all the instruction I could. I have travelled, for many years, through different countries, and have examined them, constantly, with an eye to my own subject. I have attempted to draw information from every one with whom I have been acquainted: this, however, I found to be very difficult before I had attained to some previous knowledge of any subject. Such difficulties confirmed to me the justness of Lord Bacon's remark, that he who knows how to draw information by forming proper questions, is already possessed of half the science.

Prudens interrogatio, animam scientiæ.

I could

P R E F A C E.

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I could form no consistent plan from the various opinions I met with: hence I was engaged to compile the observations I had casually made, in the course of my travels, reading, and experience. From these I formed the following work, after expunging the numberless inconsistencies and contradictions which I found had arisen from my separate inquiries into every particular branch.

I had observed so many persons declining in knowledge as they advanced in years, that I resolved early to throw upon paper whatever I had learned; and to this I used to have recourse, as others have to their memories. The unity of the object of all my speculations, rendered this practice more useful to me than it would be to one whose researches are more extended.

Whoever is much accustomed to write for his own use merely, must contract a more careless style than another who has made language his study, and who writes in hopes of acquiring a literary reputation. I never, till very lately, thought of appearing as an author; and in the frequent perusals of what I had writ, my corrections were chiefly in favour of perspicuity: add to this, that the language in which I now write was, for many years, foreign to those with whom I lived and conversed. When these circumstances are combined with the intricacy of my subject, which constantly carried off my attention from every ornament of language, I flatter myself that those of my readers, at least, who enter as heartily as I have done into the spirit of this work, will candidly overlook the want of that elegance which adorns the style of some celebrated authors in this Augustan age. I present this inquiry to the public as nothing more than an essay which may serve as a canvass for better hands than mine to work upon.

It contains such observations only as the general view of the domestic policy of the countries I have seen, has suggested. It is a speculation, and no more. It is a rough drawing of a mighty plan, proportioned

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proportioned in correctness to my own sagacity, to my knowledge of the subject, and to the extent of my combinations.

It goes little farther than to collect and arrange some elements upon the most interesting branches of modern policy, such as *population, agriculture, trade, industry, money, coin, interest, circulation, banks, exchange, public credit, and taxes*. The principles deduced from all these topics, appear tolerably consistent; and the whole is a train of reasoning, through which I have adhered to the connection of subjects as faithfully as I could: but the nature of the work being a deduction of principles, not a collection of institutions, I seized the opportunities which my reasoning threw in my way, to connect every principle, as I went along, with every part of the inquiry to which it could refer; and when I found the connexion sufficiently shewn, I brook off such disquisitions, as would have led me from the object then present.

When principles thus casually applied in one part to matters intended to be afterwards treated of in another, came to be taken up a-new, they involved me in what may appear prolixity. This I found most unavoidable, when I was led to thoughts which were new to myself, and consequently such as must cost me the greatest labour to set in a clear and distinct point of view. Had I been master of my subject on setting out, the arrangement of the whole would have been rendered more concise: but had this been the case, I should never have been able to go through the painful deduction which forms the whole chain of my reasoning, and upon which, to many readers, slow in forming combinations; the conviction it carries along with it in a great measure depends: to the few, again, of a more penetrating genius, to whom the slightest hint is sufficient to lay open every consequence before it be drawn; in allusion to Horace, I offer this apology, *Clarus esse laboro, prolixus fo.*

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The path I have taken was new to me, after all I had read on the subject. I examined what I had gathered from others by my own principles; and according as I found it tally with collateral circumstances, I concluded in its favour. When, on the other hand, I found a disagreement, I was apprized immediately of some mistake: and this I found constantly owing to the narrowness of the combinations upon which it had been founded.

The great danger of running into error upon particular points relating to this subject, proceeds from our viewing them in a light too confined, and to our not attending to the influence of concomitant circumstances; which render general rules of little use. Men of parts and knowledge seldom fail to reason consequentially on every subject; but when their inquiries are connected with the complicated interests of society, the vivacity of an author's genius is apt to prevent him from attending to the variety of circumstances which render every consequence, almost, which he can draw, uncertain. To this I ascribe the habit of running into what the French call *Systemes*. These are no more than a chain of contingent consequences, drawn from a few fundamental maxims, adopted, perhaps, rashly. Such systems are mere conceits; they mislead the understanding, and efface the path to truth. An induction is formed, from whence a conclusion, called a principle, is drawn; but this is no sooner done, than the author extends its influence far beyond the limits of the ideas present to his understanding, when he made his deduction.

The imperfection of language engages us frequently in disputes merely verbal; and instead of being on our guard against the many unavoidable ambiguities attending the most careful speech, we place a great part of our learning when at school, and of our wit when we appear on the stage of the world, in the prostitution of language. The learned delight in vague, and the witty in equivocal terms. In general, we familiarize ourselves so much

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with words, and think so little, when we speak and write, that the signs of our ideas take the place of the images which they were intended to represent.

Every true proposition, when understood, must be assented to *universally*. This is the case always, when simple ideas are affirmed or denied of each other. No body ever doubted that sound is the object of hearing, or colour that of sight, or that black is not white. But whenever a dispute arises concerning a proposition, wherein complex ideas are compared, we may often rest assured, that the parties do not understand each other. Luxury, says one, is incompatible with the prosperity of a state. Luxury is the fountain of a nation's welfare and happiness, says another. There may, in reality, be no difference in the sentiments of these two persons. The first may consider luxury as prejudicial to foreign trade, and as corrupting the morals of a people. The other may consider luxury as the means of providing employment for such as must live by their industry, and of promoting an equal circulation of wealth and subsistence, through all the classes of inhabitants. If each of them had attended to the combination of the other's complex idea of luxury, with all its consequences; they would have rendered their propositions less general.

The difference, therefore, of opinion between men is frequently more apparent than real. When we compare our own ideas, we constantly see their relations with perspicuity; but when we come to communicate those relations to other people, it is often impossible to put them into words sufficiently expressive of the precise combination we have made in our own minds.

This being the case, I have avoided, as much as possible, condemning such opinions as I have taken the liberty to review; because I have examined such only as have been advanced by men of genius and reputation: and since all matters of contro-

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verly regard the comparison of our *ideas*, if the terms we use to express them were sufficiently understood by both parties, most political disputes would, I am persuaded, be soon at an end.

Here it may be objected, that we frequently adopt an opinion, without being able to give a sufficient reason for it, and yet we cannot gain upon ourselves to give it up, though we find it combated by the strongest arguments.

To this I answer, that in such cases we do not adhere to our own opinions, but to those of others, received upon trust. It is our regard for the authority, and not for the opinion, which makes us tenacious: for if the opinion were truly our own, we could not fail of seeing, or at least we should not long be at a loss in recollecting the ground upon which it is built. But when we assent implicitly to any political doctrine, there is no room for reason: we then satisfy ourselves with the persuasion that those whom we trust have sufficient reasons for what they advance. While our assent therefore is implicit, we are beyond conviction; not because we do not perceive the force of the arguments brought against our opinion, but because we are ignorant of the force of those which can be brought to support it: and as no body will tell what belongs to him, without being previously informed of its value, so no body will give up an implicit opinion, without knowing all that can be said for it. To this class of men I do not address myself in my inquiries.

But I insensibly run into a metaphysical speculation, to prove, that in political questions it is better for people to judge from experience and reason, than from authority; to explain their terms, than to dispute about words; and to extend their combinations, than to follow conceits, however decorated with the name of systems. How far I have avoided such defects, the reader will determine.

Every writer values himself upon his impartiality, because he is not sensible of his fetters. The wandering and independent life I have led may naturally have set me free, in some measure, from strong attachments to popular opinions. This may be called impartiality. But as no man can be deemed impartial, who leans to any side whatever, I have been particularly on my guard against the consequences of this sort of negative impartiality, as I have found it sometimes carrying me too far from that to which a national prejudice might have led me.

In discussing general points, the best method I found to maintain a just balance in that respect, was to avert my eye from the country in which I lived at the time, and to judge of absent things by the absent. Objects which are present, are apt to produce perceptions too strong to be impartially compared with those recalled only by memory.

When I have had occasion to dip into any question concerning the preference to be given to certain forms of government above others, and to touch upon points which have been the object of sharp disputes, I have given my opinion with freedom, when it seemed proper, and in stating the question, I have endeavoured to avoid all rite, and, as I may call them, technical terms of party, which are of no other use than to assist the disputants in their attempts to blacken each other, and to throw dust in the eyes of their readers.

I have sometimes entered so heartily into the spirit of the statesman, that I have been apt to forget my situation in the society in which I live; and when the private man reads over the politician's his natural partiality in favour of individuals, leads him to condemn, as Machiavellian principles, every sentiment approving the sacrifice of private concerns, in favour of a general plan.

In order, therefore, to reconcile me to myself in this particular, and to prevent certain expressions, here and there interspersed, from

making

making the slightest impression upon a reader of delicate sentiments, I must observe, that nothing would have been so easy as to soften many passages, where the politician appears to have snatched the pen out of the hand of the private citizen: but as I write for such only who can follow a close reasoning, and attend to the general scope of the whole inquiry, I have, purposely, made no correction; but continued painting in the strongest colours, every inconvenience which must affect certain individuals living under our free modern governments, whenever a wise statesman sets about correcting old abuses, proceeding from idleness, sloth, or fraud in the lower classes, arbitrary jurisdictions in the higher, and neglects in administrations, with respect to the interests of both. The more any cure is painful and dangerous, the more ought men to be careful in avoiding the disease. This leads me to say a word concerning the connection between the theory of morals and that of politics.

I lay it down as a general maxim, that the characteristic of a good action consists in the conformity between the motive, and the duty of the agent. If there were but one man upon earth, his duty would contain no other precepts than those dictated by self-love. If he comes to be a father, a husband, a friend, his self-love falls immediately under limitations: he must withhold from himself, and give to his children; he must know how to sacrifice some of his fancies, in order to gratify, now and then, those of his wife, or of his friend. If he comes to be a judge, a magistrate, he must frequently forget that he is a friend, or a father: and if he rises to be a statesman, he must disregard many other attachments more comprehensive, such as family, place of birth, and even, in certain cases, his native country. His duty here becomes relative to the general good of that society of which he is the head: and as the death of a criminal cannot be imputed to the judge who condemns him, neither can a particular inconvenience resulting to an individual, in consequence of a step taken for a general reformation, be imputed to him who sits at the helm of government.

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If it should be asked, of what utility a speculation such as this can be to a statesman, to whom it is in a manner addressed from the beginning to the end: I answer, that although it seems addressed to a statesman, the real object of the inquiry is to influence the spirit of those whom he governs; and the variety of matter contained in it, may even suggest useful hints to himself. But his own genius and experience will enable him to carry such notions far beyond the reach of my combinations.

I have already said that I considered my work as no more than a canvass prepared for more able hands than mine to work upon. Now although the sketch it contains be not sufficiently correct, I have still made some progress, I think, in preparing the way for others to improve upon my plan, by contriving proper questions to be resolved by men of experience in the practical part of government.

I leave it therefore to masters in the science to correct and extend my ideas: and those who have not made the principles of policy their particular study, may have an opportunity of comparing the exposition I have given of them with the commonly received opinions concerning many questions of great importance to society. They will, for instance, be able to judge how far population can be increased usefully, by multiplying marriages, and by dividing lands: how far the swelling of capitals, cities and towns, tends to depopulate a country: how far the progress of luxury brings distress upon the poor industrious man: how far restrictions laid upon the corn trade, tend to promote an ample supply of subsistence in all our markets: how far the increase of public debts tends to involve us in a general bankruptcy: how far the abolition of paper currency would have the effect of reducing the price of all commodities: how far a tax tends to enhance their value: and how far the diminution of duties is an essential requisite for securing

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the liberty, and promoting the prosperity and happiness of a people.

Is it not of the greatest importance to examine, with candour, the operations by which all Europe has been engaged in a system of policy so generally declaimed against, and so contrary to that which we hear daily recommended as the best? And to shew, from the plain principles of common sense, that our present situation is the unavoidable consequence of the spirit and manners of the present times, and that it is quite compatible with all the liberty, affluence, and prosperity, which any human society ever enjoyed in any age, or under any form of government? A people taught to expect from a statesman the execution of plans, big with impossibility and contradiction, will remain discontented under the government of the best of Kings.

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Page. Line.		Page. Line.	
3. 32.	* advantages, r. disadvantages	290. 2.	easily bred, r. bred early
73. 27.	were, r. from	339. 21.	* preventing, r. promoting
85. 28.	* This is the, r. This is not the	382. 10.	* work, r. worth
89. 12.	* supposed to come, r. substituted	391. 8.	* next, r. net
110. 12.	productions, r. spontaneous productions	425. 27.	discovering, r. discoursing
145. 9.	* trial, r. Tirol	430. 29.	<i>id.</i> , r. <i>id</i>
147. 30.	its, r. their	Ditto 30.	<i>misura</i> , r. <i>misura</i>
172. 1.	* earch, r. cart	501. 3.	* physical, r. political
208. 29.	third, r. fourth	Ditto 27.	competition, r. composition
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220. 8.	* usefulness, r. usefines	626. 31.	* revolution, r. institution
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I N Q U I R Y

INTO THE

PRINCIPLES OF POLITICAL OECONOMY.

B O O K I.

OF POPULATION AND AGRICULTURE.

I N T R O D U C T I O N.

OECONOMY in general is the art of providing for all the wants of a family, with prudence and frugality.

If any thing necessary or useful is found wanting, if any thing provided is lost or misapplied, if any servant, any animal, is super-numerary or useless, if any one sick or infirm is neglected, we immediately perceive a want of oeconomy. The object of it, in a private family, is therefore to provide for the nourishment, the other wants, and the employment of every individual. In the first place, for the master, who is the head, and who directs the whole; next for the children, who interest him above all other things; and last for the servants, who being useful to the head, and essential to the well-being of the family, have therefore a title to become an object of the master's care and concern.

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The whole oeconomy must be directed by the head, who is both lord and steward of the family. It is however necessary, that these two offices be not confounded with one another. As lord, he establishes the laws of his oeconomy; as steward, he puts them in execution. As lord, he may restrain and give his commands to all within the house as he thinks proper; as steward, he must conduct with gentleness and address, and is bound by his own regulations. The better the oeconomist, the more uniformity is perceived in all his actions, and the less liberties are taken to depart from stated rules. He is no ways master to break through the laws of his oeconomy, although in every respect he may keep each individual within the house, in the most exact subordination to his commands. Oeconomy and government, even in a private family, present therefore two different ideas, and have also two different objects.

What oeconomy is in a family, political oeconomy is in a state: with these essential differences however, that in a state there are no servants, all are children: that a family may be formed when and how a man pleases, and he may establish what plan of oeconomy he thinks fit; but states are found formed, and the oeconomy of these depends upon a thousand circumstances. The statesman (this is a general term to signify the head, according to the form of government) is neither master to establish what oeconomy he pleases, or in the exercise of his sublime authority to overturn at will the established laws of it, let him be the most despotic monarch upon earth.

The great art therefore of political oeconomy is, first to adapt the different operations of it to the spirit, manners, habits, and customs of the people, and afterwards to model these circumstances so, as to be able to introduce a set of new and more useful institutions.

The principal object of this science is to secure a certain fund of subsistence for all the inhabitants, to obviate every circumstance which may render it precarious; to provide every thing necessary for supplying the wants of the society, and to employ the inhabitants (supposing them to be freemen) in such a manner as naturally

rally to create reciprocal relations and dependencies between them, so as to make their several interests lead them to supply one another with their reciprocal wants.

If one considers the variety which is found in different countries, in the distribution of property, subordination of classes, genius of people, proceeding from the variety of forms of government, laws, and manners, one may conclude, that the political oeconomy in each must necessarily be different, and that principles, however universally true, may become quite ineffectual in practice, without a sufficient preparation of the spirit of a people.

It is the business of a statesman to judge of the expediency of different schemes of oeconomy, and by degrees to model the minds of his subjects so as to induce them, from the allurements of private interest, to concur in the execution of his plan.

The speculative person, who removed from the practice, extracts the principles of this science from *observation* and *reflection*, should divest himself, as far as possible, of every prejudice, in favour of established opinions, however reasonable, when examined relatively to particular nations: he must do his utmost to become a citizen of the world, comparing customs, examining minutely institutions which appear alike, when in different countries they are found to produce different effects: he should examine the cause of such differences with the utmost diligence and attention. It is from such inquiries that the true principles are discovered.

He who takes up the pen upon this subject, keeping in his eye the customs of his own or any other country, will fall more naturally into a description of one particular system of it, than into an examination of the principles of the science in general: he will applaud such institutions as he finds rightly administered at home; he will condemn those which are administered with abuse; but, without comparing different methods of executing the same plan in different countries, he will not easily distinguish the advantages which are essential to the institution, from those which proceed from the abuse. For this reason a land tax excites the indignation

of a Frenchman, an excise that of an Englishman. One who looks into the execution of both, in each country, and in every branch of management, will discover the real effects of these impositions, and be able to distinguish what proceeds from abuse, from what is essential to the burden.

Nothing is more effectual towards preparing the spirit of a people to receive a good plan of oeconomy, than a proper representation of it. On the other hand, nothing is better calculated to keep the statesman, who is at the head of affairs, in awe.

When principles are well understood, the real consequences of burdensome institutions are clearly seen: when the purposes they are intended for, are not obtained, the abuse of the statesman's administration appears palpable. People then will not so much cry out against the imposition, as against the misapplication. It will not be a land tax of four shillings in the pound, nor an excise upon wines and tobacco, which will excite the murmurs of a nation; it will be the prodigal dissipation and misapplication of the amount of these taxes after they are laid on. But when principles are not known, all inquiry is at an end, the moment a nation can be engaged to submit to the burden. It is the same with regard to every other part of this science.

Having pointed out the object of my pursuit, I shall only add, that my intention is to attach myself principally to a clear deduction of principles, and a short application of them to familiar examples, in order to avoid abstraction as much as possible. I farther intend to confine myself to such parts of this extensive subject, as shall appear the most interesting in the general system of modern politics, of which I shall treat with that spirit of liberty, which reigns more and more every day, throughout all the polite and flourishing nations of Europe.

When I compare the elegant performances which have appeared in Great Britain and in France with my dry and abstracted manner of treating the same subject, in a plain language void of ornament, I own I am discouraged on many accounts. If I am obliged to

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set out by laying down as fundamental principles the most obvious truths, I dread the imputation of pedantry, and of pretending to turn common sense into science. If I follow these principles through a minute detail, I may appear trifling. I therefore hope the reader will believe me, when I tell him, that these defects have not escaped my discernment; but that my genius, the nature of the work, and the connection of the subject, have obliged me to write in an order and in a style where every thing has been sacrificed to perspicuity.

My principal aim shall be to discover truth, and to enable my reader to touch the very link of the chain where I may at any time go astray.

My business shall not be to seek for new thoughts, but to reason consequentially; and if any thing new be found, it will be in the conclusions.

Long steps in political reasoning lead to error; close reasoning is tedious, and to many appears trivial: this however must be my plan, and my consolation is, that the further I advance, I shall become the more interesting.

Every supposition must be considered as strictly relative to the circumstances presupposed; and though, in order to prevent misapplication, and to avoid abstraction as much as possible, I frequently make use of examples for illustrating every principle; yet these, which are taken from matters of fact, must be supposed divested of every foreign circumstance inconsistent with the supposition.

I shall combat no particular opinion in such intricate matters; though sometimes I may pass them in review, in order to point out how I am led to differ from them.

I pretend to form no system, but by following out a succession of principles, consistent with the nature of man and with one another, I shall endeavour to furnish some materials towards the forming of a good one.

C H A P. I.

Of the Government of Mankind.

MAN we find acting uniformly in all ages, in all countries, and in all climates, from the principles of self-interest, expediency, duty, or passion. In this he is alike, in nothing else.

These motives of human actions produce such a variety of combinations, that if we consider the several species of animals in the creation, we shall find the individuals in no class so unlike to one another, as man to man. No wonder then if people differ in opinion with regard to every thing which relates to man.

As this noble animal is a sociable creature, both from necessity and inclination, we also find, in all ages, climates and countries, a certain modification of government and subordination established among them. Here again we are presented with as great variety as there are different societies; all however agreeing in this, that the end of a *voluntary* subordination to authority is with a view to promote the general good.

Constant and uninterrupted experience has proved to man, that virtue and justice in those who govern, are sufficient to render the society happy, under any form of government. Virtue and justice when applied to government mean no more than a tender affection for the whole society, and an exact and impartial regard for the interest of every class.

All actions, and indeed all things, are good or bad only by relation. Nothing is so complex as relations when considered with regard to a society, and nothing is so difficult as to discover truth when involved and blended with these relations.

We must not conclude from this, that every operation of government becomes problematical and uncertain as to its consequences: some are evidently good; others are notoriously bad: the

middle terms are always the least essential, and the more complex they appear to a discerning eye, the more trivial they are found to be in their immediate consequences.

A government must be continually in action, and one principal object of its attention must be, the consequences and effects of new institutions.

Experience alone will shew, what human prudence could not foresee; and mistakes must be corrected as often as expediency requires.

All governments have what they call their fundamental laws; but fundamental, that is, invariable laws, can never subsist among men, the most variable thing we know: the only fundamental law, *salus populi*, must ever be relative, like every other thing. But this is rather a maxim than a law.

It is however expedient, nay absolutely necessary, that in every state, certain laws be supposed fundamental and invariable: both to serve as a curb to the ambition of individuals, and to point out to the statesman the out-lines, or sketch of that plan of government, which experience has proved to be the best adapted to the spirit of his people.

Such laws may even be considered as actually invariable, while a state subsists without convulsions or revolutions: because then the alterations are so gradual, that they become imperceptible to all, but the most discerning, who compare the customs and manners of the same people in different periods of time and under different combinations of circumstances.

As we have taken for granted the fundamental maxim, that every operation of government should be calculated for the good of the people, so we may with equal certainty decide, that in order to make a people happy, they must be governed according to the spirit which prevails among them.

I am next to explain what I mean by the spirit of a people, and to shew how far this spirit must be made to influence the government of every society.

C H A P. II.

Of the Spirit of a People.

THE spirit of a people is formed upon a set of received opinions relative to three objects; morals, government, and manners: these once generally adopted by any society, confirmed by long and constant habit, and never called in question, form the basis of all laws, regulate the form of every government, and determine what is commonly called the customs of a country.

To know a people we must examine them under those general heads. We acquire the knowledge of their morals with ease, by consulting the tenets of their religion, and from what is taught among them by authority and under direction.

The second, or government, is more disguised, as it is constantly changing from circumstances, partly resulting from domestic and partly from foreign considerations. A thorough knowledge of their history, and conversation with their statesmen, may give one, who has access to these helps, a very competent knowledge of this branch.

The last, or the knowledge of the manners of a people, is by far the most difficult to acquire, and yet is the most open to every person's observation. Certain circumstances with regard to manners are supposed by every one in the country to be so well known, so generally followed and observed, that it seldom occurs to any body to inform a stranger concerning them. In one country nothing is so injurious as a *froke* with a stick, or even a gesture which implies a design or a desire to strike*: in another a *froke* is nothing, but an opprobrious expression is not to be borne †. An innocent liberty with the fair sex, which in one country passes without censure, is looked upon in another as the highest indignity ‡.

* France.

† Germany.

‡ Spain.

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In general, the opinion of a people with regard to injuries is established by custom only, and nothing is more necessary in government, than an exact attention to every circumstance peculiar to the people to be governed.

The kingdom of Spain was lost for a violence committed upon chastity §; the city of Genoa for a blow ||; the kingdoms of Naples and Sicily have ever been ready to revolt; because having been for many ages under the dominion of strangers, the people have never been governed according to the true spirit of their manners. Let us consult the revolutions of all countries, and we shall find, that the most trivial circumstances have had a greater influence on the event, than the more weighty reasons, which are always set forth as the real motives. I need not enlarge upon this subject, my intention is only to suggest an idea which any one may pursue, and which will be applied upon many occasions as we go along; for there is no treating any point which regards the political oeconomy of a nation, without accompanying the example with some supposition relative to the spirit of the people. I return.

I have said, that the most difficult thing to learn concerning a people, is the spirit of their manners. Consequently, the most difficult thing for a stranger to adopt, is their manner. Men acquire the language, nay even lose the foreign accent, before they lose the oddity of their manner. The reason is plain. The inclinations must be changed, the taste of amusement must be new modelled; established maxims upon government, manners, nay even upon some moral actions, must undergo certain new modifications, before the stranger's conversation and behaviour becomes consistent with the spirit of the people with whom he lives.

From

§ By Roderigo, the last king of the Gothic line.

|| Given by an Austrian officer to a Genoese, which occasioned the revolt in 1747, by which the Germans were expelled the city.

From these considerations, we may find the reason, why nothing is more heavy to bear than the government of conquerors, in spite of all their endeavours to render themselves agreeable to the conquered. Of this experience has ever proved the truth, and princes are so much persuaded of it, that when a country is subdued in our days, or when it otherwise changes masters, there is seldom any question of altering, but by very slow degrees and length of time, the established laws and customs of the inhabitants. I might safely say, there is no form of government upon earth so excellent in itself, as, necessarily, to make the people happy under it. Freedom itself, *imposed* upon a people groaning under the greatest slavery, will not make them happy, unless it is made to undergo certain modifications, relative to their established habits.

Having explained what I mean by the spirit of a people, I come next to consider, how far this spirit must influence government.

If governments be taken in general, we shall find them analogous to the spirit of the people. But the point under consideration is, how a statesman is to proceed, when expediency and refinement require a change of administration, or when it becomes necessary from a change of circumstances.

The great alteration in the affairs of Europe within these three centuries, by the discovery of America and the Indies, the springing up of industry and learning, the introduction of trade and the luxurious arts, the establishment of public credit, and a general system of taxation, have entirely altered the plan of government every where.

From feudal and military, it is become free and commercial. I oppose freedom in government to the feudal system, only to mark that there is not found now, that chain of subordination among the subjects, which made the essential part of the feudal form. The head there had little power, and the lower classes of the people little liberty. Now every industrious man, who lives with oeconomy, is free and independent, under most forms of government. Formerly, the power of the barons swallowed up the independency
of

of all inferior classes. I oppose commercial to military, only because the military governments now are made to subsist from the consequences and effects of commerce: that is, from the revenue of the state, proceeding from taxes. Formerly, every thing was brought about by numbers; now, numbers of men cannot be kept together without money.

This is sufficient to point out the nature of the revolution in the political state, and of consequence in the manners of Europe.

The spirit of a people changes no doubt of itself, but by slow degrees. The same generation commonly adheres to the same principles, and retains the same spirit. In every country we find two generations upon the stage at a time; that is to say, we may distribute into two classes the spirit which prevails; the one amongst men between twenty and thirty, when opinions are forming; the other of those who are past fifty, when opinions and habits are formed and confirmed. A person of judgment and observation may foresee many things relative to government, from an exact application to the rise and progress of new customs and opinions, provided he preserve his mind free from all attachments and prejudices, in favour of those which he himself has adopted; and in that delicacy of sensation necessary to perceive the influence of a change of circumstances. This is the genius proper to form a great statesman.

In every new step the spirit of the people should be first examined, and if that be not found ripe for the execution of the plan, it ought to be put off, kept entirely secret, and every method used to prepare the people to relish the innovation.

The project of introducing popery into England was blown before it was put in practice, and so misgave. Queen Elizabeth kept her own secret, and succeeded in a similar attempt: The scheme of a general excise was pushed with too much vivacity, was made a matter of party, ill-timed, and the people nowise prepared for it; hence it will be the more difficult to bring about at another time, without the greatest precautions.

In turning and working upon the spirit of a people, nothing is impossible to an able statesman. When a people can be engaged to murder their wives and children, and to burn themselves, rather than submit to a foreign enemy, when they can be brought to give their most precious effects, their ornaments of gold and silver, for the support of a common cause; when women are brought to give their hair to make ropes, and the most decrepit old men to mount the walls of a town for its defence; I think I may say, that by properly conducting and managing the spirit of a people, nothing is impossible to be accomplished. But when I say, nothing is impossible, I must be understood to mean, that nothing essentially necessary for the good of the people is impossible; and this is all that is required in government.

That it requires a particular talent in a statesman to dispose the minds of a people to approve even of the scheme which is the most conducive to their interest and prosperity, appears from this; that we see examples of wise, rich and powerful nations languishing in inactivity, at a time when every individual is animated with a quite contrary spirit; becoming a prey to their enemies, like the city of Jerusalem, while they are taken up with their domestic animosities, only because the remedies proposed against these evils contradict the spirit of the times*.

The great art of governing is to divest one's self of prejudices and attachments to particular opinions, particular classes, and above all to particular persons; to consult the spirit of the people, to give way to it in appearance, and in so doing to give it a turn capable of inspiring those sentiments which may induce them to relish the change, which an alteration of circumstances has rendered necessary.

Can any change be greater among free men, than from a state of absolute liberty and independency to become subject to con-

* This was writ in the year 1756, about the time the island of Minorca was taken by the French.

fraint in the most trivial actions? This change has however taken place over all Europe within these three hundred years, and yet we think ourselves more free than ever our fathers were. Formerly a gentleman who enjoyed a bit of land knew not what it was to have any demand made upon him, but in virtue of obligations by himself contracted. He disposed of the fruits of the earth, and of the labour of his servants or vassals, as he thought fit. Every thing was bought, sold, transferred, transported, modified, and composed, for private consumption, or for public use, without ever the state's being once found interested in what was doing. This, I say, was formerly the general situation of Europe, among free nations under a regular administration; and the only impositions commonly known to affect landed men were made in consequence of a contract of subordination, feudal or other, which had certain limitations; and the impositions were appropriated for certain purposes.

Daily experience shews, that nothing is more against the inclinations of a people, than the imposition of taxes; and the less they are accustomed to them, the more difficult it is to get them established.

The great abuse of governors in the application of taxes contributes not a little to augment and entertain this repugnancy in the governed: but besides abuse, there is often too little management used to prepare the spirits of the people for such innovations: for we see them upon many occasions submitting with cheerfulness to very heavy impositions, provided they be well-timed, and consistent with their manners and disposition. A French gentleman, who cannot bear the thought of being put upon a level with a peasant in paying a land tax, pays contentedly, in time of war, a general tax upon all his effects, under a different name. To pay for your head is terrible in one country; to pay for light appears as terrible in another.

It often happens, that statesmen take the hint of new impositions from the example of other nations, and not from a nice examination of their own domestic circumstances. But when these are rightly

rightly attended to, it becomes easy to discover the means of executing the same plan, in a way quite adapted to the spirit, temper, and circumstances of the people. When strangers are employed as statesmen, the disorder is still greater, unless in cases of most extraordinary penetration, temper, and above all flexibility and discretion.

Statesmen have sometimes recourse to artifice instead of reason, because their intentions often are not upright. This destroys all confidence between them and the people; and confidence is necessary when you are in a manner obliged to ask a favor, or when at least what you demand is not indisputably your right. A people thus tricked into an imposition, though expedient for their prosperity, will oppose violently, at another time, a like measure, even when essential to their preservation.

At other times, we see statesmen presenting the allurements of present ease, precisely at the time when people's minds are best disposed to receive a burden. I mean when war threatens, and when the mind is heated with a resentment of injuries. Is it not wonderful, at such a time as this, to increase taxes only in proportion to the interest of money wanted; does not this imply a short-sightedness, or at least an indifference as to what is to come? Is it not more natural, that a people should consent to come under burdens to gratify revenge, than submit to repay a large debt when their minds are in a state of tranquillity.

From the examples I have given, I hope what I mean by the spirit of a people is sufficiently understood, and I think I have abundantly shewn the necessity of its being properly disposed, in order to establish a right plan of oeconomy. This is so true, that many examples may be found, of a people's rejecting the most beneficial institutions, and even the greatest favors, only because some circumstance had shocked their established customs. No wonder then, if we see them refuse to come under limitations, restraints and burdens, when the utmost they can be flattered with from them, is a distant prospect of national good.

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I have found it necessary to premise these general reflections, in order to obviate many objections which might naturally enough occur in the perusal of this inquiry. I shall have occasion to make a number of suppositions, and to draw consequences from them, which are abundantly natural, if a proper spirit in the people be presupposed, but which would be far from being natural without this supposition. I suppose, for example, that a poor man, loaded with many children, would be glad to have the state maintain them; that another, who has wasted lands, would be obliged to one who would gratuitously build him a farm-house upon it. Yet in both suppositions I may prove mistaken; for fathers there are, who would rather see their children dead than out of their hands; and proprietors are to be found, who, for the sake of hunting, would lay the finest country in Europe into a waste.

In order to communicate an adequate idea of what I understand by political oeconomy, I have explained the term, by pointing out the object of the art; which is, to provide food, other necessaries, and employment to every one of the society.

This is a very simple and a very general method of defining a most complicated operation.

To provide a proper employment for all the members of a society, is the same as to model and conduct every branch of their concerns.

Upon this idea, I think, may be formed the most extensive basis for an inquiry into the principles of political oeconomy.

The next thing to be done, is to fall upon a distinct method of analysing so extensive a subject, by contriving a train of ideas, which may be directed towards every part of the plan, and which, at the same time, may be made to arise methodically from one another.

For this purpose I have taken a hint from what the late revolutions in the politics of Europe have pointed out to be the regular progress of mankind, from great simplicity to complicated refinement.

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This first book shall then set out by taking up society in the cradle, as I may say. I shall then examine the principles which influence their multiplication, the method of providing for their subsistence, the origin of their labour, the effects of their liberty and slavery, the distribution of them into classes, with some other topics which relate to mankind in general.

Here we shall find the principles of industry influencing the multiplication of mankind, and the cultivation of the soil. This I have thrown in on purpose to prepare my reader for the subject of the second book; where he will find the same principle (under the wings of liberty) providing an easy subsistence for a numerous populace, by the means of trade, which sends the labour of an industrious people over the whole world.

From the experience of what has happened these last two hundred years, we find to what a pitch the trade and industry of Europe has increased alienations, and the circulation of money. I shall, therefore, closely adhere to these, as the most immediate consequences of the preceding improvement; and, by analysing them, I shall form my third book, in which I intend to treat of credit.

We see also how credit has engaged nations to avail themselves of it in their wars, and how, by the use of it, they have been led to contract debts; which they never can satisfy and pay, without imposing taxes. The doctrine then of debts and taxes will very naturally follow that of credit in this great chain of political consequences.

By this kind of historical clue, I shall conduct myself through the great avenues of this extensive labyrinth; and in my review of every particular district, I shall step from consequence to consequence, until I have penetrated into the utmost recesses of my own understanding.

When a subject is broken off, I shall render my transitions as gradual as I can, by still preserving some chain of connexion; and although I cannot flatter myself (in such infinite variety of choice, as to order and distribution) to hit off, at all times, that method, which

which may appear to every reader the most natural and the most correct, yet I shall spare no pains in casting the materials into different forms, so as to make the best distribution of them in my power.

CHAP. III.

Upon what Principles, and from what natural Causes do Mankind multiply? And what are the effects of Procreation in Countries where Numbers are not found to increase?

THE multiplication of mankind has been treated of in different ways; some have made out tables to shew the progression of multiplications, others have treated the question historically. The state of numbers in different ages of the world, or in different countries at different times, has been made the object of inquiry; and the most exact scrutiny into antient authors, the means of investigating the truth of this matter. All passages relative to the subject have been laid together, and accompanied with glosses and interpretations the most plausible, in order to determine the main question. The elaborate performances of Mr. Hume, and Mr. Wallace, who have adopted opposite opinions in regard to the populousness of the antient world, have left nothing new to be said upon this subject; at least the application they appear to have given in examining the antients, is a great discouragement to any one who might otherwise still flatter himself, there, to find out circumstances proper to cast a new light upon the question.

My intention in this chapter is not to decide, nor even to give my opinion upon that matter, far less to combat the arguments advanced on either side. I am to consider the question under

a different point of view; not to enquire what numbers of people were found upon the earth at a certain time, but to examine the natural and rational causes of multiplication. If we can discover these, we may perhaps be led to judge how far they might have operated in different ages and in different countries.

The fundamental principle of the multiplication of all animals, and consequently of man, is generation; the next is food: generation gives existence, food preserves it. Did the earth produce of itself the proper nourishment for man, with unlimited abundance, we should find no occasion to labour in order to procure it. Now in all countries found inhabited, as in those which have been found desolate, if the state of animals be inquired into, the number of them will be found in proportion to the quantity of food produced by the earth, *regularly throughout the year*, for their subsistence. I say, regularly throughout the year, because we perceive in those animals which produce in great abundance, such as all the feathered genus, that vast multitudes are destroyed in winter; they are brought forth with the fruits of the earth, and fall in proportion. This principle is so natural, that I think it can hardly be controverted.

As to man, the earth does not spontaneously produce nourishment for him in any considerable degree. I allow that as some species of animals support life by devouring others, so may man; but it must be observed, that the species feeding must always be much inferior in number to the species fed upon. This is evident in reason and in fact.

Were the earth therefore uncultivated, the numbers of mankind would not exceed the proportion of the spontaneous fruits which she offers for their immediate use, or for that of the animals which might be the proper nourishment of man.

There is therefore a certain number of mankind which the earth would be able to maintain without any labour: allow me to call this quantity (A). Does it not, from this exposition of the matter, appear plain, that without labour (A) never can increase any more than

than animals, which do not work for themselves, can increase beyond the proportion of food provided for them by nature? Let it be however observed, that I do not pretend to limit (A) to a determined number. The seasons will no doubt influence the numbers of mankind, as we see they influence the plenty of other animals; but I say (A) will never increase beyond the fixed proportion above-mentioned.

Having resolved one question with regard to multiplication, and shewn that numbers must become greater or smaller according to the productions of nature, I come to the second thing proposed to be treated of in the chapter: to wit, what will become of the generative faculty after it has produced the full proportion of (A); and what effects will afterwards follow.

We see how beneficent, I might have said prodigal, nature is, in bestowing life by generation. Several kinds of animals, especially insects, multiply by thousands, and yet the species does not appear annually to increase. No body can pretend that particular individuals of any species have a privilege to live, and that others die from a difference in their nature. It is therefore reasonable to conclude, that what destroys such vast quantities of those produced, must be, among other causes, the want of food. Let us apply this to man.

Those who are supposed to be fed with the spontaneous fruits of the earth, cannot, from what has been said, multiply beyond that proportion; at the same time the generative faculty will work its natural effects in augmenting numbers. The consequence will be, that certain individuals must become worse fed, consequently weaker; consequently, if in that weakly state, nature should withhold a part of her usual plenty, the whole multitude will be affected by it; a disease may take place, and sweep off a far greater number than that proportioned to the deficiency of the season. What results from this? That those who have escaped, finding food more plentiful, become vigorous and strong; generation gives life

to additional numbers, food preserves it, until they rise up to the former standard.

Thus the generative faculty resembles a spring loaded with a weight, which always exerts itself in proportion to the diminution of resistance: when food has remained some time without augmentation or diminution, generation will carry numbers as high as possible; if then food come to be diminished, the spring is overpowered; the force of it becomes less than nothing. Inhabitants will diminish, at least, in proportion to the overcharge. If upon the other hand, food be increased, the spring which stood at 0, will begin to exert itself in proportion as the resistance diminishes; people will begin to be better fed; they will multiply, and in proportion as they increase in numbers, the food will become scarce again.

I must here subjoin a remark very analogous to this subject. That the generative faculty in man (which we have compared to a spring) and the care and love we have for our children, first prompt us to multiply, and then engage us to divide what we have with our little ones. Thus from dividing and subdividing it happens, that in every country where food is limited to a certain quantity, the inhabitants must be subsisted in a regular progression, descending down from plenty and ample subsistence, to the last periods of want, and even sometimes starving for hunger.

Although the examples of this last extremity are not common in some countries, yet I believe they are more so than is generally imagined; and the other stages of want are productive of many diseases, and of a decay which extinguishes the faculty of generation, or which weakens it, so as to produce children less vigorous and less healthy. I appeal to experience, if this reasoning be not just.

Put two or three pairs of rabbits into a field proper for them, the multiplication will be rapid; and in a few years the warren will be stocked: you may take yearly from it a hundred pairs, I shall suppose,

pose, and keep your warren in good order: give over taking any for some years, you will perhaps find your original stock rather diminished than increased, for the reasons above mentioned. Africa yearly furnishes many thousands for the cultivation of America; in this she resembles the warren. I have little doubt but that if all her sons were returned to her, by far the greater part would die of hunger.

C H A P. IV.

Continuation of the same Subject, with regard to the natural and immediate effects of Agriculture, as to Population.

I PROCEED in my examination. I now suppose man to add his labour and industry to the natural activity of the soil: in so far, as by this he produces an additional quantity of food, in so far he lays a foundation for the maintenance of an additional number. This number I shall call (B). From this I conclude, that as (A) is in a constant proportion to the spontaneous fruits, so (B) must be in proportion to agriculture (by this term I understand at present every method of augmenting food by labour) consequently the number maintained by the labour of mankind must be to the whole number of mankind as (B) is to (A+B), or as (B) is to (A) and (B) jointly.

By this operation we find mankind immediately divided into two classes; those who, without working, live upon the spontaneous fruits of the earth; that is, upon milk, cattle, hunting, &c. The other part, those who are obliged to labour the soil. It is proper next to inquire what should naturally oblige a man to labour; and what are the natural consequences of it as to multiplication.

We have already said, that the principle of generation is inherent in man, and prompts him to multiply. Another principle, as naturally

naturally inherent in the mind, as the first is in the body, is self-love, or a desire of ease and happiness, which prompts those who find in themselves any superiority, whether personal, or political, to make use of every natural advantage. Consequently, such will multiply proportionably: because by appropriating to themselves the fruits of the earth, they have the means of subsisting their offspring. The others, I think, will very naturally become their servants; as this method is of all others the most easy to procure subsistence. This is so analogous to the nature of man, that we see every where, even among children, that the smallest superiority in any one over the rest, constantly draws along with it a tribute of service in one way or other. Those who become servants for the sake of food, will soon become slaves: for slavery is, but the abuse of service, established by a civil institution; and men who find no possibility of subsisting otherwise, will be obliged to serve upon the conditions prescribed to them.

This seems a consequence not unnatural in the infancy of the world: yet I do not pretend to affirm that this was the origin of slavery. Servants, however, there have always been; and the abuse of service is what we understand by slavery. The subordination of children to their parents, and of servants to their masters, seems to be the most rational origin of society and government. The first of these is natural, and follows as the unavoidable consequence of an entire dependance: the second is political, and may very naturally take place as to those who cannot otherwise procure subsistence. This last species of subordination may, I think, have taken place, the moment man became obliged to labour for subsistence, but no sooner.

The wants of man are not confined to food, merely. When food is to be produced from the rude surface of the earth, a great part of his time must be taken up with this object, even supposing him to be provided with every utensil proper for the exercise of his industry: he must therefore be in a worse condition to provide for his other wants:

wants: consequently, he may be willing to serve any one who will do it for him. Whereas on the other hand, if we suppose all mankind idle and fed, living upon the spontaneous fruits of the earth, the plan of universal liberty becomes quite natural: because under such circumstances they find no inducement to come under a voluntary subordination.

Let us now borrow the idea of a primitive society, of a government, of a king, from the most antient history we have, the better to point out the effects of agriculture and multiplication. The society is the whole taken together; it is Jacob, his sons, their wives, their children, and all the servants. The government regards the institutions prescribed by Jacob, to every one of the family, concerning their respective subordination and duty. Multiplication will here go forward, not in proportion to the generative faculty, but according to the employment of the persons already generated. If Jacob continue pasturing his herds, he must extend the limits of his right of pasture; he must multiply his stock of cattle, in proportion as the mouths of his family augment. He is charged with all this detail: for he is master, and director, and statesman, and general provider. His servants will work as they are ordered; but if he has not had the proper foresight, to break up lands so soon as his family comes nearly up to that proportion which his stocks can easily feed; if in this case, a dry season should burn up the grass in Palestine, he will be obliged to send some of his stock of cattle, with some of his family, to market, there to be sold; and with the price he must buy corn. For in this early age, there was money, there were manufacturers of sackcloth, of common rayment, and of party-coloured garments; there was a trade in corn, in spicery, balm, and myrrh. Jacob and his family were shepherds, but they lived not entirely on flesh; they eat bread: consequently there was tillage in those days, though they exercised none. The famine however was ready to destroy them, and probably would have done it, but for the providential circumstance of Joseph's being governor of Egypt. He relieved their distress, he gave to his family the best country

country in the whole kingdom for pasture; and they had a gratuitous supply of bread.

No doubt, so long as these favourable circumstances subsisted, multiplication would go on apace. What supernatural assistance God was pleased to grant for the increase of his chosen people, does not concern my inquiry.

I have mentioned transiently this example of the patriarch, only to point out how antient the use of money, the invention of trade and manufactures appear to have been. Without such previous establishments, I consider mankind as savages, living on the spontaneous fruits of the earth, as in the first supposition; and confined, as to numbers, to the actual extent of these productions.

From what has been said, we may conclude, that the numbers of mankind must depend upon the quantity of food produced by the earth for their nourishment; from which, as a corollary, may be drawn,

That mankind have been, as to numbers, and must ever be, in proportion to the food produced; and that the food produced will be in the compound proportion of the fertility of the climate, and the industry of the inhabitants.

From this last proposition it appears plain, that there can be no general rule for determining the number of inhabitants necessary for agriculture, not even in the same country. The fertility of the soil when laboured; the ease of labouring it; the quantity of good spontaneous fruits; the plenty of fish in the rivers and sea; the abundance of wild birds and beasts; have in all ages, and ever must influence greatly the nourishment, and, consequently, regulate the multiplication of man, and determine his employment.

To make an establishment in a country not before inhabited, to root out woods, destroy wild and venomous animals, drain marshy grounds, give a free course to water, and to lay down the surface into corn fields, must surely require more hands than to cultivate the same after it is improved. For the truth of this, I appeal to our American brethren.

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We may therefore conclude, that the most essential requisite for population, is that of agriculture, or the providing of subsistence. Upon this all the rest depends: while subsistence is upon a precarious footing, no statesman can turn his attention to any thing else.

The great importance of this object has engaged some to imagine, that the luxurious arts, in our days, are prejudicial both to agriculture and multiplication. It is sometimes a loss to fix one's attention too much upon any one object, however important. No body can dispute that agriculture is the foundation of multiplication, and the most essential requisite for the prosperity of a state. But it does not follow from this, that almost every body in the state should be employed in it; that would be inverting the order of things, and turning the servant into the master. The duty and business of man is not to feed; he is fed, in order to do his duty, and to become useful.

It is not sufficient for my purpose to know, that the introduction of agriculture, by multiplying the quantity of the earth's productions, does evidently tend to increase the numbers of mankind. I must examine the *political causes* which must concur, in order to operate this effect.

For this purpose, my next inquiry shall be directed towards discovering the true principles which influence the employment of man, with respect to agriculture. I shall spare no pains in examining this point to the bottom, even though it should lead me to anticipate some branches of my subject.

I shall endeavour to lay down principles consistent with the nature of man, with agriculture, and with multiplication, in order, by their means, to discover both the use and abuse of the two last. When these parts are well understood, the rest will go on more smoothly, and I shall find the less occasion to interrupt my subject, in order to explain the topics upon which the whole depends.

C H A P. V.

In what Manner, and according to what Principles, and political Causes, does Agriculture augment Population?

I HAVE already shewn, how the spontaneous fruits of the earth provide a fund of nourishment for a determined number of men, and I have slightly touched upon the consequences of adding labour to the natural activity of the soil.

Let me now carry this inquiry a little farther. Let me suppose a country fertile in spontaneous productions, capable of improvements of every kind, inhabited by a people living under a free government, and in the most refined simplicity; without trade, without the luxurious arts, and without ambition. Let me here suppose a statesman, who shall inspire a taste for agriculture and for labour into those who formerly consumed the spontaneous fruits of the earth in ease and idleness. What will become of this augmentation of food produced by this additional labour?

The sudden increase of food, such as that here supposed, will immediately diffuse vigour into all; and if the additional quantity be not very great, no superfluity will be found. No sooner will the inhabitants be fully nourished, but they will begin to multiply a-new; then they will come to divide with their children, and food will become scarce again.

Thus much is necessary for the illustration of one principle; but the effects, which we have been pointing out, will not be produced barely by engaging those who lived by hunting (I suppose) to quit that trade, and turn farmers. The statesman must also find out a method to make the produce of this new branch of industry circulate downwards, so as to relieve the wants of the most necessitous. Otherwise, the plenty produced, remaining in the hands of those who produced it, will become to them an absolute superfluity; which,

which, had they any trade with a neighbouring state, they would sell, or exchange, and leave their fellow citizens to starve. And as we suppose no trade at all, this superfluity will perish like their cherries, in a year of plenty; and consequently the farmers will immediately give over working.

If, to prevent this inconveniency, the statesman forces certain classes to labour the soil, and, with discretion, distributes the produce of it to all that have occasion for subsistence, taking in return their services for the public benefit; this will prove an infallible way of multiplying inhabitants, of making them laborious, and of preserving a simplicity of manners; but it is also the picture of ancient slavery, and is therefore excluded from the supposition.

If he acts consistently with that spirit of liberty, which we have supposed to animate his subjects, he has no method left, but to contrive different employments for the hands of the necessitous, that, by their labour, they may produce an equivalent which may be acceptable to the farmers, in lieu of this superfluity; for these last will certainly not raise it, if they cannot dispose of it; nor will they dispose of it, but for a proper equivalent. This is the only method (in a free state) of procuring additional food, and of distributing it through the society, as the price of those hours which before were spent in idleness: and, as this will prove a more certain and more extensive fund of subsistence, than the precarious productions of spontaneous fruits, which cannot be increased at discretion, and in proportion to demand, it will greatly increase numbers; but, on the other hand, it must evidently destroy that simplicity of manners which naturally reigns among nations who do not labour.

A people, therefore, who have an industrious turn, will multiply in proportion to the superfluity of their farmers; because the labour of the necessitous will prove an equivalent for it.

Now this additional number of inhabitants being raised and fed with the superfluity *actually* produced by the farmers, can never be supposed necessary for providing that quantity, which (though re-

lately to the farmers it be called a superfluity) is only a sufficiency relatively to the whole society; and, therefore, if it be found necessary to employ the new inhabitants also in farming, it must only be with a view to a still greater multiplication.

Farther, we may lay it down as a principle, that a farmer will not labour to produce a superfluity of grain relatively to his own consumption, unless he finds some want which may be supplied by means of that superfluity; neither will other industrious persons work to supply the wants of the farmer for any other reason than to procure subsistence, which they cannot otherwise so easily obtain. These are the reciprocal wants which the statesman must create, in order to bind the society together. Here then is one principle: *Agriculture among a free people will augment population; only in proportion as the necessitous are put in a situation to purchase subsistence with their labour.* I proceed.

If in any country which actually produces nourishment for its inhabitants, according to the progression above-mentioned, (p. 27.) a plan is set on foot for the extension of agriculture; the augmentation must be made to bear a due proportion to the progress of industry and wants of the people, or else an outlet must be provided for disposing of the superfluity. And if, at setting out, a foreign consumption cannot be procured for the produce of husbandry, the greatest caution must be had to keep the improvement of the soil within proper bounds: for, without this, the plan intended for an improvement will, by over-doing, turn out to the detriment of agriculture. This will be the case, if the fruits of the earth be made to increase faster than the numbers and the industry of those who are to consume them. For if the whole be not consumed, the regorging plenty will discourage the industry of the farmer.

But if, together with an encouragement to agriculture, a proper outlet be found for the superfluity, until the numbers and industry of the people, by increasing, shall augment the home-consumption, which again by degrees will diminish the quantity of exportation, then

then the spring will easily overcome the resistance; it will dilate; that is, numbers will continue to increase.

From this may be derived another principle: *That agriculture, when encouraged for the sake of multiplying inhabitants, must keep pace with the progress of industry; or an out-let must be provided for all superfluity.*

In the foregoing example, I have supposed no exportation, the more to simplify the supposition: I was, therefore, obliged to throw in a circumstance, in order to supply the want of it; to wit, an augmentation of inland demand from the suspension of hunting; and I have supposed those who formerly supported themselves by this, to consume the superfluous food of the farmers for the price of their labour. This may do well enough as a supposition, and has been made use of only to explain principles; but the manners of a people are not so easily changed; and therefore I have anticipated a little the supposition of trade, only to shew how it must concur with industry, in the advancement of agriculture and multiplication.

Let me next consider the consequences of an augmentation of agriculture in a country where the inhabitants are lazy; or where they live in such simplicity of manners, as to have few wants which labour and industry can supply. In this case, I say, the scheme of agriculture will not succeed; and, if set on foot, part of the grounds will soon become uncultivated again.

The laziest part of the farmers, disgusted with a labour which produces a plenty superfluous to themselves, which they cannot dispose of for any equivalent, will give over working, and return to their antient simplicity. The more laborious will not furnish food to the necessitous for nothing: such therefore who cannot otherwise subsist, will naturally serve the industrious, and thereby sell their service for food. Thus by the diminution of labour, a part of the country, proportional to the quantity of food which the farmers formerly found superfluous, will again become uncultivated.

Here then will be found a country, the population of which must stop for want of food; and which, by the supposition, is abundantly able to produce more. Experience every where shews the

possible existence of such a case, since no country in Europe is cultivated to the utmost; and that there are many still, where cultivation, and consequently multiplication, is at a stop. These nations I consider as in a *moral incapacity* of multiplying: the incapacity would be *physical*, if there was an actual impossibility of their procuring an augmentation of food by any means whatsoever.

These principles seem to be confirmed by experience, whether we compare them with the manner of living among the free American savages, or among the free, industrious, and laborious Europeans. We find the productions of all countries, generally speaking, in proportion to the number of their inhabitants; and, on the other hand, the inhabitants are most commonly in proportion to the food.

I beg that this may not be looked upon as a quibble, or what is called a vicious circle. I have qualified the general proposition by subjoining that it is found true most commonly; and from what is to follow, we shall better discover both the truth and meaning of what is here advanced. While certain causes operate, food will augment, and mankind will increase in proportion; when these causes cease, *procreation* will not augment numbers; then the general proposition will take place; numbers and food will remain the same, and balance one another. This I imagine to be so in fact; and I hope to shew that it is rational also. Let me now put an end to this chapter, by drawing some conclusions from what has been laid down, in order to enlarge our ideas, and to enable us to extend our plan.

I. One consequence of a fruitful soil, possessed by a free people, given to agriculture, and inclined to industry, will be the production of a superfluous quantity of food, over and above what is necessary to feed the farmers. Inhabitants will multiply; and according to their increase, a certain number of the whole, proportional to such superfluity of nourishment produced, will apply themselves to industry and to the supplying of other wants.

III. From

II. From this operation produced by industry, we find the people distributed into two classes. The first is that of the farmers who produce the subsistence, and who are necessarily employed in this branch of business; the other I shall call *free hands*; because their occupation being to procure themselves subsistence out of the superfluity of the farmers, and by a labour adapted to the wants of the society, may vary according to these wants, and these again according to the spirit of the times.

III. If in the country we are treating of, both money and the luxurious arts are supposed unknown, then the superfluity of the farmers will be in proportion to the number of those whose labour will be found sufficient to provide for all the other necessities of the inhabitants; and so soon as this is accomplished, the consumption and produce becoming equally balanced, the inhabitants will increase no more, or at least very precariously, unless their wants be multiplied.

CHAP. VI.

How the Wants of Mankind promote their Multiplication.

IF the country we were treating of in the former chapter be supposed of a considerable extent and fruitfulness, and if the inhabitants have a turn for industry; in a short time, *luxury* and the use of *money* (or of something participating of the nature of money) will infallibly be introduced.

By *LUXURY*, I understand *the consumption of any thing produced by the labour or ingenuity of man, which flatters our senses or taste of living, and which is neither necessary for our being well fed, well clothed, well defended*

fended against the injuries of the weather, nor for securing us against every thing which can hurt us.*

By MONEY, I understand *any commodity, which purely in itself is of no material use to man for the purposes above-mentioned, but which acquires such an estimation from his opinion of it, as to become the universal measure of what is called value, and an adequate equivalent for any thing alienable.*

Here a new scene opens. This money must be found in the hands of some of the inhabitants; naturally, of such as have had the wit to invent it, and the address to make their countrymen fond of it, by representing it as an equivalent value for food and necessaries; that is to say, the means of procuring, without work or toil, not only the labour of others, but food itself.

Here then is produced a new object of want. Every person becomes fond of having money; but how to get it is the question. The proprietors will not give it for nothing, and by our former supposition every one within the society was understood to be

* As my subject is different from that of morals, I have no occasion to consider the term luxury in any other than a political sense, to wit, as a principle which produces employment, and gives bread to those who supply the demands of the rich. For this reason I have chosen the above definition of it, which conveys no idea, either of abuse, sensuality, or excess; nor do I, at present, even consider the hurtful consequences of it as to foreign trade. Principles here are treated of with regard to mankind in general, and the effects of luxury are only considered relatively to multiplication and agriculture. Our reasoning will take a different turn, when we come to examine the separate interest of nations, and the principles of trade.

I beg therefore, that at present my reasoning be carried no further (from inductions and suppositions) than my intention is that it should be. I am no patron, either of vice, profusion, or the dissipation of private fortunes; although *I may now and then reason very coolly upon the political consequences of such diseases in a state, when I only consider the influence they have as to feeding and multiplying a people.* My subject is too extensive of itself to admit of being confounded with the doctrine either of morals, or of government, however closely these may appear connected with it; and did I not begin by simplifying ideas as much as possible, and by banishing combinations, I should quickly lose my way, and involve myself in perplexities inextricable.

abundantly

abundantly supplied with food and necessaries; the farmers, from their labouring the ground; the free hands, by the return of their own ingenuity, in furnishing necessaries. The proprietors therefore of this money have all their wants supplied, and still are possessors of this new kind of riches, which we now suppose to be coveted by all.

The natural consequence here will be, that those who have the money will cease to labour, and yet will consume; and they will not consume for nothing, for they will pay with money.

Here then is a number of inhabitants, who live and consume the produce of the earth without labouring: food will soon become scarce; demand for it will rise, and that will be paid with money; this is the best equivalent of all; many will run to the plough; the superfluity of the farmers will augment; the rich will call for superfluities; the free hands will supply them, and demand food in their turn. These will not be found a burden on the husbandmen, as formerly; the rich, who hired of them their labour or service, must pay them with money, and this money in their hands will serve as an equivalent for the superfluity of nourishment produced by additional agriculture.

When once this imaginary wealth, money, becomes well introduced into a country, luxury will very naturally follow; and when money becomes the object of our wants, mankind become industrious, in turning their labour towards every object which may engage the rich to part with it; and thus the inhabitants of any country may increase in numbers, until the ground refuses farther nourishment. The consequences of this will make the subject of another chapter.

Before we proceed, something must be said, in order to restrain these general assertions a little.

We have supposed a very rapid progress of industry, and a very sudden augmentation of inhabitants, from the introduction of money. But it must be observed, that many circumstances have concurred with the money, to produce this effect.

VOL. I.

F

We

We have supposed a country capable of improvement, a laborious people, a taste of refinement and luxury in the rich, an ambition to become so, and an application to labour and ingenuity in the lower classes of men. According to the greater or less degree of force, or concurrence of these and like circumstances, will the country in question become more or less cultivated, and consequently peopled.

If the soil be vastly rich, situated in a warm climate; and naturally watered, the productions of the earth will be almost spontaneous: this will make the inhabitants lazy. Laziness is the greatest of all obstacles to labour and industry. Manufactures will never flourish here. The rich, with all their money, will not become luxurious with delicacy and refinement; for I do not mean by luxury the gratification of the animal appetites, nor the abuse of riches, but *an elegance of taste and in living, which has for its object the labour and ingenuity of man*; and as the ingenuity of workmen begets a taste in the rich, so the allurements of riches kindles an ambition, and encourages an application to works of ingenuity in the poor.

Riches therefore will here be adored as a god, but not made subservient to the uses of man; and it is only by the means of swift circulation from hand to hand, (as shall be observed in its proper place) that they become productive of the effects mentioned above*.

When money does not circulate, it is the same thing as if it did not exist; and as the treasures found in countries where the inhabitants are lazy do not circulate, they are rather ornamental than useful.

* Every transition of money from hand to hand, for a valuable consideration, implies some service done, something wrought by man, or performed by his ingenuity, or some consumption of something produced by his labour. The quicker therefore the circulation of money is in any country, the more strongly it may be inferred, that the inhabitants are laborious; and *vice versa*: but of this more hereafter.

It

It is not therefore in the most fruitful countries of the world, nor in those which are the best calculated for nourishing great multitudes, that we find the most inhabitants. It is in climates less favoured by nature, and where the soil only produces to those who labour, and in proportion to the industry of every one, where we may expect to find great multitudes; and even these will be found greater or less, in proportion as the turn of the inhabitants is directed to ingenuity and industry.

In such countries where these are made to flourish, the free hands (of whom we have spoken above) will be employed in useful manufactures, which, being refined upon by the ingenious, will determine what is called the standard of taste; this taste will increase consumption, which again will multiply workmen, and these will encourage the production of food for their nourishment.

Let it therefore never be said, that there are too many manufacturers employed in a country; it is the same as if it were said, there are too few idle persons, too few beggars, and too many husbandmen.

We have more than once endeavoured to shew, that these manufacturers never can be fed but out of the superfluity of nourishment produced by the farmers. It is a contradiction, I think, to say, that those who are fed upon the surplus of those who cultivate the soil are necessary for producing a sufficiency to themselves. For if even this surplus were to diminish, the manufactures, not the labourers, would be the first to be extinguished for want of nourishment.

The importance of the distributive proportion of mankind into labourers and free hands appears so great, and has so intimate a connection with this subject, that it engages me to seek for an illustration of the principles I have been laying down, in an example drawn from facts, as it is found to stand in one of the greatest and most flourishing nations in Europe. But before I proceed farther in this part of my subject, I must examine the consequences

quences of slavery with regard to the subject we are now upon. Relations here are so many and so various, that it is necessary to have sometimes recourse to transitions, of which I give notice to my reader, that he may not lose the connection.

C H A P. VII.

The Effects of Slavery upon the Multiplication and Employment of Mankind.

BEFORE I go on to follow the consequences of the above reasoning, I must stop, to consider a difference, of no small importance, between antient and modern times, which will serve to illustrate the nature of slavery, with regard to population and the employment of mankind.

We have endeavoured to lay down the principles which seem to influence these two objects, supposing all to be free. In that case I imagine the human species will multiply pretty much in proportion to their industry; their industry will increase according to their wants, and these again will be diversified according to the spirit of the times.

From this I conclude, that the more free and simple the manners of a country are, *ceteris paribus*, the fewer inhabitants will be found in it. This is proved by experience every where. The Tartars, who freely wander up and down a country of vast extent, multiply but little; the savages in America, who live upon hunting, in a state of great independence; the inhabitants of several mountainous countries in Europe, where there are few manufactures, and where the inhabitants do not leave the country; in all such places mankind do not multiply. What is the reason of this? One would imagine, where there is a great extent of ground ca-

pable of producing food, that mankind should multiply until the soil refused to give more. I imagine the answer may be easily discovered from the principles above laid down.

Where mankind have few wants, the number of free hands necessary to supply them is very small, consequently very little surplus from the farmers is sufficient to maintain them. When therefore it happens, that any poor family in the class of free hands, is very numerous, division there comes to be carried to its utmost extent, and the greatest part become quite idle, because there is no demand for their work. As long as they can be fed by the division of the emoluments arising from the labour of their parents, or by the charity of others, they live; when these resources fail, they become miserable. In so wretched a situation it is not easy to find bread. The farmers will not double their diligence from a charitable disposition. Those who have land will not allow those indigent people a liberty to raise grain in it for nothing; and although they should, the poor are not in a capacity to provide what is necessary for doing it. All other work is fully stocked, the wretched die, or extinguish without multiplying.

To make this more evident, let us suppose the wants of mankind, in any polite nation of Europe, which lives and flourishes in our days upon the produce of its own soil, reduced all at once to the simplicity of the antient patriarchs, or even to that of the old Romans. Suppose all the hands now employed in the luxurious arts, and in every branch of modern manufactures, to become quite idle, how could they be subsisted? What oeconomy could be set on foot able to preserve so many lives useful to the state? Yet it is plain by the supposition, that the farmers of the country are capable of maintaining them, since they do so actually. It would be absurd to propose to employ them in agriculture, seeing there are enough employed in this, to provide food for the whole.

If it be certain, that such people would die for want without any resource, must it not follow, that unless their parents had found the means of maintaining them when children, and they themselves

selves the means of subsisting by their industry in supplying wants, they could not have existed beyond their first infancy.

This seems to strike deep against the populousness of the old world, where we know that the wants of mankind, with regard to trades and manufactures, were so few.

But in those days the wants of mankind were of a different nature. At present there is a demand for the ingenuity of man; then there was a demand for his person and service. Now provided there be a demand for man, whatever use he be put to, the species will multiply; for those who stand in need of them will always feed them, and as long as food is to be found, numbers will increase.

In the present times food cannot, in general, be found, but by labour, and that cannot be found but to supply wants. Nobody will feed a free man, more than he will feed the wild birds or beasts of the field, unless he has occasion for the labour of the one or the flesh of the other.

In the old world the principles were the same, but the spirit of nations was different. Princes wanted to have numerous armies. Free states fought for power in the number of their citizens. The wants of mankind being few, and a simplicity of manners established, to have encouraged industry, excepting in agriculture, which in all ages has been the foundation of population, would have been an inconsistency. To make mankind labour beyond their wants, to make one part of a state work to maintain the other gratuitously, could only be brought about by slavery, and slavery was therefore introduced universally. Slavery was then as necessary towards multiplication, as it would now be destructive of it. The reason is plain. If mankind be not forced to labour, they will only labour for themselves; and if they have few wants, there will be little labour. But when states come to be formed, and have occasion for idle hands to defend them against the violence of their enemies, food at any rate must be procured for those who do not labour; and as, by the supposition, the wants of the

labourers

labourers are small, a method must be found to increase their labour above the proportion of their wants.

For this purpose slavery was calculated: it had two excellent effects with respect to population. The first, that, in unpolished nations, living upon the spontaneous fruits of the earth, and almost continually in war, lives were preserved for the sake of making slaves of the captives. These sold to private people, or different states, were sure of being fed; whereas remaining in their own country, they only occupied a place, which, by the force of the generative faculty, as has been observed, was soon to be filled up by propagation: for it must not be forgot, that when numbers are swept off, by any sudden calamity, which does not proportionally diminish subsistence, a new multiplication immediately takes place. Thus we perceive the hurt done by plagues, by war, and by other devastations, either among men, or cattle, repaired in a few years, even in those countries where the standard number of both is seldom found to increase. What immense quantities of cattle are yearly slaughtered! Does any body imagine that if all were allowed to live, numbers would increase in proportion? The same is true of men.

The second advantage of slavery was, that in countries where a good police prevailed, and where the people had fewer wants by far than are felt in modern times, the slaves were forced to labour the soil which fed both them and the idle freemen, as was the case in Sparta; or they filled all the servile places which freemen fill now, and they were likewise employed, as in Greece and in Rome, in supplying with manufactures those whose service was necessary for the state.

Here then was a violent method of making mankind laborious in raising food; and providing this be accomplished, (by any means whatever) numbers will increase.

Trade, industry, and manufactures, only tend to multiply the numbers of men, by encouraging agriculture. If it be therefore supposed, that two states are equally extended, equally fruitful, and equally cultivated, and the produce consumed at home, I believe

lieve they will be found equally peopled. But suppose the one laboured by free men, the other by slaves, what difference will be found in making war? In the first, the free hands must, by their industry and labour, purchase their food, and a day lost in labour is in a manner a day of fasting: in the last, the slaves produce the food, they are first fed, and the rest costs nothing to the body of free men, who may be all employed in war, without the smallest prejudice to industry.

From these principles it appears, that slavery in former times had the same effect in peopling the world that trade and industry have now. Men were then forced to labour because they were slaves to others; men are now forced to labour because they are slaves to their own wants.

I only add, that I do not pretend that in fact slavery in ancient times did every where contribute to population, any more than I can affirm that the spirit of industry in the Dutch is common to all free nations in our days. All that is necessary for my purpose is, to set forth the two principles, and to shew the natural effects of the one and the other, with respect to the multiplication of mankind and advancement of agriculture; the principal objects of our attention throughout this book.

I shall at present enlarge no farther upon this matter, but return to where I left off in the preceding chapter, and take up the farther examination of the fundamental distribution of inhabitants into labourers and free hands.

C H A P. VIII.

What Proportion of Inhabitants is necessary for Agriculture, and what Proportion may be usefully employed in every other Occupation?

I HAVE proposed this question, not with an intention to answer it fully, but to point out how, with the proper lights given, it may be answered.

As I write under circumstances not the most favourable for having recourse to books, I must employ those I have. The article *Political Arithmetic*, of Mr. Chambers's Cyclopaedia, furnishes me with some extracts from Sir William Petty, and Dr. Davenant, which I here intend to employ, towards pointing out a solution of the question proposed. These authors consider the state of England as it appeared to them, and what they say is conclusive only with respect to that state.

Sir William Petty supposes the inhabitants of England to be six millions, the value of grain yearly consumed by them ten millions sterling, the bushel of wheat reckoned at 5 s. and that of barley at 2 s. 6 d. If we cast the two together, and reckon upon an average, this will make the quarter, or eight bushels of grain, worth 1 l. 10 s. but in regard, the barley cannot amount to one half of all the grain consumed, especially as there is a good quantity of rye made use of, which is worth more than the barley, though less than the wheat; let us suppose the grain worth 32 s. per quarter, at a medium; then ten millions sterling will purchase six millions of quarters of grain, or thereabouts: which used for nourishment, in bread and beer, gives the mean quantity of one quarter, or 512 pounds of grain for every inhabitant, including the nourishment of his proportional part of animals; supposing that Sir William attended to this circumstance, for it is not mentioned by Chambers. And I must observe, by the by, that this computation may hold

good as to England, where people eat so little bread; but would not answer in France, nor in almost any other country I have seen.

Dr. Davenant, correcting Sir William's calculation, makes the inhabitants 5,545,000. These, according to Sir William's prices and proportions, would consume to the amount of 8,872,000*l.* sterling; but the Dr. carries it, with reason, a little higher, and states it at 9,075,000*l.* sterling; the difference, however, is inconsiderable. From this he concludes, the gross produce of the corn fields to be about 9,075,000*l.* sterling. I make no criticism upon this computation.

Next, as to the value of other lands; I find Sir William reckons the gross produce of them in butter, cheese, milk, wool, horses yearly bred, flesh for food, tallow, hides, hay, and timber, to amount to 12,000,000*l.* sterling. The amount therefore of the gross produce of all the lands in England must be equal to these two sums added together, that is to 21,075,000*l.* sterling.

From these data, the Dr. values the yearly rent of corn lands at two millions sterling, and those of pasture, &c. at seven millions, in all nine millions.

From this it appears, that the land rents of England are to the gross produce, as nine is to twenty one, or thereabouts.

Let me now examine some other proportions.

The rents of the corn lands are to the gross produce of them, as two is to nine; those of pasture, as seven to twelve.

Now it is very certain, that all rents are in a pretty just proportion to the gross produce, after deducting three principal articles.

1. The nourishment of the farmer, his family, and servants.
2. The necessary expences of his family, for manufactures, and instruments for cultivating the ground.
3. His reasonable profits, according to the custom of every country.

Of these three articles, let us distinguish what part implies the direct consumption of the pure produce, from what does not:

Of the first sort are the nourishment of men and cattle, wool and flax for cloathing, firing, and other smaller articles.

Of the second are all manufactures bought, servants wages, the hire of labourers occasionally, and profits, either spent in luxury, (that is superfluity) lent, or laid up.

The three articles above mentioned (which we have distributed under two heads) being deduced from the gross produce, the remaining value shews the land rent.

This being the case, I am next to examine the cause of the great disproportion between the rents of corn lands, and those of pasture, when compared with the gross produce, in order to draw some conclusion, which may lead to the solution of the question here proposed.

This difference must proceed from the greater proportion of labouring and other inhabitants employed in consequence of tillage; which makes the expence of it far greater than that of pasture. And since, in the one and the other, every article of necessary expence or consumption, appears to be proportionally equal among those concerned in both, that is, proportional to the number of labouring inhabitants; it follows, that the proportion of people employed in agriculture, and upon the account of it, in different countries, is nearly in the ratio of the gross produce to the land-rent; or in other words, in the proportion of the consumption made by the farmers, and by those employed necessarily by them, to the net produce; which is the same thing.

Now as the consumption upon corn farms is $\frac{2}{3}$, and that upon pasture $\frac{1}{2}$, the proportion of these two fractions must mark the ratio between the populousness of pasture lands, and those in tillage; that is to say, tillage lands in England were, at that time, peopled in proportion to pasture lands, as 84 is to 45, or as 28 to 15.

This point being settled, I proceed to another; to wit, the application of this net produce or surplus of the quantity of food and necessaries remaining over and above the nourishment, consumption and expence, of the inhabitants employed in agriculture; and

which we have observed above, to be equal to the land-rents of England, that is to say, to nine millions yearly.

Must not this of necessity be employed in the nourishment, and for the use of those whom we have called the *free hands*; who may be employed in manufactures, trades, or in any way the state pleases.

Now the number of people, I take to be very nearly in the proportion of the quantity of food they consume; especially when a society is taken thus, in such accumulative proportion, and when all are found under the same circumstances as to the plenty of the year.

The whole gross produce of England we have said to be 21,000,000*l.* sterling, of which 9 millions have remained for those not employed in agriculture; the farmers, therefore, and their attendants, must annually consume 12 millions; consequently the last class is to the first as 12 is to 9. If therefore, according to Dr. Davenant, there be 5,545,000 people in that kingdom, there must be about 3,168,571 employed or dependent upon agriculture, and 2,376,429 free hands for every other occupation. But this proportion of farmers will be found far less, if we reflect, that we have reckoned for them the total amount of the three articles above mentioned, that is to say, the total consumption they make, as well in manufactures, profits upon their labour, &c. as for food and necessaries; whereas there has been nothing reckoned for the free hands, but the land-rent: consequently there should be added to the number of the latter as many as are employed in supplying with all sorts of manufactures the whole of the farmers of England, and all those who depend upon them; and this number must be taken from one and added to the other class.

If this number be supposed to amount to four hundred thousand, it will do more than cast the balance upon the opposite side.

From these matters of fact (in so far as they are so) we may conclude:

I. That

I. That the raising of the rents of lands shews the increase of industry, as it swells the fund of subsistence consumed by the industrious; that is, by those who buy it.

II. That it may denote either an increase of inhabitants, or the depopulation of the land, in order to assemble the superfluous mouths in villages, towns, &c. where they may exercise their industry with greater conveniency.

While the land-rents of Europe were very low, numbers of the inhabitants appeared to be employed in agriculture; but were really no more than idle consumers of the produce of it. This shall be farther illustrated in the subsequent chapters.

III. The more a country is in tillage, the more it is inhabited, and the smaller is the proportion of *free hands* for all the services of the state. The more a country is in pasture, the less it is inhabited, but the greater is the proportion of *free hands*.

I do not pretend, as I have said above, that there is any calculation to be depended on in this chapter; I have only endeavoured to point out how a calculation might be made, when the true state of England comes to be known.

This question not being of a nature to enter into the chain of our reasoning, may be considered rather as incidental than essential; I have therefore treated it superficially, and chiefly for the sake of the conclusions.

Our next inquiry will naturally be into the principles which determine the residence of inhabitants, in order to discover why, in all flourishing states, cities are now found to be every where increasing.

C H A P. IX.

What are the Principles which regulate the Distribution of Inhabitants into Farms, Villages, Hamlets, Towns, and Cities?

HAVING pointed out the natural distribution of inhabitants into the two capital classes of which we have been treating, I am now going to examine how far their employment must decide as to their place of residence.

I. When mankind is fed upon the spontaneous fruits of the earth, the distribution of their residence depends upon the division of the lands. If these are in common to all, then the inhabitants will be scattered abroad, or gathered together, according as the productions of the earth are equally distributed over the face of the country, or confined to some fruitful spots.

Hence the Tartars wander with their flocks and feed upon them; hence the hunting Indians are scattered in small societies, through the woods, and live upon game; hence others, who feed upon the fruits of the earth, are collected in greater numbers upon the sides of rivers, and in watered vallies.

Where therefore the surface of the earth is not appropriated, *there* the place producing food determines the place of residence of every one of the society, and *there* mankind may live in idleness, and remain free from every constraint.

II. When the earth is not in common to those who live upon her spontaneous fruits, but appropriated by a few, *there* either slavery or industry must be introduced among those who consume the surplus of the proprietors; because they will expect either service or work in return for their superfluity. In that case, the residence of the inhabitants will depend upon the circumstances we are going to consider; and the object of agriculture (in countries where the surface

surface of the earth is not broken up, being solely directed towards the gathering in of fruits) will only determine the residence of these who are necessary for that purpose: consequently it will follow, that in climates where the earth produces spontaneously, and in vast abundance, there *may* be found large cities; because the number of those who are necessary for gathering in the fruits, is small in proportion to their quantity; whereas in other countries, where the earth's productions are scanty, and where the climate refuses those of the copious and luxuriant kind, there will hardly be found any considerable town, as the number of those who are necessary for collecting the subsistence, bear a great proportion to the fruits themselves. I do not say, that in the first case there *must* be large towns, or that in the other there *can* be none; but I say, that in the first case, those who *may* be gathered into towns, bear a great proportion to the whole society; and that in the second, they bear a small one.

I think I have found this principle confirmed by experience. When I compare the bulk and populousness of the cities of Lombardy, and still more, those of the watered provinces of Spain, with the inhabitants of the territory which maintains them, I find the proportion of the first vastly greater than in those of France and England; and still more again in these two last mentioned kingdoms, than in the more northern countries and provinces, where the earth's productions bear a less proportion to the labour bestowed in producing them. Now, although I allow that neither the one or the other to be fed by spontaneous productions, yet still it may be inferred, that the more the climate contributes to favour the labour of man, the more the productions participate of the spontaneous nature*.

Again,

* Hence we may conclude, that in those countries where the people live upon the spontaneous fruits, the whole society (considered in a political light) is found composed of free hands. Nature there supplies the place of the whole class of farmers.

We have said that industry and manufactures are the occupation of the free hands of a state; consequently, where the proportion of them is the largest, industry should flourish.

Again, in countries where labour is required for feeding a society, the smaller the proportion of labourers, the greater will be that of the free hands. Fruits which are produced by annual labour, and still more, such as are the consequence of a thorough cultivation, (such as luxuriant pasture) give returns far superior to the nourishment of those employed in the cultivation; consequently, all the surplus is consumed by people not employed in agriculture; consequently, by those who are not bound to reside upon the spot which feeds them, and who may choose the habitation best adapted for the exercise of that industry which is most proper to produce an equivalent to the farmers for their superfluities.

From this it is plain that the residence of the farmers only, is essentially attached to the place of cultivation. Hence, farms in some provinces, villages in others.

I now proceed to the other class of inhabitants; the free hands who live upon the surplus of the farmers.

These I must subdivide into two conditions. The first, those to whom this surplus directly belongs, or who, with a revenue in money already acquired, can purchase it. The second, those who purchase it with their daily labour or personal service.

Those of the first condition may live where they please; those of the second, must live where they can. The residence of the consumers, in many cases, determines that of the suppliers. In proportion, therefore, as those who live where they please choose to live together, in that proportion the others must follow them. And in proportion as the state thinks fit to place the administration of government in one place, in that proportion must the administrators, and every one depending upon them, be gathered together. These

flourish to the greatest advantage; that is to say, in countries where the inhabitants live upon the spontaneous fruits: but that is not the case. Why? Because there is another circumstance of equal weight which prevents it. These people are unacquainted with want, and want is the spur to industry. Let this suffice, in general, as to the distribution of inhabitants in countries unacquainted with labour.

I take

I take to be principles which influence the swelling of the bulk of capitals, and smaller cities.

When the residence of the consumer does not determine that of him who supplies it, other considerations are allowed to operate. This is the case in what may properly be called manufactures, distinguished from trades, whether they be for home consumption, or foreign exportation. These considerations are,

I. Relative to the place and situation of the establishment, which gives a preference to the sides of rivers and rivulets, when machines wrought by water are necessary; to the proximity of forests when fire is employed; to the place which produces the substance of the manufacture; as in mines, collieries, brick-works, &c.

II. Relative to the conveniency of transportation, as upon navigable rivers, or by great roads.

III. Relative to the cheapness of living, consequently not (frequently) in great cities, except for their own consumption. But it must be observed, that this last consideration can hardly ever be permanent: for the very establishment being the means of raising prices, the advantage must diminish in proportion as the undertaking comes to succeed. The best rule therefore is, to set down such manufactures upon the banks of navigable rivers, where all necessary provisions may be brought from a distance at a small cost. This advantage is permanent, the others are not; and may prove in time hurtful, by a change in these very circumstances which decided as to the choice of the situation. From the establishment of manufactures we see hamlets swell into villages, and villages into towns.

Sea-ports owe their establishment to foreign trade. From one or other of these and similar principles, are mankind gathered into hamlets, villages, towns, and cities.

C H A P. X.

Of the Consequences which result from the Separation of the two principal Classes of a People, the Farmers and the Free Hands, with regard to their Dwelling.

I AM next going to examine the consequences resulting to the state, to the citizens, and to the landed interest, from this kind of separation, as I may call it, between the parent earth and her laborious children, which I suppose to take place every where in proportion to the progress of industry, luxury, and the swift circulation of money.

As to the state, it is, I think, very plain, that, without such a distribution of inhabitants, it would be impossible to levy taxes. For as long as the earth nourishes directly those who are upon her surface, as long as she delivers her fruits into the very hand of him who consumes them, there is no alienation, no occasion for money, consequently no possibility of establishing an extensive taxation, as shall in its place be fully explained, and from this principle is, I imagine, to be deduced the reason, why we find taxation so little known under the feudal form of government.

The personal service of the vassals, with their cattle and servants, upon all occasions made the power and wealth of the lords, and their rents were mostly paid in kind. They lived upon their lands, were commonly jealous of one another, and had constant disputes. This was a very good reason to keep them from coming together. Towns were situated round their habitations. These were mostly composed of the few tradesmen and manufacturers that were in the country. The lord's judge, his fiscal, and his court of record, added to these numbers; law-suits, and the lord's attendance, brought the vassals frequently together; this gave encouragement to houses of entertainment; and this I take to be the picture of the

the greatest part of small towns, if we ascend three or four hundred years from the present time.

Cities were the residence of bishops. These lords were very independent of the civil government, and had at the same time the principal direction in it. They procured privileges to their cities, and these communities formed themselves by degrees into small republics: taxes here have ever been familiar. The feudal lords seldom appeared there, and the inferior classes of the people enjoyed liberty and ease in these cities only.

In some countries of Europe, as in Germany, the principal citizens, in time, became patricians. In France certain offices of public trust sometimes procured nobility to those who bore them, and always consideration. The representatives of the citizens were even admitted into the states, and formed the *tiers état*. Elsewhere they received casual marks of distinction from the sovereign, as the Lord Mayor of London does to this day usually receive knighthood. In short, the only dawning of public liberty to be met with during the feudal government, was in the cities; no wonder then if they increased.

Upon the discovery of America and the East-Indies, industry, trade, and luxury, were soon introduced in the kingdoms of Spain, France, and England: the grandeur and power of the Hans towns had already pointed out to sovereigns the importance of those objects.

The courts of princes then became magnificent; the feudal lords insensibly began to frequent them with more assiduity than formerly. The splendor of the prince soon eclipsed those rays which shone around them upon their own lands. They now no more appeared to one another as objects of jealousy, but of emulation. They became acquainted, began to relish a court life, and every one proposed to have a house in the capital. A change of habitation made a change of circumstances, both as to city and country. As to the city; in so far as inhabitants were increased, by the addition of the great lords, and of those who followed their

example, demand increased for every sort of provision and labour; and this quickly drew more inhabitants together. Every one vied with another in magnificence of palaces, clothes, equipages. Modes changed, and by turns enlivened the different branches of ingenuity. Whence came so great a number of inhabitants all of a sudden? He who would have cast his eyes on the deserted residences of the nobility, would have seen the old people weeping and wailing, and nothing heard among them but complaints of desolation: the youth were retired to the city; there was no change as to them.

This is no doubt a plain consequence of a sudden revolution, which never can happen without being attended with great inconveniencies. Many of the numerous attendants of the nobility who uselessly filled every house and habitation belonging to the great man, were starving for want. He was at court, and calling aloud for money, a thing he was seldom accustomed to have occasion for, except to lock up in his chest. In order to procure this money, he found it expedient to convert a portion of the personal services of his vassals into cash: by this he lost his authority. He then looked out for a farmer (not a husbandman) for an estate which he formerly consumed in its fruits. This undertaker, as I may call him, began by dismissing idle mouths. Still greater complaints ensued. At last, the money spent in the city began to flow into the hands of the industrious: this raised an emulation, and the children of the miserable, who had felt the sad effects of the revolution, but who could not foresee the consequences, began to profit by it. They became easy and independent in the great city, by furnishing to the extravagance of those under whose dominion they were born.

This progression is perhaps too minutely traced to be exact; I therefore stop, to consider the situation of affairs at that period, when all the inconveniencies of the sudden revolution had ceased, and when things were come to the state in which we now find them. Capitals swelled to a great extent. Paris and London appear

pear monstrous to some; and are said to be a load upon the rest of the country. This must be examined.

We agree; I suppose, that the inhabitants of cities are not employed in agriculture, and we may agree that they are fed by it: we have examined into the causes of the increase of cities, and we have seen the fund provided for their subsistence, to wit, the surplus of fruits produced by husbandmen.

What are then the advantages resulting to the citizens from this great increase of their city? I cannot find any great benefit resulting to individuals from that circumstance; but I conclude, that the same advantages which many find in particular, must be common to great numbers, consequently great numbers are gathered together.

The principal objections against great cities are, that health there is not so good, that marriages are not so frequent as in the country, that debauchery prevails; and that abuses are multiplied.

To this I answer, that these objections lie equally against all cities, and are not peculiar to those complained of for their bulk; and that the evils proceed more from the spirit of the inhabitants, than from the size of the capital. As for the prolongation of life, it is more a private than a public concern.

It is farther urged, that the number of deaths exceeds the number of births in great cities; consequently smaller towns, and even the country, is stripped of its inhabitants, in order to recruit these capitals.

Here I deny, first, that in all capitals the number of deaths exceeds the number of births; for in Paris it is otherwise. But supposing the assertion to be true, what conclusion can be drawn from it, except that many people who are born in the country die in town. That the country should furnish cities with inhabitants is no evil. What occasion has the country for supernumerary hands? If it has enough for the supply of its own wants, and of the demands of cities, has it not enough? Had it more, the supernumeraries would either consume without working, or, if added to the class

of labourers, instead of being added to the number of free hands, would overturn the balance between the two classes; grain would become too plentiful, and that would cast a general discouragement upon agriculture: whereas, by going to cities, they acquire money, and therewith purchase the grain they would have consumed, had they remained in the country; and this money, which their additional labour in cities will force into circulation, would otherwise have remained locked up, or at least would never have gone into the country, but in consequence of the desertion of the supernumeraries. The proper and only right encouragement for agriculture, is a moderate and gradual increase of demand for the productions of the earth: this works a natural and beneficial increase of inhabitants; and this demand must come from cities, for the husbandmen never have occasion to demand; it is they who offer to sale.

The high prices of most things in large cities is surely a benefit, not a loss to the country. But I must observe, that the great expence of living in capitals does not affect the lower classes, nor the moderate and frugal, in any proportion to what it does the rich. If you live on beef, mutton, bread, and beer, you may live as cheap in London and in Paris as in most cities I know. These articles abound, and though the demand be great, the provision made for supplying it is in proportion. But when you come to fish, fowl, and game; delicacies of every kind brought from far, by the post, by ships, and messengers; when you have fine equipages, large houses, expensive servants, and abundance of waste in every article, without one grain of oeconomy in any, it is no wonder that money should run away so fast.

I do not, from what has been said, conclude, that there is any evident advantage in having so overgrown a capital as London in such a kingdom as England; but only that I do not find great force in the objections I have met with against it. That there may be others which I do not know, I will not deny, because I am not sufficiently

sufficiently acquainted with that kingdom to be a competent judge of the matter.

Let me now conclude this chapter, by mentioning in what respects I think cities an advantage, in general, to a country; and, as I go along, I shall point out wherein they prove a disadvantage, in particular, to some parts of it.

The general advantages of them are;

I. To remove the unnecessary load upon the land; those idle people, who eat up a part of the produce of labour without contributing to it.

II. The opportunity of levying taxes, and of making these affect the rich, in proportion to the consumption they make, without hurting industry or exportation.

III. The advantages resulting to the landed interest are no less considerable. This is proved by universal experience: for we see every where, that the moment any city, town, or village, begins to increase, by the establishment of trade or manufactures, the lands round about immediately rise in their value. The reason of this seems easily deduced from the above principles.

When a farmer has got his oeconomy under right regulations, not one supernumerary, nor useless mouth, but abundance of hands for every kind of labour, which is generally the case near towns and cities, the proximity of them discharges him of every superfluity. His cattle consume the exact quantity of grain and of forage necessary; what remains is money; a superfluous egg is money; a superfluous day of a cart, of a horse, a superfluous hour of a servant, is all money to the farmer. There is a constant demand for every thing he can do or furnish. To make this the more sensibly perceived, remove into a province, far from a town, and compare situations. There you find abundance of things superfluous, which cannot be turned into money, which therefore are consumed without much necessity, and with no profit. It is good to have an estate there, when you want to live upon it; it is better to have one near the great town, when you do not.

It may be alledged, that the disadvantages felt by the distant farmer and proprietor, when they compare situations with those situated near the town, proceed from the town: this must be examined.

If the town consume the produce of this distant farm, it must consume it in competition with every place at a smaller distance; consequently this competition must do more good than harm to the distant farm. If the city consumes none of the produce, wherein does it affect it? It may be answered, that, by entering into competition with the distant farmer for the labouring inhabitants, these desert agriculture, in favour of a more lucrative occupation, to be found in the city. Scarcity of hands in the country raises the price of labour on one hand, while it diminishes the demand on the other; consequently the farmer suffers a double disadvantage. Of this there can be no doubt; but as these revolutions cannot by their nature be sudden, it becomes the duty of the statesman, whom I suppose constantly awake, to set on foot directly some branch of industry in every such distant part of the country; and as prices will diminish for a while, for the reasons above-mentioned, this will prove an encouragement to the establishment; this again will accelerate propagation, as it will prove an outlet for children, and, in a short time, the farmer will find himself in a better situation than ever. But even without this assistance from the state, a few years will set all to rights, providing the spirit of industry is kept up: for cities, by swelling, extend their demand to the most distant corners of a country; the inhabitants who desert do not cease to consume, and thereby they repair the hurt they did by their desertion. I appeal to experience for the truth of this. Do we not perceive demand extending every year farther and farther from great capitals? I know places in France which, twenty years ago, never knew what it was to send even a delicacy to Paris, but by the post, and which now send thither every week loaded waggons, with many thousand weight of provisions; in so much that I may almost say, that a fatted chicken in the most distant province

province of that country can be sold with great profit in the Paris market during all the winter season; and cattle carry thither their own flesh cheaper than any waggon can. What distant farm then can complain of the greatness of that noble city? There is however a case, where a distant part of a country may suffer in every respect, to wit, when the revolution is sudden; as when a rich man, used to spend his income in his province, for the encouragement of industry, goes to Paris or London, and stays away for a year or two, without minding the interest of the estate he abandons. No doubt that must affect his province in proportion; but in every revolution which comes on gradually by the desertion of such as only lived by their industry, new mouths are born and supply the old. The only question is about employing them well: while you have superfluous food and good oeconomy, a country will always reap the same benefit from her natural advantages.

IV. Another advantage of cities is, the necessity arising from thence of having great roads, and these again prove a considerable encouragement to agriculture.

The miserable condition of roads over all Europe almost, till within these hundred years, is a plain proof of the scanty condition of the cities, and of the small encouragement formerly given towards extending the improvement of the soil.

Let any one examine the situation of the landed interest before the making of great roads in several provinces in France, and compare it with what it is at present. If this be found a difficult inquiry, let him compare the appearance of young gentlemen of middling fortune, as he finds them at Paris, or in their regiment, with that of their fathers, who live in their province in the old way, and he will have a very good opportunity of perceiving the progress of ease and refinement in that class, which has proceeded from no other cause than the improvement of the soil. People complain that prices are risen; of this there is no doubt with regard to many articles. Is it not quite consistent with our principles? It is not because there is now a larger mass of money in

the kingdom, though I allow this to be true, and also that this circumstance may have contributed to raise prices; but the direct principle which has influenced them, and which will always regulate their rise and fall, is the increase of demand. Now the great roads in a manner carry the goods to market; they seem to shorten distances, they augment the number of carriages of all sorts, they remove the inconveniencies above-mentioned resulting from the distance of the city. The more distant parts of the country come to market, in competition with the farmers in the neighbourhood of the cities. This competition might make the rents of lands lying round such as were the first to encourage industry, sink in their value. But the hurt in this respect done to the proprietors of these lands would soon be repaired. The cities would increase in bulk, demand would increase also, and prices would rise a-new. Every thing which employs inhabitants usefully promotes consumption; and this again is an advantage to the state, as it draws money from the treasures of the rich into the hands of the industrious. The easy transportation of fruits produces this effect: the distant farmer can employ his idle hours in providing, and the idle days of his servants and cattle in sending things to market, from farms which formerly never knew what it was to sell such productions.

I shall carry these speculations no farther, but conclude by observing, that the making of roads must advance population, as they contribute to the advancement of agriculture.

C H A P. XI.

Of the Distribution of Inhabitants into Classes; of the Employment and Multiplication of them.

HAVING deduced the effects of modern policy, in assembling so large a proportion of inhabitants into cities, it is proper to point out the principles which should direct the statesman to the proper means of providing, supporting, and employing them. Without this they neither can live nor multiply. Their parent, Earth, has in a manner banished them from her bosom; they have her no more to suckle them in idleness; industry has gathered them together, labour must support them, and that must produce a surplus for bringing up children. If this resource should fail, misery will ensue: the depopulation of the cities will be followed by the ruin of the lands, and all will go to wreck together.

We have already laid down the principles which appear the most natural to engage mankind to labour, supposing all to be free; and we have observed how slavery, in former times, might work the same effect, as to peopling the world, that trade and industry do now; men were then forced to labour because they were slaves to others, men are forced to labour now because they are slaves to their own wants: provided man be made to labour, and make the earth produce abundantly, and providing that either authority, industry or charity, can make the produce circulate for the nourishment of the free hands, the principle of a great population is brought to a full activity.

I shall now suppose these principles to be well understood. Wants promote industry, industry gives food, food increases numbers: the next question is, how numbers are to be well employed?

It is a general maxim in the mouth of every body; increase the inhabitants of the state: the strength and power of a state is in proportion to the number of its inhabitants.

I am not fond of condemning opinions; but I am very much for limiting general propositions. I have hardly ever escaped being led into error by every one I have laid down. Nothing is so systematical, nothing so pretty in a treatise as general maxims; they facilitate the distribution of our ideas, and I have never been able to dash them out but with a certain regret.

As I often recur to private oeconomics for clearing up my ideas concerning the political, I have asked myself, if it be a general rule, that the master of a family should increase the mouths of it, to the full proportion of all he can feed? Now it is my opinion, that in a small family well composed, and where every one is properly employed, both master and servants are much happier than in others vastly more numerous, where the same order and regularity is not kept up; and that a small number of well disciplined soldiers is more formidable, and really stronger, than the numerous populace of a large city.

The use of inhabitants is to be mutually serviceable one to another in particular, and to the society in general. Consequently, every state should, in good policy, first apply itself to make the inhabitants they have answer that purpose, before they carry their views towards augmenting their numbers. I think it is absurd to wish for new inhabitants, without first knowing how to employ the old; and it is ignorance of the real effects of population, to imagine that an increase of numbers will infallibly remove inconveniencies which proceed from the abuses of those already existing.

I shall then begin by supposing that inhabitants require rather to be well employed than increased in numbers.

If I know the number of inhabitants, I may know the proportion which die every year: consequently, I know how many pairs of breeders are necessary to keep up the stock. If I want to raise twenty bushels of grain only, I do not sow my lands with twenty bushels. If I have as many children born as there are people who die, I have enough by the supposition. But these children must be raised proportionally, from the different classes of inhabitants, which I here consider

consider as distributed into two conditions; those who do not labour, and those who do. May I not venture to say, that there is no absolute necessity that those of the first class should multiply in order to recruit the second. If then the second class is kept up to its proper standard by its own multiplication, and if their work be all consumed, will it not be found that the diminution of those mouths who do not work, and which appear only useful in consideration of the consumption they make, is no real loss to the nation? But to this it is objected, that if the number of the first class be diminished, the work of the second will lie upon hand.

Here I look for my answer from what daily experience points out. Two persons (A) and (B) have each 1000*l.* a year; (A) has many children, (B) has none: they both spend their income; (A) upon the necessaries of life for his family, and for the education of his children; for the supplying of which, those of the working class are only employed, for who ever does or gives any thing for money, I consider as a worker: (B) spends his income as a fashionable young gentleman; he has a fine chariot, abundance of footmen in laced liveries; in short, without examining into the particulars of his expence, I find the whole 1000*l.* spent at the end of the year. Neither (A) nor (B) do any work; nor are any of (A's) children necessary as a supply to the working hands, by the supposition. Is it not true then, that (B) has consumed as much work or service, for these I consider as the same thing, as (A) with his family? Nay, I may still go farther, and affirm, that (B) has contributed as much, if not more, to population than (A). For if it be true, that he who gives food gives numbers, I say, that the expence of (B) has given food to the children of the industrious employed by him: consequently, in place of having directly contributed to the increase of the idle of the state, which is the case with (A), he has indirectly contributed to the multiplication of the industrious. What good then does the state reap from (A's) children, from his marriage, from his multiplication? Indeed, I see no harm although he had remained a bachelor: for those who produce only
idle

idle consumers, certainly add neither riches, strength, or ease to a state. And it is of such people alone that there is any question here.

From this I conclude, that there can be no determined number of rich idle consumers necessary to employ a determined number of industrious people, no more than of masters to employ a fixed number of menial servants. Do we not see a single man frequently attended by more servants than are necessary when he gets a wife and family: nay, it many times happens, that a young man, upon his marriage, diminishes the number of his domestics, in order to give bread to his children.

If riches are calculated, as I hope to be able to shew, for the encouragement of industry; if circulation is to be accelerated by every method, in order to give bread to those who are disposed to work, or, in other words, who are disposed to become vigorous members of the commonwealth, by contributing with their strength, their ingenuity, or their talents, to supply her wants, to augment her riches, to promote and administer a good government at home, or to serve it abroad: then, I say, the too great multiplication of those, who come under none of these classes, the idle consumers as I have called them, contribute directly to make the other part languish.

There is no governing a state in perfection, and consequently no executing the plan of a right distribution of the inhabitants, without exactly knowing their situation as to numbers, their employment, the gains upon every species of industry, the numbers produced from each class. These are the means of judging how far those of a particular trade or occupation are in a situation to bring up a family. To examine, on the other hand, the state of the higher classes who do not labour, the ease of their circumstances, and the use the state has for their service, may appear superfluous. Since those who do not work, must be supposed to have wherewithal to live; and consequently, not to stand in need of assistance. But this is not every where, nor always the case: many excellent subjects are lost to a state, for want of a proper attention in the statesman to this object.

I have observed how necessary a thing it was to govern a people according to their spirit: now by governing I understand, protecting, cherishing, and supporting, as well as punishing, restraining, and exacting. If, therefore, there be found in any country, a very numerous nobility, who look upon trade and the inferior arts, as unbecoming their birth; a good statesman must reflect upon the spirit of former times, and compare it with that of the present. He will then perceive, that these sentiments have been transmitted from father to son, and that six generations are not elapsed since, over all Europe, they were universally adopted: that although the revolution we talked of in the 10th chap. has in effect rendered them less adapted to the spirit of the present times, they are however productive of excellent consequences; they serve as a bulwark to virtue, against the allurements of riches; and it is dangerous to force a set of men who form a considerable body in a state, from necessity, to trample under foot, what they have been persuaded from their infancy to be the test of a noble and generous mind.

About 200 years ago, the nobility of several nations, I mean, by this term, all people well born, whether adorned with particular marks of royal favour or not, used to live upon the produce of their lands. In those days there was little luxury, little circulation; the lands fed numbers of useless mouths, in the modern acceptation of useless, consequently produced a very moderate income in money to the proprietors, who were, notwithstanding, the most considerable persons in the state. This class of inhabitants remaining inactive in the country, during the revolution above mentioned, have, in consequence of the introduction of industry, trade and luxury, insensibly had the balance of wealth, and consequently of consideration, turned against them. Of this there is no doubt. This class however has retained the military spirit, the lofty sentiments; and notwithstanding of their depression in point of fortune, are found calculated to shine the brightest, when set in a proper elevation. In times of peace, when trade flourishes, the lustre of those who walk low in public money, the weight and consideration of the wealthy merchant,

merchant, and even the ease and affluence of the industrious tradesman, eclipse the poor nobility: they become an object of contempt to bad citizens, an object of compassion to the good; and political writers imagine they render them an important service, when they propose to receive them into the lower classes of the people. But when danger threatens from abroad, and when armies are brought into the field, compare the behaviour of those conducted by a warlike nobility, with those conducted by the sons of labour and industry; those who have glory, with those who have gain for their point of view. Let the state only suffer this nobility to languish without a proper encouragement, there is no fear but they will soon disappear; their lands will become possessed by people of a way of thinking more à la mode, and the army will quickly adopt new sentiments, more analogous to the spirit of a moneyed interest.

I find nothing more affecting to a good mind, than to see the distress of a poor nobility in both sexes. Some have proposed trade for this class. Why do you not trade? I answer, for the nobility; because, in order to trade, I must have money. This objection is unanswerable. Why then do you not apply to other branches of industry? If it is the state who is supposed to ask the question, I ask, in my turn, What advantage she can reap from their industry? What profit from their becoming shop-keepers, weavers, or taylors? Are not, or ought not all these classes to be provided with hands from their own multiplication? What advantage can she reap by the children of one class taking the bread out of the mouths of another?

If the sentiments in which the nobility have been educated, prove detrimental to the state, throw a discouragement upon them. If birth is to be no mark of distinction, let it not be distinguished by any particular privilege, which in appearance sets that class above the level of those with whom the state intends they should be incorporated. You do not make your valet de chambre get behind your coach, though upon an occasion it might be convenient, and

and though perhaps he had been your footman the day before; you would even turn him out of doors; did he not change his company with his rank.

If you cannot afford to have a nobility, let it die away: grant, as in England, the title of noble to one of a family, and let all the rest be commoners; that is to say, distinguished by no personal privilege whatsoever from the lowest classes of the people. But if you want them to serve you as soldiers, and that they should preferve those sentiments you approve of in a soldier, take care at least of their children. If these appear to you poor and ragged, while they are wandering up and down their fathers lands, chasing a wretched hare or a partridge, compare them, when in the troops, with those of your wealthy neighbours, if any such you have.

The establishment of an *bâton militaire* shews at least that there are people who lend an ear to such representations. I do not propose that a prince should divert into that channel those streams of wealth which flow from every part of the state, though nothing is more reasonable than for men to pay in order to protect their gains, but let a tax be imposed upon noble property, and let that be applied for the education of the generous youth from their earliest years. There the state will have all under her eye, they are her children, her subjects, and they ask no more than to be taken from the obscurity of their habitations, and rendered capable of being employed while young and vigorous. When they have done their task, the country which produced them will receive them back into her warm bosom; there they will produce others like themselves, and support the spirit and propagation of their own class, without becoming any charge upon others.

A statesman should make it his endeavour to employ as many of every class as possible, and when employment fails in the common run of affairs, to contrive new outlets for young people of every denomination. The old and idle are lost beyond recovery in many particulars.

The mutual relations likewise, through industry, between class and class should be multiplied and encouraged to the utmost. Relations by marriage, I am apt to believe, prove here more hurtful than beneficial. That is to say, I would rather discourage the intermarriage of the persons of different classes; but I would encourage, as much as possible, all sorts of mutual dependencies between them, in the way of their trades. The last tends to keep every one employed, according to the wants and spirit of his class; the first is productive in general of no good effect that I can perceive; which is reason sufficient for a state to give at least no encouragement to such marriages, and this is all the restraint proper to be imposed.

Such members of the society as remain unemployed, either from natural infirmities or misfortunes, and who thereby become a load upon others, are really a load upon the state. This is a disease which must be endured. There is no body, no thing, without diseases. A state should provide retreats of all sorts, for the different conditions of her decayed inhabitants: humanity, good policy, and christianity, require it. Thus much may be said in general upon the principles which direct the employment and distribution of inhabitants, which in every state must be different, according to circumstances relating to the extension, situation and soil of the country, and above all, to the spirit of the people. I am next to offer some considerations with regard to the proper methods of augmenting numbers.

C H A P. XII.

Of the great Advantage of combining a well digested Theory and a perfect Knowledge of Facts with the practical Part of Government, in order to make a People multiply.

WE have the happiness to live in an age where daily opportunities offer, of perceiving the difference between exercising an art according to the mechanical received practice, and according to the principles which study and refinement have introduced for bringing it to perfection. This will appear in the strongest light to one who compares the operation of building an ordinary house, with that of executing a great public work, where the most able architects are employed; the making a common parish road, with that of a military way, through mountains, forests, and marshes. In the first, every difficulty appears unformountable: in the second, the greatest obstacles are made to vanish. By comparing these things, we distinguish between the artist, who proceeds by the rules of the science, and the ordinary tradesman, who has no other resource than common practice, aided by his own ingenuity.

Every branch of science must be carried to perfection by a master in it, formed by the hand of nature, and improved by application and experience. The great genius of Mr. de Colbert saw through the confusion and perplexity of the administration of the French finances; he invented resources for swelling the public treasure, which never would have been liable to so many inconveniencies as are complained of, had the administration been conducted with as much disinterestedness, as it was set on foot with ability. The genius of Mr. Law was original as to figures and paper credit. Sir Robert Walpole discovered new principles of

taxation, he extended the plan of public credit, and reduced the application of it to a science. These were born statesmen, they were creators of new ideas, they found out new principles for the government of men, and led them by their interest to concur in the execution of their plans. Men of a speculative disposition may broach hints, although the force of theory, destitute of practice, and unassisted by experiment, be not sufficient to carry them the length of forming a plan. A great genius, with power and authority, has occasion for no more than a hint to strike out the system, and to carry it, with success, into execution.

No problems of political oeconomy seem more obscure than those which influence the multiplication of the human species, and which determine the distribution and employment of them, so as best to advance the prosperity of each particular society.

I have no where found these matters treated to my wish, nor have I ever been able to satisfy myself concerning them. There are many clouds which still cover the fruitful fields of this science; and until these be dissipated, the political eye cannot take in the whole landscape, nor judge of the deformities which appear in the many representations which our modern painters are daily giving of it.

I may here, without an imputation of vanity, put myself so far upon a level with the great Montesquieu, as to adopt the saying of Correggio, *Io anche son pittore*; I am also a dawber; for I frankly acknowledge my own insufficiency to treat this subject with perspicuity: my frequent repetitions, and my often returning to it at different times, in order to clear up my ideas and those of my readers, shews plainly, that I am sensible of my own insufficiency. By setting it in different lights, and viewing it as it were from different stations, perhaps both my reader and I may come at last to see a little clearer.

In a former chapter, I have endeavoured to lay down the principles which influence multiplication; but alas! they are all so general, that they can be considered only as the most remote. They

They may satisfy a slight speculation, but can be of little use in practice. I have principally insisted upon those which are found to operate at all times among societies where primitive simplicity prevails. Now this matter comes to be examined in a more complex light, as relative to the modern manners of mankind, which no statesman, however able, can change; where trade, industry, luxury, credit, taxes, and debts, are introduced. In these the most polite nations of Europe are involved. This is a chain of adamant, it hangs together by a cohesion, which the successive revolutions of three centuries have so cemented with the spirit of nations, that it appears to be indissoluble. It is not my business to examine how far the modern system is to be preferred to the antient; my point of view is, to investigate how a statesman may turn the circumstances which have produced this new plan of oeconomy to the best advantage for mankind, leaving the reformation of such plan to time and events, of which I am not the master. Schemes of recalling antient simplicity, and of making mankind honest and virtuous, are beautiful speculations: I admire them as much as any body, but not enough to believe them practicable in our degenerate age.

If therefore the principles I here lay down appear contradictory to so amiable a system of policy, let no man thence conclude any thing to my disadvantage upon the account of my particular opinion of it, which is a matter of no importance whatsoever. My object is to examine the consequences of what we feel and see daily passing, and to point out how far the bad may be avoided, and the good turned to the best advantage.

The loss of antient simplicity, and the introduction of this complicated scheme of living, has rendered the mechanism of government infinitely more difficult, and almost every disorder in the political body affects multiplication. Depopulation is as certain a mark of political diseases, as wasting is of those in the human body. The increase of numbers in a state shews youth and vigour; when

when numbers do not diminish, we have an idea of manhood, and of age when they decline.

The importance of the subject therefore requires me to bring it once more upon the carpet, in order to inquire into the proper methods of restoring and preserving youth, and of diffusing vigour into every articulation, into every vein, into every nerve, as I may say, of a modern society.

In the republic of Lycurgus an unmarried man met with no respect; because no reason but debauchery could prevent his marrying. Marriage was no load in a state where all were fed and taken care of at the public charge. A Spartan who did not marry, was considered as one who refused to contribute towards recruiting of the army, only to gratify a vicious habit.

The *jus trium liberorum*, and the other encouragements given by Augustus Cæsar to engage the Romans to marry, were calculated chiefly for the nobility, and only for the citizens, but not at all for the inferior class (the slaves) bound to labour. The vice to be corrected, and that which the emperor had in his eye in those institutions, was the prodigal and dissolute life of rich men who lived in celibacy. This affected the Roman state, and deprived it of its principal force, the military power, the equites. Judge of the force of this class by the numbers of them destroyed at Cannæ. In those days, the chief encouragement to multiplication was to be directed towards the higher classes; the lower classes of the people (by far the most numerous in all countries and in all ages) were easily recruited, by the importation of slaves, as they are now in the West-Indies, where, consequently, the same principle must naturally operate, which fixed the attention of the wise emperor. The state of affairs in Europe, and in England particularly, is changed entirely, by the establishment of universal liberty. Our lowest classes are absolutely free; they belong to themselves, and must bring up their own children, else the state becomes depopulated. There is no resource to us from importation, whether by ships, or acts of parliament for naturalization. We shall always

always have a numerous and free common people, and shall constantly have the same inconveniencies to struggle with, as long as the lowest classes remain in such depression as not to be able to support their own numbers. Here then lies the difficulty. In order to have a flourishing state, which Sir William Temple beautifully compared to a pyramid, we must form a large and solid basis of the lowest classes of mankind. As the classes mount in wealth, the pyramid draws narrower until it terminate in a point, (as in monarchy) or in a small square, as in the aristocratical and mixed governments. This lowest class therefore must be kept up, and, as we have said, by its own multiplication. But where every one lives by his own industry, a competition comes in, and he who works cheapest gains the preference. How can a married man, who has children to maintain, dispute this preference with one that is single? The unmarried therefore force the others to starve; and the basis of the pyramid is contracted. Let this short sketch of a most important part of our subject suffice at present; it shall be taken up and examined at more length, in the chapter of physical necessities, or natural wants.

From this results the principal cause of decay in modern states: it results from liberty, and is inseparably connected with it.

Several modern writers upon this subject, recommend marriage, in the strongest manner, to all classes of inhabitants; yet a parish priest might, properly enough, not be warranted to join a couple unless they could make it appear that their children were not likely to become a burden to the parish. Could any fault be found, reasonably, with such a regulation? Those who are gratuitously fed by others are a load upon the state, and no acquisition, certainly, so long as they continue so. Nothing is so easy as to marry; nothing so natural, especially among the lower sort. But as in order to reap, it is not sufficient to plow and to sow, so in order to bring up children, it is not sufficient to marry. A nest is necessary for every animal which produces a helpless brood: a house

is the nest for children; but every man who can beget a child cannot build or rent a house.

These reflections lead me to make a distinction which I apprehend may be of use in clearing up our ideas concerning population. Let me therefore consider the generation of man in a political light, and it will present itself under two forms. The one as a real multiplication; the other only as procreation.

Children produced from parents who are able to maintain them, and bring them up to a way of getting bread for themselves, do really multiply and serve the state. Those born of parents whose subsistence is precarious, or which is proportioned only to their own physical necessity, have a precarious existence, and will undoubtedly begin their life by being beggars. Many such will perish for want of food, but many more for want of ease; their mendicity will be accompanied with that of their parents, and the whole will go to ruin; according to the admirable expression of the Marechal de Vauban, in his *Dixme Royale*. *La mendicité, says he, est un mal qui tue bientôt son homme.* He had many examples of the truth of it before his eyes; whoever has not, must have seen little of the world.

When marriage is contracted without the requisites for multiplication, it produces a procreation, attended with the above mentioned inconveniencies; and as by far the greater part of inhabitants are in the lower classes, it becomes the duty of a statesman to provide against such evils, if he intends, usefully, to increase the number of his people.

Every plan proposed for this purpose, which does not proceed upon an exact recapitulation of the inhabitants of a country, parish by parish, will prove nothing more than an expedient for walking in the dark. Among such recapitulations or lists I would recommend, as an improvement upon those I have seen in the Marechal de Vauban's excellent performance above cited, and in the states of his Prussian Majesty, or elsewhere, to have one made out, classing all the inhabitants, not only by the trades they exercise, but by those

of their fathers, with a view to distinguish those classes which multiply, from those which only procreate. I should be glad also to see bills of mortality made out for every class, principally to compare the births and deaths of the children in them.

Let me take an example. Suppose then, that I have before me a general recapitulation of all the inhabitants of a country, parish by parish, where they may appear distributed under the respective denominations of their fathers' employment. I shall immediately find a considerable number produced from the higher classes, from those who live upon an income already provided, and upon branches of industry which produce an easy and ample subsistence. These have no occasion for the assistance of the state in bringing up their children, and you may encourage marriage, or permit celibacy in such classes, in proportion to the use you find for their offspring when they are brought up. When I come to the lower classes, I examine, for example, that of shoemakers, where I find a certain number produced. This number I first compare with the number of shoemakers actually existing, and then with the number of marriages subsisting among them, (for I suppose recapitulations of every kind) from which I discover the fertility of marriage, and the success of multiplication in that part. When the state of the question is examined, class by class, I can decide where marriage succeeds, and where it does not. I have said, that I imagine it an advantage that every class should support at least its own numbers; and when it does more, I should wish (were it possible) that the higher classes might be recruited from the lower, rather than the lower were the higher; the one seems a mark of prosperity, the other of decay: but I must confess that the first is by far the most difficult to be obtained.

According therefore to circumstances, and in consistence with these principles, I would encourage marriage by taking the children off the hands of their parents. Where marriage succeeds the worst, if it happens to be in a very low class, great encouragement should be given to it: perhaps the whole should be taken care of.

Certain trades may be loaded with one child, others with two, and so progressively. But of this, more in another place. I beg it may not here be imagined that I propose, that the whole of the lower classes of people are to marry and propagate, and that the state is to feed all their offspring. My view extends no farther, than to be assured of having such a number of children yearly taken care of as shall answer the multiplication proposed, and that these be proportionally raised from each class, and from each part of the country, and produced from marriages protected by the state, distinguished from the others; which under a free government must always be found exposed to the inconveniencies of want and misery. To guard against such evils ought to be another object of public care. Hospitals for foundlings are an admirable institution; and colonies are an outlet for superfluous inhabitants. But I insensibly enter into a detail which exceeds my plan. To lay down a scheme, you must suppose a particular state perfectly known. This lies beyond my reach, and therefore I shall go no farther, but illustrate what I have said, by some observations and reflections which seem analogous to the subject.

I have not here proposed plans of multiplication inconsistent with the spirit of the nations with which I am a little acquainted; nor with the religion professed in Europe, for many reasons, obvious to any rational man. But principally, because, I believe, it will be found, that a sufficient abundance of children are born already; and that we have neither occasion for concubinage, nor polygamy, to increase their numbers. But we want a right method of taking care of those we have, in order to produce a multiplication proportioned to the possibility of our providing nourishment and employment. I have therefore proposed, that a statesman, well informed of the situation of his people, the state of every class, the number of marriages found in each, should say, let there be so many marriages authorized in every class, distributed in a certain proportion for every parish, city, burrow, &c. in the country; let rules be laid down to direct a preference, in case of a competition, between different couples; and let the consequence of this approbation be, to

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relieve the parents of all children above a certain number, as has been said. I propose no new limitations upon marriage, because I am a friend to liberty, and because such limitations would shock the spirit of the times. I therefore would strongly recommend hospitals for foundlings over all the country; and still more strongly the frugal maintenance of children in such hospitals, and their being bred up early to fill and recruit the lowest classes of the people.

C H A P. XIII.

Continuation of the same Subject, with regard to the Necessity of having exact Lists of Births, Deaths, and Marriages, for every Class of Inhabitants in a modern Society.

MR. Derham has furnished some tables which shew the proportion between marriages and births in England, to be as 1 to 4; that of births to burials as $1 \frac{1}{3}$ to 1: from which it appears that multiplication there goes on, though slowly: a mark of youth and vigour. Dr. Davenant values the augmentation at 9000 a year. Could matters be kept at that standard, I should prefer it by far to a more rapid multiplication: it amounts to about a million in a century (without entering into accumulations or exact calculations) and the longer youth is preserved so much the better. A rapid multiplication will stop at some period, and that stop, which marks distress, must produce great inconveniencies.

These calculations extracted from very lame vouchers, shew how necessary it is to have authentic recapitulations: since, lame as they are, it is from these and the like, that Dr. Halley, and others, have calculated the value of annuities, which (at a time when all the states of Europe are borrowing money at the expence

of every man's private industry or property) ought to be valued at their real worth. Now, in all these calculations of mortality, it appears that what we have called the abuse of marriage or procreation is included.

If it be true, as I think it is, from what I have seen and observed, that numbers, especially of children, among the lower classes, perish from the effects of indigence; either directly by want of food, or by diseases contracted gradually from the want of convenient ease; and that others perish for want of care, when the slightest assistance of a surgeon to let them bleed, would be sufficient to preserve them against the inflammatory distempers to which they are chiefly exposed.

If these things are so, must we not infer, that calculations formed upon a conclusion drawn from the births and deaths of mankind in general, cannot possibly be so exact as if the like were drawn from those of every class of inhabitants taken separately.

It may here be answered, that among the rich and easy, there are found diseases which sweep off numbers, in as great a proportion as other distempers do of the poor; that we see very large families brought up among the lowest classes, while a great man has all the pains in the world to preserve a young boy from the wreck of a number of children.

All this I agree may be true; but I should be glad to see in what proportion it is so, and to be certain of the fact. I want to know the diseases of the rich and of the poor; I want to have as particular details of the births and deaths of every class, as I can have of those of the cities of Paris, London, or Breslaw. I want to know from what parents those multitudes of poor which I find every where are sprung; and most of all to have such accounts from different countries, where different manners prevail. For no just conclusion can be drawn from the comparison of facts, without examining circumstances. The most barren class in one country, may be the most fruitful in another. As an example of this, let
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any one compare the state of marriage among the footmen of London and of Paris.

I find error concealed every where under general propositions. The children of the poor, says one, thrive better than those of the rich. If it be so, it ought not to be so in common reason. But the same person will tell you, I have made my son a merchant; he will be a rich man. Why? Because (A-B) was a merchant, who, from nothing, died worth a hundred thousand pounds. But if you go through all the letters of the alphabet following (A B), among those who set out as he did, you will find, that perhaps every one of them died a bankrupt. Those who prove successful are remarkable: those who miscarry are never heard of. It is just so with respect to the question before us. But to return to our tables, and what are called calculations.

One marriage produces four children at a medium in England. If you reckon 6,000,000 of people in that country, and that $\frac{1}{10}$ part dies annually, then to keep up the stock it is sufficient that 200,000 be annually born; add to this the yearly increase of 9000, the total of births will then be 209,000: for if 200,000 die this year, and if 209,000 be born, this must certainly imply an increase of 9000, providing we suppose the acquisition of foreigners to be equal to the exportation of the natives. As this is only meant as an illustration, I need not examine the matter of fact. The next question is, how many marriages, properly contracted or encouraged as above, will give this increase? For we may know that these subsisting in that kingdom, joined with the effects of extramatrimonial conjunctions, is just sufficient to produce it. I imagine that nothing but experiment can give the solution of this question. Mr. King supposes every 104th person in England, to marry yearly, that is 57,682 persons, or 28,841 couples. If this number of marriages be supposed to subsist with fertility for seven years, producing a child every year, the number of 200,000 births would be procured; but I apprehend that marriages, rightly contracted, subsist much longer in general than seven years, even with fertility, though not in proportion.

portion to a child every year: consequently, the number of marriages constantly subsisting with fertility in England, where it is supposed that 28,841 are yearly contracted, must be much greater than seven times that number, or than 201887. If we suppose the whole of the 209,000 births to be produced by marriages, at three marriages to every child annually produced, then the number of marriages subsisting will be 627,000. From these speculations (for I do not pretend to call them calculations) I conclude, that the more fruitful marriages are rendered (not with regard to procreation, merely, but multiplication, which I have above distinguished) the fewer become necessary; and the fewer unnecessary marriages are contracted, the better for the state, and the less misery for those who contract them. I shall here stop, and leave to the reader to draw his conclusions, putting him in mind of the wide difference that is always found between theory and practice.

From this reasoning I infer, that no exact judgment can be formed, as to the numbers in any society, from the single datum of the annual number of deaths among them; and although the just proportion between numbers and deaths may exactly be determined in one particular place, yet that proportion will not serve as a general standard, and being taken for granted may lead to error.

Here are the reasons for my opinion.

Were no body to marry but such as could maintain their children, the bills of births and burials would, I apprehend, diminish, and yet numbers might remain as before; and were every body to marry who could procreate, they certainly would increase, but still numbers would never exceed the proportion of subsistence. Could we but see bills of births and deaths for the city of Rome, while in all its glory; or indeed for the sugar colonies in America, where slaves are imported, adding the number of those imported to that of births, and supposing the colony neither upon the growing nor the declining hand, then the deaths and births would be equal; but the proportion of them to all in the colony, I apprehend, would be far less than in any state in Europe, where slavery does not prevail.

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It may be alledged, that were all to marry, the consequence would be a great multiplication. I say not; or if it were, what sort of multiplication would it be? A multitude of children who never could come to manhood; or who would starve their parents, and increase misery beyond expression. All therefore that can be learned from bills of mortality, &c. is, that if the births exceed the deaths, and that all remain in the country, numbers will increase; that if the deaths exceed the births, numbers will diminish; but while they stand at par, no conclusion can be drawn as to numbers in general: these will be in a less proportion as abusive procreation goes forward; and, *vice versa*, they will be in a greater. There still hangs a cloud upon this subject: let me therefore reason upon an example. Suppose the inhabitants of a country to stand at 6,000,000, one thirtieth to die every year, and as many to be born, that is, the births and burials to stand at 200,000; that every three marriages subsisting produce a child every year, that is 600,000 marriages; let the quantity of food be supposed the same, without a possibility of being augmented. Would not the consequence be, that numbers could not increase? Now let me suppose marriages carried to 1,000,000; I say the effect would be, either that they would become in general less fruitful, or if they suffered no diminution in this particular, that the bills of births and deaths would rise to 333,333; that is to say, they would be to the number of inhabitants as 1 to 18, instead of being as 1 to 30. Now this increase of mortality proceeding from want of food, either the old would starve the young, or the young would starve the old; or a third case, more probable than either, would happen, the rich would starve the poor. What would be the consequences in all these three suppositions? In the first, the number of 6,000,000 would be found to diminish; because the proportion of large consumers would rise, and mortality would increase among the children. In the second, the standard number would augment, because the proportion of small consumers would rise, and mortality would increase among the parents. In the third, numbers would remain pretty much

the same, but misery and distress would lay all the lower classes waste. It is computed that one half of mankind die before the age of puberty in countries where numbers do not augment; from this I conclude, that too many are born. If methods therefore are fallen upon to render certain diseases less mortal to children, all the good that will be got by it, in general, will be to render old people of the lower classes more wretched; for if the first are brought to live, the last must die.

From these speculations I cannot help wishing to see bills of mortality made out for different classes, as well as for different ages. Were this executed it would be an easy matter to perceive, whether the mortality among children proceeds from diseases to which infancy is necessarily exposed, or from abusive procreation. I am pretty much convinced before I see the experiment, that it proceeds from the latter; but should experience prove it, the principles I have laid down would acquire an additional force. In the mean time, I must conclude, that it is not for want of marrying that a people does not increase, but from the want of subsistence; and it is miserable and abusive procreation which starves one half of the whole, and is the fountain of so much wretchedness.

Upon the whole, I may say, that were it possible to get a view of the general state of births and burials in every class of the inhabitants of a country, marriage might surely be put upon a better footing than ever it has been, for providing a determined number of good and wholesome recruits every year towards national multiplication. This is walking in the light, and is a means of procuring whatever augmentation of hands you wish for. What difficulties may be found in the execution, nothing but experience can shew; and this, to a judicious eye, will point out the remedy. In my opinion, this will be far better than a general naturalization, which I take to be a leap in the dark. For however easy it may be to naturalize men, I believe nothing is so difficult as to naturalize customs and foreign habits; and the greatest blessing any nation can enjoy, is an uniformity of opinion upon every point

point which concerns public affairs and the administration of them. When God blesses a people, he makes them unanimous, and bestows upon them a governor who loves them, and who is beloved, honoured and respected by them; this, and this only, can create unanimity.

Let this suffice at present, as to the distribution, employment, and increase of a people. Upon the proper employment of the free hands, the prosperity of every state must depend: consequently the principal care of a statesman should be, to keep all employed, and for this purpose he must acquire an exact knowledge of the state of every denomination, in order to prevent any one from rising above, or sinking below that standard which is best proportioned to the demand made for their particular industry. As the bad consequences resulting from the loss of this exact balance are not immediate, a moderate attention, with the help of the proper recapitulations, will be sufficient to direct him.

This and the two preceding chapters have in a manner wholly treated of the employment of the free hands: I must now consider the effects of an overcharge of those employed in agriculture. Here we shall still discover inconveniencies, resulting from the want of that just proportion in the distribution of classes, which gives health and vigour to a state; and we shall see how it may happen, that even an overcharge of inhabitants in general may become a political disease; as an abundance of blood, however rich and good, may affect the health of the human body.

C H A P. XIV.

Of the Abuse of Agriculture and Population.

I HAVE taken notice above of two performances, wherein the authors, with equal ability, have treated of the numbers of mankind; a subject which has a very close connection with political oeconomy.

Although (as I have said) I do not pretend to decide between them as to the point in dispute, I find that in this chapter I shall be naturally led into a chain of reasoning very contrary to that of Mr. Wallace, which is a thing I should have dispensed with, did not the merit of his performance in the eyes of the learned world appear sufficient to draw my attention.

Agriculture is without all doubt the foundation of multiplication, which must ever be in proportion to it; that is, to the earth's productions, as has been said. But it does not follow, that in proportion to multiplication those produced must of course become useful to one another, and useful to the society in general. Now I consider multiplication as no otherwise useful to a state, than in so far as the additional number becomes so, to those who are already existing, whom I consider as the body-politic of the society. If it therefore happens, that an additional number produced do no more than feed themselves, then I perceive no advantage gained to the society by their production. If, without rendering any equivalent service, they are fed by others, there is a loss.

Agriculture may be said to be carried to its utmost extent, when the earth is so laboured as to produce the greatest quantity of fruits possible for the use of man; and in judging of the improvement of two spots of ground of the same extent, that may be said to be most improved which produces the greatest quantity of food: but as to population, the question does not stop there; for let the

quantity be equal on both, yet if the inhabitants of the one be more frugal livers than those of the other, this circumstance alone will make an inequality. If agriculture therefore be considered only with respect to population, we must consider that country as the best peopled, where productions are the most abundant, and where the inhabitants are the most sober. Thus much with regard to the extent of agriculture and population: we come now to consider the inconveniencies which may result to a society from an over-stretch, or from what I call an abuse of either the one or the other.

I call every thing an abuse in society which implies a contradiction to the spirit of it, or which draws along with it an inconveniency to certain classes, which is not compensated by the general welfare.

The political oeconomy of government is brought to perfection, when every class in general, and every individual in particular, is made to be aiding and assisting to the community, in proportion to the assistance he receives from it. This conveys my idea of a free and perfect society, which is, *a general tacit contract, from which reciprocal and proportional services result universally between all those who compose it.*

Whenever therefore any one is found, upon whom nobody depends, and who depends upon every one, as is the case with him who is willing to work for his bread, but who can find no employment; there is a breach of the contract, and an abuse. For the same reason, if we can suppose any person entirely taken up in feeding himself, depending upon no one, and having nobody depending on him, we lose the idea of society, because there are no reciprocal obligations between such a person and the other members of the society.

Those who are for employing the whole of a people in agriculture may answer, that all their time cannot be employed in this occupation, and that in the intervals they may apply themselves to supply reciprocal wants.

I very readily agree, that any person, who would calculate his labour in agriculture, purely for his own subsistence, would find abundance of idle hours. But the question is, whether in good oeconomy such a person would not be better employed in providing *nourishment* for others, than in providing for any other want. When he provides food, he surely provides for a want; and experience shews, that it is better for a man to apply close to one trade, than to turn himself to several.

Hence I conclude, that the best way of binding a free society together, is by multiplying reciprocal obligations, and creating a general dependence between all its members. This cannot be better effected, than by appropriating a certain number of inhabitants, for the production of the quantity of food required for all, and by distributing the remainder into proper classes for supplying every other want. I say farther, that this distribution is not only the most rational, but that mankind fall naturally into it; and misery attends and has ever attended those who have been found without a particular employment.

It must not be concluded from this reasoning, that abuse is always implied when we find any of the classes of the free hands of a state casually employed in agriculture.

There is such a variety of circumstances in every country, that without a peculiar talent of laying principles together, so as to answer every combination, the most perfect theory which can be proposed must appear defective.

In countries ill-improved, where industry begins to take root, we are not to conclude, that good policy requires a sudden and immediate separation between the dwellings of the husbandmen and free hands. Sudden revolutions are constantly hurtful, and a good statesman ought to lay down his plan of arriving at perfection by gradual steps.

If he finds, as is the case of rude and uncivilized societies, that many are occupied, partly, in providing subsistence for their own family,

family, partly, in other useful pursuits, he may by degrees detach as many as he can from every other branch of industry, except that of agriculture. The most wealthy are the most proper to carry this branch to any degree of perfection. The landed men ought to be encouraged by every means to apply to the study of farming. This employment has been considered as honourable in all ages of the world, and very well suits the rank, the interest, and the amusement of gentlemen.

The next step is to introduce manufactures into the country, and to provide a ready market abroad for every superfluous part of them. The allurements of gain will soon engage every one to pursue that branch of industry which succeeds best in his hands. By these means many will follow manufactures and abandon agriculture; others will prosecute their manufactures in the country, and avail themselves at the same time, of small portions of land, proper for gardens, grass for cows, and even for producing certain kinds of fruit necessary for their own maintenance.

This I do not consider as a species of farming. It is more properly, in a political light, a sort of village life, only the village here appears dispersed over a large extent; and I call it a village life, because here the occupation of the inhabitants is principally directed towards the prosecution of their trades: agriculture is but a subaltern consideration, and will be carried on so far only, as it occasions no great avocation from the main object. It will however have the effect to parcel out the lands into small possessions: a system admirably calculated for the improvement of the soil, and advantageous to population, when the spirit of industry is not thereby checked. This is the case when such possessors apply totally to agriculture, and content themselves with a bare subsistence from it, without prosecuting any other branch of industry, or forming any plan of ambition for themselves, or for their children's emerging from so circumscribed a sphere of life: from this alone proceeds, in most countries, the inconveniency of a minute subdivision of land property.

We shall presently see, by various examples, the truth of this proposition; and from what observations I have been able to make, it appears, that a great inconvenience flows from it; the *property* of the lands, and not the *bare possession* of them, is vested in the lower classes. While they only remain as tenants, the interest of the proprietor, on one hand, will lead him to incorporate these small possessions into larger farms, the moment the possessors, by relaxing from their principal occupation, (industry) are no longer able to pay a rent above the value of the grounds when let in farms; and the interest of these tenants, on the other hand, will frequently lead them to abandon such small possessions, when the prosecution of their industry demands a change of habitation. Thus the interest of agriculture will go hand in hand with that of industry, and classes will separate their habitations, according as their respective interests require.

It is certainly the interest of every landlord, whose land is ill improved, to multiply habitations upon it, providing he makes choice of such people as can live by some other branch of industry than bare agriculture: and, in many cases, it may be his advantage to incorporate his lands into farms as soon as they are fully cultivated. By this plan he will advance the improvement of his land; he will multiply the useful inhabitants; and he will at the same time share the profits of their industry beyond the value of the land rent.

By these means has the woollen manufacture in England, and the linen in Ireland and Scotland been greatly augmented. But as the improvement of land goes on, this oeconomy will decline: towns will swell in consequence of the principles we are now going to deduce; the lands will become more thinly inhabited; and farms will by degrees grow more extensive. I appeal to experience for the justness of this opinion.

Hence it plainly appears, that, in every light this matter can be represented, we still find it impossible to employ usefully, above a certain part of a people in agriculture. The next question is,
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how to determine the just proportion. For this purpose we must have recourse to facts, not to theory. We have, in a former chapter, examined the state of this question with regard to one country. I shall here only add, that, in proportion to the culture of the soil, and to the number of crops it is made to produce, a greater or less number will be required; and in proportion to the surplus of food above what is necessary to maintain the labourers, will a number of free hands be provided for. If therefore a species of agriculture can be found established, which produces little or no surplus, *there* little or no industry can be exercised; few wants can be supplied: this will produce a wonderful simplicity of manners, will ruin the system of modern policy, and produce what I must call an abuse. Let me look for some examples, in order to set this question in a clearer light.

In the wine-provinces of France, we find the lands which lie round the villages divided into very small lots, and there cultivation is carried to a very extraordinary height. These belong *in property* to the peasants, who cultivate the vines. No frugality can be greater than in the consumption of this produce; and the smallest weed which comes up among the grain, is turned to account, for the food of animals. The produce of such lands, I may say, is intirely consumed by the proprietor and his family, who are all employed in the cultivation, and there is no superfluous quantity here produced for the maintenance of others. Does not this resemble the distribution of lands made by the Romans in favour of 5000 Sabine families, where each received two *plebra* of ground. [See Numbers of Mankind, p. 117.] Now let me examine the political state of agriculture; and of other labour performed by my French vine-dresser.

By the supposition we imply, that the bit of land is sufficient for maintaining the man and his family, and nothing more; he has no grain to sell, no food can by him be supplied to any other person whatever; but the state of other lands capable of yielding a surplus, such as the vineyard, produces a demand for his labour.

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This labour, considered with respect to the vine-dresser, is a fund for providing all his wants in manufactures, salt, &c. and what is over must be considered as his profits, out of which he pays the royal impositions. The same labour, considered with regard to the proprietor of the vineyard, enters into that necessary deduction out of the fruits, which, when deducted, leaves the remainder, which we call surplus, or what answers to the land-rent. This belongs to the proprietor, and becomes a fund for supplying all his wants.

Here we have an idea of society. The vine-dresser depends upon the proprietor for the price of his labour; the proprietor upon the vine-dresser for his surplus. But did we suppose all the kingdom parcelled out, and laboured, as the spot which lies round the village, what would become of the vine-dresser with regard to all his other wants; there would be no vines to dress, no surplus nourishment any where found, consequently no employment, not even life, for those who had no land. From this example we discover the difference between agriculture exercised as a trade and as a direct means of subsisting; a distinction to be attended to, as it will very frequently occur in the prosecution of our subject. We have the two species in the vine-dresser: he labours the vineyard as a trade, and his spot of ground for subsistence. We may farther conclude, that, as to the last part, he is only useful to himself; but, as to the first, he is useful to the society, and becomes a member of it; consequently, were it not for his trade, the state would lose nothing, though the vine-dresser and his land were both swallowed up by an earthquake. The food and the consumers would both disappear together, without the least political harm to any body; consequently, such a species of agriculture is no benefit to a state; and consequently, neither is that species of multiplication, implied by such a distribution of property, any benefit. Thus an over-extension of agriculture and division of lands becomes an abuse, and so, consequently, does an over-multiplication.

Here I am obliged to conclude, that those passages of Roman authors which mention the frugality of that people, and the small

extent

extent of their possessions cannot be rightly understood, without the knowledge of many circumstances relative to the manners of those times. For if you understand such a distribution of lands to have extended over all the Roman territory, the number of the citizens would have far exceeded what they appear to have been by the Census, and even surpass all belief. But farther, I may be allowed to ask, whether or no it be supposed that these frugal Romans laboured this small portion of lands with their own hands and consumed the produce of it? If I am answered in the affirmative, (which is necessary to prove the advantages of agriculture's being exercised by all the classes of a people) then I ask, from whence were the inhabitants of Rome, and other cities, supposed to come; who fed the armies when in the field? If these were fed by foreign grain imported, or plundered from their neighbours, where was the advantage of this subdivision of lands, and of this extensive agriculture, which could not feed the inhabitants of the state? If it be said, that notwithstanding this frugal distribution of property among the citizens, there was still found surplus enough to supply both Rome and the armies, will it not then follow, that there was no necessity for employing all the people in agriculture, since the labour of a part might have sufficed.

That number of husbandmen, therefore, is the best, which can provide food for all the state; and that number of inhabitants is the best, which is compatible with the full employment of every one of them.

Idle mouths are only useful to themselves, not to the state; consequently, are not an object of the care of the state, any farther than to provide employment for them; and their welfare (while they remain useless to others) is, in a free country, purely a matter of private concern. Let me take another example for the farther illustration of this matter.

Those who travel into the southern provinces of Spain, find large tracts of land quite uncultivated, producing only a scanty pasture for herds of the lesser cattle. Here and there are found interspersed some spots of watered lands, which, from the profusion of every

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gift which nature can bestow, strike a northern traveller with an idea of paradise. In such places villages are found, and numbers of inhabitants. It must be allowed that industry and labour do not here go forward as in other countries; but to supply this want charity steps in. Charity in Spain (in proportion to its extent) is as powerful a principle towards multiplication as industry and labour. *Whatever gives food gives numbers*: but charity cannot extend beyond superfluity, and this must ever be in proportion to industry. These watered lands are well laboured and improved: The value of them in one sense, is in proportion to their fertility, and the surplus of the labourers should naturally be given for an equivalent in money or work: but this equivalent cannot be found, because the consumers have neither the one nor the other. If the Spaniards, therefore, were not the most charitable people upon earth, it is very plain that the labouring of these watered lands would diminish, until it came upon a level with the wealth and industry of the consumers. But here it is otherwise: labour goes on mechanically, and without combination of circumstances, and the poor live in ease, in proportion to the plenty of the year.

Here then is a third principle of multiplication. The first is slavery, or a violent method of making mankind labour; the second is industry, which is a rational excitement to it; the third is charity, which resembles the manna in the desert, the gift of God upon a very extraordinary occasion, and when nothing else could have preserved the lives of his people. Whether, in all cases, this principle of christianity advances the prosperity of a modern society (when complied with from obedience to precept, without consulting reason as to the circumstances of times and situations) is a question which lies out of my road to examine. The action, considered in the intention of the agent, must in every case appear highly beautiful, and we plainly see how far it contributes to multiplication, though we do not so plainly perceive how this again is advantageous to society.

Now

Now if we examine the state of agriculture in the territory of this Spanish village, we find, upon the whole, no more surplus of fruits than upon the French vine dresser's portion of land; consequently, if all Spain was laboured and inhabited like this village and its small garden, as it is called, it would be the most populous country in the world, the most simple in the manner of living; but it never could communicate the idea of a vigorous or a flourishing state. It is the employment alone of the inhabitants which can impress that character.

Now in this last example, what a number of free hands do we find! are not all the poor of this class? Would it not be better if all these by their labour could purchase their subsistence, than be obliged to receive it in the precarious manner they do? Can one suppose all these people industrious, without implying what I call superfluity of labour? Is not this luxury, according to my definition of it? Where would be the harm if the Spanish farmer, who gives a third of his crop in charity, should in return receive some changes of raiment, some convenient furniture for his house, some embellishment to his habitation; these things would cost him nothing; he would receive them in exchange for what he now gives from a principle of charity, and those who have a precarious, would have a certain livelihood. Let us travel a little farther in search of the abuse of population.

In Germany, we find many small towns, formed into corporations, which enjoy certain privileges. The freedom of such towns is not easily purchased; and one, upon considering outward circumstances, must be not a little surprized to hear of the sums refused, when offered, to obtain it. Round these towns there is a small territory divided into very small portions, and not able to maintain the inhabitants: these lands therefore are infinitely overstocked with husbandmen; for every proprietor, less or more, concerns himself with the cultivation. Here, one who would aspire to extend his possession would, according to the sentiment of Manius Curius Dentatus, certainly be considered as a dangerous citizen, and a hurtful

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member

member of the society. Those lots are divided among the children of the proprietors, who are free of the town, by which means they are constantly splitting by multiplication, and consolidating by death, and by marriage: these nearly balance one another, and property remains divided as before. A stranger is at a loss to find out the reason why the liberty of so poor a little town should be so valuable. Here it is; first there are certain advantages enjoyed in common, such as the privilege of pasture on the town lands, and others of a like nature; but I find the charges which the burgeses are obliged to pay, may more than compensate them. The principal reason appears to be, that no one who has not the liberty of the town, can settle in a way of industry so as to marry and have a family: because without this his labour can only be directed towards furnishing the wants of peasants who live in villages; these are few, and little ingenuity is required for it. In towns there is found a greater diversity of wants, and the people there have found out mechanically, that if strangers were allowed to step in and supply them, their own children would starve; therefore the heads of the corporation, who have an interest to keep up the price of work, have also an interest to hold the liberty of their town at a high value. This appears to me a pretty just representation of the present state of some towns I have seen, relative to the present object of inquiry.

But as industry becomes extended, and trade and manufactures are established, this political oeconomy must disappear.

Such a change, however, will not probably happen without the interposition of the sovereign, and a new plan of administration; what else can give a turn to this spirit of idleness, or rather, as I may call it, of this trifling industry? Agriculture can never be a proper occupation for those who live in towns: this therefore is an abuse of it, or rather indeed an abuse of employment.

Ease and plenty can never enter a little town, but by the means of wealth; wealth can never come in but by the produce of labour going out; and when people labour purely for their own subsistence, they

they only make the little money they have circulate, but can acquire nothing new; and those who with difficulty can maintain themselves, can never hope to increase their numbers.

If in spite of the little industry set on foot in such towns, the generative faculty shall work its effect and increase numbers, this will make the poor parents still divide, and misery will ensue; this again may excite compassion, and that will open the chests of those who have a charitable disposition: hospitals are founded for the relief of the poor, they are quickly filled, and as many necessitous remain as ever. The reason is plain; the hospital applies a palliative for the abuse, but offers no cure. A tree is no sooner discharged of its branches than it pushes new ones. It has been said, that numbers are in proportion to food; consequently, poor are in proportion to charity. Let the King give his revenue in charity, he will soon find poor enough to consume it. Let a rich man spend 100,000*l.* a year upon a table, he will find guests (the best in the kingdom) for every cover. These things, in my way of considering them, are all analogous, and flow from the same principle. And the misery found in these little German towns, is another modification of the abuse of population. These examples shew the inconveniencies and abuses which result from a misapplication of inhabitants to agriculture, which produces a population more burthen-some than beneficial to a modern state.

If the simplicity of the antients is worthy of imitation, or if it appears preferable to the present system, which it is not my business to decide, then either slavery must be introduced to make those subsist who do not labour, or they must be fed upon charity. Labour and industry can never, I think, be recommended on one hand, and the effects of them proscribed on the other. If a great body of warlike men (as was the case in Sparta) be considered as essential to the well being of the state; if all trade and all superfluity be forbid amongst them, and no employment but military exercises allowed; if all these warriors be fed at public tables, must you not either have a set of helotes to plow the ground for them, or a parcel of charitable Spanish farmers to feed them gratis.

Thus

Thus much I have thought might be of use to say to illustrate the principles I have laid down. I find these very contrary to the reasoning which runs through the whole of the performance which I mentioned above, and which I have had in my eye. A more particular examination of it might be useful, and even amusing; but it would engage me in too long a disquisition for the nature of this work. I cannot however help, in this place, adding one observation more, in consequence of our principles, which seems contrary to the strain of our ingenious author's reasoning. I say *seems*, because almost all difference of opinion upon such subjects proceeds from the defect of language in transmitting our ideas when complex or abstract.

The effect of diseases which sweep off numbers of people does not essentially diminish population, except when they come suddenly or irregularly, any more than it would necessarily dispeople the world if all mankind were to be swept off the stage at the age of forty six years. I apprehend that in man, as in every other animal, the generative faculty is more than able to repair all losses occasioned by regular diseases; and I have shewn, I think, more than once, that multiplication never can stop but for want of food. As long then as the labour of man can continue annually to produce the same quantity of food as at present, and that motives are found to make him labour, the same numbers may be fed; and the generative faculty, which from one pair has produced so many millions, would certainly do more than keep up the flock, although no person were to pass the age above mentioned. Here is the proof: was the life of man confined to forty six years, the state of mortality would be increased in the proportion which those who die above forty six bear to those who die under this age. This proportion is, I believe, as 1 to 10, consequently, mortality would increase $\frac{1}{10}$, consequently, numbers would be kept up by $\frac{1}{10}$ increase upon births; and surely the generative faculty of man far exceeds this proportion, when the other requisites for propagation, to wit, food, &c. are to be found, as by the supposition.

C H A P. XV.

Application of the above Principles to the State of Population in Great-Britain.

A LETTER from Dr. Brakenridge, F. R. S. addressed to George Lewis Scott, Esq; which I found in the Danish Mercury for March 1758, furnishes me with a very good opportunity of applying the principles we have been laying down to the state of population in Great-Britain. I shall therefore, according to my plan, pass in review that gentleman's opinion, without entering upon any refutation of it. I shall extract the propositions he lays down, examine the conclusions he draws from them, and then shew wherein they differ from those which result from the theory established in this inquiry.

The author's calculations and suppositions as to matters of fact shall be taken for granted, as I believe the first are as good as any that can be made, upon a subject where all the data required for solving the problem are quite a piece of guess-work.

I must follow the Mercury, not having the original.

PROP. I. After a very close examination, says our author, I find, that our islands gain, as to population, absolutely no more than what is requisite for repairing their losses, and that, in England itself, numbers would diminish, were they not recruited from Ireland and Scotland:

PROP. II. Men, able to carry arms, that is from 18 to 56 years, make, according to Dr. Halley, the fourth part of a people; and when a people increase in numbers, every denomination, as to age, increases in that proportion: consequently in England, where the number of inhabitants does not exceed six millions, if the annual augmentation upon the whole do not exceed 18,000, as I am pretty

sure it does not, the yearly augmentation of those fit to carry arms will be only 4,500.

PROP. III. In England, burials are to births, as 100 is to 113. I suppose that, in Scotland and Ireland, they may be as 100 is to 124. And as there may be, in these two last kingdoms, about two millions and a half of inhabitants, the whole augmentation may be stated at 15,000; and consequently that, of such as are fit to carry arms, at 3,750. Add this number to those annually produced in England, and the sum total of the whole augmentation in the British isles will be about 8,250.

PROP. IV. The strangers, who arrive in England, in order to settle, are supposed to compensate those who leave the country with the same intent.

PROP. V. It is out of this number of 8,250, that all our losses are to be deduced. If the colonies; wars, and navigation, carry off from us annually 8,000 men, the British isles cannot augment in people: if we lose more, numbers must diminish.

PROP. VI. By calculations, such as they are, our author finds, that, upon an average of 66 years, from 1690 to 1756, this number of 8000 have been annually lost, that is, have died abroad in the colonies, in war, or on the account of navigation.

PROP. VII. That, since the inhabitants of Britain and Ireland are about 8,000,000, and that the augmentation is annually about 8000, we may conclude in general for all Europe, that, for every million of inhabitants, there is an annual augmentation of 1000; consequently, every thousand men slain in war must destroy all the augmentation of a million of inhabitants during a year. Consequently France, which contains 14 millions, according to Sir William Petty, having lost above 14,000 men a-year, during the same 66 years, cannot have augmented in population.

PROP. VIII. That the progress of trade and navigation augmenting the loss of people by sea, must consequently have diminished population over all Europe.

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PROP. IX. The exportation of our corn proves what the above propositions have demonstrated. For supposing the progress of agriculture to compensate the additional quantity distilled of late years, there is still $\frac{1}{2}$ of the crop exported, which proves that our numbers are small, and that they do not augment.

From these propositions our author concludes, that what stops multiplication in the British isles is, 1st, That living in celibacy is become a-la-mode: 2dly, That wars have been carried on beyond the nation's force: 3dly, That the use of spirituous liquors destroys great numbers of inhabitants.

I shall now shortly apply the principles I have been laying down, in order to resolve every phenomenon here described, as to the population of Great Britain. These I shall willingly take for granted, as it is of no consequence to my reasoning, whether they be exact or not: it is enough that they may be so; and the question here is only to account for them.

England, says he, would diminish in numbers, were it not recruited from Scotland and Ireland. This, I say, is a contingent, not a certain consequence: for did those grown-up adventurers cease to come in, the inhabitants of England themselves would undoubtedly multiply, provided an additional number of breeders could be found, able to bring up their children. Now the importation of grown men into a country in so far resembles the importation of slaves into our colonies, that the one and the other diminishes the price of labour, and thereby prevents marriage among certain classes of the natives, whose profits are not sufficient for bringing up a family: and when any such do marry notwithstanding, they do not multiply, as has been said. Now were the Scots and Irish to come no more into England, the price of labour would rise; those who now cannot bring up children, might then be enabled to do it, and this would make the English multiply themselves; that is, it would augment the number of their own breeders. On the other hand, did the price of labour continue too low to prove a sufficient encouragement for an additional

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tional number of English breeders, the contingent consequence would take place; that is, numbers would diminish, according to our author's supposition, and the exportation of grain would increase, in proportion to that diminution; and did foreign demand for grain also diminish, then agriculture would suffer, and every thing would decline: but of this more as we go along.

The representation he gives of the state of population in these countries, is one modification of what I have called a moral incapacity of a people's increasing in numbers. It is just so in Africa, where the inhabitants are sold; just so in Switzerland, and in many mountainous countries, where inhabitants desert, in order to seek their fortunes elsewhere. The national stock remains at an equal standard, and the augmentation upon births above burials is constantly in proportion to the exportation of inhabitants. Let this proportion rise ever so high, an increase of national population is noways essentially to be implied from this phenomenon alone; but must proceed from other causes.

I can find nothing advanced by our author to prove, or even to induce one to believe, that had the lives of those eight thousands been yearly preserved from extraordinary dangers, numbers would have augmented. England enjoyed in a manner 26 years peace after the treaty of Utrecht. For many years before, a very destructive war had been carried on. Had the bills of births been produced from 1701 to 1713, had they been compared with those from this last period to 1739, when the Spanish war began, had we seen a gradual augmentation from year to year during those last 26 years, such as might be expected from the preservation of a considerable number at least of the 8,250 able healthy men, just in the period of life fit for propagation, one might be tempted to conclude, that the preceding war had done hurt to population, by interrupting the propagation of the species. But if, by comparing the bills of births for a considerable number of years, in war and in peace, one can discover no sensible difference, it is very natural to conclude, either that those wars did not destroy many breeders,

or

or that others must have slipt in directly, and bred in the place of those who had been killed. What otherwise can be the reason why the number which our author supposes to have been destroyed abroad, should so exactly compensate the annual augmentation, but only that those nations are stocked to the full proportion of their subsistence: and what is the reason why, after a destructive war, which, by the suddenness of the revolution, sweeps off numbers of the grown men, and diminishes the original stock, numbers should in a few years get up to the former standard, and then stop a-new.

From our author's representation of the bills of births and deaths, I should be apt to suspect, in consequence of my principles, that upon a proper examination it would be found, that, in those years of war, the proportion of births to deaths had been higher than in years of peace, because more had died abroad. And, had the slaughter of the inhabitants gone gradually on, increasing every year beyond the 8,250, I am of opinion, that the proportion of births might very possibly have kept pace with it. On the contrary, during the years of peace, the proportion should have diminished, and had nobody died out of the country at all, the births and deaths would have become exactly equal.

From what I have here said, the reader may perceive, that it is not without reason that I have treated the principles relating to my subject in general, and that I avoid as much as possible to reason from facts alledged as to the state of particular countries. Those our author builds upon may be true, and may be false: the proportion of births and deaths in one place is no rule for another; we know nothing exactly about the state of this question in the British isles; and it may even daily vary, from a thousand circumstances. War *may* destroy population as well as agriculture, and it *may not*, according to circumstances. When the calamity falls upon the breeders, and when these are supposed the only people in the country in a capacity of bringing up their children, births will soon diminish. When it destroys the indigent, who cannot

bring up their children, or who do not marry, births will remain the same. The killing the wethers of a flock of sheep does not diminish the brood of lambs next year; the killing of old pigeons makes a pigeon-house thrive. When the calamity falls upon the farmers, who make our lands produce, agriculture is hurt, no doubt: does it fall upon the superfluities of cities, and other classes of the free hands, it may diminish manufacturers, but agriculture will go on, while there is a demand for its produce; and if a diminution of consumption at home be a consequence of the war, the augmentation upon exportation will more than compensate it. I do not find that war *diminishes* the demand for subsistence.

The long wars in Flanders in the beginning of this century interrupted agriculture now and then, but did not destroy it. That in the Palatinate in the end of the last ruined the country so, that it has hardly as yet recovered it. War has different effects, according to circumstances.

Obj. The population of the British isles is not stopt for want of food, because one-sixth part of the crop is annually exported. I answer, That it is still stopt for want of food, for the exportation only marks that the home demand is satisfied; but this does not prove that the inhabitants are full fed, although they can buy no more at the exportation-price. Those who cannot buy, are exactly those who I say die for want of subsistence: could they buy, they would live and multiply, and no grain perhaps would be exported. This is a plain consequence of my reasoning; and my principal point in view throughout this whole book, is to find out a method for enabling those to buy who at present cannot, and who therefore do not multiply; because they can give no equivalent to the farmers for their superfluity, which consequently they export. By this application of our principles, I have no occasion to call in question our author's facts. It is no matter what be the state of the case: if the principles I lay down be just, they must resolve every phenomenon.

C H A P. XVI.

Why are some Countries found very populous in respect of others, equally well calculated for Improvement?

THIS question comes immediately under the influence of the principles already laid down, and must be resolved in consequence of them. It is with a view to make the application of these, that I have proposed it; and, in the examination, we shall prove their justness, or discover their defects.

It may be answered in general, that every such difference must proceed from what I call the spirit of the government and of the people, which will not only decide as to numbers, but as to many other things. I must however observe, that the question in itself is of little importance, if nothing but numbers be considered; for of what consequence is it to know how many people are in a country, when the employment of them does not enter into the inquiry? Besides, it is only by examining the employment of a people, that I can form any judgment as to this particular. But as the numbers of mankind have been thought a point worthy of examination, I have chosen this title for a chapter, which might perhaps have more properly stood under another.

While slavery prevailed, I see no reason to conclude against the numbers of mankind, as I have said already: when slavery was abolished, and before industry took place, if my principles be true that period I think should mark the time of the thinnest population in Europe; for I believe it will be found, that there never was an example of a country, however fertile by nature, where every one was absolutely free; where there was little or no industry, nor labour, but in agriculture; and where, at the same time, there were many inhabitants, not beggars, nor living upon charity. I have mentioned this so often, that I am afraid of tiring

my reader with useless repetitions. I have brought it in here, only to give him an opportunity of applying this principle to the solution of the question before us.

I shall begin my inquiry by asking what is understood by a country's being populous; for that term presents different ideas, if circumstances are not attended to. I have heard it said, that France was a desert, and that there was nobody found in it but in towns; while in England one cannot travel half a mile without finding a farm, perhaps two together; and in looking round, one sees the whole country divided into small possessions. The difference here found, I apprehend, decides nothing in favour of, or against the real populousness of the one or the other, but proceeds entirely from circumstances relative to agriculture, and to the distribution of free hands. These circumstances will be better understood from the examination of facts, than from the best theory in the world. Let one consider the state of agriculture in Picardy and in Beauce, and then compare it with the practice in many provinces in England, and the contrast will appear striking. Were there more forest in England, to supply the inhabitants with fuel, I imagine many inclosures, useful at first for improving the grounds, would be taken away, and the country laid more open; were wolves less common in France, there would be found more scattered farms. Cattle there must be shut up in the night, and cannot be left in the fields; this is a great discouragement to inclosing. Where there are no inclosures, there are few advantages to be found from establishing the farm-house exactly upon the spot of ground to be laboured; and then the advantages which result to certain classes of inhabitants, from being gathered together, the farmers with the tradesmen, are found to preponderate. Thus the French farmers are gathered into villages, and the English remain upon their fields. But farther, in Picardy and Beauce, agriculture has been long established, and, I imagine, that, at the time when lands were first broken up, or rather improved, their habitations must have been closer together.

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This drawing together of inhabitants must leave many ruinous possessions, and this, by the by, is one reason why people cry out upon the desolation of France, because ruinous houses (which may often times be a mark of improvement, not of desertion) are found in different places in the country. Paris has grown considerably in bulk, and from this it naturally happens, that the country round is purged of idle mouths. If this makes labour dear in the country, it is the city alone which suffers by it, the country must certainly be the gainers. So much for two species of population in two of the best inhabited countries of Europe. I now come to another in one of the worst.

In some countries you find every farm-house surrounded with small huts, possessed by numbers of people, supposed to be useful to the farmer. These in Scotland are called cottars, (cottagers) because they live in cottages. If you consider them in a political light, they will appear to be inhabitants appropriated for agriculture. In one sense they are so, if by that you understand the gathering in of the fruits; in another they are not, if by agriculture you understand the turning up the surface. I bring in this example, and shall enlarge a little upon it, because I imagine it to be, less or more, the picture of Europe 400 years ago.

The Scotch farmer must have hands to gather in a scanty produce, spread over a large extent of ground. He has six cottars, I shall suppose; but these cottars must have wives, and these wives will have children, and all must be fed before the master's rent can be paid. It never comes into the cottar's head to suppose that his children can gain money by their labour; the farmer never supposes that it is possible for him to pay his rent without the assistance of his cottars to tend his cattle, and gather in his crop; and the master cannot go against the custom of the country, without laying his land waste. All these children are ready at the farmer's disposal; he can, without any expence, send what parcels of sheep he pleases, to different distances of half a mile or more, to feed upon spots of ground which, without the conveniency of these children, would

would be entirely lost. By this plan of farming, landlords who have a great extent of country which they are not able to improve, can let the whole in a very few farms, and at the same time all the spontaneous produce of the earth is gathered in and consumed. If you compare the rent of these lands with the extent, it appears very small; if you compare it with the numbers fed upon the farm, you will find that an estate in the highlands maintains, perhaps, ten times as many people as another of the same value in a good and fertile province. Thus it is in some estates as in some convents of the begging order, the more mouths the better cheer.

I shall now suppose our modern policy to inspire an ingenious or public spirited lady to set up a weaver or two at a farm-house. The cottars begin to spin; they will be a long time in attaining to a dexterity sufficient to appear at the weaver's house, in competition with others who are accustomed to the trade; consequently this manufacture will be long in a languishing condition; but if the undertaking is supported with patience, these obstacles will be got the better of. Those who tended herds of cattle for a poor maintenance, will turn themselves to a more profitable occupation; the farmer will find more difficulty in getting hands, he will complain, perhaps give way; the master will lose a year's rent, and no body will take so extensive a farm; it must be divided, then it must be improved, and then it produces more grain upon one tenth, than perhaps formerly was produced upon the whole. This grain is bought with the price of spinning; the parents divide with the children, who are fed, and spin in their turn. When this is accomplished, what is the revolution? Why, formerly the earth fed all the inhabitants with her spontaneous productions, as I may call them; now more labour is exercised upon turning up her surface, this she pays in grain, which belongs to the strong man for his labour and toil; women and children have no direct share, because they have not contributed thereto, as they did in feeding cattle. But they spin, and have money to buy what they have not force to produce; consequently

consequently they live; but as they become useless as cottars, they remove from their mother earth, and gather into villages. When this change is effected the lands appear less inhabited; ruinous huts (nay, villages I may call them) are found frequently, and many would be apt to conclude, that the country is depopulated; but this is by no means found to be the case, when the whole is taken together.

The spirit therefore of the principal people of a country determines the employment of the lower classes; the employment of these determines their usefulness to the state, and their usefulness, their multiplication. The more they are useful, the more they gain, according to the definition of the contract of society; the more they gain, the more they can feed; and consequently the more they will marry and divide with their children. This increases useful population, and encourages agriculture. Compare the former with the present situation, as to numbers, as to ease, as to happiness!

Is it not plain, that when the earth is not improved it cannot produce so much nourishment for man as when it is? On the other hand, if industry does not draw into the hands of the indigent, wherewith to purchase this additional nourishment, no body will be at a considerable first expence to break up grounds in order to produce it. The withdrawing therefore a number of hands from a trifling agriculture forces, in a manner, the husbandman to work the harder; and by hard labour upon a small spot, the same effect is produced as with slight labour upon a great extent.

I have said, that I imagined the state of agriculture in the Scotch farm, was a pretty just representation of the general state of Europe about 400 years ago: if not in every province of every country, at least in every country for the most part. Several reasons induce me to think so: first, where there is no industry, nothing but the earth directly can feed her children, little alienation of her fruits can take place. Next, because I find a wonderful analogy between the way of living in some provinces of different countries with what I have been describing. Pipers, blue bonnets, and oat meal, are

known in Swabia, Auvergne, Limousin, and Catalonia, as well as in Lochaber: numbers of idle, poor, useless hands, multitudes of children, whom I have found to be fed, no body knows how, doing nothing at the age of fourteen, keeping of cattle and going to school, the only occupations supposed possible for them. If you ask why they are not employed, they tell you because commerce is not in the country: they talk of commerce as if it was a man, who comes to reside in some countries in order to feed the inhabitants. The truth is, it is not the fault of these poor people, but of those whose business it is to find out employment for them.

Another reason I derive from the nature of the old tenures, where we find lands which now produce large quantities of grain, granted for a mere trifle, when at the same time others in the neighbourhood of cities and abbeys are found charged with considerable prestations. This I attribute to the bad cultivation of lands at that time, from which I infer, a small population. In those days of trouble and confusion, confiscations were very frequent, large tracts of lands were granted to the great lords upon different revolutions, and these finding them often deserted, as is mentioned in history, (the vassals of the former, being either destroyed or driven out to make place for the new comers) used to parcel them out for small returns in every thing but personal service. Such sudden and violent revolutions must dispeople a country; and nothing but tranquillity, security, order and industry, for ages together, can render it populous.

Besides these natural causes of population and depopulation (which proceed, as we have observed, from a certain turn given to the spirit of a people) there are others which operate with irresistible force, by sudden and violent revolutions. The King of Prussia, for example, attempted to people a country all at once, by profiting of the desertion of the Saltzburghers. America is become very poorly peopled in some spots upon the coast, and in some islands, at the expence of the exportation of millions from Europe and from Africa; such methods never can succeed in proportion to the attempt. Spain,

on the other hand, was depopulated by the expulsion of its anti-christian inhabitants. These causes work evident effects, which there is little occasion to explain, although the more remote consequences of them may deserve observation. I shall, in another place, have occasion to examine the manner of our peopling America. In this place, I shall make a few observations upon the depopulation of Spain, and finish my chapter.

That country is said to have been antiently very populous under the government of the Moors. I am not sufficiently versed in the politics, oeconomy and manners of that people, to judge how far these might be favourable to population: what seems, however, to confirm what we are told, is, the large repositories they used for preserving grain, which still remain entire, though never once made use of. They watered the kingdoms of Valencia, Murcia and Granada. They gathered themselves into cities of which we still can discover the extent. The country which they now possess (though drier than Spain) furnishes Europe with considerable quantities of grain. The palace of the Moorish King at Granada, shews a taste for luxury. The mosque of Cordoua speaks a larger capital. All these are symptoms of population, but they only help one to guess. The numbers which history mentions to have been driven out, is a better way still of judging, if the fidelity of historians could be depended upon, when there is any question about numbers.

Here was an example of a country depopulated in a very extraordinary manner: yet I am of opinion, that the scarcity of inhabitants complained of in that country, for a long time after the expulsion, did not so much proceed from the effects of the loss sustained, as from the contrast between the spirit of those christians who remained after the expulsion, and their catholic deliverers. The christians who lived among the Moors, were really Moors as to manners, though not as to religion. Had they adopted the spirit of the subjects of Castile, or had they been governed according to their own, numbers would soon have risen to the former standard. But as

the christian lord governed his Murcian, Andalouſian, and Granada ſubjects, according to the principles of christian policy, was it any wonder that in ſuch an age of ignorance, prejudice, and ſuperſtition, the country (one of the fineſt in the world) ſhould be long in recovering? Recover, however, it did; and ſooner perhaps than is commonly believed: for I ſay it was recovered ſo ſoon as all the flat and watered lands were brought into cultivation; becauſe I have reaſon to believe that the Moors never carried their agriculture farther in theſe ſouthern provinces.

From this I ſtill conclude, that no deſtruction of inhabitants by expulſion, captivity, war, peſtilence or famine, is ſo permanently hurtful to population, as a revolution in that ſpirit which is neceſſary for the increaſe and ſupport of numbers. Let that ſpirit be kept up, and let mankind be well governed, numbers will quickly increaſe to their former ſtandard, after the greateſt reduction poſſible: and while they are upon the augmenting hand, the ſtate will be found in more heart and more vigour, than when arrived even at the former height; for ſo ſoon as a ſtate ceases to grow in proſperity, I apprehend it begins to decay both in health and vigour.

C H A P. XVII.

In what Manner and according to what Proportion do Plenty and Scarcity affect a People?

IN a former chapter I have examined this queſtion, relatively to mankind fed by the hand of nature: I now come nearer home, and ſhall keep cloſe to modern times, conſidering circumſtances and effects which by daily experience we ſee and feel.

I have often ſaid, that numbers are in proportion to the produce of the earth. I now ſay, that in moſt countries of Europe, the food produced in the country is *nearly* conſumed by the inhabitants: and by *nearly* I underſtand, that the part exported bears a ſmall proportion to the home-conſumption. I do by no means eſtabliſh this as an univerſal propoſition; but I ſay it is true *for the moſt part*: and the intention of this chapter is to enable us to judge how far theſe limitations ſhould extend. I allow, for example, that Holland, not producing food for its inhabitants, muſt draw it from ſome country which produces a ſuperfluity, regularly: but let it be obſerved that Poland, Germany, Flanders, and England, with many other countries, contribute their contingents to ſupply the demand of the Dutch; and of ſeveral large trading towns which have ſmall territories. This being the caſe, the quota furniſhed by each country, muſt be in a ſmall proportion to the reſpective quantity growing in it. But theſe are general concluſions upon vague ſuppoſitions, which throw no light on the queſtion. I ſhall therefore endeavour to apply our reaſoning to facts, and then examine conſequences.

There are few countries, I believe, in Europe more abounding in grain than England: I ſhall therefore keep that kingdom in my eye while I examine this matter. Nothing is more common than to hear that an abundant crop furniſhes more than three years ſubſiſtence.

istence: nay, I have found it advanced by an author of consideration, (Advantages and disadvantages of France and Great Britain, &c. article Grain) that a plentiful year produces five years nourishment for the inhabitants. If this be a mistake, it may prove a very hurtful one in many respects. I am, on the contrary, apt to believe, that no annual produce of grain ever was so great in England as to supply its inhabitants fifteen months, *in that abundance with which they feed themselves in a year of plenty*. If this be the case, at what may we compute the surplus in ordinary good years? I believe it will be thought a very good year which produces full subsistence for fifteen months; and crops which much exceed this are, I believe, very rare. Here follow my reasons for differing so widely from the gentleman whom I have cited. If I am in the wrong, I shall have the most sensible pleasure in being set right; and nothing will be so easy to any one who has access to be better informed as to facts than I can pretend to be.

I consider all the yearly crop of grain in England as consumed at home, except what is exported; for I cannot admit that any considerable quantity is lost: that it may be abused, misapplied, drank when it should be eat, I do not deny. These are questions which do not regard the present inquiry. Whether therefore it be consumed in bread, beer, spirits, or by animals, I reckon it consumed; and in a year when the greatest consumption is made at home, this I call *the abundance with which the inhabitants feed themselves in years of plenty*. Now I find in the performance above cited, a state of exportations for five years, from 1746 to 1750 inclusive, where the quantity exported amounts in all to 5,289,847 quarters of all sorts of grain. This is not one year's provision, according to Sir William Petty's calculation, of which we have made mention above. The bounties upon corn (continues the author abovementioned) have amounted in one year to 500,000*l.* sterling. He does not mention the year, and I am little able to dispute that matter with him. I suppose it to be true; and still farther, let it be understood that the whole exportation was made out of the produce of one crop. I do not find that this sum

answers

answers to the bounty upon 3,000,000 of quarters, which, according to Sir William Petty, make six months provision. I calculate thus. The bounty upon wheat is 5*s.* a quarter, that upon rye 3*s.* 6*d.* that upon barley 2*s.* 6*d.* these are the species of grain commonly exported: cast the three premiums together, and divide by three, the bounty will come to 3*s.* 8*d.* at a medium; at which rate 500,000*l.* sterling will pay the bounty of 2,727,272 quarters of grain. An immense quantity to be exported! but a very inconsiderable part of a crop supposed capable to maintain England for five years. It may be answered, that the great abundance of a plentiful year is considerably diminished when a scanty crop happens to precede it, or to follow upon it. In the first case, it is sooner begun upon; in the last, it supplies the consumption in the year of scarcity, considerably. This I allow to be just; but as it is not uncommon to see a course of good years follow one another, the state of exportation at such times must certainly be the best, nay, the only method of judging of the real extent of superfluity.

On the other hand, I am apt to believe, that there never was a year of such scarcity as that the lands of England did not produce greatly above six months subsistence, *such as the people are used to take in years of scarcity*. Were six months of the most slender subsistence to fail, I imagine all Europe together might perhaps be at a loss to supply a quantity sufficient to prevent the greatest desolation by famine.

As I have no access to look into records, I content myself with less authentic documents. I find then by the London news-papers, that, from the 9th of April to the 13th of August 1757, while great scarcity was felt in England, there were declared in the port of London no more than 71,728 quarters of wheat, of which 15,529 were not then arrived. So that the whole quantity there imported to relieve the scarcity, was 56,199 quarters. Not one month's provision for the inhabitants of that city, reckoning them at 800,000 souls! One who has access to look into the registers of the trade in grain, might in a moment determine this question.

Another

Another reason which induces me to believe what the above arguments seem to prove, I draw from what I see at present passing in Germany; I mean the universal complaints of scarcity in those armies which are now assembled, [1757] When we compare the numbers of an army, let it be of a hundred thousand men, suppose the suite of it to be as many more, and forty thousand horses, all strangers, (for the others I reckon nothing extraordinary) what an inconsiderable number does this appear, in proportion to the inhabitants of this vast country of Germany! Yet let us observe the quantity of provisions of all sorts constantly coming down the Rhine, the Moselle, and many other rivers, collected from foreign provinces on all hands; the numbers of cattle coming from Hungary; the loads of corn from Poland; and all this in a year which has produced what at any other time would have been called an excellent crop. After these foreign supplies, must not one be astonished to find scarcity complained of in the provinces where the war is carried on, and high prices every where else. From such circumstances I must conclude, that people are generally very much deceived in their estimation of plenty and scarcity, when they talk of two or three years subsistence for a country being found upon their lands at once. I may indeed be mistaken in my conclusions; but the more I have reflected upon this subject, the more I find myself confirmed in them, even from the familiar examples of the sudden rise of markets from very inconsiderable monopolies, and of their sudden fall by inconsiderable quantities imported. I could cite many examples of these vicissitudes, were it necessary, to prove what every one must observe.

I come now to resolve a difficulty which naturally results from this doctrine, and with which I shall close the chapter.

If it be true, that a crop in the most plentiful year is nearly consumed by the inhabitants, what becomes of them in years of scarcity; for nobody can deny, that there is a great difference between one crop and another. To this I answer, first, That I believe there is also a very great deceit, or common mistake, as to the

the difference between crops: a good year for one soil, is a bad one for another. But I shall not enlarge on this; because I have no sufficient proof of my opinion. The principal reason upon which I found it, is, that it is far from being true, that the same number of people consume always the same quantity of food. In years of plenty every one is well fed; the price of the lowest industry can procure subsistence sufficient to bear a division; food is not so frugally managed; a quantity of animals are fatted for use; all sorts of cattle are kept in good heart; and people drink more largely, because all is cheap. A year of scarcity comes, the people are ill fed, and when the lower classes come to divide with their children, the portions are brought to be very small; there is great oeconomy upon consumption, few animals are fatted for use, cattle look miserably, and a poor man cannot indulge himself with a cup of generous ale. Add to all these circumstances, that in England the produce of pasture is very considerable, and it commonly happens, that a bad year for grain, which proceeds from rains, is for the same reason a good year for pasture; and in the estimation of a crop, every circumstance must be allowed to enter.

From what has been said I must conclude in general, that the best corn country in the world; provided slavery be not established, does not produce wherewithal fully to maintain, as in years of plenty, one third more than its own inhabitants; for if this should be the case, all the policy of man would not be able to prevent the multiplication of them, until they arose nearly up to the mean proportion of the produce in ordinary years, and it is only what exceeds this standard, and proceeds from unusual plenty, which can be exported. Were plentiful years more common, mankind would be more numerous; were scarcity more frequent, numbers would be less. Numbers therefore must ever be, in my humble opinion, in the ratio of food, and multiplication will never stop until the balance comes to be nearly even.

C H A P. XVIII.

Of the Causes and Consequences of a Country's being fully peopled.

IN the titles of my chapters, I rather seek to communicate a rough idea of the subject than a correct one. In truth and in reason, there is no such thing as a country actually peopled to the full, if by this term numbers only are meant, without considering the proportion they bear to the consumption they make of the productions of their country. I have in a former chapter established a distinction between the physical and moral impossibility of increasing numbers. As to the physical impossibility, the case can hardly exist, because means of procuring subsistence from other countries, when the soil refuses to give more, seem, if not inexhaustible, at least very extensive. A country therefore fully peopled, that is, in a physical impossibility of increasing their numbers, is a chimerical and useless supposition. The subject here under consideration is, the situation of a people, who find it their interest to seek for subsistence from abroad. This may happen, and commonly does, long before the country itself is fully improved: it decides nothing as to the intrinsic fertility of the soil, and proves no more, than that the industry of the free hands has made a quicker progress in multiplying mouths, than that of the farmers in providing subsistence. To illustrate this idea, let me propose the following question.

Is multiplication the efficient cause of agriculture, or is agriculture that of multiplication?

I answer, that multiplication is the efficient cause of agriculture, though I allow, that, in the infancy of society, the spontaneous fruits of the earth, which are free to all, are the efficient cause of a multiplication, which may rise to the exact proportion of them; as has been said above. This must be explained.

I have already distinguished the fruits of agriculture from the earth's spontaneous production: I must farther take notice, that when I employ the term agriculture in treating of modern policy, I always consider it to be exercised as a trade, and producing a surplus, and not as the direct means of subsisting, where all is consumed by the husbandman, as has been fully explained above. We have said, that it is the surplus produced from it, which proves a fund for multiplying inhabitants. Now there must be a demand for this surplus. Every person who is hungry will make a demand, but every such demand will not be answered, and will consequently have no effect. The demander must have an equivalent to give: it is this equivalent which is the spring of the whole machine; for without *that* the farmer will not produce any surplus, and consequently he will dwindle down to the class of those who labour for actual subsistence. The poor, who produce children, make an ineffectual demand, and when they cannot increase the equivalent, they divide the food they have with the new comers, and prove no encouragement to agriculture. By dividing, the whole become ill fed, miserable, and thus extinguish. Now because it is the *effectual* demand, as I may call it, which makes the husbandman labour for the sake of the equivalent, and because this demand increases, by the multiplication of those who have an equivalent to give, therefore I say that multiplication is the cause, and agriculture the effect. On the other hand, I think the spontaneous fruits of the earth, as in the supposition, may be considered as the cause of a certain limited multiplication; because in that case there is no equivalent demanded. The earth produces, whether her fruits be consumed or not: mankind are fed upon these gratuitously, and without labour, and the existence of the fruits is anterior to the production of those who are to consume them. Those who are first fed, draw their vigour from their food, and their multiplication from their vigour. Those who are produced, live freely upon their parent earth, and multiply until all the produce be consumed: then multiplication stops, as we have said; *but establish agriculture, and multiplication will go on a-new.*

Consequently, my reader will say, agriculture is as much the cause of this new multiplication, as the spontaneous fruits were of the first. Here is a very natural conclusion, which seems directly to contradict what we have been endeavouring to prove; but the knot is easily untied. We have seen how the existence of agriculture must depend upon the industry of man; that is, on the only means of *establishing agriculture*: now, as this industry is chiefly promoted by the motive of providing for our children, the procreation of them must be considered as the first, or at least the most palpable political cause of setting mankind to work, and therefore may be considered as anterior to agriculture; whereas, on the other hand, the earth's productions being in small quantity, and quite independent of man, appear, as it were, to be furnished by nature, in the same way as a small sum is given to a young man, in order to put him in a way of industry, and of making his fortune. The small sum sets him a-going, but it is his industry which makes the fortune. From this illustration it appears, that if the demand for food can be more readily supplied from abroad than from home, it will be the foreign subsistence, which will preserve numbers, produced from *industry*, not from *domestic agriculture*; and these numbers will, in their turn, produce an advancement of it at home, by inspiring a desire in the husbandman to acquire the equivalent which their countrymen give to strangers.

Such nations, whose statesmen have not the talent to engage the husbandmen to wish for the equivalent, which the labour of their fellow-citizens can produce; or, in other words, who cannot create reciprocal wants and dependencies among their subjects, must stand in a moral incapacity of augmenting in numbers. Of such states we have no occasion to treat in this chapter, any more than of those who are supposed to be in the physical incapacity of multiplying: our point of view is, to examine the natural consequences resulting from a demand for subsistence extending itself to foreign countries. This I take to be the mother of industry at home, as well as of trade abroad; two objects which come to be treated of in the second book.

A country

A country may be fully peopled (in the sense we understand this term) in several different ways. It may be fully stocked at one time with six millions, and at another may maintain perhaps eight or even nine millions with ease, without the soil's being better cultivated or improved. On the other hand, a country may maintain twenty millions with ease, and by being improved as to the soil, become overstocked with fifteen millions. These two assertions must be explained.

The more frugal a people are, and the more they feed upon the plentiful productions of the earth, the more they may increase in numbers.

Were the people of England to come more into the use of living upon bread, and give over consuming so much animal food, inhabitants would certainly increase, and many rich grass fields would be thrown into tillage. Were the French to give over eating so much bread, the Dutch so much fish, the Flemish so much garden stuff, and the Germans so much sourkraut, and all take to the English diet of pork, beef, and mutton, their respective numbers would soon decay, let them improve their grounds to the utmost. These are but reflections, by the by, which the reader may enlarge upon at pleasure. The point in hand is, to know what are the consequences of a country's being so-peopled, no matter from what cause, that the soil, in its actual state of fertility, refuses to supply a sufficient quantity of such food as the inhabitants incline to live upon. These are different according to the diversity of spirit in the people.

If they be of an indolent disposition, directed in their political oeconomy by established habits and old prejudices, which prevent innovations, although a change of circumstances may demand them, the effect will be to put a stop to population; which cannot augment without an increase of food on one hand, and of industry on the other, to make the first circulate. These must go hand in hand: the precedence between them is a matter of mere curiosity and speculation.

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If, on the contrary, a spirit of industry has brought the country to a certain degree of population, this spirit will not be stopt by the want of food; it will be brought from foreign countries; and this new demand, by diminishing among them the quantity usually produced for their own subsistence, will prompt the industrious to improve their lands, in order to supply the new demand without any hurt to themselves. Thus trade has an evident tendency towards the improvement of the world in general, by rendering the inhabitants of one country industrious, in order to supply the wants of another, without any prejudice to themselves. Let us make a step further.

The country fully stocked can offer in exchange for this food, nothing but the superfluity of the industry of the free hands, for that of the farmers is supposed to be consumed by the society; except indeed some species of nourishment or productions, which, being esteemed at a higher value in other countries than in those which produce them, bring a more considerable return than the value of what is exported, as when raw silk and delicate wines, &c. are given in exchange for grain and other provisions.

The superfluity of industry must, therefore, form the principal part of exportation, and if the nation fully stocked be surrounded by others which abound in grain and articles of subsistence, where the inhabitants have a taste for elegance, and are eager of acquiring the manufactures and improvements of their industrious neighbours; it is certain, that a trade with such nations will very considerably increase the inhabitants of the other, though fully stocked, relatively to the production of their own soil; and the additional numbers will only increase that of manufacturers, not of husbandmen. This is the case with Holland, and with many large trading cities which are free and have but a small territory.

If, on the contrary, the nation fully stocked be in the neighbourhood of others who take the same spirit as itself, this supply of food will become in time more difficult to be had, in proportion as their neighbours come to supply their own wants. They must therefore

therefore seek for it at a greater distance, and as soon as the expence of procuring it comes to exceed the value of the labour of the free hands employed in producing the equivalent, their work will cease to be exported, and the number of inhabitants will be diminished to the proportion of the remaining food.

I do not say that trade will cease on this account; by no means. Trade may still go on, and even be more considerable than before; but it will be a trade which never can increase inhabitants, because for this purpose there must be subsistence. It may have however numberless and great advantages: it may greatly advance the wealth of the state, and this will purchase even power and strength. A trading nation may live in profound peace at home, and send war and confusion among her enemies, without even employing her own subjects. Thus trade without increasing the inhabitants of a country can greatly add to its force, by arming those hands which she has not fed, and employing them for her service.

C H A P. XIX.

Is the Introduction of Machines into Manufactures prejudicial to the Interest of a State, or hurtful to Population?

THESE I find has been made a question in modern times. The ancients held in great veneration the inventors of the saw, of the lathe, of the wimble, of the potters wheel; but some moderns find an abuse in bringing mechanism to perfection: (see *Les Interets de la France mal entendus*, p. 272. 313.) the great Montesquieu finds fault with water mills, though I do not find that he has made any objection against the use of the plow.

Did people understand one another, it would be impossible that such points could suffer a dispute among men of sense; but the circumstances

circumstances referred to, or presupposed, which authors almost always keep in their eye, though they seldom express them, render the most evident truths susceptible of opposition.

It is hardly possible suddenly to introduce the smallest innovation into the political oeconomy of a state, let it be ever so reasonable, nay ever so profitable, without incurring some inconveniencies. A room cannot be swept without raising dust, one cannot walk abroad without dirtying one's shoes; neither can a machine, which abridges the labour of men, be introduced *all at once* into an extensive manufacture, without throwing many people into idleness.

In treating every question of political oeconomy, I constantly suppose a statesman at the head of government, systematically conducting every part of it, so as to prevent the vicissitudes of manners, and innovations, from hurting any interest within the commonwealth, by their natural and immediate effects or consequences. When a house within a city becomes crazy, it is taken down; this I call systematical ruin: were it allowed to fall, the consequences might be fatal in many respects. In like manner, if a number of machines are all at once introduced into the manufactures of an industrious nation, (in consequence of that freedom which must necessarily be indulged to all sorts of improvement, and without which a state cannot thrive) it becomes the business of the statesman to interest himself so far in the consequences, as to provide a remedy for the inconveniencies resulting from the sudden alteration. It is farther his duty to make every exercise even of liberty and refinement an object of government and administration; not so as to discourage or to check them, but to prevent the revolution from affecting the interests of the different classes of the people, whose welfare he is particularly bound to take care of.

The introduction of machines can, I think, in no other way prove hurtful by making people idle, than by the suddenness of it: and I have frequently observed, that all sudden revolutions, let them be ever so advantageous, must be accompanied with inconveniencies. A safe, honourable, and lasting peace, after a long, dangerous, and expensive war, forces a number of hands to be idle, and deprives them

them of bread. Peace then may be considered as a machine for defending a nation, at the political loss of making an army idle; yet no body, I believe, will alledge that in order to give bread to soldiers, sutlers, and undertakers, the war should be continued. But here I must observe, that it seems to be a palpable defect in policy, if a statesman shall neglect to find out a proper expedient (at whatever first expence it may be procured) for giving bread to those who, at the risk of their lives, have gone through so many fatigues for the service of their country. This expence should be charged to the account of the war, and a state ought to consider, that as their safety required that numbers should be taken out of the way of securing to themselves a lasting fund of subsistence, which would have rendered them independent of every body, (supposing that to have been the case) she becomes bound by the contract of society, which ties all together, to find them employment. Let me seek for another illustration concerning this matter.

I want to make a rampart cross a river, in order to establish a bridge, a mill, a sluice, &c. For this purpose, I must turn off the water, that is, stop the river; would it be a good objection against my improvement to say, that the water would overflow the neighbouring lands, as if I could be supposed so improvident as not to have prepared a new channel for it? Machines stop the river; it is the business of the state to make the new channel, as it is the public which is to reap the benefit of the sluice: I imagine what I have said will naturally suggest an answer to all possible objections against the introduction of machines; as for the advantages of them, they are so palpable that I need not insist upon them. There is however one case in which I think they may be disapproved of; but it seems a chimerical supposition, and is brought in here for no other purpose than to point out and illustrate the principle which influences this branch of our subject.

If you can imagine a country peopled to the utmost extent of the fertility of the soil, and absolutely cut off from any communication with other nations; all the inhabitants fully employed in

supplying the wants of one another, the circulation of money going forward regularly, proportionally, and uniformly through every vein, as I may call it, of the political body; no sudden or extraordinary demand at any time for any branch of industry; no redundancy of any employment; no possibility of increasing either circulation, industry, or consumption. In such a situation as that I should disapprove of the introduction of machines, as I disapprove of taking physic in an established state of perfect health. I disapprove of a machine only because it is an innovation in a state absolutely perfect in these branches of its political oeconomy; and where there is perfection there can be no improvement. I farther disapprove of it because it might force a man to be idle, who would be found thereby in a physical impossibility of getting his bread, in any other way than that in which he is supposed to be actually employed.

The present situation of every country in Europe, is so infinitely distant from this degree of perfection, that I must consider the introduction of machines, and of every method of augmenting the produce or facilitating the labour and ingenuity of man, as of the greatest utility. Why do people wish to augment population; but in order to compass these ends? Wherein does the effect of a machine differ from that of new inhabitants?

As agriculture, exercised as a trade, purges the land of idle mouths, and pushes them to a new industry which the state may turn to her own advantage; so does a machine introduced into a manufacture, purge off hands which then become superfluous in that branch, and which may quickly be employed in another.

If therefore the machine proves hurtful, it can only be because it presents the state with an additional number of hands bred to labour; consequently, if these are afterwards found without bread, it must proceed from a want of attention in the statesman: for an industrious man made idle, may constantly be employed to advantage, and with profit to him who employs him. What could an act of naturalization do more, than furnish industrious hands forced

to

to be idle, and demanding employment? Machines therefore I consider as a method of augmenting (virtually) the number of the industrious; without the expence of feeding an additional number: this by no means obstructs natural and useful population, for the most obvious reasons.

We have shewn how population must go on, in proportion to subsistence; and in proportion to industry: now the machine eats nothing, so does not diminish subsistence, and industry (in our age at least) is in no danger of being overstocked in any well governed state; for let all the world copy your improvements, they still will be the scholars. And if, on the contrary, in the introduction of machines you are found to be the scholars of other nations, in that case you are brought to the dilemma of accepting the invention with all its inconveniencies, or of renouncing every foreign communication.

In speculations of this kind, one ought not, I think, to conclude, that experience *must* of necessity prove what we imagine our reasoning has pointed out.

The consequences of innovations in political oeconomy, admit of an infinite variety, because of the infinite variety of circumstances which attend them: no reasoning, therefore, however refined, can point out a priori, what upon such occasions must indispensably follow. The experiment must be made, circumstances must be allowed to operate; inconveniencies must be prevented or rectified as far as possible; and when these prove too many, or too great to be removed, the most rational, the best concerted scheme in theory must be laid aside, until preparatory steps be taken for rendering it practicable.

Upon the whole, daily experience shews the advantage and improvement acquired by the introduction of machines. Let the inconveniencies complained of be ever so sensibly felt, let a statesman be ever so careless in relieving those who are forced to be idle, all these inconveniencies are only temporary; the advantage is permanent,

ment, and the necessity of introducing every method of abridging labour and expence, in order to supply the wants of luxurious mankind, is absolutely indispensable, according to modern policy, according to experience, and according to reason.

CHAP. XX.

Miscellaneous Observations upon Agriculture and Population.

I HAVE hitherto considered the object of agriculture, as no more than the raising of grain; the food of mankind has been estimated by the quantity they consume of that production; and husbandmen have been supposed to have their residence in the country. As my subject has but an indirect connection with the science of agriculture, I have simplified many things complex in themselves, the better to adapt them to the principal object of my inquiry, and the better to keep my attention fixed upon one idea at a time. I am now going to return to some parts of my subject, which I think I have treated too superficially; and to examine, as I go along, some miscellaneous questions which will naturally arise from what is to be said.

QUEST. I. Almost every one who has writ upon population, and upon agriculture, considered as an essential concomitant of it, has recommended the equal distribution of the property of lands as useful to both: a few reflections upon this question, after what has been thrown out in the course of the foregoing chapters, may not be improper; more in order to examine and apply the principles laid down, than with a view to combat the opinion of others.

I have already, upon several occasions, taken notice of the great difference between the political oeconomy of the antients, and that

of modern times; for this reason, among others, that I perceive the sentiments of the antients, which were founded upon reason and common sense, relative to their situation, have been adopted by some moderns, who have not perhaps sufficiently attended to the change of our manners, and to the effects which this change must operate upon every thing relative to our oeconomy. The antients recommended strongly an equal distribution of lands as the best security for liberty, and the best method, not only to preserve an equality among the citizens, but also to increase their number.

In those days, the citizens did not compose one half of the state relatively to numbers; and there was almost no such thing as an established monied interest, which can no where be founded but upon trade, and an extensive industry. In those days there was no solid income but in land: and that being equally divided among the citizens, was favourable to their multiplication and produced equality. But in our days, riches do not consist in lands only; nay we sometimes find the most considerable proprietor of these in very indifferent circumstances; loaded with debts, and depending upon the indulgence of men who have not an acre, and who are their creditors. Let us therefore divide our lands as we please, we shall never produce equality by it. This is an essential difference between us and the antients, with respect to one point. Now as to the other, population.

The equal division of lands, no doubt, greatly tends to increase the numbers of one class of inhabitants, to wit, the landlords. In antient times, as has been observed, the chief attention was to increase the citizens, that is the higher classes of the state; and the equal division of property so effectually produced this effect, that the Greek states were obliged to allow the exposition of children; and Aristotle looked upon it as a thing indispensably necessary, as M. de Montesquieu has very judiciously observed. The multiplication of the lowest classes, that is of the slaves, never entered into the consideration of the public, but remained purely a matter of private

private concern; and we find it was a question with some, whether or not it was worth while to breed from them at all. But in our days the principal object is to support the lower classes from their own multiplication, and for this purpose, an unequal division of property seems to me the more favourable scheme; because the wealth of the rich falls naturally into the pockets of the industrious poor; whereas the produce of a very middling fortune, does no more than feed the children of the proprietor, who in course become very commonly and very naturally an useless burthen upon the land. Let me apply this to an example. Do we not familiarly observe, that the consolidation of small estates, and the diminution of gentlemens families of middling fortunes, do little harm to a modern state. There are always abundance of this class of inhabitants to be found whenever there is occasion for them. When a great man buys up the lands of the neighbouring gentry, or small proprietors, all the complaints which are heard, turn upon the distress which thence result to the lower classes, from the loss of their masters and protectors; but never one word is heard of that made by the state, from the extinction of the former proprietor's family. This abundantly shews that the object of modern attention is the multiplication of the lower classes, consequently it must be an inconsistency to adopt the practice of the ancients, when our oeconomy is entirely opposite to theirs.

Let this suffice to point out how far the difference of our manners should influence the division of our lands. I shall now examine a question relative to the science of agriculture, not considered as a method of improving the soil, (this will come in more naturally afterwards) but of making it produce to the best advantage, supposing it to be already improved.

In treating of the productions of the earth, in consequence of agriculture, I have all along distinguished them from those which spontaneously proceed from the force of nature: these are the immediate gift of God, those are the return of the labour of his creatures. Every one knows that the labour of mankind is not in proportion

portion to their numbers, but to their industry. The produce therefore of agriculture must be estimated; not according to the quantity of fruits only, but also according to the labour employed to produce them. These things premised, the question here proposed to be examined arises, viz. Which species of agriculture is the most advantageous to a modern society, that which produces the greatest quantity of fruits *absolutely* taken, or that which produces the greatest quantity *relatively* taken, I mean to the labour employed?

This question might easily be resolved, in general, by the application of principles already deduced; although it cannot admit of a direct answer, in the manner I have put it. One, therefore, may say indeterminately, that species is the best which produces a surplus the best proportioned to the industry, and to the demands of all the free hands of the state. But as this solution would not lead me to the object I have in view, I have thrown in an alternative in order to gain attention to the principles which I am going to examine, and which influence and determine the establishment of the one or the other species of agriculture.

The principal difficulty I find in the examination of this question, is to distinguish the effects of agriculture from those of the spontaneous production of the earth. The returns from pasture, for example, relatively taken, are, as we have observed, both from reason and from experience, far greater than those of corn fields, (vid. supra, chap. 8.) though I little doubt but that, absolutely taken, the case is quite otherwise; that is to say, that an acre of the finest corn land will produce more nourishment for man, than an equal portion of the finest pasture: but here we are following the proportion of space and produce, not of labour; for if the produce of both acres be considered relatively to the *labour* necessary for the cultivation, as well as to the extent; the produce of pasture will be found far greater: this however I ascribe to the spontaneous operation of nature, and not to the superior utility of this kind of agriculture.

Since therefore it is impossible, rightly to separate the effects of nature from those of art and industry, in this species of improvement, let us confine our speculations to those only which have for their object the turning up the surface, and the sowing or cultivating annual vegetables. For the better conveying our ideas, let us take an example, and reason from a supposition.

Let me suppose an island of a small extent and fruitful soil, sufficiently improved, and cultivated after the manner of the best lands of England, in the ordinary method of farming.

In that case we may infer, from what was laid down in the 8th chapter, that the number of people employed about farming may be nearly about one half of the whole society. Let the whole inhabitants of the island be called 1000, that is 500 farmers, and as many free hands. The 500 farmers must then feed 1000; the 500 free hands must provide for all the other wants of 1000. By this supposition, and allowing that there is an equal degree of industry in these two classes, the providing of food will appear to be an occupation just equal to that of providing for all other wants. From this let me draw a few consequences, by the by, before I proceed.

Experience shews that in all countries there are found many who are here understood to be included in the class of free hands, who consumed infinitely more of other things than of food; consequently we must conclude, that as the wants of some do far exceed the proportion of their food, so in order to bring the balance even, the wants of others must fall far below it. That this is the case, I believe, will be found by experience. Let me follow this thought a little farther.

In proportion as a greater number than one half of the people becomes employed in agriculture, must it not follow, that all other work must come to bear a smaller proportion than formerly to the food consumed; consequently the manner of living must become more simple. Now we have shewn that what we call wants, in contradistinction to food, can only be supplied by the free hands; and that these again can only be fed from the surplus of the farmers; consequently

consequently the fewer wants, and the fewer free hands, the less surplus, which of course infers an agriculture less productive, relatively to the number of farmers. Were, therefore, a whole society employed in agriculture, carried on as a direct method of subsisting, there would be no surplus, consequently no free hands; consequently no work for supplying any want but food. This may be thought an impossible supposition. If you suppose agriculture exercised as a trade, I allow it to be so, but not if it be carried on as a method of subsisting only; and if you throw away the idea of labour altogether, and suppose mankind in its infancy, that is in paradise, living upon the spontaneous fruits of the earth, and quite naked, you will find the case not only supposable, but exactly so. It is exactly so among the cattle: every one of them may be considered in a parallel situation with a husbandman who works for his own nourishment. They feed upon the spontaneous fruits of the earth, and have no surplus; and having no other want, they are freed from every other care. Let me return now to the island.

The 500 farmers feed 1000; and we suppose the lands laboured as in a good English farm. One of the society proposes to augment the number of inhabitants by introducing a more operose species of agriculture, the produce of which may be *absolutely* greater, though relatively less.

The first question the statesman would naturally put to this reformer would be, What is your view in increasing the number of our inhabitants, is it to defend us against our enemies, is it to supply the wants of strangers, and thereby to enrich ourselves, is it to supply our own wants with more abundance, or is it to provide us more abundantly with *food*? I can hardly find out any other rational view in wishing for an additional number of people in any country whatsoever. Let it be answered, that all these ends may be thereby obtained: and now let us examine how far this reformation upon agriculture will have the effect of increasing inhabitants, how far such increase will procure the ends proposed, and how far the exe-

cution of such a plan is a practicable scheme to an industrious people.

If the inhabitants be not sufficiently fed, which is the only thing that can prevent their multiplication, it must proceed from one of two causes. Either *first*, that those do procreate who cannot produce an equivalent for the food of their children; or *secondly*, that industry making a quicker progress than agriculture, the industrious come too strongly in competition with one another, for the surplus of food to be found; which has the effect of raising the prices of it, and reducing the portions too low to suffer a division; and thereby of preventing marriage and multiplication in the lower classes of the free hands.

In the first case, it is to no purpose to increase the produce of agriculture, by rendering it more expensive; for those who have no equivalent to give when food is cheap, will still be in greater necessity when it rises in the price. In the second case, it is to no purpose to diminish the surplus of the farmers, because the supposition proves that the balance is already too heavy upon the side of the free hands, that is, that the surplus of the farmers is already become insufficient fully to feed them.

Two remedies may be proposed for this inconveniency, the one tending to population, the other to depopulation; and as the end to be compassed is to set the balance even between husbandmen and free hands, I shall explain both, and point out *how far* from principles it appears, that in either way the end may be attained.

That tending to increase population is the remedy proposed, and, no doubt, was it possible to introduce a new system of agriculture of a larger absolute production, although the relative production should be less, the inhabitants of the state becoming thereby better fed, though at a greater cost, would infallibly multiply. Let me therefore examine this first part before I say any thing of the other; and for the greater distinctness I shall return to my example, and examine both the consequences and the possibility of putting such a plan in execution.

Let

Let me suppose, that by using the spade and rake, instead of the plow and harrow, the lands of our island might be brought to produce with more abundance; this is a method of increasing the expence of agriculture, which would require an additional number of husbandmen.

Now, by the supposition, 500 farmers fed, though scantily, the whole of the inhabitants, that is 1000 persons. If therefore 100 of the free hands can be engaged to become farmers, the end may be attained: more nourishment will be produced; the people will be better fed; they will multiply; that is, their number will rise above 1000. Let us next endeavour to form a judgment of this increase, and of the consequence of the revolution.

The society will now be composed of 600 farmers and 400 free hands. The 600 will certainly produce more fruits than formerly; but as their labour is relatively less productive by the supposition, it will be impossible for them to furnish surplus equal to their own consumption; consequently, the free hands never will be able to rise to a number equal to theirs; that is, the society will never get up to 1200. But we supposed, that the other wants of the society required the industry of one half of the inhabitants to supply them; that is, of all the 500 free hands; and, as the number of these has been already reduced, and can never more rise to that proportion, as has been said, must not either the people voluntarily adopt a more simple way of living; or must not the demand for work rise very considerably? Let me consider the consequences in both cases. In the first, you perceive, that if the inhabitants themselves are obliged to simplify their way of living, for want of hands to supply what they formerly consumed, three of the four objects proposed by the reformation become impossible to be attained; to wit, the defending themselves against their enemies, the supplying the wants of strangers, and the supplying their own with more abundance. And with regard to the fourth, the being better fed, that must cease to be the case, the moment the end is obtained; that is, the moment the inhabitants are multiplied up to the proportion of additional food. Consequently, by simplifying their way of life,

and allowing farming to stand upon the new footing, they compass not any one of the ends they proposed.

Next, if we suppose, that the inhabitants do not incline to simplify their way of life, but that the wealthy among them insist upon purchasing all the instruments of luxury which they formerly were used to enjoy, must not demand for work greatly rise, and must not, of consequence, an additional encouragement be given to that species of labour which had been diminished, in taking too persons from industry, to throw them into the class of farmers? Will not this make them quickly desert their spade, and the rather, as they have taken to an employment less lucrative than that of farming, according to the former systems?

So much for the consequences which would follow, in case the plan proposed was found practicable; that is, supposing it to be a thing possible to transport into agriculture a part of an industrious society, already otherwise employed, and to change *all at once* the relative proportion between those who supply food, and those who purchase it with their industry. We have begun, by taking that first step for granted; and now I am to shew what obstacles will be found in the execution.

We have said, that it is the multiplicity and complexity of wants which give an encouragement to agriculture, and not agriculture, or an abundance of food, which inspires mankind with a disposition to labour. Now, if this principle be true, the supposition we have proceeded upon is absurd. I am afraid, both reason and experience will abundantly prove that it is so.

The natural and necessary effect of industry, in trades and manufactures, is to promote the increase of relative husbandry; which, by augmenting the surplus, tends of course to increase the proportion of the free hands relatively to the farmers. A river may as easily ascend to its source, as a people voluntarily adopt a more operose agriculture than that already established, supposing the lands to be fully improved, the spirit of industry to prevail on one hand, and the farmers to have profit only in view on the other.

What

What farmer could sell the surplus of an expensive agriculture in competition with another who exercised a species relatively more productive?

When lands are improved, the simplification of agriculture is a necessary concomitant of industry, because diminishing expence is the only method of gaining a preference at market.

Whether industry has done hurt to population, by augmenting QUEST. III. the relative, and diminishing the absolute produce of agriculture; or whether it has done good to it, by encouraging the science in general, and extending the exercise of it over the face of the earth; is a matter of fact which I shall leave to others, better informed than I am, to determine. For my own part, I believe that thousands of examples may be found of the one and the other. I know corn fields, where villages formerly stood, the inhabitants of which fed themselves with the pure produce of absolute agriculture; that is, with a bit of garden ground, and the milk of a cow: there surely is depopulation: but, at a small distance from the place where those villages stood, I see corn fields, where nothing but heath was to be met with; this marks population. I seek no more than to explain from facts the principles I am endeavouring to discover, and shall leave general conclusions to others, as I have already said.

There is a maxim in law, which may be extended almost to every thing in this world, *unum quodque eodem modo solvitur quo colligatum est*. Industry forms this species of absolute agriculture; industry destroys it. A military force raised the Roman greatness; a military force destroyed it. A spirit of liberty may form a noble constitution, and a spirit of liberty may break the same to pieces. The States of Denmark restrained the royal power and established a free government; the same States rendered that very power unlimited, and established there the purest monarchy in Christendom. But these reflections are foreign to our subject: *Ne futor ultra crepidam*. I return.

When

When industry is set on foot, it gives encouragement to agriculture exercised as a trade: and by the allurements of ease, which a large surplus procures to the farmers, it does hurt to that species which is exercised as a method of subsistence. Lands become more generally and less thoroughly laboured. In some countries tillage is set on foot and encouraged; this is an operative agriculture. While industry goes forward, and while a people can remain satisfied with a nourishment consisting chiefly of bread, this system of agriculture will subsist, and will carry numbers very high. If wealth increases, and if those who have it begin to demand a much greater proportion of work than formerly, while they consume no more food, then I believe numbers may diminish from the principles I am now going in quest of.

I return to the council of the island where the proposition laid down upon the carpet is, *The scanty subsistence of the inhabitants requires redress.*

A Machiavelian stands up (of such there are some in every country) and proposes, in place of multiplying the inhabitants, by rendering agriculture more operative, to diminish their number, by throwing a quantity of corn fields into grass. What is the intention of agriculture, says he, but to nourish a state? By our operative method of plowing and sowing, one half of the whole produce is consumed by those who raise it; whereas by having a great part of our island in pasture, one half of the husbandmen may be saved. Pray what do you propose to do with those whom you intend to make idle? replies a citizen. Let them betake themselves to industry. But industry is sufficiently, nay more than sufficiently stocked already. If, says Machiavel, the supernumerary husbandmen be thrown out of a way of living, they may go where they please; we have no occasion for them, nor for any one who lives only to feed himself. But you diminish the number of your people, replies the citizen, and consequently your strength; and if afterwards you come to be attacked by your enemies, you will wish to have those back again for your defence, whom in your security you despised.

5 To

To this the other makes answer: there you trust to the Egyptian reed. If they be necessary for feeding us at present, how shall we be able to live while we employ them as soldiers? We may live without many things, but not without the labour of our husbandmen. Whether we have our grounds in tillage or in pasture, if that class be rightly proportioned to the labour required, we never can take any from it. In those countries where we see princes have recourse to the land to recruit their armies, we may safely conclude, that there the land is overstocked; and that industry has not as yet been able to purge off all the superfluous mouths: but with us the case is different, where agriculture is justly proportioned to the number of husbandmen. If I propose a reform, it is only to augment the surplus, upon which all the state, except the husbandmen, are fed; if the surplus after the reform is greater than at present, the plan is good, although 250 of our farmers should thereby be forced to starve for hunger.

Though no man is, I believe, capable to reason in so inhuman a style, and though the revolution here proposed be an impossible supposition, if meant to be executed all at once, the same effects however must be produced, in every country where we see corn fields by degrees turned into pasture; only the change is gradual, industry is not overstocked any where, and subsistence may be drawn from other countries, where the operative species of agriculture can be carried on with profit.

Familiar experience proves the truth of this. I have a corn farm, where I maintain ten horses and four servants for the cultivation alone: at the end of the year I find my surplus equal to 40*l.* sterling. If, by throwing my grounds into grass, I can dismiss three servants and eight horses, and at the end of the year raise my surplus to 50*l.* sterling, who doubts of my doing it? Is not this following the doctrine above laid down? But there is nothing odious in this; because I do not see these three servants die for hunger, nor is it a consequence they should, as states are formed. They turn themselves to industry, and food comes from abroad, in proportion as the

the country itself produces a less quantity. Fact and experience prove this assertion, and I cite Holland as an example, where every branch of operose agriculture is exploded, except for such productions as cannot be brought from other countries. I introduced the rough Machiavelian only to set principles in a strong light, and particularly that concerning the recruiting of armies from the land, which I take to be both a true one, and one necessary to be attended to, to wit, that those who must labour for the subsistence of the society, can be of little use for the defence of a state, in case of any emergency. Princes have found out the truth of this, and in proportion as industry has extended itself, regular armies have been found necessary to be kept up in times of peace, in order to be had in times of war. A militia composed of people truly industrious, I take to be far better in speculation than in practice. How would a militia do in Holland? how admirable was it not formerly in Scotland, Poland, and Catalonia? And how admirably does it still succeed in the armies of the house of Austria? I may however be mistaken; for a military and an industrious spirit may be found compatible with one another in some particular nations: time perhaps will clear up this matter. Thus much with regard to a militia. Now as to recruiting a regular army.

The more they are recruited from the land, the less they desert. The army of the Russians, for example, now assembled (1758) hardly knows desertion, those of the house of Austria, taken from certain provinces where there is almost no industry, are in the same case, also the militia of France which I consider as regular troops. On the other hand, those armies which are raised in the countries where industry has taken root are chiefly composed of loose fellows, the excrements of populous cities, the sons of vice and idleness, who have neither domicile nor attachment. These are soldiers truly by trade, and make a trade of it; how many thousands of such are now to be found? they come to market every season, and the best bidder has them while he can hold them. Some princes make a point not to receive their own deserters back, but accept of those who

who have committed the same infidelity to others; while others content themselves with punishing those who fail in their attempt to desert, but receive them back when they return of their own accord, after having accomplished their desertion. All is now become commerce, and seems to be regulated by the principles of it. I return to our agriculture.

Does not the exposition we have now given of these principles tend to cast a light upon the first question dismissed in this chapter, to wit, the effects of an equal and an unequal distribution of the property of lands?

When these are once well cultivated and improved, it is of no consequence to whom the property belongs; for by the property of such lands I only can mean the surplus, as we have abundantly explained elsewhere. Let therefore the property of all the lands of a kingdom, fully improved, belong to the state, or to any number of individuals, however few, there is no question of improvement; no difference as to agriculture, no difference as to population, according to modern policy. So long as the whole is well cultivated and made to produce, by a set of men I call farmers, the end is fully obtained; and according to the nature of the agriculture, which many different circumstances of taste and manner of living has introduced, larger or smaller portions of land must be allotted to each of them.

If you suppose a country not as yet improved, as many are, then the case becomes quite different, and small possessions are necessary, both for multiplying the inhabitants and for improving the soil. In this supposition the most operose agriculture may be carried on in competition with the most lucrative; because when there is a question of improvement, there is frequently a considerable outgoing instead of any surplus after paying the labour.

Agriculture for improvement can be carried on by none but those who have wealth and superfluity, and is prosecuted with a view to future, not to present advantage: of this we shall treat in another place. For I consider it as a quite different operation, influenced by

different principles, and no ways to be confounded with the present subject of inquiry. But I have insensibly been wandering through an extensive subject, and it is now time to return.

I have said above that a river might as easily ascend to its source, as an industrious people voluntarily adopt a more operative system of agriculture than that already established, while the spirit of industry prevails on one hand, and while farmers have profit only in view on the other. In consequence of this position, I have treated the plan proposed for augmenting the inhabitants of the island, by the introduction of a more operative agriculture as absurd, and so it certainly is: but let me throw in a circumstance which affects the spirit of that people, and the plan becomes plausible and easy.

Let a part of the wealthy proprietors of the lands take a taste for agriculture. Let a Tull, a Du-Hamel turn agriculture into an object of luxury, of amusement. Let this science be turned into a Mississippi, or South-Sea scheme. Let the rich be made to believe that treasures are to be found at a small expence, laid at first out upon farming, and you will soon see the most operative species of the science go forward, and the produce of it come to market and be sold, in spite of all competition. My Lady Duchefs's knotting may be sold at so much a pound, as well as that performed by a girl who does not spend six pence a day; but if the one and the other be considered relatively to the expence of the manufacturer, every knot of my Lady's will be found to have cost as much as a pound of the other. The Duchefs's pound, however, increases the quantity of knots; and so does my Lord's farm the mass of subsistence for the whole society. The nation also gains by his extravagance: having taken a turn, which may produce the permanent good effect of improving a part of the country, though at an expence infinitely beyond the value of it. I must now again touch upon another part of my subject, which I think has been treated too superficially.

In a former chapter I have shewn how industry has the natural effect of collecting into towns and cities the free-hands of a state, leaving the farmers in their farms and villages. This distribution

served the purpose of explaining certain principles; but when examined relatively to other circumstances which at that time I had not in my eye, it will be found by far too general. Let me therefore add some farther observations upon that matter.

The extensive agriculture of plowing and sowing, is the proper employment of the country, and is the foundation of population in every nation fed upon its own produce. Cities are commonly surrounded by kitchen gardens, and rich grass fields; these are the proper objects of agriculture for those who live in suburbs, or who are shut up within the walls of small towns. The gardens produce various kinds of nourishment, which cannot easily be brought from a distance, in that fresh and luxuriant state which pleases the eye, and conduces to health. They offer a continual occupation to man, and very little for cattle, therefore are properly situated in the proximity of towns and cities. The grass fields again are commonly either grazed by cows, for the production of milk, butter, cream, &c. which suffer by long carriage; or kept in pasture for preserving fatted animals in good order until the markets demand them; or they are cut in grass for the cattle of the city. They may also be turned into hay with profit; because the carriage of a bulky commodity from a great distance is sometimes too expensive. Thus we commonly find agriculture disposed in the following manner. In the center stands the city surrounded by kitchen gardens; beyond these lies a belt of fine luxuriant pasture or hay fields; stretch beyond this and you find the beginning of what I call operative farming, plowing and sowing; beyond this lie grazing farms for the fattening of cattle; and last of all come the mountainous and large extents of unimproved or ill improved grounds, where animals are bred. This seems the natural distribution, and such I have found it almost every where established, when particular circumstances do not invert the order.

The poorness of the soil near Paris, for example, presents you with fields of rye corn at the very gates, and with the most extensive kitchen gardens and orchards, even for cherries and peaches,

at a considerable distance from town. Other cities I have found, and I can cite the example of that which I at present inhabit, Padoua, where no kitchen garden is to be found near it, but every spot is covered with the richest grain; two thirds with wheat, and the remaining third with Indian corn. The reason of this is palpable. The town is of a vast extent, in proportion to the inhabitants; the gardens are all within the walls, and the dung of the city enables the soil to produce constantly. Hay is brought from a greater distance, because the expence of distributing the dung over a distant field, would be greater than that of transporting the hay by water-carriage. The farm houses here appear no larger than huts, as they really are, built by the farmers, because the space to be laboured is very small, in proportion to the produce; hence it is, that a farmer here pays the value of the full half of the crop to the landlord, and out of the remaining half, not only sows the ground and buys the dung, but furnishes the cattle and labouring instruments, nay even rebuilds his house, when occasion requires.

When first I examined these fertile plains, I began to lament the prodigal consumption of such valuable lands, in a multitude of very broad high-ways, issuing to all quarters; many of which I thought might be saved, in consideration of the vast advantage accruing upon such oeconomy: but upon farther reflection I perceived, that the loss was inconsiderable; for the fertility of the soil proceeding chiefly from the manure laid upon it, the loss sustained from the roads ought to be computed at no more than the value of the land when uncultivated. The case would be very different, were roads now to be changed, or new ones carried through the corn fields; the loss then would be considerable, though even that would be temporary, and only affect particular persons: for the same dung, which now supports these lands in their fertility, would quickly fertilize others in their place, and in a few years matters would stand as at present.

These

These last reflections lead me naturally to examine a question which has been treated by a very polite French writer, the author of *L'Ami de l'homme*, and which comes in here naturally enough, before I put an end to this first book. Here it is.

Does an unnecessary consumption of the earth's productions, QUEST. IV. either in food, cloathing, or other wants; and a prodigal employment of fine rich fields, in gardens, avenues, great roads, and other uses which give small returns, *hurt population*, by rendering food and necessaries less abundant, in a kingdom such as France, in its present situation?

My answer is, That if France were fully cultivated and peopled, the introduction of superfluous consumption would be an abuse, and would diminish the number of inhabitants; as the contrary is the case, it proves an advantage. I shall now give my reasons for differing in opinion from the gentleman whose performance I have cited.

As the question is put, you perceive the end to be compassed is, to render food and necessaries abundant; because the abuse is considered in no other light, than relatively to the particular effect of diminishing the proper quantity of subsistence, which the king would incline to preserve, for the nourishment and uses of his people. I shall therefore confine myself chiefly to this object, and if I shew, that these superfluous employments of the surface of the earth, and prodigal consumptions of her fruits, are really no harm, but an encouragement to the improvement of the lands of France *in her present state*, I shall consider the question as sufficiently resolved: because if the abuse, as it is called, proves favourable to agriculture, it can never prove hurtful to population. However, from the inattention of the government, it may affect foreign trade, but this is an object entirely foreign to the question. But before I enter upon the subject, it is proper to observe, that I am of opinion, that any system of oeconomy which necessarily tends to corrupt the manners of a people, ought by every possible means to

be

be discouraged, although no particular prejudice should result from it, either to population, or to plentiful subsistence.

Now, in the question before us, the only abuse I can find in these habits of extraordinary consumption, appears relative to the character of the consumers, and seems in no way to proceed from the effects of the consumption. The vices of men may no doubt prove the cause of their making a superfluous consumption, but the consumption they make can hardly ever be the cause of this vice. The most virtuous man in France may have the most splendid table, the richest clothes, the most magnificent equipages, the greatest number of useless horses, the most pompous palace, and most extensive gardens. The most enormous luxury to be conceived, in our acceptance of the term, so long as it is directed to no other object than the consumption of the labour and ingenuity of man, is compatible with virtue as well as with vice. This being premised, I come to the point in hand.

France, at present, is in her infancy as to improvement, although the advances she has made within a century excite the admiration of the world. I shall not go far in search of the proof of this assertion. Great tracts of her lands are still uncultivated; millions of her inhabitants are idle. When all comes to be cultivated, and all are employed, then she will be in a state of perfection, relatively to the moral possibility of being improved. The people are free, slavery is unknown, and every man is charged with feeding himself, and bringing up his children. The ports of the country are open to receive subsistence, and that nation, as much as any other, may be considered as an individual in the great society of the world; that is, may increase in power, wealth, and ease, relatively to others, in proportion to the industry of her inhabitants. This being the case, all the principles of political oeconomy, which we have been inquiring after, may freely operate in this kingdom.

France has arrived at her present pitch of luxury, relatively to consumption, by slow degrees. As she has grown in wealth, her desire of employing it has grown also. In proportion as her demands

mands have increased, more hands have been employed to supply them; for no article of expence can be increased, without increasing the work of those who supply it. If the same number of inhabitants in the city of Paris consume four times as much of any necessary article as formerly, I hope it will be allowed, that the production of such necessaries must be four times as abundant, and consequently, that many more people must be employed in providing them.

What is it that encourages agriculture, but a great demand for its productions? What encourages multiplication, but a great demand for people; that is, for their work? Would any one complain of the extravagant people in Paris, if, instead of consuming those vast superfluities, they were to send them over to Dover, for a return in English-gold? What is the difference between the prodigal consumption, and the sale? The one brings in money, the other brings in none: but as to food and necessaries, for providing the poor and frugal, their contingent, in either case, stands exactly the same.

But, says one, were it not for this extraordinary consumption, every thing would be cheaper. This I readily allow; but will any body say, that reducing the price of the earth's productions is a method to encourage agriculture, especially in a country where grounds are not improved; and where they cannot be improved; chiefly, because the expence surpasses all the profits which possibly can be drawn from the returns? High prices therefore, the effect of great consumption, are certainly advantageous to the extension of agriculture. If I throw my rich corn-fields into gravel-walks and gardens, I suppose they will no more come into competition with those of my neighbour, the laborious husbandman. Who will then lose by my extravagance? Not the husbandman. It will perhaps be said, the nation in general will lose; because you deprive them of their food. This might be true, were the laying waste the corn-fields a sudden revolution, and extensive enough to affect the whole society; and were the sea-ports and barriers of the kingdom

kingdom shut: but that not being the case, the nation, upon the smallest deficiency, goes to market with her money, and loses none of her inhabitants.

Obj. But if living is made dear, manufacturers must starve, for want of employment.

Ans. Not those who supply home consumption, but only those who supply foreigners living more cheaply; and of such I know but few. The interest of this class shall be fully examined in another place. At present I shall only observe, that the laying waste corn fields in an industrious country, where refinement has set on foot a plan of useful husbandry, will have no other effect, than that of rendring grain for a while proportionally dearer: consequently, agriculture will be thereby encouraged; and in a few years the loss will be repaired, by a farther extension of improvement. This will make food plentiful and cheap: then numbers will increase, until it become scarce again. It is by such alternate vicissitudes, that improvement and population are carried to their height. While the improvement of lands goes forward, I must conclude, that demand for subsistence is increasing; and if this be not a proof of population, I am much mistaken.

I can very easily suppose, that a demand for *work* may increase considerably, in consequence of an augmentation of riches only; because there is no bounds to the consumption of *work*; but as for articles of nourishment the case is quite different. The most delicate liver in Paris will not put more of the earth's productions into his belly, than another: he may pick and choose, but he will always find, that what he leaves will go to feed another: victuals are not thrown away in any country I have ever been in. It is not in the most expensive kitchens where there is found the most prodigal dissipation of the abundant fruits of the earth; and it is with such that a people is fed, not with ortolans, truffles, and oysters, sent from Marenne.

Obj.

Obj. Roads of a superfluous breadth are carried many times through the finest fields, belonging to the poor and industrious, without a proper indemnity being given.

Ans. The with-holding the indemnity is an abuse; the loss of the fields is none *to the state*, except in such countries where the quantity of arable lands is small, as in mountainous provinces; there a proper consideration should be had to the breadth, because the loss cannot be made up. In such countries as I here describe, and I cite the trial for an example, I have found all the inhabitants in a manner employed in that species of agriculture, which is exercised as a method of subsisting. The little ground that is arable, is divided into very small lots; the people multiply very much, and leave the country. Those who remain are usually employed in cutting wood, for building and burning, which they send down the rivers, and in return buy corn, which comes from the south and from the north. This is the best plan of industry they can follow, without the assistance of their sovereign. Roads here are executed to great perfection, with abundance of solidity, and with a tender regard for the little ground there is. I return to France.

Obj. A multitude of superfluous horses are kept in Paris, which consume what would feed many more inhabitants.

Ans. True; but he who feeds the horses, because *he thinks he has use for them*, would not feed those inhabitants, because *he is sure he has no use for them*: and did he, in complaisance for the public, dismiss his cattle, the farmer, who furnishes the hay and oats, would lose a customer, and nobody would gain. These articles are produced, because they are demanded; when additional inhabitants are produced, who will demand and can pay, their demand will be answered also, as long as there is an unemployed acre in France.

Obj. The increase of the consumption of wood for firing is hurtful to population, because it manks the extension of forests.

VOL. I.

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ANSW.

Ans^w. This consequence I deny; both from fact and reason. From fact, because forests are not extended, and that nothing but the hand of nature, in an ill-inhabited country, seems capable of forming them. In France, forests are diminishing daily; and were it not for the jurisdiction of the *Table de marbre*, they would have been more diminished than they are. I agree, that the consumption of wood is at present infinitely greater than formerly, and likewise, that the price of it is greatly risen every where. These two circumstances rather seem to mark the contraction, than the extension of forests. But the increase of consumption and price proceed from other causes, as I shall shew, in order to point out some new principles relative to this extensive subject. 1. The increase of consumption proceeds from the increase of wealth. 2. The increase of price proceeds from the increase upon the value of labour, and not from the scarcity of forest, nor the height of the demand for firing. As to the first, I believe the fact will not be called in question, as it is one of the superfluities of consumption complained of, and put down to the account of luxury and extravagance. As to the second, the true cause of the rise of the price of that commodity demands a little more attention, and in order to point it out with some distinctness, I must first shew the political impossibility of forests becoming extended over the *arable* lands of France in her present situation.

The best proof I can offer to support my opinion is, to compare the inconsiderable value of an acre of standing forest in the king's adjudications, where thousands are sold at a time, with the value of an acre of tolerable corn lands, and then ask, if the present value of forests is so considerable, as to engage any proprietor to sow such a field for raising wood, when he must wait, perhaps 40 years, before it be fit for cutting? Add to this, that whoever plants a tree in France, comes under the jurisdiction above-mentioned, and is not at liberty to cut it down, and dispose of it, without their permission. It is in a great measure for this reason, that so few trees are seen about French villages; and I never heard of one

example,

example, of corn lands being sown with the seeds of forest-trees, with a view to improvement. That forests, which are well kept, may extend themselves over grounds not worth the cultivation, I do not deny; but this surely can do no harm to agriculture; and it is only in that respect, I pretend that forests in France are not at present in a way of gaining ground.

Now as to the rise in the price of wood for burning, I say, it proceeds not from the rise of the price of timber growing in forests, so much as from the increase of the price of labour, and principally of the price of transportation. This is not peculiar to France alone, but is common to all Europe almost, for the reasons I shall presently give. But in the first place, as to the matter of fact, that the rise in the price proceeds from the cause assigned, may be seen, by comparing the low price of an acre of standing forest, with the great value of the timber when brought to market: the first is the neat value of the wood; the last includes that of the labour.

Next as to the price of labour; the rise here is universal in all industrious nations, from a very plain reason, easily deducible from the principles above laid down.

While the land remained loaded with a number of superfluous mouths, while numbers were found in every province employed in agriculture, for the sake of subsistence, merely, such people were always ready to employ their idle hours and days, for a very small consideration from those who employed them. They did not then depend upon this employment for their subsistence; and a penny in their pocket purchased some superfluity for them. But when modern policy has by degrees drawn numbers from the country, the few that remain for the service of the public must now labour for its subsistence; and he who employs them, must feed them, clothe them, and provide for all their other wants. No wonder then, if labour be dearer: there is a palpable reason for the augmentation.

The price of all necessaries has risen, no doubt, partly for the same reason, and this circumstance certainly enters into the combination:

bination: but work, in the country especially, has risen far beyond the proportion of the price of necessaries, and will rise still more as the lands become better purged of superfluous mouths.

Notwithstanding what I have said, I readily allow, that the great consumption of wood for burning, but more particularly for forges, has considerably raised the intrinsic value of forest lands; but the consequence has not been, to extend the forests, as we have shewn, but to produce a general revenue from them all over the kingdom; whereas formerly, in many provinces, they produced almost nothing. When they were cut, cattle were turned in, and by eating up the tender shoots from year to year, the forest ran into a wild, neither producing timber, nor pasture. This practice was established upon the ruling principle of private interest. The land was not worth the expence of grubbing up the timber; the timber when grown, did not compensate the loss of a few years pasture. No jurisdiction, however well administered, can check the operation of that principle; and a statesman who would attempt it, would be called a tyrant: he would distress the husbandman, and do no service to the state.

From what has been said, I must conclude, that while the consumption of the earth's produce, and of the work of man tend to excite industry, in providing for extraordinary demands; when the interest of foreign trade does not enter into the question; and while there are lands enough remaining unimproved, to furnish *the first matter*; there can be no political abuse from the misapplication or unnecessary destruction of either fruits or labour. The misapplier, or dissipator, is punished by the loss of his money; the industrious man is rewarded by the acquisition of it. We have said, that vice is not more essentially connected with superfluity, than virtue with industry and frugality. But such questions are foreign to my subject. I would however recommend it to moralists, to study circumstances well, before they carry reformation so far, as to interrupt an established system in the political oeconomy of their country.

CHAP. XXI.

Recapitulation of the First Book.

SET out by distinguishing government from political oeconomy; INTROD. calling the first the power to command, the second the talent to execute. Thus the governor may refrain, but the steward must lead, and, by direct motives of self-interest, gently conduct free and independent men to concur in certain schemes ultimately calculated for their own proper benefit.

The object is, to provide food, other necessaries and employment, not only for those who actually exist, but also for those who are to be brought into existence. This is accomplished, by engaging every one of the society to contribute to the service of others, in proportion only as he is to reap a benefit from reciprocal services. To render this practicable, the spirit of the people must be studied, the different occupations prescribed to each must first be adapted to their inclinations; and when once they have taken a taste for labour, these inclinations must be worked upon by degrees, so as to be bent towards such pursuits as are most proper for attaining the end desired.

He who sits at the head of this operation, is called the statesman. I suppose him to be constantly awake, attentive to his employment, able and uncorrupted, tender in his love for the society he governs, impartially just in his indulgence for every class of inhabitants, and disregarding of the interest of individuals, when that regard is inconsistent with the general welfare. CHAP. II.

Did I propose a plan of execution, I confess this supposition would be absurd; but as I mean nothing farther than the investigation of principles, it is no more so, than to suppose a point, a straight line, a circle, or an infinite, in treating of geometry.

CHAP. II. To prepare the way for treating this subject, in that order which the revolutions of the last centuries have pointed out as the most natural, I have made the distribution of my plan in the following order. Population and agriculture are the foundations of the whole. Civil and domestic liberty, introduced into Europe by the dissolution of the feudal form of government, set trade and industry on foot; these produced wealth and credit; these again debts and taxes; and all together established a perfectly new system of political oeconomy, the principles of which it is my intention to deduce and examine.

Population and agriculture, as I have said, must be the basis of the whole, in all ages of the world; and as they are so blended together in their connections and relations, as to make the separation of them quite incompatible with perspicuity and order, they have naturally been made the subject of the first book.

CHAP. III. I have shewn, that the first principle of multiplication is generation; the second is food: the one gives existence and life; the other preserves them.

The earth's spontaneous fruits being of a determined quantity, never can feed above a determined number. Labour is a method of augmenting the productions of nature, and in proportion to the augmentation, numbers may increase. From these positions, I conclude,

CHAP. IV. That the numbers of mankind must ever have been in proportion to the produce of the earth; and this produce must constantly be in the compound ratio of the fertility of the soil, and labour of the inhabitants. Consequently, there can be no determined universal proportion over the world, between the number of those necessary for labouring the soil, and of those who may be maintained by its produce. Here I am led to examine the motives which may induce one part of a free people to labour, in order to feed the other.

This I shew to proceed from the different wants to which mankind are liable.

Here

CHAP. V. Here I introduce a statesman, as being necessary to model the spirit of a society. He contrives and encourages reciprocal objects of want, which have each their allurement. This engages every one in a different occupation, and must hurt the former simplicity of manners. I shew how essential it is, to keep a just balance throughout every part of industry, that no discouragement may be cast upon any branch of it, either from superfluity, or want; and I have pointed out, how the dividing of food between parents and children, is the means of bringing on scarcity, which inconveniency can only be removed by an augmentation of labour.

If a society does not concur in this plan of reciprocal industry, their numbers will cease to increase; because the industrious will not feed the idle. This I call a state of a moral impossibility of increase in numbers, and I distinguish it from the physical impossibility, which can take place only when nature itself, nor man, refuses to produce subsistence. From this I apply to each particular society what I had before found applicable to mankind in general; to wit,

That the inhabitants of every country must be in the compound proportion of the quantity of food produced in it, and of the industry of the lower classes. If the food produced surpasses the proportion of industry, the balance of food will be exported; if the industry surpasses the proportion of food, its deficiency must be supplied by imports.

Reciprocal wants excite to labour; consequently, those whose labour is not directed towards the cultivation of the soil, must live upon a surplus produced by those who do. This divides the society into two classes. The one I call farmers, the other free hands.

As the creating these reciprocal wants was what set the society to work, and distributed them naturally into the two classes we have mentioned; so the augmentation of wants will require an augmentation of free hands, and their demand for food will increase agriculture.

Here

CHAP. VI. Here I define luxury to mean no more than the consumption of superfluity, or the supplying of wants not essentially necessary to life; and, I say, that a taste for superfluity will introduce the use of money, which I represent as the general object of want, that is of desire, among mankind; and I shew how an eagerness to acquire it becomes an universal passion, a means of increasing industry among the free hands; consequently, of augmenting their numbers; consequently, of promoting agriculture for their subsistence.

The whole operation I have been describing proceeds upon one supposition, to wit, that the people have a taste for labour, and the rich for superfluity. If these be covetous and admirers of simplicity; or those be lazy and void of ambition, the principles laid down will have no effect: and so in fact we find, that it is not in the finest countries in the world where most inhabitants are found, but in the most industrious.

Let it therefore never be said, there are too many manufacturers in a free country. It is the same thing as if it was said, there are too few idle persons, too few beggars, and too many husbandmen.

CHAP. VII. Here I break off my subject, to answer an objection arising from these principles.

OBJ. How could the simplicity of the ancients be compatible with a great multiplication?

ANSW. In antient times men were forced to labour the ground because they were slaves to others. In modern times the operation is more complex, and as a statesman cannot make slaves of his subjects, he must engage them to become slaves to their own passions and desires; this is the only method to make them labour the ground, and provided this be accomplished, by whatever means it is brought about, mankind will increase.

CHAP. VIII. This question being dismissed, I point out a method of estimating the proportion of numbers between the farmers and free hands of a country, only as an illustration of the principle already laid down,

to

to wit, that it is the surplus of the farmers which goes for the subsistence of the others.

This surplus I shew to be the same thing as the value of the land rents; and hence I conclude,

1st, That the rising of the rents of lands proves the augmentation of industry, and the multiplication of free hands; but as rents may rise, and yet the number of inhabitants continue the same as before, I infer,

2dly, That the revolution must then mark the purging of the lands of superfluous mouths, and forcing these to quit their mother earth, in order to retire to towns and villages, where they may usefully swell the number of the free hands and apply to industry.

3dly, That the more a country is in tillage, the more it is inhabited, and the fewer free hands are to be found: that the more it is laid into pasture, the less it is inhabited, and the greater is the proportion of free hands.

Next I consider the principles which determine the place of residence. CHAP. IX.

The farmers must live upon, or near the spot they labour; that is, either upon their farms or in their villages.

The free hands I divide into two conditions. The first composed of the proprietors of the surplus of food, that is the landlords; together with those who can purchase it with a revenue already acquired, that is, the monied interest. The second condition is composed of those who must purchase some of this surplus with their daily labour.

Those of the first condition may live where they please; those of the second must live where they can.

When those of the first choose to live together, a considerable number of those of the second must follow them, in order to supply their consumption. This forms towns and cities.

When a statesman places the whole administration of public affairs in the same city, this swells a capital.

When manufacturers get together in bodies, they depend not directly upon consumers, but upon merchants. The situation of their residence depends upon circumstances relative to their occupation, provision and transportation of their work. From this hamlets swell into villages, and villages into towns. Sea ports owe their establishment to the increase of foreign trade.

CHAP. X. As the collecting such numbers of inhabitants together is a late revolution in the political oeconomy of Europe, I endeavour to give a short historical representation of it, and examine the consequences which result from it, both to the state from the growth of cities, and to the land proprietors from the desertion, as I may call it, of so many vassals and dependents. One principal effect I observe to be, the additional occupation it has given to statesmen; that is to say, political oeconomy is thereby become more complex.

CHAP. XI. Formerly the inhabitants were dispersed, and by sucking, as it were, their mother earth, were more easily subsisted: now industry has gathered them together, and industry must support them. The failing of industry, is like the cutting off the subsistence of an army. This is the care of a general to prevent, that the care of a statesman.

The supporting industry means no more than employing those who must live by it; and keeping their numbers in proportion to their work. The first point, therefore, is to find work for the present inhabitants; the second is, to make them multiply, if the demand for their labour increases.

Increasing numbers will never remove, but rather augment such inconveniencies, as proceed from the abuses of those already existing.

In order to employ a people rightly, it is proper to know the exact state of numbers necessary for supplying the demand for every occupation; to distribute those who must live by their industry into proper classes; and to make every class (as far as possible) at least, support their own numbers by propagation.

Where

Where the value of any species of industry is not sufficient for that purpose, a proper remedy must be applied. When any are found incapable, from age or infirmities, to gain their livelihood, they must be maintained. Infants exposed by their parents must be taken care of, and thrown back into the lowest classes of the people; the most numerous always, and the most difficult to be supported by their own propagation. Marriage, without assistance will not succeed in a class who gain no more by their industry than a personal physical necessary. Here our oeconomy differs widely from that of the antients. Among them marriage was encouraged in many ways; but it was only for the free. These did not amount to one half of the people. The slaves who represented our lower classes were recruited from other countries, as they are at present in America.

If, therefore, according to modern oeconomy, the lowest species of labour must be kept cheap, in order to make manufactures flourish, the state must be at the expence of the children; for as matters stand, either the unmarried gain as much as the married should do, and become extravagant; or the married gain no more than the unmarried can do, and become miserable. An unequal competition between people of the same class, always implies one of these inconveniencies; and from these principally proceeds the decay and misery of such numbers in all modern states, as well as the constant complaints of the augmentation of the price of labour.

Every individual is equally inspired with a desire to propagate. A people can no more remain without propagating, than a tree without growing; but no more can live than can be fed; and as all augmentations of food must come at last to a stop, so soon as this happens, a people increase no more; that is to say, the proportion of those who die annually increases. This insensibly deters from propagation, because we are rational creatures. But still there are some who, though rational, are not provident; these marry and produce. This I call vicious propagation. Hence I distinguish propagation into two branches, to wit, multiplication, which goes on

X. 2

among

among these who can feed what they breed, and mere procreation, which takes place among those who cannot maintain their offspring.

This last produces a political disease, which mortality cures at the expence of much misery; as forest trees which are not pruned, dress themselves and become vigorous at the expence of numbers which die all around. How to propose a remedy for this inconvenience, without laying some restraint upon marriage; how to lay a restraint upon marriage without shocking the spirit of the times, I own I cannot find out; so I leave every one to conjecture.

CHAP.
XIII.

Although a complete remedy cannot be obtained against the effects of abusive procreation; yet with the help of accurate lists of births and deaths for every class of people, many expedients may be fallen upon to preserve the few who escape the dangers of their infancy, from falling back into the unhappy class which produced them. From these lists the degree of mortality and nature of diseases, as well as the difference between the propagation of the easy and of the miserable, will plainly appear; and if it be the duty of a statesman to keep all his people busy, he certainly should acquire the most exact knowledge possible of the numbers and propagation of those of every denomination, that he may prevent any class from rising above or sinking below the standard, which is best proportioned to the demand for their respective industry.

CHAP.
XIV.

Population and agriculture have so close a connection with one another, that I find even the abuses to which they are severally liable, perfectly similar. I have observed how naturally it must happen, that when too many of a society propagate, a part must starve; when too many cultivate, a part must starve also. Here is the reason:

The more of a people cultivate a country, the smaller portion of it must fall to every man's share; and when these portions are reduced so low as to produce no more than what is necessary to feed the labourers, then agriculture is stocked to the utmost.

From this I divide agriculture into two branches; the one useful, the other abusive. The first is a trade, that is, a method of producing

ducing not only subsistence for the labourers, but also a surplus to be provided for the free hands of the state, for their subsistence, and for an equivalent either in work itself, or for the produce of it. The second is no trade, because it implies no alienation, but is purely a method of subsisting. If, therefore, in any country where agriculture is exercised as a trade, and where there are many free hands, the farmers should be allowed to multiply up to the proportion of the whole produce; would not all the free hands be forced to starve? What would be the advantage of having so many farmers; for there is one evident loss? Every one would be entirely taken up in feeding himself, wants would disappear; life indeed would be simplified to the last degree, but the bond of society, mutual dependence, would be dissolved: therefore I call this species abusive, in proportion as these effects are produced. I cite several examples of this abusive agriculture in different countries, where I take occasion to observe, that the christian virtue, charity, in proportion to its extent, is as conducive to multiplication as either slavery, or industry: whatever gives food must give numbers. I do not say that charity is conducive to industry.

I next apply these general principles to a particular representation given of the state of population in the British isles; from which I conclude, that population there is not obstructed, either by losses sustained from war and commerce, or from the exportation of their subsistence, but from the political situation of that country, which throws it at present into a moral incapacity of augmenting in numbers.

CHAP.
XV.

The establishment of trade and industry naturally rectifies this misapplication of agriculture, by purging the land of superfluous mouths, and thereby reduces it, as it ought to be, to a trade calculated to furnish a surplus, which comes to be sold for the labour of all the industrious. It is this alone which can rivet the bond of general dependence among free men who must live by their industry; by making one part laborious farmers, and the other ingenious tradesmen and manufacturers. It is by the vibration of the balance between these two classes, that multiplication and agriculture

CHAP.
XVI.

culture are carried to their height. When industry goes on too fast, free hands multiply above the standard, that is, their scale sinks; this raises the price of food, and gives an additional encouragement to agriculture: when this again becomes the more weighty, food becomes plentiful and cheap, then numbers augment a-new. These reflections lead me to consider the effects of plentiful and scarce years in modern times, when famines are almost things unknown; and I conclude,

CHAP.
XVII.

That were plentiful years more common, mankind would be more numerous; that were scarce years more frequent, numbers would diminish. Then applying this observation to the state of exportations of grain from England, I am tempted to infer, that this kingdom, the most fertile perhaps in Europe, has never been found to produce, in one year, eighteen months full subsistence for all its inhabitants; nor ever less than ten months scanty provision in the years of the greatest sterility.

CHAP.
XVIII.

When a country is fully peopled and continues to be industrious, food will come from abroad. When a loaf is to be had, the rich will eat it, though at the distance of a mile; and the poor may starve, though at the next door. It is the demand of the rich, who multiply as much as they incline, which encourages agriculture even in foreign nations; therefore I conclude, that this multiplication is the cause, and that the progress of agriculture is but the effect of it.

A country once fully stocked may diminish in numbers, and still remain stocked. This must proceed from a change in the manner of living; as when an indolent people quit the consumption of the more abundant productions of the earth, to seek after delicacies. On the other hand, the industrious bring an additional supply from abroad, and by furnishing strangers with the produce of their labour, they still go on and increase in numbers. This is the case of Holland: and this scheme will go on, until abuses at home raise the price of labour; and experience abroad, that universal school mistress, teaches foreigners to profit of their own advantages.

When food ceases to be augmented, numbers come to a stand; but trade may still go on and increase wealth: this will hire armies

of foreigners; so the traders may read of their own battles, victories, and trophies, and by spending their money, never smell gunpowder.

When they cannot augment their numbers, they will introduce machines into many manufactures; and these will supply the want, without adding to the consumption of their food. Foreigners, astonished at a novelty which lowers prices, and checks their growing industry, will copy the inventions; but being no more than scholars, who go awkwardly to work, this improvement will throw many of their hands into idleness: the machines will be cried down, and the traders will laugh in their sleeves, well knowing that nothing is more easy than to put work into the hands of an industrious man made idle. Wit and genius, in short, will always set him who possesses them above the level of his fellows, and when one resource fails him, he will contrive another.

CHAP.
XIX.

The wit I here mention is not that acquired in the closet; for there one may learn, that an equal distribution of lands was so favourable to multiplication in ancient times, that it must be owing to a contrary practice, that our numbers now are so much smaller. But he who walks abroad, and sees millions who have not one moment's time to put a spade in the ground, so busily are they employed in that branch of industry which is put into their hands, must readily conclude, that circumstances are changed, and that the fewer people are necessary for feeding the whole society, the more must remain free to be employed in providing every other thing that can make life agreeable, both to themselves and to strangers, who in return deliver into the hands of their industrious servants, the ensigns of superiority and dominion, money. Who is best employed, he who works to feed himself, or he who works to be fed, clothed, and supplied, disposing only of his superfluities to those whom, consequently, he shortly must command. This is obtained by the introduction of the useful species of agriculture, and by the explosion of the abusive. And when strangers are so kind as to allow their neighbours the privilege of clothing and adorning them, good nature, not to say self-interest, demands, in return,

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return, that the first be indulged in a permission to exercise those branches of toil and labour which are the least profitable, though the most necessary for the subsistence of the latter.

When the eye of humanity considers the toil of the farmer, and the indifference of his rich countryman in squandering, the abuse appears offensive. The rich man is advised to consider of the pain incurred by the poor husbandman, in consequence of his dissipation. Upon this the rich, touched with compassion, simplifies his way of life. The husbandman in a fury falls upon the reformer, and, in his rough way, gives him to understand, that he by no means looks upon him as his friend: for, says he, do you take me for the rich man's slave; or do you imagine that I toil as I do, either by his command, or for any consideration for him? Not in the least, it is purely for his money; and from the time you persuaded him to become an oeconomist, here am I, and my poor family, starving. We are not the only people in this situation; there is my neighbour who has all his hay and oats upon hand, since, by your instigation, likewise, he dismissed his useless horses. Do you think he will give his oats in charity to feed the poor? He is poor enough himself, and all those who have been working to get this provision together are in no better humour than I am. Hold your tongue, says the reformer, you are a parcel of extravagant fellows, you labourers. A hundred years ago, one could have got as many of you as one pleased, for the half of what you cost us at present. Give us back our lands, says the other, at the rate we had them; and let us all be well fed before we give you a farthing, and you shall have us as cheap as ever. But do you think that after you have chased one half of us into towns, and raised your rents with the price of their food, that we can work twice as hard, and serve you as formerly? No, Sir! you ought to have more sense than to expect it.

This is a sketch of the first book; I thought a short abridgment of it might be of service for recollecting ideas, and ranging them in order before I proceed.

END OF THE FIRST BOOK.

AN
I N Q U I R Y
INTO THE
PRINCIPLES OF POLITICAL OECONOMY.

B O O K II.
OF TRADE AND INDUSTRY.

I N T R O D U C T I O N.

BEFORE I enter upon this second book, I must premise a word of connexion, in order to conduct the ideas of my reader by the same way through which the chain of my own thoughts, and the distribution of my plan have naturally led me.

My principal view hitherto has been to prepare the way for an examination of the principles of modern politics, by inquiring into those which have, less or more, operated regular effects in all the ages of the world.

In doing this, I confess, it has been impossible for me not to anticipate many things which, according to the plan I have laid down, will in some measure involve me in repetitions.

I propose to investigate principles which are all relative and depending upon one another. It is impossible to treat of these with
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distinctness, without applying them to the objects on which they have an influence; and as the same principles extend their influence to several branches of my subject, those of my readers who keep them chiefly in their eye, will not find great variety in the different applications of them.

In all compositions of this kind, two things are principally requisite. The first is, to represent such ideas as are abstract, clearly, simply, and uncompounded. This part resembles the forging out the links of a chain. The second is, to dispose those ideas in a proper order; that is, according to their most immediate relations. When such a composition is laid before a good understanding, memory finishes the work, by cementing the links together; and providing any one of them can be retained, the whole will follow of course.

Now the relations between the different principles of which I treat, are indeed striking to such as are accustomed to abstract reasoning, but not near so much so, as when the application of them is made to different examples.

The principle of self-interest will serve as a general key to this inquiry; and it may, in one sense, be considered as the ruling principle of my subject, and may therefore be traced throughout the whole. This is the main spring, and only motive which a statesman should make use of, to engage a free people to concur in the plans which he lays down for their government.

I beg I may not here be understood to mean, that self-interest should conduct the statesman; by no means. Self-interest, when considered with regard to him, is public spirit; and it can only be called self-interest, when it is applied to those who are to be governed by it.

From this principle men are engaged to act in a thousand different ways, and every action draws after it certain necessary consequences. The question therefore constantly under consideration comes to be, what will mankind find it their interest to do, under such and such circumstances?

In order to exhaust the subject of political oeconomy, I have proposed to treat the principles of it in relation to circumstances; and as these are infinite, I have taken them by categories; that is, by the more general combinations, which modern policy has formed. These, for the sake of order, I have represented as all hanging in a chain of consequences, and depending on one another. See Book I. Chap. ii.

I found this the best method for extending my plan, from which it is natural to infer, that it will also prove the best for enabling my readers to retain it.

I shall do what I can to diversify, by various circumstances, the repetitions which this disposition must lead me into. There is no seeing a whole kingdom, without passing now and then through a town which one has seen before. I shall therefore imitate the traveller, who, upon such occasions, makes his stay very short, unless some new curiosity should happen to engage his attention.

I have said, that self-interest is the ruling principle of my subject, and I have so explained myself, as to prevent any one from supposing, that I consider it as the universal spring of human actions. Here is the light in which I want to represent this matter.

The best way to govern a society, and to engage every one to conduct himself according to a plan, is for the statesman to form a system of administration, the most consistent possible with the interest of every individual, and never to flatter himself that his people will be brought to act in general, and in matters which purely regard the public, from any other principle than private interest. This is the utmost length to which I pretend to carry my position. As to what regards the merit and demerit of actions in general, I think it fully as absurd to say, that no action is truly virtuous, as to affirm, that none is really vitious.

It might perhaps be expected, that, in treating of politics, I should have brought in public spirit also, as a principle of action; whereas all I require with respect to this principle is, only a restraint from it;

and even this is, perhaps, too much to be taken for granted. Were public spirit, instead of private utility, to become the spring of action in the individuals of a well-governed state, I apprehend, it would spoil all. I explain myself.

Public spirit, in my way of treating this subject, is as superfluous in the governed, as it ought to be all-powerful in the statesman; at least, if it is not altogether superfluous, it is fully as much so, as miracles are in a religion once fully established. Both are admirable at setting out, but would shake every thing loose were they to continue to be common and familiar. Were miracles wrought every day, the laws of nature would no longer be laws; and were every one to act for the public, and neglect himself, the statesman would be bewildered, and the supposition is ridiculous.

I expect, therefore, that every man is to act for his own interest in what regards the public; and, politically speaking, every one ought to do so. It is the combination of every private interest which forms the public good, and of this the public, that is, the statesman, only can judge. You must love your country. Why? Because it is yours. But you must not prefer your own interest to that of your country. This, I agree, is perfectly just and right; but this means no more, than that you are to abstain from acting to its prejudice, even though your own private interest should demand it; that is, you should abstain from unlawful gain. Count Julian, for example, who, from private resentment, it is said, brought the Moors into Spain, and ruined his country, transgressed this maxim. A spy in an army, or in a cabinet, who betrays the secrets of his country, and he who sells his trust, are in the same case: defrauding the state is, among many others, a notorious example of this. To suppose men, in general, honest in such matters, would be absurd. The legislature therefore ought to make good laws, and those who transgress them ought to be speedily, severely, and most certainly punished. This belongs to the coercive part of government, and falling beyond the limits of my subject, is ever taken for granted.

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Were the principle of public spirit carried farther; were a people to become quite disinterested, there would be no possibility of governing them. Every one might consider the interest of his country in a different light, and many might join in the ruin of it, by endeavouring to promote its advantages. Were a rich merchant to begin and sell his goods without profit, what would become of trade? Were another to defray the extraordinary expence of some workmen in a hard year, in order to enable them to carry on their industry, without raising their price, what would become of others, who had not the like advantages? Were a man of a large landed estate to distribute his corn rents at a low price in a year of scarcity, what would become of the poor farmers? Were people to feed all who would ask charity, what would become of industry? These operations of public spirit ought to be left to the public, and all that is required of individuals is, not to endeavour to defeat them.

This is the regular distribution of things, and it is only this which comes under my consideration.

In ill-administered governments I admire as much as any one every act of public spirit, every sentiment of disinterestedness, and nobody can have a higher esteem for every person remarkable for them.

The less attentive any government is to do their duty, the more essential it is that every individual be animated by *that* spirit, which then languishes in the very part where it ought to flourish with the greatest strength and vigour; and on the other hand, the more public spirit is shewn in the administration of public affairs, the less occasion has the state for assistance from individuals.

Now as I suppose my statesman to do his duty in the most minute particulars, so I allow every one of his subjects to follow the dictates of his private interest. All I require is an exact obedience to the laws. This also is the interest of every one; for he who transgresses ought most undoubtedly to be punished: and this is all the public spirit which any perfect government has occasion for.

C H A P. I.

Of the reciprocal Connections between Trade and Industry.

I AM now going to treat of trade and industry, two different subjects, but which are as thoroughly blended together, as those we have discussed in the first book. Similar to these in their mutual operations, they are reciprocally aiding and assisting to each other, and it is by the constant vibration of the balance between them, that both are carried to their height of perfection and refinement.

TRADE is an operation, by which the wealth, or work, either of individuals, or of societies, may be exchanged, by a set of men called merchants, for an equivalent, proper for supplying every want, without any interruption to industry, or any check upon consumption.

INDUSTRY is the application to ingenious labour in a free man, in order to procure, by the means of trade, an equivalent, fit for the supplying every want.

I must observe, that these definitions are only just, relatively to my subject, and to one another: for *trade* may exist without *industry*, because things produced partly by nature may be exchanged between men; *industry* may be exercised without *trade*, because a man may be very ingenious in working to supply his own consumption, and where there is no exchange, there can be no *trade*. *Industry* likewise is different from *labour*. *Industry*, as I understand the term, must be voluntary; *labour* may be forced: the one and the other may produce the same effect, but the political consequences are vastly different.

Industry, therefore, is only applicable to free men; *labour* may be performed by slaves.

Let me examine this last distinction a little more closely, the better to try whether it be just, and to point out the consequences which result from it.

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I have said, that without the assistance of one of the three principles of multiplication, to wit, slavery, industry, or charity, there was no possibility of making mankind subsist, so as to be serviceable to one another, in greater numbers than those proportioned to the spontaneous fruits of the earth. Slavery and industry are quite compatible with the selfish nature of man, and may therefore be generally established in any society: charity again is a refinement upon humanity, and therefore, I apprehend, it must ever be precarious.

Now I take slavery and industry to be equally compatible with great multiplication, but incompatible with one another, without great restrictions laid upon the first. It is a very hard matter to introduce industry into a country where slavery is established; because of the unequal competition between the work of slaves and that of free men, supposing both equally admitted to market. Here is the reason:

The slaves have all their particular masters, who can take better care of *them*, than any statesman can take of the industrious freemen; because their liberty is an obstacle to his care. The slaves have all their wants supplied by the master, who may keep them within the limits of sobriety. He may either recruit their numbers from abroad, or take care of the children, just as he finds it his advantage. If the latter should prove unprofitable, either the children die for want of care, or by promiscuous living few are born, or by keeping the sexes asunder, they are prevented from breeding at all. A troop of manufacturing slaves, considered in a political light, will be found all employed, all provided for, and their work, when brought to market by the master, may be afforded much cheaper, than the like performed by freemen, who must every one provide for himself, and who may perhaps have a separate house, a wife, and children, to maintain, and all this from an industry, which produces no more, nay not so much, as that of a single slave, who has no avocation from labour. Why do large undertakings in the manufacturing way ruin private industry,

dustry, but by coming nearer to the simplicity of slaves. Could the sugar islands be cultivated to any advantage by hired labour? Were not the expences of rearing children supposed to be great, would slaves ever be imported? Certainly not: and yet it is still a doubt with me, whether or not a proper regulation for bringing up the children of slaves might not turn this expedient to a better account, than the constant importation of them. But this is foreign to the present purpose. All I intend here to observe is, the consequences of a *competition* between the work of slaves and of free men; from which competition I infer, that, without judicious regulations, it must be impossible for industry ever to get the better of the disadvantages to which it will necessarily be exposed at first, in a state where slavery is already introduced.

These regulations ought to prevent the competition between the industrious freemen and the masters of slaves, by appropriating the occupation of each to different objects: to confine slavery, for example, to the country; that is, to set the slaves apart for agriculture, and to exclude them from every other service of work. With such a regulation *perhaps* industry might succeed. This was not the case of old; industry did not succeed as at present: and to this I attribute the simplicity of those times.

It is not so difficult to introduce slavery into a state where liberty is established; because such a revolution might be brought about by force and violence, which make every thing give way; and, for the reasons above-mentioned, I must conclude, that the consequences of such a revolution would tend to extinguish, or at least, without the greatest precaution, greatly check the progress of industry: but were such precautions properly taken; were slavery reduced to a temporary and conditional service, and put under proper regulations; it might prove, of all others, the most excellent expedient for rendering the lower classes of a people happy and flourishing; and for preventing that vicious procreation, from which the great misery to which they are exposed at present chiefly proceeds. But as every modification of slavery is quite contrary to the

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the spirit of modern times, I shall carry such speculations no farther. Thus much I have thought it necessary to observe, only by the way, for the sake of some principles which I shall have occasion afterwards to apply to our own oeconomy; for wherever any notable advantage is found accompanying slavery, it is the duty of a modern statesman to fall upon a method of profiting by it, without wounding the spirit of European liberty. And this he may accomplish in a thousand ways, by the aid of good laws, calculated to cut off from the lower classes of a people any interest they can have in involving themselves in want and misery, opening to them at the same time an easy progress towards prosperity and ease.

Here follows an exposition of the principles, from which I was led to say, in a former chapter, that the failure of the slavish form of feudal government, and the extension thereby given to civil and domestic liberty, were the source from which the whole system of modern polity has sprung.

Under the feudal form, the higher classes were perhaps more free than at present, but the lower classes were either slaves, or under a most servile dependence, which is entirely the same thing as to the consequence of interrupting the progress of private industry.

I cannot pretend to advance, as a confirmation of this doctrine, that the establishment of slavery in our colonies (in America was made with a view to promote agriculture, and to curb manufactures in the new world, because I do not know much of the sentiments of politicians at that time: but if it be true, that slavery has the effect of advancing agriculture, and other laborious operations which are of a simple nature, and at the same time of discouraging invention and ingenuity; and if the mother-country has occasion for the produce of the first, in order to provide or to employ those who are taken up at home in the prosecution of the latter; then I must conclude, that slavery *has been very luckily*, if not *politically*, established to compass such an end: and therefore, if any colony, where slavery is not common, shall ever begin to rival

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the industry of the mother-country, a very good way of frustrating the attempt will be, to encourage the introduction of slaves into such colonies without any restrictions, and allow it to work its natural effect.

Having given the definition of trade and industry, as relative to my inquiry, I come now to examine their immediate connections, the better to cement the subject of this book, with the principles deduced in the former.

In treating of the reciprocal wants of a society, and in shewing how their being supplied by labour and ingenuity naturally tends to increase population on one hand, and agriculture on the other, the better to simplify our ideas, we supposed the transition to be direct from the manufacturer to the consumer, and both to be members of the same society. Matters now become more complex, by the introduction of trade among different nations, which is a method of collecting and distributing the produce of industry, by the interposition of a third principle. Trade receives from a thousand hands, and distributes to as many.

To ask, whether trade owes its beginning to industry, or industry to trade, is like asking, whether the motion of the heart is owing to the blood, or the motion of the blood to the heart. Both the one and the other, I suppose, are formed by such insensible degrees, that it is impossible to determine where the motion begins. But so soon as the body comes to be perfectly formed, I have little doubt of the heart's being the principle of circulation. Let me apply this to the present question.

A man must first exist, before he can feel want; he must want, that is, desire, before he will demand; and he must demand, before he can receive. This is a natural chain, and from it we have concluded in Book I. that population is the cause, and agriculture the effect.

By a parallel reason it may be alledged, that as wants excite to industry, and are considered as the cause of it; and as the produce of industry cannot be exchanged without trade; so trade must be an

an effect of industry. To this I agree: but I must observe, that this exchange does not convey my idea of trade, although I admit, that it is the root from which the other springs; it is the feed, but not the plant; and trade, as we have defined it, conveys another idea. The workman must not be interrupted, in order to seek for an exchange, nor the consumer put to the trouble of finding out the manufacturer. The object of trade therefore is no more than a new want, which calls for a set of men to supply it; and trade has a powerful effect in promoting industry, by facilitating the consumption of its produce.

While wants continue simple and few, a workman finds time enough to distribute all his work: when wants become more multiplied, men must work harder; time becomes precious; hence trade is introduced. They who want to consume, send the merchant, in a manner, to the workman, for his labour, and do not go themselves; the workman sells to this interposed person, and does not look out for a consumer. Let me now take a familiar instance of infant trade, in order to shew how it grows and refines: this will illustrate what I have been saying.

I walk out of the gates of a city in a morning, and meet with five hundred persons, men and women, every one bringing to market a small parcel of herbs, chickens, eggs, fruit, &c. It occurs to me immediately, that these people must have little to do at home, since they come to market for so small a value. Some years afterwards, I find nothing but horses, carts, and waggons, carrying the same provisions. I must then conclude, that either those I met before are no more in the country, but purged off, as being found useless, after a method has been found of collecting all their burdens into a few carts; or that they have found out a more profitable employment than carrying eggs and greens to market: Which ever happens to be the case, there will be the introduction of what I call trade; to wit, this collecting of eggs, fruit, fowl, &c. from twenty hands, in order to distribute it to as many more within the walls. The consequence is, that a great

deal of labour is saved; that is to say, the earth gives time to twenty people to labour, if they incline; and when wants increase, they will be ready to supply them.

We cannot therefore say, that trade will force industry, or that industry will force trade; but we may say, that trade will facilitate industry, and that industry will support trade. Both the one and the other however depend upon a third principle; to wit, a taste for superfluity, in those who have an equivalent to give for it. This taste will produce demand, and this again will become the main spring of the whole operation.

CHAP. II.

Of Demand.

THIS is no new subject; it is only going over what has been treated of very extensively in the first book under another name, and relatively to other circumstances. *These* ideas were there kept as simple as possible; *here* they take on a more complex form, and appear in a new dress.

The wants of mankind were said to promote their multiplication, by augmenting the demand for the food of the free hands, who, by supplying those wants, are enabled to offer an equivalent for their food, to the farmers who produced it; and as this way of bartering is a representation of trade in its infancy, it is no wonder that trade, when grown up, should still preserve a resemblance to it.

Demand, considered as a term appropriated to trade, will now be used in place of *wants*, the term used in the first book relatively to bartering; we must therefore expect, that the operations of the same principle, under different appellations, will constantly appear similar,

similar, in every application we can make of it, to different circumstances and combinations.

Whether this term be applied to bartering or to trade, it must constantly appear reciprocal. If I demand a pair of shoes, the shoemaker either demands money, or something else for his own use. To prevent therefore the ambiguity of a term, which, from the sterility of language, is taken in different acceptations, according to the circumstances which are supposed to accompany it, I shall endeavour shortly to analyze it.

1mo. Demand is ever understood to be relative to merchandize. A demand for money, except in bills of exchange, is never called demand. When those who have merchandize upon hand, are desirous of converting them into money, they are said to offer to sale; and if, in order to find a buyer, they lower their price, then, in place of saying the demand for money is high, we say the demand for goods is low.

2do. Suppose a ship to arrive at a port loaded with goods, with an intention to purchase others in return, the operation only becomes double. The ship offers to sale, and the demand of the port is said to be high or low, according to the height of the price offered, not according to the quantity demanded, or number of demanders. When all is sold, then the ship becomes demander; and if his demand be proportionally higher than the former; we say upon the whole, that the demand is for the commodities of the port; that is, the port offers, and the ship demands. This I call reciprocal demand.

3tio. Demand is either simple or compound. Simple, when the demander is but *one*, compound, when *they are more*. But this is not so much relative to persons as to interests. Twenty people demanding from the same determined interest form but a simple demand; it becomes compound or high, when different interests produce a competition. It may therefore be said, that when there is no competition among buyers, demand is simple, let the quantity demanded be great or small, let the buyers be few or many. When
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therefore in the contract of barter the demand upon one side is simple, upon the other compound, that which is compound is constantly called the demand, the other not.

4^{to}. Demand is either great or small: great, when the *quantity* demanded is great; small, when the *quantity* demanded is small.

5^{to}. Demand is either high or low: high, when the competition among the *buyers* is great; low, when the competition among the *sellers* is great. From these definitions it follows, that the consequence of a great demand, is a great sale; the consequence of a high demand, is a great price. The consequence of a small demand, is a small sale; the consequence of a low demand, is a small price.

6^{to}. The nature of demand is to encourage industry; and when it is regularly made, the effect of it is, that the supply for the most part is found to be in proportion to it, and then the demand is commonly simple. It becomes compound from other circumstances. As when it is irregular, that is, unexpected, or when the usual supply fails; the consequence of which is, that the provision made for the demand, falling short of the just proportion, occasions a competition among the buyers, and raises the current; that is, the ordinary prices. From this it is, that we commonly say, demand raises prices. Prices are high or low according to demand. These expressions are just; because the sterility of language obliges us there to attend to circumstances which are only implied.

Demand is understood to be *high* or *low*, relatively to the common rate of it, or to the competition of buyers, to obtain the provision made for it. When demand is relative to the quantity demanded, it must be called great or small, as has been said.

7^{mo}. Demand has not always the same effect in raising prices: we must therefore carefully attend to the difference between a demand for things of the first necessity for life, and for things indifferent; also between a demand made by the immediate consumers; and one made by merchants, who buy in order to sell again. In

both cases the competition will have different effects. Things of absolute necessity must be procured, let the price be ever so great: consumers who have no view to profit, but to satisfy their desires, will enter into a stronger competition than merchants, who are animated by no passion, and who are regulated in what they offer by their prospect of gain. Hence the great difference in the price of grain in different years; hence the uniform standard of the price of merchandize, in fairs of distribution, such as Frankfort, Beaucaire, &c. hence, also, the advantage which consumers find in making their provision at the same time that merchants make theirs; hence the sudden rise and fall in the price of labouring cattle in country markets, where every one provides for himself.

Let what has been said suffice at setting out: this principle will be much better explained by its application as we advance, than by all the abstract distinctions I am capable to give of it.

CHAP. III.

Of the first Principles of bartering, and how this grows into Trade.

I MUST now begin by tracing trade to its source, in order to reduce it to its first principles.

The most simple of all trade, is that which is carried on by bartering the necessary articles of subsistence. If we suppose the earth free to the first possessor, this person who cultivates it will first draw from it his food, and the surplus will be the object of barter: he will give this in exchange to any one who will supply his other wants. This (as has been said) naturally supposes both a surplus quantity of food produced by labour, and also free hands; for he who makes a trade of agriculture cannot supply himself with all other necessaries, as well as food; and he who makes a trade of supplying

supplying the farmers with such necessaries, in exchange for his surplus of food, cannot be employed in producing that food. The more the necessities of man increase, *ceteris paribus*, the more free hands are required to supply them; and the more free hands are required, the more surplus food must be produced by additional labour, to supply their demand.

This is the least complex kind of trade, and may be carried on to a greater or less extent, in different countries, according to the different degrees of the wants to be supplied. In a country where there is no money, nor any thing equivalent to it, I imagine the wants of mankind will be confined to few objects; to wit, the removing the inconveniencies of hunger, thirst, cold, heat, danger, and the like. A free man who by his industry can procure all the comforts of a simple life, will enjoy his rest, and work no more: And, in general, all increase of work will cease, so soon as the demand for the purposes mentioned comes to be satisfied. There is a plain reason for this. When the free hands have procured, by their labour, wherewithal to supply their wants, their ambition is satisfied: so soon as the husbandmen have produced the necessary surplus for relieving theirs, they work no more. Here then is a natural stop put to industry, consequently to bartering. This, in the first book, we have called *the moral impossibility of augmenting numbers*.

The next thing to be examined, is, how bartering grows into trade, properly so called and understood, according to the definition given of it above; how trade comes to be extended among men; how manufactures, more ornamental than useful, come to be established; and how men come to submit to labour, in order to acquire what is not absolutely necessary for them.

This, in a free society, I take to be chiefly owing to the introduction of money, and a taste for superfluities in those who possess it.

In ancient times, money was not wanting; but the taste for superfluities not being in proportion to it, the specie was locked up. This was the case in Europe four hundred years ago. A new taste for superfluity has drawn, perhaps, more money into circulation, from

from our own treasures, than from the mines of the new world. The poor opinion we entertain of the riches of our forefathers, is founded upon the modern way of estimating wealth, by the quantity of coin in circulation, from which we conclude, that the greatest part of the specie now in our hands must have come from America.

It is more, therefore, through the taste of superfluity, than in consequence of the quantity of coin, that trade comes to be established; and it is only in consequence of trade that we see industry carry things in our days to so high a pitch of refinement and delicacy. Let me illustrate this by comparing together the different operations of barter, sale, and commerce.

When reciprocal wants are supplied by barter, there is not the smallest occasion for money: this is the most simple of all combinations.

When wants are multiplied, bartering becomes (for obvious reasons) more difficult; upon this money is introduced. This is the common price of all things: it is a proper equivalent in the hands of those who want, perfectly calculated to supply the occasions of those who, by industry, can relieve them. This operation of buying and selling is a little more complex than the former; but still we have here no idea of trade, because we have not introduced the merchant, by whose industry it is carried on.

Let this third person be brought into play, and the whole operation becomes clear. What before we called wants, is here represented by the consumer; what we called industry, by the manufacturer; what we called money, by the merchant. The merchant here represents the money, by substituting credit in its place; and as the money was invented to facilitate barter, so the merchant, with his credit, is a new refinement upon the use of money. This renders it still more effectual in performing the operations of buying and selling. This operation is trade: it relieves both parties of the whole trouble of transportation, and adjusting wants to wants, or wants to money; the merchant represents by turns both the consumer, the manufacturer, and the money. To the consumer he

appears as the whole body of manufacturers; to the manufacturers as the whole body of consumers; and to the one and the other class his credit supplies the use of money. This is sufficient at present for an illustration. I must now return to the simple operations of money in the hands of the two contracting parties, the buyer and the seller, in order to show how men come to submit to labour in order to acquire superfluities.

So soon as money is introduced into a country it becomes, as we have said above, an universal object of want to all the inhabitants. The consequence is, that the free hands of the state, who before stopt working, because all their wants were provided for, having this new object of ambition before their eyes, endeavour, by refinements upon their labour, to remove the smaller inconveniencies which result from a simplicity of manners. People, I shall suppose, who formerly knew but one sort of cloathing for all seasons, willingly part with a little money to procure for themselves different sorts of apparel properly adapted to summer and winter, which the ingenuity of manufacturers, and their desire of getting money, may have suggested to their invention.

I shall not here pursue the gradual progress of industry, in bringing manufactures to perfection; nor interrupt my subject with any further observations upon the advantages resulting to industry, from the establishment of civil and domestic liberty; but shall only suggest, that these refinements seem more generally owing to the industry and invention of the manufacturers (who by their ingenuity daily contrive means of softening or relieving inconveniencies, which mankind seldom perceive to be such, till the way of removing them is contrived) than to the taste for luxury in the rich, who, to indulge their ease, engage the poor to become industrious.

Let any man make an experiment of this nature upon himself, by entering into the first shop. He will no where so quickly discover his wants as there. Every thing he sees appears either necessary, or at least highly convenient; and he begins to wonder (especially if he be rich) how he could have been so long without
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that which the ingenuity of the workman alone had invented, in order that from the novelty it might excite his desire; for perhaps when it is bought, he will never once think of it more, nor ever apply it to the use for which it at first appeared so necessary.

Here then is a reason why mankind labour though not in want. They become desirous of possessing the very instruments of luxury, which their avarice or ambition prompted them to invent for the use of others.

What has been said represents trade in its infancy, or rather the materials with which that great fabric is built.

We have formed an idea of the wants of mankind multiplied even to luxury, and abundantly supplied by the employment of all the free hands set apart for that purpose. But if we suppose the workman himself disposing of his work, and purchasing, with it, food from the farmer; cloaths from the clothier, and in general seeking for the supply of every want from the hands of the person directly employed for the purpose of relieving it; this will not convey an idea of trade, according to our definition.

Trade and commerce are an abbreviation of this long process; a scheme invented and set on foot by merchants, from a principle of gain, supported and extended among men, from a principle of general utility to every individual, rich or poor, to every society, great or small.

Instead of a pin-maker exchanging his pins with fifty different persons, for whose labour he has occasion, he sells all to the merchant for money or for credit; and, as occasion offers, he purchases all his wants, either directly from those who supply them, or from other merchants who deal with manufacturers in the same way his merchant dealt with him.

Another advantage of trade is, that industrious people in one part of the country, may supply customers in another, though distant. They may establish themselves in the most commodious places for their respective business, and help one another reciprocally,

cally, without making the distant parts of the country suffer for want of their labour. They are likewise exposed to no avocation from their work, by seeking for customers.

Trade produces many excellent advantages; it marks out to the manufacturers when their branch is under or overstocked with hands. If it is understocked, they will find more demand than they can answer: if it is overstocked, the sale will be slow.

Intelligent men, in every profession, will easily discover when these appearances are accidental, and when they proceed from the real principles of trade; which are here the object of our inquiry.

Posts, and correspondence by letters, are a consequence of trade, by the means of which merchants are regularly informed of every augmentation or diminution of industry in every branch, in every part of the country. From this knowledge they regulate the prices they offer; and as they are many, they serve as a check upon one another, from the principles of competition which we shall hereafter examine.

From the current prices the manufacturers are as well informed as if they kept the correspondence themselves: the statesman feels perfectly where hands are wanting; and young people destined to industry, obey, in a manner, the call of the public, and fall naturally in to supply the demand.

Two great assistances to merchants, especially in the infancy of trade, are public markets for collecting the work of small dealers, and large undertakings in the manufacturing way by private hands. By these means the merchants come at the knowledge of the quantity of work in the market, as on the other hand the manufacturers learn, by the sale of the goods, the extent of the demand for them. These two things being justly known, the price of goods is easily fixt, as we shall presently see.

Public sales serve to correct the small inconveniencies which proceed from the operations of trade. A set of manufacturers got all together into one town, and entirely taken up with their industry, are thereby as well informed of the rate of the market as if every

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one of them carried thither his work, and upon the arrival of the merchant, who readily takes it off their hands, he has not the least advantage over them from his knowledge of the state of demand. This man both buys and sells in what is called wholesale (that is by large parcels) and from him retailers purchase, who distribute the goods to every consumer throughout the country. These last buy from wholesale merchants in every branch, that proportion of every kind of merchandize which is suitable to the demand of their borough, city, or province.

Thus all inconveniencies are prevented, at some additional cost to the consumer, who, for reasons we shall afterwards point out, must naturally reimburse the whole expence. The distance of the manufacturer, the obscurity of his dwelling, the caprice in selling his work, are quite removed; the retailer has all in his shop, and the public buys at a current price.

C H A P. IV.

How the Prices of Goods are determined by Trade.

IN the price of goods, I consider two things as really existing, and quite different from one another; to wit, the real value of the commodity, and the profit upon alienation. The intention of this chapter is to establish this distinction, and to shew how the operation of trade severally influences the standard of the one and the other; that is to say, how trade has the effect of rendering fixt and determined, two things which would otherwise be quite vague and uncertain.

I. The first thing to be known of any manufacture when it comes to be sold, is, how much of it a person can perform in a day, a week, a month, according to the nature of the work, which may require

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require.

require more or less time to bring it to perfection. In making such estimates, regard is to be had only to what, upon an average, a workman of the country in general may perform, without supposing him the best or the worst in his profession; or having any peculiar advantage or disadvantage as to the place where he works.

Hence the reason why some people thrive by their industry, and others not; why some manufactures flourish in one place and not in another.

II. The second thing to be known, is the value of the workman's subsistence and necessary expence, both for supplying his personal wants, and providing the instruments belonging to his profession, which must be taken upon an average as above; except when the nature of the work requires the presence of the workman in the place of consumption: for although some trades, and almost every manufacture, may be carried on in places at a distance, and therefore may fall under one general regulation as to prices, yet others there are which, by their nature, require the presence of the workman in the place of consumption; and in that case the prices must be regulated by circumstances relative to every particular place.

III. The third and last thing to be known, is the value of the materials, that is the first matter employed by the workman; and if the object of his industry be the manufacture of another, the same process of inquiry must be gone through with regard to the first, as with regard to the second: and thus the most complex manufactures may be at last reduced to the greatest simplicity. I have been more particular in this analysis of manufactures than was absolutely necessary in this place, that I might afterwards with the greater ease point out the methods of diminishing the prices of them.

These three articles being known, the price of manufacture is determined. It cannot be lower than the amount of all the three, that is, than the real value; whatever it is higher, is the manufacturer's profit. This will ever be in proportion to demand, and therefore will fluctuate according to circumstances.

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Hence appears the necessity of a great demand, in order to promote flourishing manufactures.

By the extensive dealings of merchants, and their constant application to the study of the balance of work and demand, all the above circumstances are known to them, and are made known to the industrious, who regulate their living and expence according to their certain profit. I call it certain, because under these circumstances they seldom overvalue their work, and by not overvaluing it, they are sure of a sale: a proof of this may be had from daily experience.

Employ a workman in a country where there is little trade or industry, he proportions his price always to the urgency of your want, or your capacity to pay; but seldom to his own labour. Employ another in a country of trade, he will not impose upon you, unless perhaps you be a stranger, which supposes your being ignorant of the value; but employ the same workman in a work not usual in the country, consequently not demanded, consequently not regulated as to the value, he will proportion his price as in the first supposition.

We may therefore conclude from what has been said, that in a country where trade is established, manufactures must flourish, from the ready sale, the regulated price of work, and certain profit resulting from industry. Let us next inquire into the consequences of such a situation.

C H A P. V.

How foreign Trade opens to an industrious People, and the consequences of it to the Merchants who set it on foot.

THE first consequence of the situation described in the preceding chapter, is, that wants are easily supplied, for the adequate value of the thing wanted.

The next consequence is, the opening of foreign trade under its two denominations of passive and active. Strangers and people of distant countries finding the difficulty of having their wants supplied at home, and the ease of having them supplied from this country, immediately have recourse to it. This is passive trade. The active is when merchants, who have executed this plan at home with success, begin to transport the labour of their countrymen into other regions, which either produce, or are capable of producing such articles of consumption, proper to be manufactured, as are most demanded at home; and consequently will meet with the readiest sale, and fetch the largest profits.

Here then is the opening of foreign trade, under its two denominations of active and passive: but as our present point of view is the consequences of this revolution to the merchants, we shall take no farther notice, in this place, of that division: it will naturally come in afterwards.

What then are the consequences of this new commerce to our merchants, who have left their homes in quest of gain abroad?

The first is, that arriving in any new country, they find themselves in the same situation, with regard to the inhabitants, as the workman in the country of no trade, with regard to those who employed him; that is, they proportion the price of their goods to the eagerness of acquiring, or the capacity of paying, in the inhabitants, but never to their real value.

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The first profits then, upon this trade, must be very considerable; and the demand from such a country will be *high* or *low*, *great* or *small*, according to the spirit, not the real wants of the people; for these in all countries, as has been said, must first be supplied by the inhabitants themselves, before they cease to labour.

If the people of this not-trading country (as we shall now call it) be abundantly furnished with commodities useful to the traders, they will easily part with them, at first, for the instruments of luxury and ease; but the great profit of the traders will insensibly increase the demand for the productions of their new correspondents; this will have the effect of producing a competition between themselves, and thereby of throwing the demand on their side, from the principles I shall afterwards explain. This is perpetually a disadvantage in traffic: the most unpolished nations in the world quickly perceive the effects of it; and are taught to profit of the discovery, in spite of the address of those who are the most expert in commerce.

The traders will, therefore, be very fond of falling upon every method and contrivance to inspire this people with a taste of refinement and delicacy. Abundance of fine presents, consisting of every instrument of luxury and superfluity, the best adapted to the genius of the people, will be given to the prince and leading men among them. Workmen will even be employed at home to study the taste of the strangers, and to captivate their desires by every possible means. The more eager they are of presents, the more lavish the traders will be in bestowing and diversifying them. It is an animal put up to fatten, the more he eats the sooner he is fit for slaughter. When their taste for superfluity is fully formed, when the relish for their former simplicity is sophisticated, poisoned, and obliterated, then they are surely in the fetters of the traders, and the deeper they go, the less possibility there is of their getting out. The presents then will die away; having served their purpose; and if afterwards they are found to be continued, it will probably be to sup-

port the competition against other nations, who will incline to share of the profits.

If, on the contrary, this not-trading nation does not abound with commodities useful to the traders, these will make little account of trading with them, whatever their turn may be; but if we suppose this country inhabited by a laborious people, who, having taken a taste for refinement from the traders, apply themselves to agriculture, in order to produce articles of subsistence, they will solicit the merchants to give them part of their manufactures in exchange for those; and this trade will undoubtedly have the effect of multiplying numbers in the trading nation. But if food cannot be furnished, nor any other branch of production found out to support the correspondence, the taste for refinement will soon die away, and trade will stop in this quarter.

Had it not been for the furs in those countries adjacent to Hudson's Bay, and in Canada, the Europeans never would have thought of supplying instruments of luxury to those nations; and if the inhabitants of those regions had not taken a taste for the instruments of luxury furnished to them by the Europeans, they never would have become so indefatigable nor so dexterous hunters. At the same time we are not to suppose, that ever these Americans would have come to Europe in quest of our manufactures. It is therefore owing to our merchants, that these nations are become in any degree fond of refinement; and this taste, in all probability, will not soon exceed the proportion of the productions of their country. From these beginnings of foreign trade it is easy to trace its increase.

One step towards this, is the establishing correspondences in foreign countries; and these are more or less necessary in proportion as the country where they are established is more or less polished or acquainted with trade. They supply the want of posts, and point out to the merchants what proportion the productions of the country bear to the demand of the inhabitants for manufactures. This communicates an idea of commerce to the not-trading nation,

and they insensibly begin to fix a determined value upon their own productions, which perhaps bore no determined value at all before.

Let me trace a little the progress of this refinement in the savages, in order to shew how it has the effect of throwing the demand upon the traders, and of creating a competition among them, for the productions of the new country.

Experience shews, that in a new discovered country, merchants constantly find some article or other of its productions, which turns out to a great account in commerce; and we see that the longer such a trade subsists, and the more the inhabitants take a taste for European manufactures, the more their own productions rise in their value, and the less profit is made by trading with them, even in cases where the trade is carried on by companies; which is a very wise institution for one reason, that it cuts off a competition between our merchants.

This we shall shew, in its proper place, to be the best means of keeping prices low in favour of the nation; however it may work a contrary effect with respect to individuals who must buy from these monopolies.

When companies are not established, and when trade is open, our merchants, by their eagerness to profit of the new trade, betray the secrets of it, they enter into competition for the purchase of the foreign produce, and this raises prices and favours the commerce of the most ignorant savages.

Some account for this in a different manner. They alledge that it is not this competition which raises prices; because there is also a competition among the savages as to which of them shall get the merchandize; and this may be sufficient to counterbalance the other, and in proportion as the quantity of goods demanded by the savages, as an exchange for the produce of their country, becomes greater, a less quantity of this produce must be given for every parcel of the goods.

To this I answer; That I cannot admit this apparent reason to be consistent with the principles of trade, however ingenious the conceit may be.

The merchant constantly considers his own profit in parting with his goods, and is not influenced by the reasons of expediency which the savages may find, to offer him less than formerly; for were this principle of proportion admitted generally, the price of merchandize would always be at the discretion of the buyers.

The objection here stated is abundantly plain; but it must be resolved in a very different manner. Here are two solutions:

1. Prices, I have said, are made to rise, according as demand is *high*, not according as it is *great*. Now, in the objection, it is said, that, in proportion as the demand is *great*, a less proportion of the equivalent must go to every parcel of the merchandize; which I apprehend to be false: and this shews the necessity of making a distinction between the *high* and the *great* demand, which things are different in trade, and communicate quite different ideas.

2. In all trade there is an exchange, and in all exchange, we have said, there is a reciprocal demand implied: it must therefore be exactly inquired into, on which hand the competition between the demanders is found; that is to say, on which hand it is *strongest*; according to the distinction in the second chapter.

If the inhabitants of the country be in competition for the manufactures, goods will rise in their price most undoubtedly, let the quantity of the produce they have to offer be large or small; but so soon as these prices rise above the faculties, or desire of buying, in certain individuals, their demand will stop, and their equivalent will be prevented from coming into commerce. This will disappoint the traders; and therefore, as their gains are supposed to be great, either a competition will take place among themselves, who shall carry off the quantity remaining, supposing them to have separate interests; or, if they are united, they may, from a view of expediency, voluntarily sink their price, in order to bring it within

within the compass of the faculties, or intention, to buy in those who are still possessed of a portion of what they want.

It is from the effects of competition among sellers that I apprehend prices are brought down, not from any imaginary proportion of quantity to quantity in the market. But of this more afterwards, in its proper place.

So soon as the price of manufactures is brought as low as possible, in the new nation; if the surplus of their commodities does not suffice to purchase a quantity of manufactures proportioned to their wants, this people must begin to labour: for labour is the necessary consequence of want, real or imaginary; and by labour it will be supplied.

When this comes to be the case, we immediately find two trading nations in place of one; the balance of which trade will always be in favour of the most industrious and frugal; as shall be fully explained in another place.

Let me now direct my inquiry more particularly towards the consequences of this new revolution produced by commerce, relative to the not-trading nation, in order to shew the effect of a passive foreign trade. I shall spare no pains in illustrating, upon every occasion, as I go along, the fundamental principles of commerce, demand, and competition, even perhaps at the expence of appearing tiresome to some of my readers.

C H A P. VI.

Consequences of the introduction of a passive foreign Trade among a People who live in Simplicity and Idleness.

WE now suppose the arrival of traders, all in one interest, with instruments of luxury and refinement, at a port in a country of great simplicity of manners, abundantly provided by nature with great advantages for commerce, and peopled by a nation capable of adopting a taste for superfluities.

The first thing the merchants do, is to expose their goods, and point out the advantages of many things, either agreeable or useful to mankind in general, such as wines, spirits, instruments of agriculture, arms, and ammunition for hunting, nets for fishing, manufactures for clothing, and the like. The advantages of these are presently perceived, and such commodities are eagerly sought after.

The natives on their side produce what they most esteem, generally something superfluous or ornamental. The traders, after examining all circumstances, determine the object of their demand, giving the least quantity possible in return for this superfluity, in order to impress the inhabitants with a high notion of the value of their own commodities; but as this parsimony may do more hurt than good to their interest, they are very generous in making presents, from the principles mentioned above.

When the exchange is completed, and the traders depart, regret is commonly mutual; the one and the other are sorry that the superfluities of the country fall short. A return is promised by the traders, and assurances are given by the natives, of a better provision another time.

What are the first consequences of this revolution?

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It is not evident, that, in order to supply an equivalent for this new want, more hands must be set to work than formerly. And it is evident also, that this augmentation of industry will not essentially increase numbers; as was supposed to be the effect of it through the whole train of our reasoning in the first book. Why? Because *there* the produce of the industry was supposed to be consumed at home; and *here* it is intended to be exported. But if we can find out any additional consumption at home even implied by this new trade, I think it will have the effect of augmenting numbers. An example will make this plain.

Let me suppose the superfluity of this country to be the skins of wild beasts, not proper for food; the manufacture sought for, brandy. The brandy is sold for furs. He who has furs, or he who can spare time to hunt for them, will drink brandy in proportion: but I cannot find out any reason to conclude from this simple operation, that one man more in the country must necessarily be fed, (for I have taken care to suppose, that the flesh of the animals is not proper for food) or that any augmentation of agriculture must of consequence ensue from this new traffic.

But let me throw in a circumstance which may imply an additional consumption at home, and then examine the consequences.

A poor creature, who has no equivalent to offer for food, who is miserable, and ready to perish for want of subsistence, goes a-hunting, and kills a wolf; he comes to a farmer with the skin, and says; You are well fed, but you have no brandy; if you will give me a loaf, I will give you this skin, which the strangers are so fond of, and they will give you brandy. But, says the farmer, I have no more bread than what is sufficient for my own family. As for that, replies the other, I will come and dig in your ground, and you and I will settle our account as to the small quantity I desire of you. The bargain is made; the poor fellow gets his loaf, and lives at least; perhaps he marries, and the farmer gets a dram. But had it not been for this dram, (that is, this new want) which

was.

was purchased by the industry of this poor fellow, by what argument could he have induced the farmer, to part with a loaf.

I here exclude the sentiment of charity. This alone, as I have often observed, is a principle of multiplication, and if it was admitted here, it would ruin all my supposition; but as true it is, on the other hand, that could the poor fellow have got bread by begging, he would not probably have gone a-hunting.

Here then it appears, that the very dawning of trade, in the most unpolished countries, implies a multiplication. This is enough to point out the first step, and to connect the subject of our present inquiries with what has been already discussed in relation to other circumstances. I proceed.

So soon as all the furs are disposed of, and a taste for superfluity introduced, both the traders and the natives will be equally interested in the advancement of industry in this country. Many new objects of profit for the first will be discovered, which the proper employment of the inhabitants, in reaping the natural advantages of their soil and climate, will make effectual. The traders will therefore endeavour to set on foot many branches of industry among the savages, and the allurements of brandy, arms, and clothing, will animate these in the pursuit of them. Let me here digress for a few lines.

If we suppose slavery to be established in this country, then all the slaves will be set to work, in order to provide furs and other things demanded by the traders, that the masters may thereby be enabled to indulge themselves in the superfluities brought to them by the merchants. When liberty is the system, every one, according to his disposition, becomes industrious, in order to procure such enjoyments for himself.

In the first supposition, it is the head of the master which conducts the labour of the slave, and turns it towards ingenuity: in the second, every head is at work, and every hand is improving in dexterity. Where hands therefore are principally necessary, the slaves have the advantage; where heads are principally necessary, the

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the advantage lies in favour of the free. Set a man to labour at so much a day, he will go on at a regular rate, and never seek to improve his method: let him be hired by the piece, he will find a thousand expedients to extend his industry. This is exactly the difference between the slave and the free man. From this I account for the difference between the progress of industry in antient and modern times. Why was a *peculium* given to slaves, but to engage them to become dextrous? Had there been no *peculium* and no *libertini*, or free men, who had been trained to labour, there would have been little more industry any where, than there was in the republic of Lycurgus, where, I apprehend, neither the one or the other was to be found. I return.

When once this revolution is brought about; when those who formerly lived in simplicity become industrious; matters put on a new face. Is not this operation quite similar to that represented in the fifth chapter of the first book? There I found the greatest difficulty, in shewing how the mutual operations of supplying food and other wants could have the effect of promoting population and agriculture, among a people who were supposed to have no idea of the system proposed to be put in execution. Here the plan appears familiar and easy. The difference between them seems to resemble that of a child's learning a language by grammar, or learning it by the ear in the country where it is spoken. In the first case, many throw the book aside, but in the other none ever fail of success.

I have said, that matters put on a new face; that is to say, we now find two trading nations instead of one, with this difference, however, that as hitherto we have supposed the merchants all in one interest, the compound demand, that is, the competition of the buyers, has been, and must still continue on the side of the natives. This is a great prejudice to their interest; but as it is not supposed sufficient to check their industry, nor to restrain their consumption of the manufactures, let me here examine a little more particularly the consequences of the principle of demand in

such a situation; for although I allow, that it can never change sides, yet it may admit of different modifications, and produce different effects, as we shall presently perceive.

The merchants we suppose all in one interest, consequently there can be no competition among them; consequently no check can be put upon their raising their prices, as long as the prices they demand are complied with. So soon as they are raised to the full extent of the abilities of the natives, or of their inclination to buy, the merchants have the choice of three things, which are all perfectly in their option, and the preference to be given to the one or the other depends intirely upon themselves, and upon the circumstances I am going to point out.

First, they may support the *high* demand; that is, not lower their price; which will preserve a high estimation of the manufactures in the opinion of the inhabitants, and render the profits upon their trade the greatest possible. This part they may possibly take, if they perceive the natives doubling their diligence, in order to become able, in time, to purchase considerable cargoes at a high value; from which supposition is implied a strong disposition in the people to become luxurious, since nothing but want of ability prevents them from complying with the highest demand: but still another circumstance must concur, to engage the merchants not to lower their price. The great proportion of the goods they seek for, in return, must be found in the hands of a few. This will be the case if slavery be established; for then there must be many poor, and few rich: and they are commonly the rich consumers who proportion the price they offer, rather to their desires, than to the value of the thing.

The second thing which may be done is, to open the door to a *great* demand; that is, to lower their prices. This will sink the value of the manufactures in the opinion of the inhabitants, and render profits less in proportion, although indeed, upon the voyage, the profits may be greater.

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This part they will take, if they perceive the inhabitants do not incline to consume great quantities of the merchandize at a high value, either from want of abilities or inclination; and also, if the profits upon the trade depend upon a large consumption, as is the case in merchandize of a low value, and suited chiefly to the occasions of the lower sort. Such motives of expediency will be sufficient to make them neglect a *high* demand, and prefer a *great* one; and the more, when there is a likelihood that the consumption of low-priced goods in the beginning may beget a taste for others of a higher value, and thus extend in general the taste of superfluity.

A third part to be taken, is the least politic, and perhaps the most familiar. It is to profit by the competition between the buyers, and encourage the rising of demand as long as possible; when this comes to a stop, to make a kind of auction, by first bringing down the prices to the level of the highest bidders, and so to descend by degrees, in proportion as demand sinks. Thus we may say with propriety, according to our definitions of demand, that it commonly becomes *great*, in proportion as prices sink. By this operation, the traders will profit as much as possible, and sell off as much of their goods as the profits will permit.

I say, this plan, in a new discovered country, is not politic, as it both discovers a covetousness and a want of faith in the merchants, and also throws open the secrets of their trade to those who ought to be kept ignorant of them.

Let me next suppose, that the large profits of our merchants shall be discovered by others, who arrive at the same ports in a separate interest, and who enter into no combination which might prevent the natural effects of competition.

Let the state of demand among the natives be supposed the same as formerly, both as to *height* and *greatness*, in consequence of the operation of the different principles, which might have induced our merchants to follow one or other of the plans we have been

describing; we must however still suppose, that they have been careful to preserve considerable profits upon every branch.

If we suppose the inhabitants to have increased in numbers, wealth, and taste for superfluity, since the last voyage, demand will be found rather on the rising hand. Upon the arrival of the merchants in competition with the former, both will offer to sale; but if both stand to the same prices, it is very natural to suppose, that the former dealers will obtain a preference; as *ceteris paribus*, it is always an advantage to know and to be known. The last comers, therefore, have no other way left to counterbalance this advantage, but to lower their prices.

This is a new phenomenon: here the fall of prices is not voluntary as formerly; not consented to from expediency; not owing to a failure of demand, but to the influence of a new principle of commerce, to wit, a double competition. This I shall now examine with all the care I am capable of.

CHAP. VII.

Of double Competition.

WHEN *competition* is much stronger on one side of the contract than on the other, I call it *simple*, and then it is a term synonymous with what I have called *compound demand*. This is the species of competition which is implied in the term *high demand*, or when it is said, that *demand raises prices*.

Double competition is, when, in a certain degree, it takes place on both sides of the contract at once, or vibrates alternately from one to the other. This is what restrains prices to the adequate value of the merchandize.

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I frankly confess I feel a great want of language to express my ideas, and it is for this reason I employ so many examples, the better to communicate certain combinations of them, which otherwise would be inextricable.

The great difficulty is to distinguish clearly between the principles of *demand*, and those of *competition*: here then follows the principal differences between the two, relatively to the effects they produce severally in the mercantile contract of buying and selling, which I here express shortly by the word *contract*.

Simple demand is what brings the quantity of a commodity to market. Many demand, who do not buy; many offer, who do not sell. This demand is called *great* or *small*; it is said to *increase*, to *augment*, to *swell*; and is expressed by these and other synonymous terms, which mark an augmentation or diminution of quantity. In this species, two people never demand the same thing, but a part of the same thing, or things quite alike.

Compound demand is the principle which raises prices, and never can make them sink; because in this case more than one demands the very same thing. It is solely applicable to the buyers, in relation to the price they offer. This demand is called *high* or *low*, and is said to *rise*, to *fall*, to *mount*, to *sink*, and is expressed by these and other synonymous terms.

Simple competition, when between buyers, is the same as *compound* or *high demand*, but differs from it in so far, as this may equally take place among sellers, which *compound demand* cannot, and then it works a contrary effect: it makes prices *sink*, and is synonymous with *low demand*: it is this competition which overturns the balance of work and demand; of which afterwards.

Double competition is what is understood to take place in almost every operation of trade; it is this which prevents the excessive rise of prices; it is this which prevents their excessive fall. While *double competition* prevails, the balance is perfect, trade and industry flourish.

The

The capital distinction, therefore, between the terms *demand* and *competition* is, that *demand* is constantly relative to the buyers, and when money is not the price, as in barter, then it is relative to that side upon which the greatest *competition* is found.

We therefore say, with regard to *prices*, demand is *high* or *low*. With regard to *the quantity of merchandize*, demand is *great* or *small*. With regard to *competition*, it is always called *great* or *small*, *strong* or *weak*.

Competition, I have said, is, with equal propriety, applicable to both parties in the contract. A *competition* among buyers is a proper expression; a *competition* among sellers, who have the merchandize, is fully as easily understood, though it be not quite so striking, for reasons which an example will make plain.

You come to a fair, where you find a great variety of every kind of merchandize, in the possession of different merchants. These, by offering their goods to sale, constitute a tacit competition; every one of them wishes to sell in preference to another, and at the same time with the best advantage to himself.

The buyers begin, by cheapning at every shop. The first price asked marks the covetousness of the seller; the first price offered, the avarice of the buyer. From this operation, I say, competition begins to work its effects on both sides, and so becomes double. The principles which influence this operation are now to be deduced.

It is impossible to suppose the same degree of eagerness, either to buy or to sell, among several merchants; because the degree of eagerness I take to be exactly in proportion to their view of profit; and as these must necessarily be influenced and regulated by different circumstances, that buyer, who has the best prospect of selling again with profit, obliges him, whose prospect is not so good, to content himself with less; and that seller, who has bought to the best advantage, obliges him, who has paid dearer for the merchandize, to moderate his desire of gain.

It

It is from these principles, that competition among buyers and sellers must take place. This is what confines the fluctuation of prices within limits which are compatible with the reasonable profits of both buyers and sellers; for, as has been said, in treating of trade, we must constantly suppose the whole operation of buying and selling to be performed by merchants; the buyer cannot be supposed to give so high a price as that which he expects to receive, when he distributes to the consumers, nor can the seller be supposed to accept of a lower than that which he paid to the manufacturer. This competition is properly called double, because of the difficulty to determine upon which side it stands; the same merchant may have it in his favour upon certain articles, and against him upon others; it is continually in vibration, and the arrival of every post may less or more pull down the heavy scale.

In every transaction between merchants, the profit resulting from the sale must be exactly distinguished from the value of the merchandize. The first *may* vary, the last never *can*. It is this profit alone which can be influenced by competition; and it is for that reason we find such uniformity every where in the prices of goods of the same quality.

The competition between sellers does not appear so striking, as that between buyers; because he who offers to sale, appears only passive in the first operation; whereas the buyers present themselves one after another; they make a demand, and when the merchandize is refused to one at a certain price, a second either offers more, or does not offer at all; but so soon as another seller finds his account in accepting the price the first had refused, then the first enters into competition, providing his profits will admit his lowering the first price, and thus competition takes place among the sellers, until the profits upon their trade prevent prices from falling lower.

In all markets, I have said, this competition is varying, though insensibly, on many occasions; but in others, the vibrations are very

very perceptible. Sometimes it is found strongest on the side of the buyers, and in proportion as this grows, the competition between the sellers diminishes. When the competition between the former has raised prices to a certain standard, it comes to a stop; then the competition changes sides, and takes place among the sellers, eager to profit of the highest price. This makes prices fall, and according as they fall, the competition among the buyers diminishes. They still wait for the lowest period. At last it comes, and then perhaps some new circumstance, by giving the balance a kick, disappoints their hopes. If therefore it ever happens, that there is but one interest upon one side of the contract, as in the example in the former chapter, where we supposed the sellers united, you perceive, that the rise of the price, occasioned by the competition of the buyers, and even its coming to a stop, could not possibly have the effect of producing any competition on the other side; and therefore, if prices come afterwards to sink, the fall must have proceeded from the prudential considerations of adapting the price to the faculties of those, who, from the height of it, had withdrawn their demand.

From these principles of competition, the forestalling of markets is made a crime, because it diminishes the competition which ought to take place between different people, who have the same merchandize to offer to sale. The forestaller buys all up, with an intention to sell with more profit, as he has by that means taken other competitors out of the way, and appears with a single interest on one side of the contract, in the face of many competitors on the other. This person is punished by the state, because he has prevented the price of the merchandize from becoming justly proportioned to the real value; he has robbed the public, and enriched himself; and in the punishment, he makes restitution. Here occur two questions to be resolved, for the sake of illustration.

Can competition among buyers possibly take place, when the provision made is more than sufficient to supply the quantity demanded?

manded? On the other hand, can competition take place among the sellers, when the quantity demanded exceeds the total provision made for it?

I think it may in both cases; because in the one and the other, there is a competition implied on one side of the contract, and the very nature of this competition implies a possibility of its coming on the other, provided separate interests be found upon both sides. But to be more particular.

1. Experience shews, that however justly the proportion between the demand and the supply may be determined in fact, it is still next to impossible to discover it exactly, and therefore buyers can only regulate the prices they offer, by what they may reasonably expect to sell for again. The sellers, on the other hand, can only regulate the prices they expect, by what the merchandize has cost them when brought to market. We have already shewn, how, under such circumstances, the several interests of individuals affect each other, and make the balance vibrate.

2. The proportion between the supply and the demand is seldom other than *relative* among merchants, who are supposed to buy and sell, not from necessity, but from a view to profit. What I mean by *relative* is, that their demand is *great* or *small*, according to prices: there may be a great demand for grain at 35 shillings per quarter, and no demand at all for it at 40 shillings; I say, among merchants.

Here I must observe, how essential it is, to attend to the smallest circumstance in matters of this kind. The circumstance I here have in my eye, is the difference I find in the effect of competition, when it takes place purely among merchants on both sides of the contract, and when it happens, that either the consumers mingle themselves with the merchant-buyers, or the manufacturers, that is, the furnishers, mingle themselves with the merchant-sellers. This combination I shall illustrate, by the solution of another

question, and then conclude my chapter with a few reflections upon the whole.

Can there be no case formed, where the competition upon one side may subsist, without a possibility of its taking place on the other, although there should be separate interests upon both?

I answer. The case is hardly supposable among merchants, who buy and sell with a view to profit; but it is absolutely supposable, and that is all, when the direct consumers are the buyers; when the circumstances of one of the parties is perfectly known; and when the competition is so strong upon one side, as to prevent a possibility of its becoming double, before the whole provision is sold off, or the demand satisfied. Let me have recourse to examples.

Grain arriving in a small quantity, at a port where the inhabitants are starving, produces so great a competition among the consumers, who are the buyers, that their necessity becomes evident; all the grain is generally bought up before prices can rise so high as to come to a stop; because nothing but want of money, that is, an impossibility of complying with the prices demanded by the merchants, can restrain them: but if you suppose, even here, that prices come naturally to a stop; or that, after some time, they fall lower, from prudential considerations, then there is a possibility of a competition taking place among the sellers, from the principles above deduced. If, on the contrary, the stop is not natural, but occasioned by the interposition of the magistrate, from humanity, or the like, there will be no competition, because then the principles of commerce are suspended; the sellers are restrained on one side, and they restrain the buyers on the other. Or rather, indeed, it is the magistrate, or compassion, who in a manner fixes the price, and performs the office of both buyer and seller.

A better example still may be found, in a competition among sellers, where it may be so strong, as to render a commodity in a manner

manner of no value at all, as in the case of an uncommon and unexpected draught of fish, in a place of small consumption, when no preparations have been made for salting them. There can be then no competition among the buyers; because the market cannot last, and they find themselves entirely masters, to give what price they please, being sure the sellers must accept of it, or lose their merchandize. In the first example, humanity commonly stops the activity of the principle of competition; in the other it is stopp'd by a certain degree of fair-dealing, which forbids the accepting of a merchandize for nothing.

In proportion therefore as the rising of prices can stop demand, or the sinking of prices can increase it, in the same proportion will competition prevent either the rise or the fall from being carried beyond a certain length: and if such a case can be put, where the rising of prices cannot stop demand, nor the lowering of prices augment it, in such cases double competition has no effect; because these circumstances unite the most separate interests of buyers and sellers in the mercantile contract, and when upon one side there is no separate interest, there can then be no competition.

From what has been said, we may form a judgment of the various degrees of competition. A book not worth a shilling, a fish of a few pounds weight, are often sold for considerable sums. The buyers here are not merchants. When an ambassador leaves a court in a hurry, things are sold for less than the half of their value: he is no merchant, and his situation is known. When, at a public market, there are found consumers, who make their provision; or manufacturers, who dispose of their goods for present subsistence; the merchants, who are respectively upon the opposite side of the contract to these, profit of their competition; and those who are respectively upon the same side with them, stand by with patience, until they have finished their business. Then matters come to be carried on between merchant and merchant, and then, I allow, that profits may rise and fall, in the proportion of quan-

tity to demand; that is to say, if the provision is less than the demand, the competition among the demanders, or the rise of the price, will be in the compound proportion of the falling short of the commodity, and of the prospect of selling again with profit. It is this combination which regulates the competition, and keeps it within bounds. It can affect but the profits upon the transaction; the intrinsic value of the commodity stands immovable: nothing is ever sold below the real value; nothing is ever bought for more than it may probably bring. I mean in general. Whereas so soon as consumers and needy manufacturers mingle in the operation, all proportion is lost. The competition between them is too strong for the merchants; the balance vibrates by jerks. In such markets merchants seldom appear: the principal objects there, are the fruits and productions of the earth, and articles of the first necessity for life, not manufactures strictly so called. A poor fellow often sells, to purchase bread to eat; not to pay what he did eat, while he was employed in the work he disposes of. The consumer often measures the value of what he is about to purchase, by the weight of his purse, and his desire to consume.

As these distinctions cannot be conveyed in the terms by which we are obliged to express them, and as they must frequently be implied, in treating of matters relating to trade and industry, I thought the best way was, to clear up my own ideas concerning them, and to lay them in order before my reader, before I entered farther into my subject.

All difference of opinion upon matters of this nature proceeds, as I believe, from our language being inadequate to express our ideas, from our inattention, in using terms which appear synonymous, and from our natural propensity to include, under general rules, things which, upon some occasions, common reason requires to be set asunder.

C H A P. VIII.

Of what is called Expence, Profit, and Loss.

AS we have been employed in explaining of terms, it will not be amiss to say a word concerning those which stand in the title of this chapter.

The term *expence*, when simply expressed, without any particular relation, is always understood to be relative to money. This kind I distinguish under the three heads, of *private*, *public*, and *national*.

1. *Private expence* is, what a private person, or private society, lays out, either to provide articles of consumption, or something more permanent, which may be conducive to their ease, convenience, or advantage. Thus we say, *a large domestic expence*, relative to one who spends a great income. We say, a merchant has been at *great expence* for magazines, for living, for clerks, &c. but never that he has been at any in buying goods. In the same way a manufacturer may expend for building, machines, horses, and carriages, but never for the matter he manufactures. When a thing is bought, in order to be sold again, the sum employed is called *money advanced*; when it is bought not to be sold, it may be said to be *expended*.

2. *Public expence* is, the employment of that money, which has been contributed by individuals, for the current service of the state. The contribution, or gathering it together, represents the effects of many articles of *private expence*; the laying it out when collected, is *public expence*.

3. *National expence*, is what is expended out of the country; this is what diminishes national wealth. The principal distinction to be here attended to, is between *public expence*, or the laying out of public money, and *national expence*, which is the alienating the nation's

nation's wealth in favour of strangers. Thus the greatest *public expence* imaginable, may be no national expence; because the money may remain at home. On the other hand, the smallest *public*, or even *private expence*, may be a national expence; because the money may go abroad.

Profit, and *loss*, I divide into *positive*, *relative*, and *compound*. *Positive profit*, implies no loss to any body; it results from an augmentation of labour, industry, or ingenuity, and has the effect of swelling or augmenting the public good.

Positive loss, implies no profit to any body; it is what results from the cessation of the former, or of the effects resulting from it, and may be said to diminish the public good.

Relative profit, is what implies a loss to some body; it marks a vibration of the balance of wealth between parties, but implies no addition to the general stock.

Relative loss, is what, on the contrary, implies a profit to some body; it also marks a vibration of the balance, but takes nothing from the general stock.

The *compound* is easily understood; it is that species of profit and loss which is partly *relative*, and partly *positive*. I call it *compound*, because both kinds may subsist inseparably in the same transaction.

C H A P. IX.

The general consequences resulting to a trading Nation, upon the opening of an active foreign Commerce.

DID I not intend to confine myself to very general topics in this chapter, I might in a manner exhaust the whole subject of modern oeconomy under this title; for I apprehend that the whole

whole system of modern politics is founded upon the basis of an active foreign trade.

A nation which remains passive in her commerce, is at the mercy of those who are active, and must be greatly favoured, indeed, by natural advantages, or by a constant flux of gold and silver from her mines, to be able to support a correspondence, not entirely hurtful to the augmentation of her wealth.

These things shall be more enlarged upon as we go along: the point in hand, is, to consider the consequences of this trade, relatively to those who are the actors in the operation.

When I look upon the wide field which here opens to my view, I am perplexed with too great a variety of objects. In one part, I see a decent and comely beginning of industry; wealth flowing gently in, to recompence ingenuity; numbers both augmenting, and every one becoming daily more useful to another; agriculture proportionally extending itself; no violent revolutions; no exorbitant profits; no insolence among the rich; no excessive misery among the poor; multitudes employed in producing; great oeconomy upon consumption; and all the instruments of luxury, daily produced by the hands of the diligent, going out of the country for the service of strangers; not remaining at home for the gratification of sensuality. At last the augmentations come insensibly to a stop. Then these rivers of wealth, which were in brisk circulation through the whole world, and which returned to this trading nation as blood returns to the heart, only to be thrown out again by new pulsations, begin to be obstructed in their course; and flowing abroad more slowly than before, come to form stagnations at home. These, impatient of restraint, soon burst out into domestic circulation. Upon this cities swell in magnificence of buildings; the face of the country is adorned with palaces, and becomes covered with groves; luxury shines triumphant in every part; inequality becomes more striking to the eye; and want and misery appear more deformed, from the contrast: even fortune grows more

more whimsical in her inconstancy; the beggar of the other day, now rides in his coach; and he who was born in a bed of state, is seen to die in a gaol, or in an alms-house. Such are the effects of great domestic circulation.

The statesman looks about with amazement; he, who was wont to consider himself as the first man in the society in every respect, perceives himself, perhaps, eclipsed by the lustre of private wealth, which avoids his grasp when he attempts to seize it. This makes his government more complex and more difficult to be carried on; he must now avail himself of art and address as well as of power and force. By the help of cajoling and intrigues, he gets a little into debt; this lays a foundation for public credit, which, growing by degrees, and in its progress assuming many new forms, becomes, from the most tender beginnings, a most formidable monster, striking terror into those who cherished it in its infancy. Upon this, as upon a triumphant war-horse, the statesman gets a-stride, he then appears formidable a-new; his head turns giddy; he is choaked with the dust he has raised; and at the moment he is ready to fall, to his utter astonishment and surprize, he finds a strong monied interest, of his own creating, which, instead of swallowing him up as he apprehended, flies to his support. Through this he gets the better of all opposition, he establishes taxes, multiplies them, mortgages his fund of subsistence, either becomes a bankrupt, and rises again from his ashes; or if he be less audacious, he stands trembling and tottering for a while on the brink of the political precipice. From one or the other of these perilous situations, he begins to discover an endless path which, after a multitude of windings, still returns into its self, and continues an equal course through this vast labyrinth: but of this last part, more in the third book.

It is now full time to leave off rhapsody, and return to reasoning and cool inquiry, concerning the more immediate and more general

ral effects and revolutions produced by the opening of a foreign trade in a nation of industry.

The first and most sensible alteration will be an increase of demand for manufacturers, because by supplying the wants of strangers, the number of consumers will now be considerably augmented. What again will follow upon this, must depend upon circumstances.

If this revolution in the state of demand should prove too violent, the consequence of it will be to *raise* demand; if it should prove gradual, it will *increase* it. I hope this distinction is well understood, and that the consequence appears just: for, if the supply do not increase in proportion to the demand, a competition will ensue among the demanders; which is the common effect of such sudden revolutions. If, on the other hand, a gentle increase of demand should be accompanied with a proportional supply, the whole industrious society will grow in vigour, and in wholesome stature, without being sensible of any great advantage or inconvenience; the change of their circumstances will even be imperceptible.

The immediate effects of the violent revolution will, in this example, be flattering to some, and disagreeable to others. Wealth will be found daily to augment, from the rising of prices, in many branches of industry. This will encourage the industrious classes, and the idle consumers at home will complain. I have already dwelt abundantly long upon the effects resulting from this to the lower classes of the people, in providing them with a certain means of subsistence. Let me now examine in what respect even the higher classes will be made likewise to feel the good effects of this general change, although at first they may suffer a temporary inconvenience from it.

Farmers, as has been observed, will have a greater difficulty in finding servants, who, instead of labouring the ground, will choose to turn themselves to manufactures. This we have considered in

the light of purging the lands of superfluous mouths; but every consequence in this great chain of politics draws other consequences after it, and as they follow one another, things put on different faces, which affect classes differently. The purging of the land is but one of the first; here follows another.

The desertion of the lands employed in a trifling agriculture will at first, no doubt, embarrass the farmers; but in a little time every thing becomes balanced in a trading nation, because *here* every industrious man must advance in prosperity, in spite of all general combinations of circumstances.

In the case before us, the relative profits upon farming must soon become greater than formerly, because of this additional expence which must affect the whole class of farmers; consequently, this additional expence, instead of turning out to be a loss to either landlord or farmer, will, after some little time, turn out to the advantage of both: because the produce of the ground, being indispensably necessary to every body, must in every article increase in its value. Thus in a short time accounts will be nearly balanced on all hands; that is to say, the same proportion of wealth will, *ceteris paribus*, continue the same among the industrious. I say among the industrious; for those who are either idle, or even negligent, will be great losers.

A proprietor of land, inattentive to the causes of his farmer's additional expence, may very imprudently suffer his rents to fall, instead of assisting him on a proper occasion, in order to make them afterwards rise the higher.

Those who live upon a determined income in money, and who are nowise employed in traffic, nor in any scheme of industry, will, by the augmentation of prices, be found in worse circumstances than before.

In a trading nation every man must turn his talents to account, or he will undoubtedly be left behind in this universal emulation,

in which the most industrious, the most ingenious, and the most frugal will constantly carry off the prize.

This consideration ought to be a spur to every body. The richest men in a trading nation have no security against poverty, I mean proportional poverty; for though they diminish nothing of their income, yet by not increasing it in proportion to others, they lose their rank in wealth, and from the first class in which they stood, they will slide insensibly down to a lower.

There is one consequence of an additional beneficial trade, which raises demand and increases wealth; but if we suppose no proportional augmentation of supply, it will prove at best but an airy dream which lasts for a moment, and when the gilded scene is passed away, numberless are the inconveniencies which are seen to follow.

I shall now point out the natural consequences of this augmentation of wealth drawn from foreign nations, when the statesman remains inattentive to increase the supply both of food and manufactures, in proportion to the augmentation of mouths, and of the demand for the produce of industry.

In such a situation profits will daily swell, and every scheme for reducing them within the bounds of moderation, will be looked upon as a hurtful and unpopular measure: be it so; but let us examine the consequences.

We have said, that the rise of demand for manufactures naturally increases the value of work: now I must add, that under such circumstances, the augmentation of riches, in a country, either not capable of improvement as to the soil, or where precautions have not been taken for facilitating a multiplication of inhabitants, by the importation of subsistence, will be productive of the most calamitous consequences.

On one side, this wealth will effectually diminish the mass of the food before produced; and on the other, will increase the number of useless consumers. The first of these circumstances will raise the demand for food; and the second will diminish the number of

useful, free hands, and consequently raise the price of manufactures: here are shortly the outlines of this progress.

The more rich and luxurious a people are, the more delicate they become in their manner of living; if they fed on bread formerly, they will now feed on meat; if they fed on meat, they will now feed on fowl. The same ground which feeds a hundred with bread, and a proportional quantity of animal food, will not maintain an equal number of delicate livers. Food must then become more scarce; demand for it rises; the rich are always the strongest in the market; they consume the food, and the poor are forced to starve. Here the wide door to modern distress opens; to wit, a hurtful competition for subsistence. Farther, when a people become rich, they think less of oeconomy; a number of useless servants are hired, to become an additional dead weight on consumption; and when their starving countrymen cannot supply the extravagance of the rich so cheaply as other nations, they either import instruments of foreign luxury, or seek to enjoy them out of their own country, and thereby make restitution of their gains.

Is it not therefore evident, that if, before things come to this pass, additional subsistence be not provided by one method or other, the number of inhabitants must diminish; although riches may daily increase by a balance of additional matter, supposed to be brought into the country in consequence of the hitherto beneficial foreign trade. This is not all. I say farther, that the beneficial trade will last for a time only. For the infallible consequence of the rise of prices at home will be, that those nations which at first consumed your manufactures, perceiving the gradual increase of their price, will begin to work for themselves; or finding out your rivals, who can supply them cheaper, will open their doors to them. These again, perceiving the great advantages gained by your traders, will begin to supply the market; and since every thing must be cheaper in countries where we do not suppose the concurrence of all the circumstances mentioned above, these nations will supplant you, and be enriched in their turn.

Here

Here comes a new revolution. Trade is come to a stop: what then becomes of all the hands which were formerly employed in supplying the foreign demands?

Were revolutions so sudden as we are obliged to represent them, all would go to wreck; in proportion as they happen by quicker or slower degrees, the inconveniencies are greater or smaller.

Prices, we have said, are made to rise by competition. If the competition of the strangers was what raised them, the distress upon the manufacturers will be in proportion to the suddenness of their deserting the market. If the competition was divided between the strangers and the home consumers, the inconveniencies which ensue will be less; because the desertion of the strangers will be in some measure made up by an increase of home consumption which will follow upon the fall of prices. And if, in the third case, the natives have been so imprudent as not only to support a competition with the strangers, and thereby disgust them from coming any more to market, but even to continue the competition between themselves, the whole *los*: sustained by the revolution will be national. Wealth will cease to augment, but the inconveniencies, in place of being felt by the manufacturers, will only affect the state; those will continue in affluence, extolling the generosity of their countrymen, and despising the poverty of the strangers who had enriched them.

Domestic luxury will here prove an expedient for preserving from ruin the industrious part of a people, who, in subsisting themselves, had enriched their country. No change will follow in their condition; they will go on with a painful assiduity to labour, and if the consequences of it become now hurtful to one part of the state, they must, at least, be allowed to be essentially necessary for the support of the other.

But that luxury is no necessary concomitant of foreign trade, in a nation where the true principles of it are understood, will appear very plain, from a contrast I am now going to point out, in the example

example of a modern state, renowned for its commerce and frugality. The country I mean, is Holland.

A set of industrious and frugal people were assembled in a country, by nature subject to many inconveniencies, the moving of which necessarily employed abundance of hands. Their situation upon the continent, the power of their former masters, and the ambition of their neighbours, obliged them to keep great bodies of troops. These two articles added to the numbers of the community, without either enriching the state by their labour exported, or producing food for themselves or countrymen.

The scheme of a commonwealth was calculated to draw together the industrious; but it has been still more useful in subsisting them: the republican form of government, being there greatly subdivided, vests authority sufficient in every part of it, to make suitable provision for their own subsistence; and the tie which unites them, regards only matters of public concern. Had the whole been governed by one sovereign, or by one council, this important matter never could have been effectuated.

I imagine it would be impossible for the most able minister that ever lived, to provide nourishment for a country so extended as France, or even as England, supposing these as fully peopled as Holland is: even although it should be admitted that a sufficient quantity of food might be found in other countries for their subsistence. The enterprise would be too great, abuses would multiply; the consequence would be, that the inhabitants would die for want. But in Holland the case is different, every little town takes care of its own inhabitants; and this care, being the object of application and profit to so many persons, is accomplished with success.

When once it is laid down as a maxim in a country, that food must of necessity be got from abroad, in order to feed the inhabitants at home, the corn trade becomes considerable, and at the same time certain, regular, and permanent. This was the case in Holland:

Holland: as the inhabitants were industrious, the necessary consequence has been, a very extraordinary multiplication; and at the same time such an abundance of grain, that instead of being in want themselves, they often supply their neighbours. There are many examples of England's being supplied with grain from thence, and, which is still more extraordinary, from the re-exportation of the very produce of its own fruitful soil.

It is therefore evident, that the only way to support industry, is to provide a supply of subsistence, constantly proportional to the demand that may be made for it. This is a precaution indispensably necessary for preventing hurtful competition. This is the particular care of the Dutch: so long as it can be effectual, their state can fear no decline; but whenever they come to be distressed in the markets, upon which they depend for subsistence, they will sink into ruin. It is by mere dint of frugality, cheap and parsimonious living, that the navigation of this industrious people is supported. Constant employment, and an accumulation of almost imperceptible gains, fills their coffers with wealth, in spite of the large outgoings to which their own proper nourishment yearly forces them. The large profits upon industry in other countries, which are no proof of generosity, but a fatal effect of a scanty subsistence, is far from dazzling their eyes. They seldom are found in the list of competitors at any foreign port; if they have their cargo to dispose of, they wait with pleasure in their own vessels, consuming their own provisions, and at last accept of what others have left. It may be said, that many other circumstances concur in favour of the Dutch, besides the article of subsistence. I shall not dispute this matter; but only remind my reader of what was said in the first book; to wit, that if a computation be made of the hands employed in providing subsistence, and of those who are severally taken up in supplying every other want, their numbers will be found nearly to balance one another in the most luxurious countries. From this I conclude, that the article of food, among the
lower

lower classes, must bear a very high proportion to all the other articles of their consumption; and therefore a diminution upon the price of subsistence, must be of infinite consequence to manufacturers, who are obliged to buy it. From this consideration, let us judge of the consequence of such augmentations upon the price of grain, as are familiar to us; 30 or 40 *per cent.* seems nothing. Now this augmentation operates upon two thirds, at least, of the whole expence of a labouring man: let any one who lives in tolerable affluence make the application of this to himself, and examine how he would manage his affairs if, by accidents of rains or winds, his expences were to rise 30 *per cent.* without a possibility of restraining them; for this is unfortunately the case with all the lower classes. From whence I conclude, that the keeping food cheap, and still more the preserving it at all times at an equal standard, is the fountain of the wealth of Holland; and that any hurtful competition in this article must beget a disorder which will affect the whole of the manufacturers of a state.

CHAP. X.

Of the Balance of Work and Demand.

IT is quite impossible to go methodically through the subject of political oeconomy, without being led into anticipations. We have frequently mentioned this balance of work and demand, and shewed how important a matter it is for a statesman to attend to it. The thing, therefore, in general is well understood; and all that remains to be done, is to render our ideas more determined concerning it, and more adequate, if possible, to the principles we have been laying down.

We

We have treated fully of demand; and likewise of competition. We have observed how different circumstances influence these turns, so as to make them represent ideas entirely different; and we have said that double competition supports the balance we are now to speak of, and that single competition overturns it.

The word demand in this chapter is taken in the most simple acceptation; and when we say that the balance between work and demand is to be sustained in equilibrio, as far as possible, we mean that the quantity supplied should be in proportion to the quantity demanded, that is, wanted. While the balance stands justly poised, prices are found in the adequate proportion of the real expence of making the goods, with a small addition for profit to the manufacturer and merchant.

I have, in the fourth chapter, observed how necessary a thing it is to distinguish the two constituent parts of every price; the value, and the profit. Let the number of persons be ever so great, who, upon the sale of a piece of goods, share in the profits; it is still essential, in such enquiries as these, to suppose them distinctly separate from the real value of the commodity; and the best way possible to discover exactly the proportion between the one and the other, is by a scrupulous watchfulness over the balance we are now treating of, as we shall presently see.

The value and profits, combined in the price of a manufacture produced by one man, are easily distinguished, by means of the analysis we have laid down in the fourth chapter. As long as any market is *fully* supplied with this sort of work, and *no more*; those who are employed in it live by their trade, and gain no unreasonable profit; because there is then no violent competition upon one side only, neither between the workmen, nor between those who buy from them, and the balance gently vibrates under the influence of a double competition. This is the representation of a perfect balance.

VOL. I.

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This

This balance is overturned in four different ways.
 Either the demand diminishes, and the work remains the same:
 Or the work diminishes, and the demand remains:
 Or the demand increases, and the work remains:
 Or the work increases, and the demand remains.
 Now each of these four combinations may, or may not, produce a competition upon one side of the contract only. This must be explained.

If demand diminishes, and work remains the same, which is the first case, either those who furnish the work will enter into competition, in which case they will hurt each other, and prices will fall below the reasonable standard of the even balance; or they will not enter into competition, and then prices continuing as formerly, the whole demand will be supplied, and the remainder of the work will lie upon hand.

This is a symptom of decaying trade.

Let us now, on the other hand, suppose demand to increase, and work to remain as before.

This example points out no diminution on either side, as was the case before, but an augmentation upon one; and is either a symptom of growing luxury at home, or of an increase in foreign trade.

Here the same alternation of circumstances occurs. The demanders will either enter into competition and raise the price of work, or they will enter into no competition; but being determined not to exceed the ordinary standard of the perfect balance, will defer making their provision till another time, or supply themselves in another market; that is to say, the new demand will cease as soon as it is made, for want of a supply.

Whenever, therefore, this perfect balance of work and demand is overturned by the force of a simple competition, or by one of the scales preponderating, one of two things must happen; either a part of the demand is not answered, or a part of the goods is not sold.

These

These are the immediate effects of the overturning of the balance.

Let me next point out the object of the statesman's care, relatively to such effects, and shew the consequences of their being neglected.

We may now simplify our ideas; and instead of the former combinations, make use of other expressions which may convey them. Let us therefore say, that the *fall* or *rise* upon either side of the balance, is *positive*, or *relative*. *Positive*, when the side we talk of really augments beyond, or diminishes below the usual standard. *Relative*, when there is no alteration upon the side we speak of, and that the subversion of the balance is owing to an alteration on the other side. As for example:

Instead of saying demand diminishes, and work remains the same, let us say, demand diminishes *positively*, or work increases *relatively*; according as the subject may lead us to speak either of the one or of the other. This being premised,

If the scale of work shall preponderate *positively*, it should be inquired, whether the quantity furnished has really swelled, in all respects, beyond the proportion of the consumption, (in which case the statesman should diminish the number of hands, by throwing a part of them into a new channel) or whether the imprudence of the workmen has only made them produce their work unseasonably; in which case, proper information, and even assistance should be given them, to prevent merchants from taking the advantage of their want of experience: but these last precautions are necessary only in the infancy of industry.

If a statesman should be negligent on this occasion; if he should allow natural consequences to follow upon one another, just as circumstances shall determine; then it may happen, that workmen will keep upon hand that part of their goods which exceeds the demand, until necessity forces them to enter into competition with one another, and sell for what they can get. Now this competition is hurtful, because it is all on one side, and because we have

supposed the preponderating of the scale of work to be an overturning of a perfect balance, which can by no means be set right, consistently with a scheme of thriving, but by the scale of demand becoming heavier, and re-establishing a double competition. Were this to happen before the workmen come to sell in competition, then the balance would again be even, after what I call a *short vibration*, which is no *subversion*; but when the scale of work remains too long in the same position, and occasions a strong, hurtful, and lasting competition, upon one side only, then, I say, the balance is *overturned*; because this diminishes the reasonable profits, or perhaps, indeed, obliges the workmen to sell below prime cost. The effect of this is, that the workmen fall into distress, and that industry suffers a discouragement; and this effect is certain.

But it may be asked, Whether, by this fall of prices, demand will not be increased? That is to say, will not the whole of the goods be sold off?

I answer, That this may, or may not, be the effect of the fall, according to circumstances: it is a contingent consequence of the simple; but not the effect of the double competition: the distress of the workmen is a certain and unavoidable consequence of the first.

But supposing this contingent consequence to happen, will it not set the balance even, by increasing the demand? I answer, the balance is then made even by a violent shock given to industry, but it is not set even from any principle which can support it, or make it flourish. Here is the criterion of a perfect balance: *A positive moderate profit must balance a positive moderate profit; the balance must vibrate, and no loss must be found on either side.* In the example before us, the balance stands even, it is true; the work and the demand are equally poised as to quantity; but it is a *relative profit*, which hangs in the scale, opposite to a *relative loss*. I wish this may be well understood; farther illustrations will make it clear.

Next,

Next, let me suppose the scale of *demand* to preponderate positively. In this case, the statesman should be still more upon his guard, to provide a proportional supply; because the danger here may at first put on a shew of profit, and deceive him.

The consequences of this subversion of the balance are either, first, That a competition will take place among the demanders only; which will raise profits. Now if, after a short vibration, the supply comes to be increased by the statesman's care, no harm will ensue; competition will change sides, and profits will come down again to the perfect standard. But if the scale of demand remains preponderating, and so keeps profits high, the consequence will be, that, in a little time, not only the immediate seller of the goods, but also every one who has contributed to the manufacture, will insist upon sharing these new profits. Now the evil is not, that every one should share, or that the profits should swell, as long as they are supported by demand, and as long as they can truly be considered as precarious; but the mischief is, that, in consequence of this wide repartition, and by such profits subsisting for a long time, they insensibly become *consolidated*, or, as it were, transformed into the intrinsic value of the goods. This, I say, is brought about by time; because the habitual extraordinary gains of every one employed induce the more luxurious among them to change their way of life insensibly, and fall into the habit of making greater consumptions, and engage the more slothful to remain idle, till they are exhausted. When therefore it happens, that large profits have been made for a considerable time, and that they have had the effect of forming a taste for a more expensive way of living among the industrious, it will not be the cessation of the demand, nor the swelling of the supply, which will engage them to part with their gains. Nothing will operate this effect but sharp necessity; and the bringing down of their profits, and the throwing the workmen into distress, are then simultaneous; which proves the truth of what I have said, that these profits become, by

long

long habit, virtually *consolidated* with the real value of the merchandize. These are the consequences of a neglected simple competition, which raises the profits upon industry, and keeps the balance overturned for a considerable time.

Secondly, Let me examine the consequences of this overturn in the actual preponderancy of demand, when it does not occasion a competition among the demanders, and consequently, when it does not increase the profits upon industry.

This case can only happen, when the commodity is not a matter of great necessity, or even of great use; since the desire of procuring it is not sufficient to engage the buyers to raise their price; unless, indeed, this difference should proceed from the ease of providing the same, in other markets, as cheap as formerly. This last is a dangerous circumstance, and loudly calls for the attention of the statesman. He must prevent, by all possible means, the desertion of the market, by a speedy supply for all the demand, and must even perhaps give encouragements to manufacturers, to enable them to diminish the prices fixed by the regular standard. This is the situation of a nation which is in the way of losing branches of her foreign trade; of which afterwards.

Whatever therefore be the consequence of the actual preponderancy of the scale of demand; that is, whether it tend to raise profits, or to discredit the market; the statesman's care should be directed immediately towards making the balance come even of itself, without any shock, and that as soon as possible, by increasing the supply. For if it be allowed to stand long in this overturned state, natural consequences will operate a forced restitution; that is, the rise in the price, or the call of a foreign market, will effectually cut off a proportional part of the demand, and leave the balance in an equilibrium, disadvantageous to trade and industry.

In the former case, the manufacturers were forced to starve, by an unnatural restitution, when the relative profit and loss of individuals

viduals balanced one another. Here the manufacturers are enriched for a little time, by a rise of profits, relative to the loss the nation sustains, by not supplying the whole demand. This results from the competition of their customers; but so soon as these profits become *consolidated* with the intrinsic value, they will cease to have the advantage of profits, and, becoming in a manner necessary to the existence of the goods, will cease to be considered as advantageous. These forced restitutions then, brought about, as we have said, by selling goods below their value, by cutting off a part of the demand, or by sending it to another market, resembles the operation of a carrier, who sets his ass's burden even, by laying a stone upon the lightest end of it. He however loses none of his merchandize; but the absurdity of the statesman is still greater, for he appears willingly to open the heavy end of the load, and to throw part of his merchandize into the high-way.

I hope, by this time, I have sufficiently shewn the difference in effect between the *simple* and the *double* competition; between the *vibrations* of this balance of work and demand, and the *overturning* of it. When it vibrates in moderation, and by short alternate risings and sinkings, then industry and trade go on prosperously, and are in harmony with each other; because both parties gain. The industrious man is recompensed in proportion to his ingenuity; the intrinsic value of goods does not vary, nor deceive the merchant; profits on both sides fluctuate according to demand, but never get time to consolidate with, and swell the real value, and never altogether disappear, and starve the workman.

This happy state cannot be supported but by the care of the statesman; and when he is found negligent in the discharge of this part of his duty, the consequence is, that either the spirit of industry, which, it is supposed, has cost him much pains to cultivate, is extinguished, or the produce of it rises to so high a value, as to be out of the reach of a multitude of purchasers.

The progress towards the one or the other of these extremes is easily perceived, by attending to the successive overturnings of the balance. When these are often repeated on the same side, and the balance set right, by a succession of forced restitutions only, the same scale preponderating a-new, then is the last period soon accomplished. When, on the contrary, the overturnings are alternate, sometimes the scale of demand overturning the balance, sometimes the scale of work, the last period is more distant. Trade and industry subsist longer, but they remain in a state of perpetual convulsion. On the other hand, when the balance gently vibrates, then work and demand, that is, trade and industry, like agriculture and population, prove mutually assisting to each other, in promoting their reciprocal augmentation.

In order therefore to preserve a trading state from decline, the greatest care must be taken, to support a perfect balance between the hands employed in work and the demand for their labour. That is to say, according to former definitions, to prevent demand from ever standing long at an immoderate height, by providing at all times a supply, sufficient to answer the greatest that ever can be made: or, in other words, still, in order to accustom my readers to certain expressions, to encourage the *great*, and to discourage the *high* demand. In this case, competition will never be found too strong on either side of the contract, and profits will be moderate, but sure, on both.

If, on the contrary, there be found too many hands for the demand, work will fall too low for workmen to be able to live; or, if there be too few, work will rise, and manufactures will not be exported.

For want of this just balance, no trading state has ever been of long duration, after arriving at a certain height of prosperity. We perceive in history the rise, progress, grandeur, and decline of Sydon, Tyre, Carthage, Alexandria, and Venice, not to come nearer home. While these states were on the growing hand, they were
powerful;

powerful; when once they came to their height, they immediately found themselves labouring under their own greatness. The reason of this appears from what has been said.

While there is a demand for the trade of any country, inhabitants are always on the increasing hand. This is evident from what has been so often repeated in the first book, and confirmed by thousands of examples. There never was any branch of trade established in any kingdom, province, city, or even village; but such kingdom, province, &c. increased in inhabitants. While this gradual increase of people is in proportion to the growing demand for hands, the balance between work and demand is exactly kept up: but as all augmentations must at last come to a stop, when this happens, inconveniences must ensue, greater or less, according to the negligence of the statesman, and the violence or suddenness of the revolution.

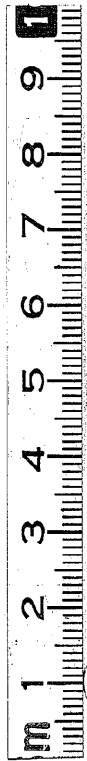
CHAP. XI.

Why in Time this Balance is destroyed.

NOW let us examine what may be the reason why, in a trading and industrious nation, time necessarily destroys the perfect balance between work and demand.

We have already pointed out one general cause, to wit, the natural stop which must at last be put to augmentations of every kind.

Let us now apply this to circumstances, in order to discover in what manner natural causes operate this stop, either by preventing the increase of work, on one side of the balance, or the increase of demand, on the other. When once we discover how the



Smith's Wealth
of Nations }
Locke on Government
Dugald Stewart on
the Mind —
Malthus on population —

stop is put to augmentations, we may safely conclude, that the continuation of the same, or similar causes, will soon produce a diminution, and operate a decline.

We have traced the progress of industry, and shewn how it goes hand in hand with the augmentation of subsistence, which is the principal allurements to labour. Now the augmentation of food is relative to the soil, and as long as this can be brought to produce, at an expence proportioned to the value of the returns, agriculture, without any doubt, will go forward in every country of industry. But so soon as the progress of agriculture demands an additional expence; which the natural return, at the stated prices of subsistence, will not defray, agriculture comes to a stop, and so would numbers, did not the consequences of industry push them forward, in spite of small difficulties. The industrious then, I say, continue to multiply, and the consequence is, that food becomes scarce, and that the inhabitants enter into competition for it.

This is no contingent consequence, it is an infallible one; because food is an article of the first necessity, and here the provision is supposed to fall short of the demand. This raises the profits of those who have food ready to sell; and as the balance upon this article must remain overturned for some time, without the interposition of the statesman, these profits will be consolidated with the price, and give encouragement to a more expensive improvement of the soil. I shall here interrupt the examination of the consequences of this revolution as to agriculture, until I have examined the effects which the rise of the price of food produces on industry, and on the demand for it.

This augmentation on the value of subsistence must necessarily raise the price of all work, because we are here speaking of an industrious people fully employed, and because subsistence is one of the three articles which compose the intrinsic value of their work, as has been said.

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The rise therefore, upon the price of work, not being any augmentation of that part of the price which we call profits, as happens to be the case when a rise in demand has produced a competition among the buyers, cannot be brought down but by increasing the supply of subsistence; and were a statesman to mistake the real cause of the rise, and apply the remedy of increasing the quantity of work, in order to bring down the market, instead of augmenting the subsistence, he would occasion a great disorder; he would introduce the hurtful simple competition between people who labour for moderate profits, mentioned in the last chapter, and would throw such a discouragement upon their industry, as would quickly extinguish it altogether.

On the other hand, did he imprudently augment the subsistence, by large importations, he would put an end to the expensive improvements of the soil, and this whole enterprize would fall to nothing. Here then is a dilemma, out of which he can extricate himself by a right application of public money, only.

Such a necessary rise in the price of labour may either affect foreign exportation, or it may not, according to circumstances. If it does, the price of subsistence, at any rate, must be brought down at least to those who supply the foreign demand; if it does not affect foreign exportation, matters may be allowed to go on; but still the remedy must be ready at hand, to be applied the moment it becomes expedient.

There is one necessary augmentation upon the prices of industry, brought about by a very natural cause, viz. the increase of population, which may imply a more expensive improvement of the soil; that is, an extension of agriculture. This augmentation may very probably put a stop to the augmentation of demand for many branches of manufactures, consequently may stop the progress of industry; and if the same causes continue to operate in a greater degree, it may also cut off a part of the former demand, may discredit the market, open a door to foreign consumption, and

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produce

produce the inconveniencies of poverty and distress, in proportion to the degree of negligence in the statesman.

I shall now give another example, of a very natural augmentation upon the intrinsic value of work, which does not proceed from the increase of population, but from the progress of industry itself; which implies no internal vice in a state, but which is the necessary consequence of the reformation of a very great one. This augmentation must be felt less or more in every country, in proportion as industry becomes extended.

We have said, that the introduction of manufactures naturally tends to purge the lands of superfluous mouths: now this is a very slow and gradual operation. A consequence of it was said to be (Book I. Chap. xx.) an augmentation of the price of labour, because those who have been purged off, must begin to gain their whole subsistence at the expence of those who employ them.

If therefore, in the infancy of industry, any branch of it shall find itself assisted in a particular province, by the cheap labour of those mouths superfluously fed by the land, examples of which are very frequent, this advantage must diminish, in proportion as the cause of it ceases; that is, in proportion as industry is extended, and as the superfluous mouths are of consequence purged off.

This circumstance is of the last importance to be attended to by a statesman. Perhaps it was entirely owing to it, that industry was enabled to set up its head in this corner. How many examples could I give, of this assistance given to manufactures in different provinces, where I have found the value of a day's work, of spinning, for example, not equal to half the nourishment of the person. This is a great encouragement to the making of cloths; and accordingly we see some infant manufactures dispute the market with the produce of the greatest dexterity; the distaff dispute prices with the wheel. But when these provinces come to be purged of their superfluous mouths, spinning becomes a trade,

and

and the spinners must live by it. Must not then prices naturally rise? And if these are not supported by the statesman, or if assistance is not given to these poor manufacturers, to enable them to increase their dexterity, in order to compensate what they are losing in cheapness, will not their industry fail? Will not the poor spinners be extinguished? For it is not to be expected, that the landlord will receive them back again from a principle of charity, after he has discovered their former usefulness.

A third cause of a necessary augmentation upon the intrinsic value of goods proceeds from taxes. A statesman must be very negligent indeed, if he does not attend to the immediate consequences of his own proper operations. I shall not enlarge on this at present, as it would be an unnecessary anticipation; but I shall return, to resume the part of my reasoning which I broke off abruptly.

I have observed, how the same cause which stops the progress of industry, gives an encouragement to agriculture: how the rise in the price of subsistence necessarily increases the price of work to an industrious and well-employed people: how this cuts off a part of the demand for work, or sends it to a foreign market.

Now all these consequences are entirely just, and yet they seem contradictory to another part of my reasoning, (Book I. Chap. xvi.) where I set forth the advantages of a prodigal consumption of the earth's produce as advantageous to agriculture, by increasing the price of subsistence, without taking notice, on the other hand, of the hurt thereby done to industry, which supports the consumption of that produce.

The one and the other chain of consequences is equally just, and they appear contradictory only upon the supposition, that there is no statesman at the helm. These contradictions represent the alternate overturn of the balance. The duty of the statesman is, to support the double competition every where, and to permit only the gentle alternate vibrations of the two scales.

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When the progress of industry has augmented numbers, and made subsistence scarce, he must estimate to what height it is expedient that the price of subsistence should rise. If he finds, that, in order to encourage the breaking up of new lands, the price of it must rise too high, and stand high too long, to preserve the intrinsic value of goods at the same standard as formerly; then he must assist agriculture with his purse, in order that exportation may not be discouraged. This will have the effect of increasing subsistence, according to the true proportion of the augmentation required, without raising the price of it too high. And if that operation be the work of time, and the demand for the augmentation be pressing, he must have subsistence imported, or brought from abroad, during that interval. This supply he may cut off whenever he pleases, that is, whenever it ceases to be necessary.

If the supply comes from a sister country, it must be so taken, as to occasion no violent revolution when it comes to be interrupted a-new. As for example: One province demands a supply of grain from another, only for a few years, until their own soil can be improved, so as to provide them sufficiently. The statesman should encourage agriculture, no doubt, in the province furnishing, and let the farmers know the extent of the demand, and the time it may probably last, as near as possible; but he must discourage the plucking up of vineyards, and even perhaps the breaking up of great quantities of old pasture; because, upon the ceasing of the demand, such changes upon the agriculture of the province furnishing, may occasion a hurtful revolution.

While this foreign supply is allowed to come in, the statesman should be closely employed in giving such encouragement to agriculture at home, according to the principles hereafter to be deduced, as may nearly balance the discouragement given to it by this newly permitted importation. If this step be neglected, the consequence may be, that the foreign supply will go on increasing every

every year, and will extinguish the agriculture already established in the country, in place of supplying a temporary exigency, which is within the power of the country itself to furnish. These, I suppose, were the principles attended to by the government of England, upon opening their ports for the importation of provisions from Ireland.

The principle, therefore, being to support a gentle increase of food, inhabitants, work, and demand, the statesman must suffer small vibrations in the balance, which, by alternate competition, may favour both sides of the contract; but whenever the competition stands too long upon either side, and threatens a subversion of the balance; then, with an artful hand, he must endeavour to load the lighter scale, and never, but in cases of the greatest necessity, have recourse to the expedient of taking any thing from the heavier.

In treating of the present state of France, we observed, in the chapter above-cited, how the vibration of the balance of agriculture and population may carry food and numbers to their height; but as foreign trade was not there the direct object of inquiry, I did not care to introduce this second balance of work and demand, for fear of perplexing my subject. I hope I have now abundantly shewn the force of the different principles, and it must depend upon the judgment of the statesman to combine them together, and adapt them to his plan: a thing impossible to be even chalked out by any person who is not immediately at the head of the affairs of a nation. My work resembles the formation of the pure colours for painting, it is the artist's business to mix them: all I can pretend to, is to reason consequentially from suppositions. If I go at any time farther, I exceed my plan; and I confess the fault.

I shall now conclude my chapter by introducing a new subject. I have been at pains to shew how the continued neglect of a statesman, in watching over the vibrations of the balance of work and demand,

demand, naturally produces a total subversion of it; but this is not, of itself, sufficient to undo an industrious people. Other nations must be taught to profit of the disorder; and this is what I call the competition between nations.

C H A P. XII.

Of the Competition between Nations.

MANKIND daily profit by experience, and acquire knowledge at their own cost.

We have said that what lays the foundation of foreign trade, is the ease and conveniency which strangers find in having their wants supplied by those who have set industry on foot. The natural consequence of this foreign demand is to bring in wealth, and to promote augmentations of every kind. As long as these go on, it will be impossible for other nations to rival the traders, because their situation is every day growing better: dexterity increasing, diminishes the price of work; every circumstance, in short, becomes more favourable; the balance never vibrates, but by one of the scales growing positively heavier, and it is constantly coming even by an increase of weight on the other side. We have seen how these revolutions never can raise the intrinsic value of goods, and have observed that this is the road to greatness.

The slower any man travels, the longer he is in coming to his journey's end; and when his health requires travelling, and that he cannot go far from home, he rides out in a morning and comes home to dinner.

This represents another kind of vibration of the balance, and when things are come to such a height as to render a train of aug-

mentations

mentations impossible, the next best expedient is, to permit alternate vibrations of diminution and augmentation.

Work augments, I shall suppose, and no more demand can be procured; it may then be a good expedient to diminish hands, by making soldiers of them; by employing them in public works; or by sending them out of the country to become useful in its colonies. These operations give a relative weight to the scale of demand, and revive a competition on that side. Then the industrious hands must be gently increased a-new, and the balance kept in vibration as long as possible. By these alternate augmentations and diminutions, hurtful revolutions, and the subversion of the balance, may be prevented. This is an expedient for standing still without harm, when one cannot go forward to advantage.

If such a plan be followed, an industrious nation will continue in a situation to profit of the smallest advantage from revolutions in other countries, occasioned by the subversion of *their* balance; which may present an opportunity of new vibrations by alternate augmentations.

On such occasions, the abilities of a statesman are discovered, in directing and conducting what I call the delicacy of national competition. We shall then observe him imitating the mariners, who do not take in their sails when the wind falls calm, but keep them trimmed and ready to profit of the least breath of a favourable gale. Let me follow my comparison. The trading nations of Europe represent a fleet of ships, every one striving who shall get first to a certain port. The statesman of each is the master. The same wind blows upon all; and this wind is the principle of self-interest, which engages every consumer to seek the cheapest and the best market. No trade wind can be more general, or more constant than this; the natural advantages of each country represent the degree of goodness of each vessel; but the master who sails his ship with the greatest dexterity, and he who can lay his rivals under

the lee of his sails, will, *ceteris paribus*, undoubtedly get before them, and maintain his advantage.

While a trading nation, which has got an established advantage over her rivals, can be kept from declining, it will be very difficult, if not impossible, for any other to enter into competition with her: but when the balance begins to vibrate by alternate diminutions; when a decrease of demand operates a failure of supply; when this again is kept low, in order to raise the competition of consumers; and when, instead of restoring the balance by a gentle augmentation, a people are engaged, from the allurements of high profits, to discourage every attempt to bring down the market; then the ciffars of foreign rivalship will fairly trim off the superfluity of demand; the simple competition will cease; prices will fall, and a return of the same circumstances will prepare the way for another vibration downwards.

Such operations as these, are just what is requisite for facilitating the competition of rival nations; and the only means possible to engage those who did not formerly work, to begin and supply themselves.

Did matters stand so, the evil would be supportable; strangers would only supply the superfluities of demand, and the balance would still be found in a kind of equilibrium at home. But, alas! even this happy state can only be of short duration. The beginnings of trade with the strangers will prove just as favourable to the vibration of their balance, by augmentations, as it was formerly to the home-traders; and now every augmentation to those, must imply a diminution to the others. What will then become of those hands, in the trading nation, who subsist only by supplying the foreign market? Will not this revolution work the same effect, as to them, as if an additional number of hands had been employed to supply the same consumption? And will not this utterly destroy the balance among the traders, by throwing an unsurmountable

competition on the side of the supply? It will however have a different effect from what might have happened, if the same number of hands had been thrown into the trading nation; for, in this case, they might only destroy the consolidated profits upon labour, and perhaps restore the balance: the inconveniency would be equally felt by every workman, but profit would result to the public. But in the other case, the old traders will find no foreign sale for their work; these branches of industry will fall below the price of subsistence, and the new beginners will have *reasonable* profits in supplying their own wants. I say *reasonable*, because this transition of trade from one nation to another, never can be sudden or easy; and can only take place in proportion to the rise in the intrinsic value of goods in that which is upon the decline, not in proportion to the rise in their profits upon the sale of them: for as long as the most extravagant profits do not become consolidated, as we have said, with the value of the work, a diminution of competition among the consumers, which may be occasioned by a beginning of foreign industry, will quickly make them disappear; and this will prove a fatal blow to the first undertakings of the rival nations. But when once they are fairly so consolidated, that prices can no more come down of themselves, and that the statesman will not lend his helping hand, then the new beginners pluck up courage, and set out by making small profits: because in all new undertakings there is mismanagement and considerable loss; and nothing discourages mankind from new undertakings more than difficult beginnings.

As long, therefore, as a trading state is upon the rising hand, or even not upon the decline, and while the balance is kept right without the expedient of alternate diminutions, work will always be supplied from that quarter, cheaper than it possibly can be furnished from any other, where the same dexterity does not prevail. But when a nation begins to lose ground, then the very columns which supported her grandeur, begin, by their weight, to precipitate her

decline. The wealth of her citizens will support and augment home demand, and encourage that blind fondness for high profits, which it is impossible to preserve. The moment these consolidate to a certain degree, they have the effect of banishing from the market the demand of strangers, who only can enrich her. It is in vain to look for their return after the nation has discovered her mistake, although she should be able to correct it; because, before this can happen, her rivals will have profited of the golden opportunity, and during the infatuation of the traders, will, even by their assistance, have got fairly over the painful struggle against their superior dexterity.

Thus it happens, that so soon as matters begin to go backward in a trading nation, and that by the increase of their riches, luxury and extravagance take place of oeconomy and frugality among the industrious; when the inhabitants themselves foolishly enter into competition with strangers for their own commodities; and when a statesman looks coolly on, with his arms across, or takes it into his head, that it is not his business to interpose, the prices of the dextrous workman will rise above the amount of the management, loss, and reasonable profits, of the new beginners; and when this comes to be the case, trade will decay where it flourished most, and take root in a new soil. This I call a competition between nations.

C H A P. XIII.

How far the Form of Government of a particular Country may be favourable or unfavourable to a Competition with other Nations, in matters of Commerce.

THE question before us, though relative to another science, is not altogether foreign to this. I introduce it in this place, not so much for the sake of connexion, as by way of digression, which at the same time that it has a relation to general principles, may also prove a relaxation to the mind, after so long a chain of close reasoning.

In setting out, I informed my readers that I intended to treat of the political oeconomy of free nations only; and upon every occasion where I have mentioned slavery, I have pointed out how far the nature of it is contrary to the advancement of private industry, the inseparable concomitant of foreign and domestic trade.

No term is less understood than that of *liberty*, and it is not my intention, at present, to enter into a particular inquiry into all the different acceptations of it.

By a people's being free, I understand no more than their being governed by general laws, well known, not depending upon the ambulatory will of any man, or any set of men, and established so as not to be changed, but in a regular and uniform way; for reasons which regard the body of the society, and not through favour or prejudice to particular persons, or particular classes. In so far as a power of dispensing with, restraining or extending general laws, is left in the hands of any governor, in so far, I consider public liberty as precarious. I do not say it is hereby hurt; this will depend upon the use made of such prerogatives. According to this definition of liberty, a people may be found to enjoy freedom

under the most despotic forms of government; and perpetual servitude itself, where the master's power is limited according to natural equity, is not altogether incompatible with liberty in the servant.

Here new ideas present themselves concerning the general principles of *subordination* and *dependence* among mankind; which I shall lay before my reader before I proceed, submitting the justness of them to his decision.

As these terms are both relative, it is proper to observe, that by *subordination* is implied an authority which superiors have over inferiors; and by *dependence*, is implied certain advantages which the inferiors draw from their subordination: a servant is under *subordination* to his master, and *depends* upon him for his subsistence.

Dependence is the only bond of society; and I have observed, in the fourth chapter of the first book, that the dependence of one man upon another for food, is a very natural introduction to slavery. This was the first contrivance mankind fell upon, in order to become useful to one another.

Upon the abolishing of slavery, from a principle of christianity, the next step taken, was the establishment of an extraordinary subordination between the different classes of the people; this was the principle of the feudal government.

The last refinement, and that which has brought liberty to be generally extended to the lowest denominations of a people, without destroying that dependence necessary to serve as a band of society, was the introduction of industry: by this is implied, the circulation of an adequate equivalent for every service, which procures to the rich, every advantage they could expect to reap, either from the servitude or dependence of the poor; and to these again, every comfort they could wish to enjoy under the mildest slavery, or most gentle subordination.

From this exposition, I divide dependence into three kinds. The first natural, between parents and children; the second political, between masters and servants, lords and vassals, Princes and subjects;

jects; the third commercial, between the rich and the industrious.

May I be allowed to transgress the limits of my subject for a few lines, and to dip so far into the principles of the law of nature, as to enquire, how far subordination among men is thereby authorized? I think I may decide, *that in so far as the subordination is in proportion to the dependence, in so far it is reasonable and just.* This represents an even balance. If the scale of subordination is found too weighty, tyranny ensues, and licentiousness is implied, in proportion as it rises above the level. From this let me draw some conclusions.

1mo. He who depends upon another, for the preservation of a life justly forfeited, and at all times in the power of him who spared it, was, by the civil law, called a slave. This surely is the highest degree of dependence.

2do. He who depends upon another for every thing necessary for his subsistence, seems to be in the second degree; this is the dependence of children upon their parents.

3tio. He who depends upon another for the means of procuring subsistence to himself by his own labour, stands in the third degree: this I take to have been the case between the feudal lords, and the lowest classes of their vassals, the labourers of the ground.

4to. He who depends totally upon the sale of his own industry, stands in the fourth degree: this is the case of tradesmen and manufacturers, with respect to those who employ them.

These I take to be the different degrees of subordination between man and man, considered as members of the same society.

In proportion, therefore, as certain classes, or certain individuals become more dependent than formerly, in the same proportion ought their just subordination to increase: and in proportion as they become less dependent than formerly, in the same proportion ought this just subordination to diminish. This seems to be a rational principle: next for the application.

I deduce

I deduce the origin of the great subordination under the feudal government, from the necessary dependence of the lower classes for their subsistence. They consumed the produce of the land, as the price of their subordination, not as the reward of their industry in making it produce.

I deduce modern liberty from the independence of the same classes, by the introduction of industry, and circulation of an adequate equivalent for every service.

If this doctrine be applied in order to resolve the famous question so much debated, concerning the origin of supreme authority, in so far as it is a question of the law of nature, I do not find the decision so very difficult: *All authority is in proportion to dependence, and must vary according to circumstances.*

I think it is as rational to say, that the fatherly power proceeded originally from the act of the children, as to say, that the great body of the people who were fed, and protected by a few great lords, was the fountain of power, and creator of subordination: Those who have no other equivalent to give for their food and protection, must pay in personal service, respect, and submission; and so soon as they come to be in a situation to pay a proper equivalent for these dependencies, in so far they acquire a title to liberty and independence. The feudal lords, therefore, who, with reason, had an entire authority over many of their vassals, being subdued by their King; the usurpation was upon *their* rights, not upon the rights of the lower classes: but when a King came to extend the power he had over the vassals of the lords, to the inhabitants of cities, who had been independent of that subordination, his usurpation became evident.

The rights of Kings, therefore, are to be sought for in history; and not founded upon the supposition of tacit contracts between them and their people, inferred from the principles of an imaginary law of nature, *which makes all mankind equal*: nature can never be in opposition to common reason.

The

The general principle I have laid down, appears, in my humble opinion, more rational than that imaginary contract; and as consonant to the full with the spirit of free government. If the original tacit contract of government between Prince and people is admitted universally, then all governments ought to be similar; and every subordination, which appears contrary to the entire liberty and independence of the lowest classes, ought to be construed as tyrannical: whereas, according to my principle, the subordination of classes may, in different countries, be vastly different; the prerogative of one sovereign may, from different circumstances, be far more extended than that of another.

May not one have attained the sovereignty (by the free election of the people, I suppose) because of the great extent of his possessions, number of his vassals and dependents, quantity of wealth, alliances and connexions with neighbouring sovereigns? Had not, for example, such a person as Hugh Capet, the greatest feudal Lord of his time, a right to a much more extensive jurisdiction over his subjects, than could reasonably be aspired to by a King of Poland, sent from France, or from Germany, and set at the head of a republic, where he has not one person depending upon him for any thing?

The power of Princes, as *Princes*, must then be distinguished from the power they derive from other circumstances, which do not necessarily follow in consequence of their elevation to the throne. It would, I think, be the greatest absurdity to advance, that the title of King abolishes, of itself, the subordination due to the person who exercises the office of that high magistracy.

Matter of fact, which is stronger than all reasoning, demonstrates the force of the principle here laid down. Do we not see how subordination rises and falls under different reigns, under a rich Elizabeth, and a necessitous Charles, under a powerful Austrian, and a distressed Bavarian Emperor? I proceed no farther in the exami-

nation of this matter: perhaps my reader has decided that I have gone too far already.

From these principles may be deduced the boundaries of subordination. A people who depend upon nothing but their own industry for their subsistence, ought to be under no farther subordination than what is necessary for their protection. And as the protection of the whole body of such a people implies the protection of every individual, so every political subordination should there be general and equal: no person, no class should be under a greater subordination than another. This is the subordination of the laws; and whenever laws establish a subordination more than what is proportionate to the dependence of those who are subordinate, in so far such laws may be considered as contrary to natural equity, and arbitrary.

These things premised, I come to the question proposed, namely, How far particular forms of government are favourable or unfavourable to a competition with other nations, in point of commerce?

If we reason from facts, and from experience, we shall find, that trade and industry have been found mostly to flourish under the republican form, and under those which have come the nearest to it. May I be allowed to say, that, perhaps, one principal reason for this has been, that under these forms the administration of the laws has been the most uniform, and consequently, that most liberty has *actually* been there enjoyed: I say *actually*, because I have said above, that in my acceptance of the term, liberty is equally compatible with monarchy as with democracy; I do not say the enjoyment of it is equally secure under both; because under the first it is much more liable to be destroyed.

The life of the democratical system is equality. Monarchy conveys the idea of the greatest inequality possible. Now if, on one side, the equality of the democracy secures liberty; on the other,

the moderation in expence discourages industry; and if, on one side, the inequality of the monarchy endangers liberty, the progress of luxury encourages industry on the other. From whence we may conclude, that the democratical system is naturally the best for giving birth to foreign trade; the monarchical, for the refinement of the luxurious arts, and for promoting a rapid circulation of inland commerce.

The danger which liberty is exposed to under monarchy, and the discouragement to industry, from the frugality of the democracy, are only the natural and immediate effects of the two forms of government; and these inconveniencies will only take place while statesmen neglect the interest of commerce, so far as not to make it an object of administration.

The disadvantage, therefore, of the monarchical form, in point of trade and industry, does not proceed from the inequality it establishes among the citizens, but from the consequence of this inequality, which is very often accompanied with an arbitrary and undetermined subordination between the individuals of the higher classes, and those of the lower; or between those vested with the execution of the laws, and the body of the people. The moment it is found that any subordination within the monarchy, between subject and subject, is left without proper bounds prescribed, liberty is so far at an end. Nay monarchy itself is thereby hurt, as this undetermined subordination implies an arbitrary power in the state, not vested in the monarch. *Arbitrary* power never can be delegated; for if it be *arbitrary*, it may be turned against the monarch, as well as against the subject.

I might therefore say, that when such a power in individuals is constitutional in the monarchy, such monarchy is not a government, but a tyranny, and therefore falls without the limits of our subject; and when such a power is anti-constitutional, and yet is exercised, that it is an abuse, and should be overlooked. But as the plan of this inquiry engages me to investigate the operations

of general principles, and the consequences they produce, I cannot omit, in this place, to point out those which flow from an undetermined subordination, from whatever cause it may proceed.

Whether this undetermined subordination between individuals, be a *vice* in the constitution of the government, or an *abuse*, it is the same thing as to the consequences which result from it. It is this which checks and destroys industry, and which in a great measure prevents its progress from being equal in all countries. This difference in the form or administration of governments, is the only one which it is essentially necessary to examine in this inquiry; and so essential it is, in my opinion, that I imagine it would be less hurtful, in a plan for the establishment of commerce, fairly, and at once, to enslave the lower classes of the inhabitants, and to make them vendible like other commodities, than to leave them nominally free, burthened with their own maintenance, charged with the education of their children, and at the same time under an irregular subordination; that is, liable at every moment to be loaded with new prestations or impositions, either in work or otherwise, and to be fined or imprisoned at will by their superiors.

It produces no difference, whether these irregularities be exercised by those of the superior classes, or by the statesman and his substitutes. It is the irregularity of the exactions more than the extent of them which ruins industry. It renders living precarious, and the very idea of industry should carry along with it, not only an assured livelihood, but a certain profit over and above.

Let impositions be ever so high, provided they be proportional, general, gradually augmented, and permanent, they may have indeed the effect of stopping foreign trade, and of starving the idle, but they never will ruin the industrious, as we shall have occasion to shew in treating of taxation. Whereas, when they are arbitrary, falling unequally upon individuals of the same condition, sudden, and frequently changing their object, it is impossible for industry to stand its ground. Such a system of oeconomy introduces an

unequal

unequal competition among those of the same class, it stops industrious people in the middle of their career, discourages others from exposing to the eyes of the public *the ease of their circumstances*, consequently encourages hoarding; this again excites rapaciousness upon the side of the statesman, who sees himself frustrated in his schemes of laying hold of private wealth.

From this a new set of inconveniencies follow. He turns his views upon solid property. This inspires the landlords with *indignation* against him who can load *them* at will; and with *envy* against the *monied interest*, who can baffle his attempts. This class again is constantly upon the catch to profit of the public distress for want of money. What is the consequence of all this? It is, that the lowest classes of the people, who ought by industry to enrich the state, find on one hand the monied interest constantly amassing, in order to lend to the state, instead of distributing among *them*, by seasonable loans, their superfluous income, with a view to share the reasonable profits of their ingenuity; and on the other hand, they find the emissaries of taxation robbing them of the seed before it is sown, instead of waiting for a share in the harvest.

Under the feudal form of government, liberty and independence were confined to the nobility. Birth opened the door of preferment to some, and birth as effectually shut it against others. I have often observed how, by reason and from experience, such a form of government must be unfavourable both to trade and industry.

From reason it is plain, that industry must give wealth, and wealth *will* give power, if he who possesses it be left the master to employ it as he pleases. A government could not therefore encourage a system which tended to throw power into the hands of those who were only made to obey. It was consequently very natural for the nobility to be jealous of wealthy merchants, and of every one who became easy and independent by means of their own industry; experience proved how exactly this principle regulated their administration.

A statesman

A statesman ought, therefore, to consider attentively every circumstance of the constitution of his country, before he sets on foot the modern system of trade and industry. I am far from being of opinion that this is the only road to happiness, security, and ease; though, from the general taste of the times I live in, it be the system I am principally employed to examine. A country may be abundantly happy, and sufficiently formidable to those who come to attack it, without being extremely rich. Riches indeed are forbid to all who have not mines, or foreign trade.

If a country be found labouring under many natural disadvantages from inland situation, barren soil, distant carriage, it would be in vain to attempt a competition with other nations in foreign markets. All that can be then undertaken is a passive trade, and that only in so far as it can bring in additional wealth. When little money can be acquired, the statesman's application must be, to make that already acquired to circulate as much as possible, in order to give bread to every one in the society.

In countries where the government is vested in the hands of the great lords, as is the case in all aristocracies, as was the case under the feudal government, and as it still is the case in many countries in Europe; where trade, however, and industry are daily gaining ground; the statesman who sets the new system of political oeconomy on foot, may depend upon it, that either his attempt will fail, or the constitution of the government will change. If he destroys all arbitrary dependence between individuals, the wealth of the industrious will share, if not totally root out the power of the grandees. If he allows such a dependence to subsist, his project will fail.

While Venice and Genoa flourished, they were obliged to open the doors of their senate to the wealthy citizens, in order to prevent their being broken down. What is venal nobility? The child of commerce, the indispensable consequence of industry, and a middle term, which our Gothic ancestors found themselves obliged

to

to adopt, in order not entirely to lose their own rank in the state. Money, they found, must carry off the fasces, so they chose rather to adopt the wealthy plebeians, and to clothe ignoble shoulders with their purple mantle, than to allow these to wrest all authority out of the hands of the higher class. By this expedient, a sudden revolution has often been prevented. Some kingdoms have been quit for a bloody rebellion, or a long civil war. Other countries have likewise demonstrated the force of the principles here laid down: a wealthy populace has broken their chains to pieces, and overturned the very foundations of the feudal system.

All these violent convulsions have been owing to the short-sightedness of statesmen; who, inattentive to the consequences of growing wealth and industry, foolishly imagined that hereditary subordination was to subsist among classes, whose situation, with respect to each other, was entirely changed.

The pretorian cohorts were at first subordinate to the orders of the Emperors, and were the guards of the city of Rome. The Janissaries are understood to be under the command of the principal officers of the Port. So soon as the leading men of Rome and Constantinople, who naturally were entitled to govern the state, applied to these tumultuous bodies for their protection and assistance, they in their turn, made sensible of their own importance, changed the constitution, and shared in the government.

A milder revolution, entirely similar, is taking place in modern times; and an attentive spectator may find amusement in viewing the progress of it in many states of Europe. Trade and industry are in vogue; and their establishment is occasioning a wonderful fermentation with the remaining fierceness of the feudal constitution.

Trade and industry owed their establishment to war, and to ambition; and perhaps mankind may hope to see the day when they will put an end to the first, by exposing the expensive folly of the latter.

Trade

Trade and industry, I say, owed their establishment to the ambition of princes, who supported and favoured the plan in the beginning, principally with a view to enrich themselves, and thereby to become formidable to their neighbours. But they did not discover, until experience taught them, that the wealth they drew from such fountains was but the overflowing of the spring; and that an opulent, bold, and spirited people, having the fund of the prince's wealth in their own hands, have it also in their own power, when it becomes strongly their inclination, to shake off his authority. The consequence of this change has been the introduction of a more mild, and a more regular plan of administration. The money gatherers are become more useful to princes, than the great lords; and those who are fertile in expedients for establishing public credit, and for drawing money from the coffers of the rich, by the imposition of taxes, have been preferred to the most wise and most learned counsellors.

As this system is new, no wonder if it has produced phenomena both new and surprizing. Formerly, the power of Princes was employed to destroy liberty, and to establish arbitrary subordination; but in our days, we have seen those who have best comprehended the true principles of the new plan of politics, arbitrarily limiting the power of the higher classes, and thereby applying their authority towards the extension of public liberty, by extinguishing every subordination, other than that due to the established laws.

The fundamental maxim of some of the greatest ministers, has been to restrain the power of the great lords. The natural inference that people drew from such a step, was, that the minister thereby intended to make every thing depend on the prince's will only. This I do not deny. But what use have we seen made of this new acquisition of power? Those who look into events with a political eye, may perceive several acts of the most arbitrary authority exercised by some late European sovereigns, with no other view than to establish public liberty upon a more extensive bottom.

And

And although the prerogative of some princes be increased considerably beyond the bounds of the antient constitution, even to such a degree as perhaps justly to deserve the name of usurpation; yet the consequences resulting from the revolution, cannot every where be said, upon the whole, to have impaired what I call *public liberty*. I should be at no loss to prove this assertion from matters of fact, and by examples; did I think it proper: it seems better to prove it from reason.

When once a state begins to subsist by the consequences of industry, there is less danger to be apprehended from the power of the sovereign. The mechanism of his administration becomes more complex, and, as was observed in the introduction to the first book, he finds himself so bound up by the laws of his political oeconomy, that every transgression of them runs him into new difficulties.

I only speak of governments which are conducted systematically, constitutionally, and by general laws; and when I mention princes, I mean their councils. The principles I am enquiring into, regard the cool administration of their government; it belongs to another branch of politics, to contrive bulwarks against their passions, vices and weaknesses, as men.

I say, therefore, that from the time states have begun to be supported by the consequences of industry, the plan of administration has become more moderate; has been changing and refining by degrees; and every change, as has been often observed, must be accompanied with inconveniencies.

It is of governments as of machines, the more they are simple, the more they are solid and lasting; the more they are artfully composed, the more they become useful; but the more apt they are to be out of order.

The Lacedemonian form may be compared to the wedge, the most solid and compact of all the mechanical powers. Those of modern states to watches, which are continually going wrong;

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sometimes

Sometimes the spring is found too weak, at other times too strong for the machine: and when the wheels are not made according to a determined proportion, by the able hands of a Graham, or a Julien le Roy, they do not tally well with one another; then the machine stops, and if it be forced, some part gives way; and the workman's hand becomes necessary to set it right.

C H A P. XIV.

Security, Ease and Happiness, no inseparable Concomitants of Trade and Industry.

THE republic of Lycurgus represents the most perfect plan of political oeconomy, in my humble opinion, any where to be met with, either in antient or modern times. That it existed cannot be called in question, any more than that it proved the most durable of all those established among the Greeks; and if at last it came to fail, it was more from the abuses which gradually were introduced into it, than from any vice in the form.

The simplicity of the institution made the solidity of it; and had the Lacedemonians at all times adhered to the principles of their government, and spirit of their constitution, they might have perhaps subsisted to this very day.

My intention, in this chapter, is not to enter into a critical disquisition concerning the mechanism of every part of the Spartan republic; but to compare the general plan of Lycurgus's political oeconomy with the principles we have been laying down.

Of this plan we have a description in the life of that legislator written by Plutarch, one of the most judicious authors to be met with in any age.

This

This historian flourished at least 800 years after the institution of the plan he describes. A plan never reduced into a system of written laws, but stamped at first upon the minds of the Spartans by the immediate authority of the gods, which made them submit to the most violent revolution that perhaps ever took place in any nation, and which they supported for so many ages by the force of education alone.

As the whole of Lycurgus's laws was transmitted by tradition only, it is not to be supposed, that the description Plutarch, or indeed any of the antients, have given us of this republic, can be depended on with certainty as a just representation of every part of the system laid down by that great statesman. But on the other hand, we may be very sure, that as to the outlines of the institution, we have them transmitted to us in all their purity; and, in what relates to my subject, I have no occasion to launch out into any particulars which may imply the smallest controversy, as to the matter of fact.

Property among the Lacedemonians, at the time when Lycurgus planned his institution, was very unequally divided: the consequence of which, says our historian, was to draw many poor people into the city, where the wealth was gathered into few hands; that is, according to our language, *the luxury of the rich, who lived in the city, had purged the lands of useless mouths, and the instability of the government had rendered industry precarious, which must have opened the door to general distress among all the lower classes.*

The first step our legislator took, was to prepare the spirit of the people, so as to engage them to submit to a total reform, which could not fail of being attended with innumerable inconveniencies.

For this purpose he went to Delphi, without having communicated his design to any body. The Pythia declared him to be the darling of the gods, and rather a god than a man; and publicly gave out, that Apollo had delivered to him alone the plan of a republic which far exceeded every other in perfection.

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What

What a powerful engine was this in the hands of a profound politician, who had travelled over the world with a previous intention to explore the mysteries of the science of government! and what advantages did such an authentic recommendation, coming directly (as was believed) from the voice of the Divinity, give him over a superstitious people, in establishing whatever form of government he thought most proper!

The sagacious Lacedemonian did not, however, entirely depend upon the blind submission of his countrymen to the dictates of the oracle; but wisely judged that some preparatory steps might still be necessary. He communicated, therefore, his plan, first to his friends, and then by degrees to the principal people of the state, who certainly never could have been brought to relish an innovation so prejudicial to their interest, had it not been from the deepest reverence and submission to the will of the gods. Assured of their assistance, he appeared in the market place, accompanied by his party, all in arms; and having imposed respect, he laid the foundation of his government by the nomination of a senate.

Whatever regards any other object than his plan of political oeconomy, shall be here passed over in silence. It is of no consequence to my inquiry, where the supreme power was vested: it is sufficient to know that there was an authority in the state sufficient to support the execution of his plan.

He destroyed all inequality at one stroke. The property of all the lands of the state was thrown together, and became at the disposal of the legislator. Every branch of industry was proscribed to the citizens. And a monied interest was made to disappear, by the introduction of iron coin. The lands he divided into equal lots, according to the number of citizens.

Thus all were rendered entirely equal in point of fortune, as neither wealth, industry, or lands, could give a superiority to any body. From this part of the plan I conclude, that Lycurgus discovered the utter insufficiency of an agrarian law for establishing equality

equality among the individuals of a state, without proscribing, at the same time, both wealth and industry. A circumstance which seems to have escaped every other statesman in ancient times, as well as the modern patrons of equality and simplicity of manners. The lands were cultivated by the Helotes, who were nourished from them, and who were obliged to deliver the surplus, that is, a determined quantity of fruits, to the proprietor of the lot. Every necessary mechanic art was likewise exercised by this body of slaves.

By this distribution, the produce of the earth (that is every article of nourishment) came free and without cost to every individual of the state. The Spartan landlords were rather overseers of the slaves, and collectors of the public subsistence, than direct proprietors of the soil which produced it. For although every man was fed from his own lands, and provided his own portion, yet this portion was regulated, and was to be consumed in public; and any one who pretended to eat alone, or before he came to the public hall, was held in the utmost contempt.

Their cloathing was the most simple possible; perfectly alike, and could be purchased for a small value. This frugality produced no bad effect; because no man lived by his industry. Arts, as has been said, were exercised by the Helotes, the property of private citizens; and if such masters as entertained manufacturing slaves gained by that traffic (as some must do) every method of profiting of their superior riches was cut off.

The Spartans were continually together, they had nothing to do but to divert themselves; and their amusements were mostly martial exercises. The regulations of these numerous assemblies (which were compared, with great elegance and justness, to swarms of bees) cut off all outward marks of distinction. There was not a possibility for luxury to introduce itself, either in eating, drinking, cloathing, furniture, or any other expence.

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Here then was a whole nation fed and provided for gratuitously; there was not the least occasion for industry; the usefulness of which we have shown principally to consist in its proving an expedient for procuring for the necessitous, what the Spartans found provided for them without labour.

Under such circumstances we may conclude, from the principles we have laid down, that a people thus abundantly nourished, must have multiplied exceedingly. And so no doubt they did. But the regulation of the lots permitted no more than a fixt number of citizens. Whenever, therefore, numbers were found to exceed this standard, the supernumeraries were dismissed, and sent to form colonies. And when the Helotes increased too much, and thereby began to rise above the proportion of the labour required of them, in order to prevent the consuming the food of their masters, which they had among their hands, and thereby becoming idle, licentious, and consequently dangerous to the state, it was permitted to destroy them by way of a military exercise, conducted by stratagem and address; arts which this people constantly preferred in war, to labour, strength, and intrepidity.

This appears a very barbarous custom, and I shall not offer any thing as an apology for it, but the ferocity of the manners of those times. Abstracting from the cruelty, the restraining the numbers of that class within certain limits, was absolutely necessary. The Lacedemonian slaves were in many respects far happier than those of other nations. They were in reality a body of farmers, which paid a certain quantity of fruits out of every lot; to wit, 70 medimni of barley: their numbers were not recruited from abroad, as elsewhere, but supported by their own propagation; consequently there was an absolute necessity either to prevent the over multiplication of them, or to diminish an income proportioned exactly to the necessities of the state: and what expedient could be fallen upon? They were slaves, and therefore could not be inrolled in the number of citizens; they could not be sold to strangers, for money

ney which was forbid; and they were of no use to industry. No wonder then if the fierceness of the manners of those days permitted the inhuman treatment they received; which, however, Plutarch is far from attributing to the primitive institution of Lycurgus. Besides, when we see that the freemen themselves were obliged to quit the country the moment their numbers exceeded a certain standard, it was not to be expected, that useless slaves should be permitted to multiply at discretion.

From this sketch of Lycurgus's political oeconomy, we find the state abundantly provided with every necessary article; an effectual stop put to vicious procreation among the citizens; and a corrective for the over multiplication of the slaves. The next care of a statesman is to regulate the employment of a people.

Every freeman in the state was bred up from his infancy to arms. No family care could prevent him from serving the state as a soldier; his children were no load upon him; it was the business of the Helotes to supply them with provisions; of the servants in town to prepare these; and the public tables were always ready furnished. The whole youth of Sparta was educated not as the children of their parents, but of the state. They imbibed the same sentiments of frugality, temperance, and love of simplicity. They exercised the same employment, and were occupied in the same way in every respect. The simplicity of Lycurgus's plan, rendered this a practicable scheme. The multiplicity and variety of employments among us, makes it absolutely necessary to trust the parents with the education of their children; whereas in Sparta, there were not two employments for a free man; there was neither orator, lawyer, physician, or politician, by profession to be found. The institutions of their lawgiver were constantly inculcated by the old upon the minds of the young; every thing they heard or saw, was relative to war. The very gods were represented in armour, and every precept they were taught, tended to banish superfluity, and to establish moderation and hard living.

The youth were continually striving together in all military exercises; such as boxing and wrestling. To keep up, therefore, a spirit of emulation, and to banish animosity at the same time, sharp, satirical expressions were much encouraged; but these were always to be seasoned with something gracious or polite. The grave demeanour likewise, and down-cast look which they were ordered to observe in the streets, and the injunction of keeping their hands within their robes, might very naturally be calculated to prevent quarrels, and especially blows, at times when the authority of a public assembly could not moderate the vivacity of their passions. By these arts, the Spartans lived in great harmony in the midst of a continual war.

Under such regulations a people must enjoy security from foreign attacks; and certainly the intention of the legislator never was to extend the limits of Laconia by conquest. What people could ever think of attacking the Lacedæmonians, where nothing but blows could be expected!

They enjoyed ease in the most supreme degree; they were abundantly provided with every necessary of life; although, I confess, the enjoyment of them in so austere a manner, would not be relished by any modern society. But habit is all in things of this kind. A coarse meal to a good stomach, has more relish than all the delicacies of the most exquisite preparation to a depraved appetite; and if sensuality be reckoned among the pleasures of life, enough of it might have been met with in the manners of that people. It does not belong to my subject to enter into particular details on this head. But the most rational pleasure among men, the delightful communication of society, was here enjoyed to the utmost extent. The whole republic was continually gathered together in bodies, and their studies, their occupations, and their amusements, were the same. One taste was universal; and the young and the old being constantly together, the first under the immediate inspection and authority of the latter, the same sentiments were transmitted from generation

generation to generation. The Spartans were so pleased, and so satisfied with their situation, that they despised the manners of every other nation. If this does not transmit an idea of happiness, I am at a loss to form one. Security, ease, and happiness, therefore, are not inseparable concomitants of trade and industry.

Lycurgus had penetration enough to perceive the weak side of his institution. He was no stranger to the seducing influence of luxury; and plainly foresaw, that the consequences of industry, which procures to mankind a great variety of new objects of desire, and a wonderful facility in satisfying them, would easily root out the principles he had endeavoured to instil into his countrymen, if the state of simplicity should ever come to be sophisticated by foreign communications. He affected, therefore, to introduce several customs which could not fail of disgusting and checking the delicacy of neighbouring states. He permitted the dead to be buried within the walls; the handling of dead bodies was not reckoned pollution among the Lacedæmonians. He forbade bathing, so necessary for cleanliness in a hot country; and the coarseness and dirtiness of their cloaths, and sweat from their hard exercises, could not fail to disgust strangers from coming among them. On the other hand, nothing was found at Sparta which could engage a stranger to wish to become one of their number. And to prevent the contagion of foreign customs from getting in, by means of the citizens themselves, he forbade the Spartans to travel; and excluded from any employment in the state, those who had got a foreign education. Nothing but a Spartan breeding could have fitted a person to live among them.

The theft encouraged among the Lacedæmonians was calculated to make them artful and dextrous; and contained not the smallest tincture of vice. It was generally of something eatable, and the frugality of their table prompted them to it; while on the other hand, their being exposed to the like reprisals, made them watchful and careful of what belonged to themselves; and the pleasure

of punishing an unsuccessful attempt, in part indemnified them for the trouble of being constantly upon their guard. A Lacedæmonian had nothing of any value that could be stolen; and it is the desire and intention of making unlawful gain, which renders theft either criminal or scandalous.

The hidden intercourse between the Spartans and their young wives was, no doubt, calculated to impress upon the minds of the fair sex, the wide difference there is between an act of immodesty, and that of simply appearing naked in the public exercises; two things which we are apt to confound, only from the impression of our own customs. I am persuaded that many a young person has felt her modesty as much hurt by taking off her handkerchief, the first time she appeared at court, as any Lacedæmonian girl could have done by stripping before a thousand people; yet both her reason and common sense, must make her sensible of the difference between a compliance with a custom in a matter of dress, and a palpable transgression against the laws of her honour, and the modesty of her sex.

I have called this Lacedæmonian republic a perfect plan of political oeconomy; because it was a system, uniform and consistent in all its parts. *There*, no superfluity was necessary, because there was no occasion for industry, to give bread to any body. *There*, no superfluity was permitted, because the moment the limits of the absolutely necessary are transgressed, the degrees of excess are quite indeterminate, and become purely relative. The same thing which appears superfluity to a peasant, appears necessary to a citizen; and the utmost luxury of this class, frequently does not come up to what is thought the mere necessary for one in a higher rank. Lycurgus stopt at the only determined frontier, the pure physical necessary. All beyond this was considered as abusive.

The only things in commerce among the Spartans were, *1mo.* What might remain to them of the fruits of their lot, over their own consumption; and *2do.* The work of the slaves employed

in trades. The numbers of these could not be many, as the timber of their houses was worked only with the saw and ax; and every utensil was made with the greatest simplicity. A small quantity, therefore, of iron coin, as I imagine, must have been sufficient for carrying on the circulation at Sparta. The very nature of their wants must, as I have said, terminate all their commerce, in the exchange of their surplus-food of their portions of land, with the work of the manufacturing slaves, who must have been fed from it.

As the Lacedæmonians had no mercantile communication with other nations, the iron coin was no more than a bank note of no intrinsic value, as I suppose, but a middle term introduced for keeping accounts, and for facilitating barter. An additional argument for this opinion of the coin being of no intrinsic value, is, that it is said to have been rendered unserviceable for other uses; by being slaked in vinegar. In order consequently to destroy, as they imagined, any intrinsic value which might therein otherwise remain. If this coin, therefore, was made of an extraordinary weight, it must have been entirely with a political view of discouraging commerce and circulation, an institution quite consistent with the general plan; and nowise a consequence of the baseness of the metal of which it was made: a small quantity of this, with the stamp of public authority for its currency and value, would have answered every purpose equally well.

Let me now conclude this chapter by an illustration of the subject, which will still more clearly point out the force of the principles upon which this Lacedæmonian republic was established.

Were any Prince in Europe, whose subjects, I shall suppose, may amount to six millions of inhabitants, one half employed in agriculture, the other half employed in trade and industry, or living upon a revenue already acquired; were such a Prince, I say, supposed to have authority sufficient to engage his people to adopt a new plan of oeconomy, calculated to secure them against the designs of

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a powerful neighbour, who, I shall suppose, has formed schemes of invading and subduing them.

Let him engage the whole proprietors of land to renounce their several possessions: or if that supposition should appear too absurd, let him contract debts to the value of the whole property of the nation; let the land-tax be imposed at twenty shillings in the pound, and then let him become bankrupt to the creditors. Let the income of all the lands be collected throughout the country for the use of the state; let all the luxurious arts be proscribed; and let those employed in them be formed, under the command of the former land proprietors, into a body of regular troops, officers and soldiers, provided with every thing necessary for their maintenance, and that of their wives and families at the public expence. Let me carry the supposition farther. Let every superfluity be cut off; let the peasants be enslaved, and obliged to labour the ground with no view of profit to themselves, but for simple subsistence; let the use of gold and silver be proscribed; and let all these metals be shut up in a public treasure. Let no foreign trade, and very little domestic be encouraged; but let every man, willing to serve as a soldier, be received and taken care of; and those who either incline to be idle, or who are found superfluous, be sent out of the country. I ask, what combination, among the modern European Princes, would carry on a successful war against such a people? What article would be wanting to their ease, that is, to their ample subsistence? Their happiness would depend upon the temper of their mind. And what country could defend themselves against the attack of such an enemy? Such a system of political oeconomy, I readily grant, is not likely to take place: but if ever it did, would it not effectually dash to pieces the whole fabric of trade and industry, which has been forming for so many years? And would it not quickly oblige every other nation to adopt, as far as possible, a similar conduct, from a principle of self-preservation.

C H A P. XV.

A general View of the Principles to be attended to by a Statesman, who resolves to establish Trade and Industry upon a lasting footing.

THE two preceding chapters I have introduced purposely to serve as a relaxation to the mind, like a farce between the acts of a serious opera. I now return to the place where I broke off my subject, at the end of the twelfth chapter.

It is a great assistance to memory, now and then to assemble our ideas, after certain intervals, in going through an extensive subject. No part of it can be treated of with distinctness, without banishing combinations; and no part of it can be applied to practice, or adapted to any plan, without attending to combinations almost infinite.

For this reason nothing can appear more inconsistent than the spirit which runs through some parts of this book, if compared with that which prevailed in the first. *There* luxury was looked on with a favourable eye, and every augmentation of superfluity was considered as a method of advancing population. We were then employed in drawing mankind, as it were, out of a state of idleness, in order to increase their numbers, and engage them to cultivate the earth. We had no occasion to divide them into societies having separate interests, because the principles we treated of were common to all. We therefore considered the industrious, who are the providers, and the luxurious, who are the consumers, as children of the same family, and as being under the care of the same father.

We are now engaged in a more complex operation; we represent different societies, animated with a different spirit; some given to industry

industry and frugality, others to dissipation and luxury. This creates separate interests among nations, and every one must be supposed under the government of a statesman, who is wholly taken up in advancing the good of those he governs, though at the expence of other societies which lie round him.

This presents a new idea, and gives birth to new principles. The general society of mankind treated of in the first book, is here in a manner divided into two. The industrious providers are supposed to live in one country, the luxurious consumers in another. The principles of the first book remain here in full vigour. Luxury still tends as much as ever to the advancement of industry; the statesman's business is only to remove the seat of it from his own country. When that can be accomplished without detriment to industry at home, he has an opportunity of joining all the advantages of ancient simplicity, to the wealth and power which attend upon the luxury of modern states. He may preserve his people in sobriety, and moderation as to every expence, as to every consumption, and make them enjoy, at the same time, riches and superiority over all their neighbours.

Such would be the state of trading nations, were they only employed in supplying the wants or extravagant consumption of strangers; and did they not insensibly adopt the very manners, with which they strive to inspire others.

As often, therefore, as we suppose a people applying themselves to the advancement of foreign trade, we must simplify our ideas, by dismissing all political combinations of other circumstances; that is to say, we must suppose the spirit universal, and then point out the principles which influence the success of it.

We must encourage oeconomy, frugality, and a simplicity of manners, discourage the consumption of every thing that can be sold out of the country, and excite a taste for superfluity in neighbouring nations. When such a system can no more be supported to its full extent, by the scale of foreign demand becoming positively

tively lighter; then in order to set the balance even again, without taking any thing out of the heavy scale, and to preserve and give bread to those who have enriched the state, an additional home consumption, proportioned to the deficiency of foreign demand, must be encouraged. For were the same simplicity of manners still kept up, the infallible consequence would be a forced restitution of the balance, by the distress, misery, and at last extinction of the supernumerary workmen.

I must therefore, upon such occasions, consider the introduction of luxury, or superfluous consumption, as a rational and moral consequence of the deficiency of foreign trade.

I am, however, far from thinking that the luxury of every modern state, is only in proportion to such failure; and I readily admit, that many examples may be produced where the progress of luxury, and the domestic competitions with strangers who come to market, have been the cause both of the decline and extinction of their foreign trade; but as my business is chiefly to point out principles, and to shew their effects, it is sufficient to observe, that in proportion as foreign trade declines, either a proportional augmentation upon home consumption must take place, or a number of the industrious, proportioned to the diminution of former consumption, must decrease. By the first, what I call a natural restitution of the balance is brought about, from the principles above deduced; by the second, what I call a forced one.

Here then is an example, where the introduction of luxury may be a rational and prudent step of administration; and as long as the progress of it is not accelerated from any other principle, but that of preserving the industrious, by giving them employment, the same spirit, under the direction of an able statesman, will soon throw industry into a new channel, better calculated for reviving foreign trade; and for promoting the public good, by substituting the call of foreigners in place of that of domestic luxury.

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I hope, from what I have said, the political effects of luxury, or the consumption of superfluity, are sufficiently understood. These I have hitherto considered as advantageous only to those classes who are made to subsist by them; I reserve for another occasion the pointing out how they influence the imposition of taxes, and how the abuse of consumption in the rich may affect the prosperity of a state.

So soon as all foreign trade comes to a stop, without a scheme for recalling it, and that domestic consumption has filled up its place in consuming the work, and giving bread to the industrious, we find ourselves obliged to reason again upon the principles of the first book. The statesman has once more both the producers and the consumers under his care. The consumers can live without employment, the producers cannot. The first seldom have occasion for the statesman's protection; the last constantly stand in need of it. There is a perpetual fluctuation in the balance between these two classes, from which a multitude of new principles arise; and these render the administration of government infinitely more difficult, and require superior talents in the person who is at the helm. I shall here only point out the most striking effects of the fluctuation and overturn of this new balance, which in the subsequent chapters shall be more fully illustrated.

1^{mo}. In proportion as the consumers become extravagant, the producers become wealthy; and when the former become bankrupts, the latter fill their place.

2^{do}. As the former become frugal and oeconomic, the latter languish; when these begin to hoard, and to adopt a simple life, these are extinguished: all extremes are vicious.

3^{tho}. If the produce of industry consumed in a country, surpass the income of those who do not work, the balance due by the consumers must be paid to the suppliers by a proportional alienation of their funds. This vibration of the balance, gives a very correct
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idea of what is meant by *relative profit and loss*. The nation here loses nothing by the change produced.

4^{tho}. When, on the other hand, the annual produce of industry consumed in a country, does not amount to the value of the income of those who do not work, the balance of income saved, must either be locked up in chests, made into plate, lent to foreigners, or fairly exported as the price of foreign consumption.

5^{tho}. The scales stand even when there is no balance on either side; that is, when the domestic consumption is just equivalent to the annual income of the funds. I do not pretend to decide at present whether this exact equilibrium marks the state of perfection in a country where there is no foreign trade, (of which we are now treating) or whether it be better to have small vibrations between the two scales; but I think I may say, that all subversions of the balance on either side cannot fail to be hurtful, and therefore should be prevented.

Let this suffice at present, upon a subject which shall be more fully treated of afterwards. Let us now fix our attention upon the interests of a people entirely taken up in the prosecution of foreign trade. So long as this spirit prevails, I say, it is the duty of a statesman to encourage frugality, sobriety, and an application to labour in his own people, and to excite in foreign nations a taste for superfluities as much as possible.

While a people are occupied in the prosecution of foreign trade, the mutual relations between the individuals of the state, will not be so intimate as when the producers and consumers live in the same society; such trade implies, and even necessarily creates a chain of foreign dependencies; which work the same effect, as when the mutual dependence subsisted among the citizens. Now the use of dependencies, I have said, is to form a band of society, capable of making the necessitous subsist out of the superfluities of the rich, and to keep mankind in peace and harmony with one another.

Trade, therefore, and foreign communications, form a new kind of society among nations; and consequently render the occupation of a statesman more complex. He must, as before, be attentive to provide food, other necessaries and employment for all his people; but as the foreign connections make these very circumstances depend upon the entertaining a good correspondence with neighbouring nations, he must acquire a proper knowledge of their domestic situation, so as to reconcile, as much as may be, the interests of both parties, by engaging the strangers to furnish articles of the first necessity, when the precious metals cannot be procured; and to accept, in return, the most consumable superfluities which industry can invent. And, last of all, he must inspire his own people with a spirit of emulation in the exercise of frugality, temperance, oeconomy, and an application to labour and ingenuity. If this spirit of emulation is not kept up, another will take place; for emulation is inseparable from the nature of man; and if the citizens are not made to vie with one another, in the practice of moderation, the wealth they must acquire, will soon make them vie with strangers, in luxury and dissipation.

While a spirit of moderation prevails in a trading nation, it may rest assured, that in as far as it excels the nations with whom they correspond in this particular, so far will it increase the proportion of its wealth, power, and superiority, over them. These are lawful pursuits among men, when purchased by success in so laudable an emulation.

If it be said, that superfluity, intemperance, prodigality, and idleness, qualities diametrically opposite to the former, corrupt the human mind, and lead to violence and injustice; is it not very wisely calculated by the Author of all things, that a sober people, living under a good government, should by industry and moderation, necessarily acquire wealth, which is the best means of warding off the violence of those with whom they are bound in the great society of mankind? And is it not also most wisely ordained,
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that in proportion as a people contract vicious habits, which may lead to excess and injustice, the very consequence of their dissipation (poverty) should deprive them of the power of doing harm? But such reflections seem rather to be too great a refinement on my subject, and exceed the bounds of political oeconomy.

When we treat of a virtuous people applying to trade and industry, let us consider their *interest* only, in preserving those sentiments; and examine the political evil of their falling off from them. When we treat of a luxurious nation, where the not-working part is given to excesses in all kinds of consumption, and the working part to labour and ingenuity, in order to supply them, let us examine the consequences of such a spirit, with respect to foreign trade: and if we find, that a luxurious turn in the rich is prejudicial thereto, let us try to discover the methods of engaging the inhabitants to correct their manners from a motive of self-interest. These things premised,

I shall now give a short sketch of the general principles upon which a system of foreign trade may be established and preserved as long as possible, and of the methods by which it may be again recovered, when, from the natural advantages and superior ability of administration in rival nations, (not from vices at home) a people have lost for a time every advantage they used to draw from their foreign commerce.

The first general principle is to employ, as usefully as possible, a certain number of the society, in producing objects of the first necessity, always more than sufficient to supply the inhabitants; and to contrive means of enabling every one of the free hands to procure subsistence for himself, by the exercise of some species of industry.

These first objects compassed, I consider the people as abundantly provided with what is purely necessary; and also with a surplus prepared for an additional number of free hands, so soon as a demand can be procured for their labour. In the mean time, the
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surplus will be an article of exportation; but no sooner will demand come from abroad, for a greater quantity of manufactures than formerly, than such demand will have the effect of gradually multiplying the inhabitants up to the proportion of the surplus above mentioned, provided the statesman be all along careful to employ these additional numbers, which an useful multiplication must produce, in supplying the additional demand: then with the equivalent they receive from strangers, they will at the same time enrich the country, and purchase for themselves that part of the national productions which had been permitted to be exported, only for want of a demand for it at home.

He must, at the same time, continue to give proper encouragement to the advancement of agriculture, that there may be constantly found a surplus of subsistence (for without a surplus there can never be enough) this must be allowed to go abroad, and ought to be considered as the provision of those industrious hands which are yet unborn.

He must cut off all foreign competition, beyond a certain standard, for that quantity of subsistence which is necessary for home consumption; and, by premiums upon exportation, he must discharge the farmers of any superfluous load, which may remain upon their hands when prices fall too low. This important matter shall be explained at large in another place, when we come to treat of the policy of grain.

If natural causes should produce a rise in the price of subsistence, which cannot be brought down by extending agriculture, he must then lay the whole community under contribution, in order to indemnify those who work for strangers, for the advance upon the price of their food; or he must indemnify the strangers in another way, for the advance in the price of manufactures.

He must consider the manufactures of superfluity, as worked up for the use of strangers, and discourage all domestic competition for them, by every possible means.

He must do what he can, constantly to proportion the supply to the demand made for them; and when the first necessarily comes to exceed the latter, in spite of all his care, he must then consider what remains over the demand, as a superfluity of the strangers; and for the support of the equal balance between work and demand, he must promote the sale of them even within the country, under certain restrictions, until the hands employed in such branches where a redundancy is found, can be more usefully set to work in another way.

He must consider the advancement of the common good as a direct object of private interest to every individual, and by a disinterested administration of the public money, he must plainly make it appear that it is so.

From this principle flows the authority, vested in all governments, to load the community with taxes, in order to advance the prosperity of the state. And this object can be nowise better obtained than by applying the amount of them to the keeping an even balance between work and demand. Upon this the health of a trading state principally depends.

If the failure of foreign demand be found to proceed from the superior natural advantages of other countries, he must double his diligence to promote luxury among his neighbours; he must support simplicity at home; he must increase his bounties upon exportation; and his expence in relieving manufactures, when the price of their industry falls below the expence of their subsistence.

While these operations are conducted with coolness and perseverance, while the allurements of the wealth acquired do not frustrate the execution, the statesman may depend upon seeing foreigners return to his ports, so soon as their own dissipation, and want of frugality, come to compensate the advantages which nature had given them over their frugal and industrious neighbours.

If this plan be pursued, foreign trade will increase in proportion to the number of inhabitants; and domestic luxury will serve
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only as an instrument in the hands of the statesman to increase demand when the home supply becomes too great for foreign consumption. In other words, the rich citizens will be engaged to consume what is superfluous, in order to keep the balance even in favour of the industrious, and in favour of the nation.

The whole purport of this plan is to point out the operation of three very easy principles.

The first, That in a country entirely taken up with the object of promoting foreign trade, no competition should be allowed to come from abroad for articles of the first necessity, and principally for food, so as to raise prices beyond a certain standard.

The second, That no domestic competition should be allowed upon articles of superfluity, so as to raise prices beyond a certain standard.

The third, That when these standards cannot be preserved, and that from natural causes, prices get above them, public money must be thrown into the scale to bring prices to the level of those of exportation.

The greater the extent of foreign trade in any nation, the lower these standards *must* be kept; the less the extent of it, the higher they *may* be allowed to rise. Consequently,

Were no man in a nation employed in producing the necessaries of life, but every man in supplying articles of foreign consumption, the prices of necessaries might be allowed to fall as low as possible. There would be no occasion for a standard in favour of those who live by producing them.

Were no man in the state employed in supplying strangers, the prices of superfluities might be allowed to rise as high as possible, and a standard would also become useless, as the sole design of it is to favour exportation.

But as neither of these suppositions can ever take place, and as in every nation there is a part employed in producing, and a part in consuming, and that it is only the surplus of industry which can

can be exported; a standard is necessary for the support of the reciprocal interests of both parties at home; and the public money must be made to operate only upon the price of *the surplus* of industry so as to make it exportable, even in cases where the national prices upon home consumption have got up beyond the standard. Let me set this matter in another light, the better to communicate an idea which I think a little obscure.

Were food and other necessaries the pure gift of nature in any country, I should have laid it down as a principle to discourage all foreign competition for them, either below or above any certain standard; because in this case the lower the price the better, since no inconveniency could result from thence to any industrious person. But when the production of these is in itself a manufacture, or an object of industry, a certain standard must be kept up in favour of those who live by producing them.

On the other hand, as to the manufactures of superfluity, domestic competition should be discouraged, beyond a certain standard, in order that prices may not rise above those offered by foreigners; but it might be encouraged below the standard, in order to promote consumption and give bread to manufacturers. But were there no foreign demand at all, there would be no occasion for any standard, and the nation's wealth would thereby only circulate in greater or less rapidity in proportion as prices would rise or fall. The study of the balance between work and demand would then become a principal object of attention in the statesman, not with a view to enrich the state, but in order to preserve every member of it in health and vigour. On the other hand, the object of a standard regards foreign trade, and the acquisition of new wealth, at the expence of other nations. The rich, therefore, at home must not be allowed to increase their consumption of superfluities beyond the proportion of the constant supply; because these being intended for strangers, the only way of preventing them from

supplying themselves, is to prevent prices from getting up beyond the standard, at which strangers can produce them.

Farther, were every one of the society in the same pursuit of industry, there would be no occasion for the public to be laid under contribution for advancing the general welfare; but as there is a part employed in enriching the state, by the sale of their work to strangers, and a part employed in making these riches circulate at home, by the consumption of superfluities, I think it is a good expedient to throw a part of domestic circulation into the public coffers; that when the consequences of private wealth come necessarily to raise prices, a statesman may be enabled to defray the expence of bounties upon that part which can be exported, and thereby enable the nation to continue to supply foreigners at the same price as formerly.

The farther these principles can be carried into execution, the longer a state will flourish; and the longer she will support her superiority. When foreign demand begins to fail, so as not to be recalled, either industry must decline, or domestic luxury must begin. The consequences of both may be easily guessed at, and the principles which influence them shall be particularly examined in the following chapter.

CH A P. XVI.

Illustration of some Principles laid down in the former Chapter, relative to the advancement and support of foreign Trade.

I AM now to give an illustration of some things laid down, I think, in too general terms in the former chapter, relating to that species of trade which is carried on with other nations.

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I have constantly in view to separate and distinguish the principles of foreign trade, from those which only influence the advancement of an inland commerce, and a brisk circulation: operations which produce very different effects, equally meriting the attention of a statesman.

The very existence of foreign trade, implies a separate interest between those nations who are found on the opposite side of the mercantile contract, as both endeavour to make the best bargain possible for themselves. These transactions imply a mutual dependence upon one another, which may either be necessary or contingent. It is necessary, when one of the nations cannot subsist without the assistance of the other, as is the case between the province of Holland, and those countries which supply it with grain; or contingent, when the wants of a particular nation cannot be supplied by their own inhabitants, from a want of skill and dexterity, only.

Wherever, therefore, one nation finds another necessarily depending upon her for particular branches of traffic, there is a certain foundation for foreign trade; where the dependence is contingent, there is occasion for management, and for the hand of an able statesman.

The best way to preserve every advantage, is, to examine in how far they are necessary, and in how far they are only contingent, to consider in what respect the nation may be most easily rivalled by her neighbours, and in what respect she has natural advantages which cannot be taken from her.

The natural advantages are chiefly to be depended on: France, for example, can never be rivalled in her wines. Other countries may enjoy great advantages from their situation, mines, rivers, sea ports, fishing, timber, and certain productions proper to the soil. If you abstract from these natural advantages, all nations are upon an equal footing as to trade. Industry and labour are no properties attached to place, any more than oeconomy and sobriety.

This proposition may be called in question, upon the principles of M. de Montesquieu, who deduces the origin of many laws, customs, and even religions, from the influence of the climate. That great man reasoned from fact and from experience, and from the power and tendency of natural causes, to produce certain effects when not checked by other circumstances; but in my method of treating this subject, I suppose these causes never to be allowed to produce their natural and immediate effects, when such effects would be followed by a political inconvenience: because I constantly suppose a statesman at the head of government, who makes every circumstance concur in promoting the execution of the plan he has laid down.

1mo. If a nation then has formed a scheme of being long great and powerful by trade, she must first apply closely to the manufacturing every natural produce of the country. For this purpose a sufficient number of hands must be employed: for if hands be found wanting, the natural produce will be exported without receiving any additional value from labour; and so the consequences of this natural advantage will be lost.

The price of food, and all necessaries for manufacturers, must be found at an easy rate.

And, in the last place, if oeconomy and sobriety in the workmen, and good regulations on the part of the statesman, are not kept up, the end will not be obtained: for if the manufacture, when brought to its perfection, does not retain the advantages which the manufacturer had in the beginning, by employing the natural produce of the country; it is the same thing as if the advantage had not existed. I shall illustrate this by an example.

I shall suppose wool to be better, more plentiful, and cheaper, in one country than in another, and two nations rivals in that trade. It is natural that the last should desire to buy wool of the first, and that the other should desire to keep it at home, in order to manufacture it. Here then is a natural advantage which the first
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country has over the latter, and which cannot be taken from her. I shall suppose that subsistence is as cheap in one country as in the other; that is to say, that bread and every other necessary of life is at the same price. If the workmen of the first country (by having been the founders of the cloth manufacture, and by having had, for a long tract of years, so great a superiority over other nations, as to make them, in a manner, absolutely dependent upon them for cloths) shall have raised their prices from time to time; and if, in consequence of large profits, long enjoyed without rivalry, these have been so consolidated with the real value, by an habitual greater expence in living, which implies an augmentation of wages; that country may thereby lose all the advantages it had from the low price and superior quality of its wool. But if, on the other hand, the workmen in the last country work less, be less dextrous, pay extravagant prices for wool at prime cost, and be at great expence in carriage; if manufactures cannot be carried on successfully, but by public authority, and if private workmen be crushed with excessive taxes upon their industry; all the accidental advantages which the last country had over the first, may come to be more than balanced, and the first may regain those which nature first had given her. But this should by no means make the first country rest secure. These accidental inconveniencies found in the last may come to cease; and therefore the only real security of the first for that branch, is the cheapness of the workmanship.

2do. In speaking of a standard, in the last chapter, I established a distinction between one regulated by the height of foreign demand, and another kept as low as the possibility of supplying the manufacture can admit. This requires a little explanation.

It must not here be supposed that a people will ever be brought from a principle of public spirit, not to profit of a rise in foreign demand; and as this may proceed from circumstances and events which are entirely hid from the manufacturers, such revolutions are unavoidable. We must therefore refrain the generality of our

proposition, and observe, that the indispensable vibrations of this foreign demand do no harm; but that the statesman should be constantly on his guard to prevent the *subversion of the balance, or the smallest consolidation of extraordinary profits with the real value.* This he will accomplish, as has been observed, by multiplying hands in those branches of exportation, upon which profits have risen. This will increase the supply, and even frustrate his own people of extraordinary gains, which would otherwise terminate in a prejudice to foreign trade.

A statesman may sometimes, out of a principle of benevolence, perhaps of natural equity towards the classes of the industrious, as well as from sound policy, permit larger profits, as an encouragement to some of the more elegant arts, which serve as an ornament to a country, establish a reputation for taste and refinement in favour of a people, and thereby make strangers prefer articles of their production, which have no other superior merit than the name of the country they come from: but even as to these, he ought to be upon his guard, never to allow them to rise so high, as to prove an encouragement to other nations, to establish a successful rivalry.

3^{tho}. The encouragement recommended to be given to the domestic consumption of superfluities, when foreign demand for them happens to fall so low as to be followed with distress in the workmen, requires a little farther explanation.

If what I laid down in the last chapter be taken literally, I own it appears an absurd supposition, because it implies a degree of public spirit in those who are in a capacity to purchase the superfluities, no where to be met with, and at the same time a self-denial, in discontinuing the demand, so soon as another branch of foreign trade is opened for the employment of the industrious, which contradicts the principles upon which we have founded the whole scheme of our political oeconomy.

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I have elsewhere observed, that were revolutions to happen as suddenly as I am obliged to represent them, all would go into confusion.

What, therefore, is meant in this operation comes to this, that when a statesman finds, that the natural taste of his people does not lead them to profit of the surplus of commodities which lie upon hand, and which were usually exported, he should interpose his authority and management in such a way as to prevent the distress of the workmen, and when, by a sudden fall in a foreign demand, this distress becomes unavoidable, without a more powerful interposition, he should then himself become the purchaser, if others will not; or, by premiums or bounties on the surplus which lies upon hand, promote the sale of it at any rate, until the supernumerary hands can be otherwise provided for. And although I allow that the rich people of a state are not naturally led, from a principle either of public spirit or self-denial, to render such political operations effectual to promote the end proposed, yet we cannot deny, that it is in the power of a good governor, by exposing the political state of certain classes of the people, to gain upon men of substance to concur in schemes for their relief; and this is all I intend to recommend in practice. My point of view is to lay down the principles, and I never recommend them farther than they are rendered possible in execution, by preparatory steps, and by properly working on the spirit of the people.

C H A P. XVII.

Symptoms of Decay in foreign Trade.

IF manufacturers are found to be without employment, we are not immediately to accuse the statesman, or conclude this to proceed from a decay of trade, until the cause of it be inquired into. If upon examination it be found, that for some years past food has been at a higher rate than in neighbouring countries, the statesman may be to blame: for it is certain, that a trading nation, by turning part of her commerce into a proper channel, may always be able to establish a just balance in this particular. And though it be not expedient in years of scarcity to bring the price of grain very low, yet it is generally possible to raise the price of it in all rival nations, which, with regard to the present point, is the same thing.

If this want of employment for manufacturers do not proceed from the high prices of living, but for want of commissions from the merchants, the causes of this diminution of demand must be examined into. It may be accidental, and happen from causes which may cease in a little time, and trade return to flourish as before. It may also happen upon the establishment of new undertakings in different places of the country, from which, by reason of some natural advantage, or a more frugal disposition in the workmen, or from the proximity of place, markets may be supplied, which formerly were furnished by those industrious people who are found without employment. In these last suppositions, the distress of the manufacturers does not prove any decay of trade in general, but, on the contrary, may contribute to destroy the bad effects of consolidated profits, by obliging those who formerly shared them, to abandon the care of their circumstances, and submit

mit a-new to a painful industry, in order to procure subsistence. When such revolutions are sudden, they prove hard to bear, and throw people into great distress. It is partly to prevent such inconveniencies, that we have recommended the lowest standard possible, upon articles of exportation.

Two causes there are, which very commonly mark a decline of trade, to wit; 1. When foreign markets, usually supplied by a trading nation, begin to be furnished, let it be in the most trifling article, by others, not in use to supply them. Or, 2. When the country itself is furnished from abroad with such manufactures as were formerly made at home.

These circumstances prove one of two things, either that there are workmen in other countries, who, from advantages which they have acquired by nature, or by industry and frugality, finding a demand for their work, take the bread out of the mouths of those formerly employed, and deprive them of certain branches of their foreign trade: or, that these foreign workmen, having profited of the increased luxury and dissipation of the former traders, have begun to supply the markets with certain articles of consumption, the profits upon which being small, are, without much rivalry, insensibly yielded up to them by the workmen of the other trading nation, who find better bread in serving their own wealthy countrymen.

Against the first cause of decline, I see no better remedy than patience, as I have said already, and a perseverance in frugality and oeconomy, until the unwary beginners shall fall into the inconveniencies generally attending upon wealth and ease.

The second cause of decline is far more difficult to be removed. The root of it lies deep, and is ingrafted with the spirit and manners of the whole people, high and low. The lower classes have contracted a taste for superfluity and expence, which they are enabled to gratify, by working for their countrymen; while they despise the branches of foreign trade as low and unprofitable.

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The higher classes again depend upon the lower classes, for the gratification of a thousand little trifling desires, formed by the taste of dissipation, and supported by habit, fashion, and a love of expence.

Here then is a system set on foot, whereby the poor are made rich, and the rich are made happy, in the enjoyment of a perpetual variety of every thing which can remove the inconveniencies to which human nature is exposed. Thus both parties become interested to support it, and vie with one another in the ingenuity of contriving new wants; the one from the immediate satisfaction of removing them; the other from the profit of furnishing the means, and the hopes of one day sharing in them.

But even for this great evil, the very nature of man points out a remedy. It is the business of a statesman to lay hold of it. The remedy flows from the instability of every taste not founded upon rational desires.

In every country of luxury, we constantly find certain classes of workmen in distress, from the change of modes. Were a statesman upon his guard to employ such as are forced to be idle, before they betake themselves to new inventions, for the support of the old plan, or before they contract an abandoned and vicious life, he would get them cheap, and might turn their labour both to the advantage of the state and to the discouragement of luxury.

I confess, however, that while a luxurious taste in the rich subsists, industrious people will always be found to supply the instruments of it to the utmost extent; and I also allow, that such a taste has infinite allurements, especially while youth and health enable a rich man to indulge in it. Those, however, who are systematically luxurious, that is, from a formed taste and confirmed habit, are but few, in comparison of those who become so from levity, vanity, and the imitation of others. The last are those who principally support and extend the system; but they are not the most incorrigible. Were it not for imitation, every age would seek after, and be satisf-

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fied with the gratification of natural desires. Twenty-five might think of dress, horses, hunting, dogs, and generous wines: forty, of a plentiful table, and the pleasures of society: sixty, of coaches, elbow-chairs, soft carpets, and instruments of ease. But the taste for imitation blends all ages together. The old fellow delights in horses and fine clothes; the youth rides in his chariot on springs, and lolls in an easy chair, large enough to serve him for a bed. All this proceeds from the superfluity of riches and taste of imitation, not from the real allurements of ease and taste of luxury, as every one must feel, who has conversed at all with the great and rich. Fashion, which I understand here to be a synonymous term for imitation, leads most people into superfluous expence, which is so far from being an article of luxury, that it is frequently a load upon the person who incurs it. All such branches of expence, it is in the power of a statesman to cut off, by setting his own example, and that of his favourites and servants, above the caprice of fashion.

The levity and changeableness of mankind, as I have said, will even assist him. A generation of oeconomists is sometimes found to succeed a generation of spendthrifts; and we now see, almost over all Europe, a system of sobriety succeeding an habitual system of drunkenness. Drunkenness, and a multitude of useless servants, were the luxury of former times.

Every such revolution may be profited of by an able statesman, who must set a good example on one hand, while, on the other, he must profit of every change of taste, in order to re-establish the foreign trade of his subjects. An example of frugality, in the head of a luxurious people, would do infinite harm, were it only intended to reform the morals of the rich, without indemnifying the poor for the diminution upon their consumption.

At the same time, therefore, that luxury comes to lose ground at home, a door must be opened, to serve as an out-let for the work

of those hands which must be thereby made idle; and which, consequently, must fall into distress.

This is no more than the principle before laid down, in the fifteenth chapter, reversed: there we said, that when foreign demand begins to decline, domestic luxury must be made to increase, in order to soften the shock of the sudden revolution in favour of the industrious. For the same reason here we say, that foreign trade must be opened upon every diminution of domestic luxury.

How few Princes do we find either frugal or magnificent from political considerations! And, this being the case, is it not necessary to lay before them the natural consequences of the one and the other? And it is still more necessary to point out the methods to be taken in order to avoid the inconveniencies which may proceed from either.

Under a prodigal administration, the number of people will increase. The statesman therefore should keep a watchful eye upon the supplying of subsistence. Under a frugal reign, numbers will diminish, if the statesman does not open every channel which may carry off the superfluous productions of industry. Here is the reason: a diminution of expence at home, is a diminution of employment; and this again implies a diminution of people; because it interrupts the circulation of the subsistence which made them live; but if employment is sent far from abroad, the nation will preserve its people, and the savings of the Prince may be compensated by the balance coming in from strangers.

These topics are delivered only as hints; and the amplification of them might not improperly have a place here; but I expect to bring them in elsewhere to greater advantage, after examining the principles of taxation, and pointing out those which direct the application of public money.

C H A P. XVIII.

Methods of lowering the Price of Manufactures, in order to make them vendible in foreign Markets.

THE multiplicity of relations between the several parts of political oeconomy, forces me to a frequent repetition of principles. I have no other rule to judge whether such relations be superfluous, or necessary, but by the tendency they have to give me a more distinct view of my subject. This is the case when the same principles are applied to different combinations of circumstances.

Almost every thing to be said on the head mentioned in the title of this chapter, has been taken notice of elsewhere; and my present intention is only to lay together ideas which appear scattered, because they have been occasionally brought in by their relations to other matters.

The methods of lowering the price of manufactures, so as to render them exportable, are of two kinds.

The first, such as proceed from a good administration, and which bring down prices within the country, in consequence of natural causes.

The second, such as operate only upon that part which comes to be exported, in consequence of a proper application of public money.

As I have not yet inquired into the methods of providing a public fund, it would, I think, be contrary to order to enter on the disposal of it, for bringing down the price of manufactures. This operation will come in more naturally afterwards, and the general distinction here mentioned, is only introduced by the by, that my readers may retain it and apply it as we go along.

The end proposed is to lower the price of manufactures, so that they may be exported. The first thing therefore to be known, is the cause from whence it happens, that certain manufactures cannot be furnished at home so cheap as in other countries; the second, how to apply the proper remedy for lowering the price of them.

The causes of high prices, that is, of prices relatively high to what they are found to be in other nations, are reducible to four heads; which I shall lay down in their order, and then point out the methods of removing them likewise, in their order.

1^{mo}. The consolidation of high profits with the real value of the manufacture. This cause operates in countries where luxury has gained ground, and when domestic competition has called off too many of the hands, which were formerly content to serve at a low price, and for small gains.

2^{do}. The rise in the price of articles of the first necessity. This cause operates when the progress of industry has been more rapid than that of agriculture. The progress of industry we have shewn necessarily implies an augmentation of *useful inhabitants*; and as these have commonly wherewithal to purchase subsistence, the moment their numbers swell above the proportion of the quantity of it produced by agriculture, or above what is found in the markets of the country, or brought from abroad, they enter into competition and raise the price of it. Here then let it be observed, by the by, that what raises the price of subsistence is the augmentation of the numbers of useful inhabitants, that is, of such as are easy in their circumstances. Let the wretched be ever so many, let the vicious procreation go on ever so far, such inhabitants will have little effect in raising price, but a very great one in increasing misery. A proof of this is to be met with in many provinces where the number of poor is very great, and where at the same time the price of necessities is very low; whereas no instance can be found where a number of the industrious being got together, do not occasion an immediate rise on most of the articles of subsistence.

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3^{tio}. The natural advantages of other countries. This operates in spite of all the precautions of the most frugal and laborious people. Let them deprive themselves of every superfluity; let them be ever so diligent and ingenious; let every circumstance be improved by the statesman to the utmost for the establishment of foreign trade; the advantage of climate and situation may give such a superiority to the people of another country, as to render a direct competition with them impossible.

4^{to}. The superior dexterity of other nations in working up their manufactures, their knowledge in the science of trade, the advantage they have in turning their money to account in the intervals of their own direct circulation, the superior abilities of their statesman, the application of their public mooney, in one word, the perfection of their political oeconomy.

Before I enter upon the method of removing these several inconveniencies, I must observe, that as we are at present treating of the *relative* height of the price of manufactures, a competition between nations is constantly implied. It is this which obliges a statesman to be principally attentive to the rise of prices. The term *competition* is relative to, and conveys the idea of emulation between two parties striving to compass the same end. I must therefore distinguish between the endeavours which a nation makes to *retain* a superiority already got, and those of another which strives to get the better of it. The first I shall call a competition to *retain*; the second, a competition to *acquire*.

The first three heads represent the inconveniencies to which the competitors to *retain* are liable; and the fourth comprehends those to which the competitors to *acquire* are most commonly exposed.

Having digested our subject into order, I shall run through the principles which severally influence the removing of every inconvenience, whether incident to a nation whose foreign trade is already well established, or to another naturally calculated for entering into a competition for the acquisition of it.

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In proposing a remedy for the particular causes of augmentation here set down, we must suppose every one entirely simple, and uncompounded with the others; a thing which in fact seldom happens. This I do for the sake of distinctness; and the principal difficulty in practice is to combine the remedies in proportion to the complication of the disease. I now come to the first of the four causes of high prices, to wit, consolidated profits.

The whole doctrine of these has been abundantly set forth in the 10th chapter. We there explained the nature of them, shewed how the subversion of the balance, by a long preponderancy of the scale of demand, had the effect of consolidating profits in a country of luxury; and observed, that the reducing them to the proper standard could never fail of bringing those who had long enjoyed them, into distress.

The question here is to reduce them, when foreign trade cannot otherwise be retained, let the consequences be ever so hurtful to certain individuals. When the well being of a nation comes in competition with a temporary inconvenience to some of the inhabitants, the general good must be preferred to particular considerations.

I have observed above, that domestic luxury, by offering high prices upon certain species of industry, calls off many hands employed to supply the articles of exportation, upon which profits are generally very moderate. The first natural and immediate effect of this, is, to diminish the hands employed in furnishing the foreign demand; consequently, to diminish the supply; consequently, to occasion a *simple competition* on the side of the strangers, who are the purchasers; consequently, to augment profits, until by their rise and consolidation the market is deserted.

The very progress here laid down, points out the remedy. The number of hands employed in these particular branches must be multiplied; and if the luxurious taste and wealth of the country prevent any one who can do better, from betaking himself to a
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species of industry lucrative to the nation, but ungrateful to those who exercise it, the statesman must collect the children of the wretched into workhouses, and breed them to this employment, under the best regulations possible for saving every article of unnecessary expence; here likewise may be employed occasionally those above mentioned, whom the change of modes may have cast out of employment, until they can be better provided for. This is also an outlet for foundlings, since many of those who work for foreign exportation, are justly to be ranked in the lowest classes of the people; and in the first book we proposed, that every one brought up at the expence of public charity, should be thrown in for recruiting these classes, which can with greatest difficulty support their own propagation.

Here let me observe, that although it be true in general, that the greatest part of exportable manufactures do yield but very middling profits, from the extension of industry in different countries, yet sundry exceptions may be found; especially in nations renowned for their elegance of taste. But how quickly do we see these lucrative branches of foreign trade cut off, from the very inconvenience we here seek a remedy for. The reason is plain. When strangers demand such manufactures, they only share in the instruments of foreign luxury, which bring every where considerable profits to the manufacturer. These high profits easily establish a rivalry in favour of the nation to whom they are supplied; because a hint is sufficient to enable such as exercise a similar profession in that country, to supply their own inhabitants. This being the case, an able statesman should be constantly attentive to every growing taste in foreign nations for the inventions of his people; and so soon as his luxurious workmen have set any one on foot, he may throw that branch into the hands of the most frugal, in order to support it, and give them such encouragement as to prevent, at least, the rivalry of those strangers who are accustomed to work for large profits. This is one method of turning a branch of luxury

into an article of foreign trade. Let me illustrate this by an example.

What great advantages do not the French reap from the exportation of their modes? But we quickly find their varnishes, gauzes, ribbands, and colifichets, imitated by other nations, for no other reason but because of the large, or at least consolidated profits enjoyed by the French workmen themselves, who, fertile in new inventions, and supported by their reputation for elegance of dress, have got into possession of the right of prescribing to all Europe the standard of taste in articles of mere superfluity. This however is no permanent prerogative; and that elegant people, by long setting the example, and determining the standard of refinement in some luxurious arts, will at last inspire a similar taste into their scholars, who will thereby be enabled to supplant them. Whereas were they careful to supply all their inventions at the lowest prices possible, they would ever continue to be the only furnishers.

The method therefore of reducing consolidated profits, whether upon articles of exportation, or home consumption, is to increase the number of hands employed in supplying them; and the more gradually this revolution is made to take place, the fewer inconveniencies will result to those who will thereby be forced to renounce them.

A country which has an extensive territory, and great opportunities of extending her agriculture (such as I supposed the present situation of France to be) may, under a good administration, find the progress of luxury very compatible with the prosperity of her foreign trade; because inhabitants may be multiplied at discretion. But so soon as subsistence becomes hard to be obtained, this expedient is cut off. A statesman must then make the best of the inhabitants he has, luxury must suffer a check; and those who are employed in supplying home consumption at high prices, must be made to reduce their consolidated profits, in order to bring the total amount

amount of their manufactures within such bounds as to make them vendible in foreign markets.

If manufacturers become luxurious in their way of living, it must proceed from their extraordinary profits. These they may still continue to have, as long as the produce of their work is consumed at home. But no merchant will pretend to sell it out of the country; because, in this case, he will find the labour of other people who are less luxurious, and consequently work cheaper, in competition with him.

To re-establish then the foreign trade, these consolidated profits must be put an end to, by attacking luxury when circumstances render an augmentation of people inconvenient, and prices will fall of course.

This will occasion great complaints among all sorts of tradesmen. The cry will be, that trade is ruined, manufacturers are starving, and the state is undone: but the truth will be, that manufacturers will, by their labour, begin to enrich their own nation, at the expence of all those who trade with her, instead of being enriched at the expence of their own countrymen; and only by a revolution in the balance of wealth at home.

It will prove very discouraging to any statesman to attempt a sudden reform of this abuse of consolidated profits, when he is obliged to attack the luxury of his own people. The best way therefore is to prevent matters from coming to such a pass, as to demand so dangerous and difficult a remedy.

There is hardly a possibility of changing the manners of a people, but by a proper attention to the education of the youth. All methods, therefore, should be fallen upon to supply manufactures with new hands; and lest the corruption of example should get the better of all precautions, the seat of manufactures might be changed; especially when they are found in great and populous cities, where living is dear: in this case, others should be erected in the provinces where living is cheap. The state must encourage these new under-

takings, numbers of children must be taken in, in order to be easily bred to industry and frugality; this again will encourage people to marry and propagate, as it will contribute towards discharging them of the load of a numerous family. If such a plan as this be followed, how inconsiderable will the number of poor people become in a little time; and as it will insensibly multiply the useful inhabitants, out of that youth which recruited and supported the numbers of the poor, so the taxes appropriated for the relief of poverty may be wholly applied, in order to prevent it.

Laws of naturalization have been often proposed in a nation where consolidated profits have occasioned the inconveniences for which we have here been proposing a remedy. By this expedient many flatter themselves to draw industrious strangers into the country, who being accustomed to live more frugally, and upon less profits, may, by their example and competition, beat down the price of work among the inhabitants.

Several circumstances concur to defeat the success of this scheme. The first is, that consolidated profits are not the only inconvenience to be removed: there is also a complication of high prices upon many necessaries. The second, as no real change is supposed to be made within the country, either as to the increase of subsistence, or the regulation of its price, or manner of living, these strangers, who, as such, must be exposed to extraordinary expence, are not able to subsist, nor consequently to work so cheap as they did at home. Besides, what can be supposed to be their motive of coming; if it be not to have higher wages, and to live better?

Here then is a nation sending for strangers, in order that they may work cheaper; and strangers flocking into the country in hopes of selling their work dearer. This is just the case with two friends who are about making a bargain; the seller imagines that *his friend* will not grudge a good price. The buyer, on the other hand, flatters himself that *his friend* will sell to him cheaper than to another. This seldom fails to produce discontent on both sides.

Besides, unless the quantity of food be increased, if strangers are imported to eat part of it, natives must in some degree starve; and if you augment the quantity of food, and keep it at a little lower price than in neighbouring nations, your own inhabitants will multiply; the state may take great numbers of them into their service when young; they soon come to be able to do something in the manufacturing way; they may be bound for a number of years, sufficient to indemnify the public for the first expence; and the encouragement alone of having bread cheaper than elsewhere, will bring you as many strangers as you incline to receive, provided a continual supply of food can be procured in proportion to the increase of the people.

But I imagine that it is always better for a state to multiply by means of its own inhabitants, than by that of strangers; for many reasons which to me appear obvious.

We come now to the second cause of high prices, to wit, a rise in the value of the articles of the first necessity, which we have said proceeds from the progress of industry having outstripped the progress of agriculture. Let me set this idea in a clearer light; for here it is shut up in too general terms to be rightly viewed on all sides.

The idea of inhabitants being multiplied beyond the proportion of subsistence, seems to imply that there are too many already; and the demand for their industry having been the cause of their multiplication, proves that formerly there were too few. Add to this, that if, notwithstanding the rise upon the price of work proceeding from the scarcity of subsistence, the scale of home demand is found to preponderate, at the expence of foreign trade, this circumstance proves farther, that however the inhabitants may be already multiplied above the proportion of subsistence, their numbers are still too few for what is demanded of them at home; and for what is required of them towards promoting the prosperity of their country, in supporting their trade abroad.

From this exposition of the matter, the remedy appears evident: both inhabitants and subsistence must be augmented. The question comes to be, in what manner, and with what precautions, must these operations be performed?

Inhabitants are multiplied by reducing the price of subsistence, to the value which demand has fixed upon the work of those who are to consume it. This is only to be accomplished by augmenting the quantity, by importation from foreign parts, when the country cannot be made to produce more of itself.

Here the interposition of a statesman is absolutely necessary; since great loss may often be incurred by bringing down the price of grain in a year of scarcity. Premiums, therefore, must be given upon importation, until a plan can be executed for the extending of agriculture; of which in another place. This must be gone about with the greatest circumspection; for if grain be thereby made to fall too low, you ruin the landed interest, and although (as we have said above) all things soon become balanced in a trading nation, yet sudden and violent revolutions, such as this must be, are always to be apprehended. They are ever dangerous; and the spirit of every class of inhabitants must be kept up.

By a discredit cast upon any branch of industry, the hands employed in it may be made to abandon it, to the great detriment of the whole. This will infallibly happen, when violent transitions do not proceed from natural causes, as in the example here before us, when the price of grain is supposed to be brought down, from the increase of its quantity by importation, and not by plenty. Because, upon the falling of the market by importation, the poor farmer has nothing to make up for the low price he gets for his grain; whereas, when it proceeds from plenty, he has an additional quantity.

In years, therefore, of general scarcity, a statesman should not, by premiums given, reduce the price of grain, but in a reciprocal proportion

proportion to the quantity wanted: that is to say, the more grain is wanted, the less the price should be diminished.

It may appear a very extensive project for any government to undertake to keep down the prices of grain, in years of general scarcity. I allow it to be politically impossible to keep prices low; because if all Europe be taken together, the produce of the whole is consumed one year with another, by the inhabitants; and in a year when there is a general scarcity, it would be very hard, if not impossible, (without having previously established a plan for this purpose) to make any nation live in plenty while others are starving. All therefore that is proposed, is to keep the prices of grain in as just a proportion as possible to the plenty of the year:

Now if a government does not interpose, this never is the case. I shall suppose the inhabitants of a country to consume, in a year of moderate plenty, six millions of quarters of grain; if in a year of scarcity it shall be found, that one million of quarters, or indeed a far less quantity, be wanting, the five millions of quarters produced, will rise in their price to perhaps double the ordinary value, instead of being increased only by one fifth. But if you examine the case in countries where trade is not well established, as in some inland provinces on the continent, it is no extraordinary thing to see grain bearing three times the price it is worth in ordinary years: of plenty, and yet if in such a year there were wanting six months provisions for the inhabitants of a great kingdom, all the rest of Europe would perhaps hardly be able to keep them from starving:

It is the fear of want, and not real want, which makes grain rise to immoderate prices. Now as this extraordinary revolution in the rise of it, does not proceed from a natural cause, to wit, the degree of scarcity, but to the avarice and evil designs of men who hoard it up, it produces as bad consequences to that part of the inhabitants of a country employed in manufactures, as the fall of grain would produce to the farmers, in case the prices should be, by importation,

importation, brought below the just proportion of the quantity produced in the nation.

Besides the importation of grain, there is another way of increasing the quantity of it very considerably, in some countries of Europe. In a year of scarcity, could not the quantity of food be considerably augmented by a prohibition to make malt liquors, allowing the importation of wines and brandies; or indeed without laying any restraint upon the liberty of the inhabitants as to malt liquors, I am persuaded that the liberty of importing wines duty free, would, in years of scarcity, considerably augment the quantity of subsistence.

This is not a proper place to examine the inconvenience which might result to the revenue by such a scheme; because we are here only talking of those expedients which might be fallen upon to preserve a balance on foreign trade. An exchequer which is filled at the expence of this, will not continue long in a flourishing condition.

These appear to be the most rational temporary expedients to diminish the price of grain in years of scarcity; we shall afterwards examine the principles upon which a plan may be laid down to destroy all precariousness in the price of subsistence.

Precautions of another kind must be taken in years of plenty; for high prices occasioned by exportation are as hurtful to the poor tradesman as if they were occasioned by scarcity. And low prices occasioned by superfluity are as hurtful to the poor husbandman as if his crop had failed him.

A statesman therefore, should be very attentive to put the inland trade in grain upon the best footing possible, to prevent the frauds of merchants, and to promote an equal distribution of food in all corners of the country: and by the means of importation and exportation, according to plenty and scarcity, to regulate a just proportion between the general plenty of the year in Europe, and the price of subsistence; always observing to keep it somewhat lower at home,

home, than it can be found in any rival nation in trade. If this method be well observed, inhabitants will multiply; and this is a principal step towards reducing the expence of manufactures; because you increase the number of hands, and consequently diminish the price of labour.

Another expedient found to operate most admirable effects in reducing the price of manufactures (in those countries where living is rendered dear, by a hurtful competition among the inhabitants for the subsistence produced) is the invention and introduction of machines. We have, in a former chapter, answered the principal objections which have been made against them, in countries where the numbers of the idle, or trifling industrious, are so great, that every expedient which can abridge labour, is looked upon as a scheme for starving the poor. There is no solidity in this objection; and if there were, we are not at present in quest of plans for feeding the poor; but for accumulating the wealth of a trading nation, by enabling the industrious to feed themselves at the expence of foreigners. The introduction of machines is found to reduce prices in a surprizing manner. And if they have the effect of taking bread from hundreds, formerly employed in performing their simple operations, they have that also of giving bread to thousands, by extending numberless branches of ingenuity, which, without the machines, would have remained circumscribed within very narrow limits. What progress has not building made within these hundred years? Who doubts that the conveniency of great iron works, and saw mills, prompts many to build? And this taste has greatly contributed to increase, not diminish, the number both of smiths and carpenters, as well as to extend navigation. I shall only add in favour of such expedients, that experience shews the advantage gained by certain machines, is more than enough to compensate every inconvenience arising from consolidated profits, and expensive living; and that the first inventors gain thereby a superiority which nothing but adopting the same invention can counterbalance.

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The third cause of high prices we have said to be owing to the natural advantages which neighbouring nations reap from their climate, soil, or situation.

Here no rise of prices is implied in the country in question, they are only supposed to have become relatively high by the opportunity other nations have had to furnish the same articles at a lower rate, in consequence of their natural advantages.

There are two expedients to be used, in order to defeat the bad effects of a competition which cannot be got the better of in the ordinary way. The first to be made use of, is, to assist the branches in distress with the public money. The other is patience, and perseverance in frugality, as has been already observed. A short example of the first will be sufficient in this place to make the thing fully understood. I have already said, that I purposely postpone an ample dissertation upon the principles which influence such operations.

Let me suppose a nation accustomed to export to the value of a million sterling of fish every year, undersold in this article by another which has found a fishery on its own coasts, so abundant as to enable it to undersell the first by 20 per cent. This being the case, the statesman may buy up all the fish of his subjects, and undersell his competitors at every foreign market, at the loss of perhaps 250,000*l.* What is the consequence? That the million he paid for the fish remains at home, and that 750,000*l.* comes in from abroad for the price of them. How is the 250,000*l.* to be made up? By a general imposition upon all the inhabitants. This returns into the public coffers, and all stands as it was. If this expedient be not followed, what are the consequences? That those employed in the fishery are forced to starve; that the fish taken either remain upon hand, or if sold by the proprietors, at a great loss; these are undone, and the nation for the future loses the acquisition of 750,000*l.* a year.

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To abridge this operation, premiums are given upon exportation, which comes to the same thing, and is a refinement on the application of this very principle: but premiums are often abused. It belongs to the department of the coercive power of government to put a stop to such abuse. All I shall say upon the matter is, that if there be crimes called high treason, which are punished with greater severity than highway robbery, and assassination, I should be apt (were I a statesman) to put at the head of that bloody list, every attempt to defeat the application of public money, for the purposes here mentioned. The multiplicity of frauds alone, discourages a wise government from proceeding upon this principle, and disappoints the scheme. If severe punishment can in its turn put a stop to frauds, I believe it will be thought very well applied.

While a statesman is thus defending the foreign trade of his country, by an extraordinary operation performed upon the circulation of its wealth, he must at the same time employ the second expedient with equal address. He must be attentive to support sobriety at home, and wait patiently until abuses among his neighbours shall produce some of the inconveniences we have already mentioned. So soon as this comes to be the case, he has gained his point; the premiums then may cease; the public money may be turned into another channel; or the tax may be suppressed altogether, according as circumstances may require.

I need not add, that the more management and discretion is used in such operations, the less jealousy will be conceived by other rival nations. And as we are proposing this plan for a state already in possession of a branch of foreign trade, ready to be disputed by others, having superior natural advantages, it is to be supposed that the weight of money, at least, is on her side. This, if rightly employed, will prove an advantage, more than equal to any thing which can be brought against it; and if such an operation comes to raise the indignation of her rival, it will, on the other hand, reconcile the favour of every neutral state, who will find a palpable benefit from

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the competition, and will never fail giving their money to those who sell the cheapest. In a word, no private trader can stand in competition with a nation's wealth. Premiums are an engine in commerce, which nothing can resist but a similar operation.

Hitherto we have been proposing methods for removing the inconveniencies which accompany wealth and superiority, and for preserving the advantages which result from foreign trade already established: we must now change sides, and adopt the interest of those nations who labour under the weight of a heavy competition with their rich neighbours, versed in commerce, dextrous in every art and manufacture, and conducted by a statesman of superior abilities, who sets all engines to work, in order to make the most of every favourable circumstance.

It is no easy matter for a state unacquainted with trade and industry, even to form a distant prospect of rivalry with such a nation, while the abuses attending upon their wealth are not supposed to have crept in among them. Consequently, it would be the highest imprudence to attempt (at first setting out) any thing that could excite their jealousy.

The first thing to be inquired into, is the state of natural advantages. If any branch of natural produce, such as grain, cattle, wines, fruits, timber, or the like, are here found of so great importance to the rival nation, that they will purchase them with money, not with an exchange of their manufactures, such branches of trade may be kept open with them. If none such can be found, the first step is to cut off all communication of trade by exchange with such a people; and to apply closely to the supply of every want at home, without having recourse to foreigners.

So soon as these wants begin to be supplied; and that a surplus is found, other nations must be sought for, who enjoy less advantages; and trade may be carried on with them in a subaltern way. People here must glean before they can expect to reap. But by gleaning every year they will add to their stock of wealth, and
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the more it is made subservient to public uses, the faster it will increase.

The beginners will have certain advantages inseparable from their infant state; to wit, a series of augmentations of all kinds, of which we have so frequently made mention. If these can be preserved in an equable progression; if the balance of work and demand; and that of population and agriculture, can be kept in a gentle vibration, by alternate augmentations; and if a plan of oeconomy, equally good with that of the rivals, be set on foot and pursued; time will bring every natural advantage of climate, soil, situation, and extent, to work their full effects; and in the end they will decide the superiority.

I shall now conclude my chapter, with some observations on the difference between theory and practice, so far as regards the present subject.

In theory, we have considered every one of the causes which produce high prices, and prevent exportation, as simple and uncompounded; in practice they are seldom ever so. This circumstance makes the remedies difficult, and sometimes dangerous. Difficult, from the complication of the disease; dangerous, because the remedy against consolidated profits will do infinite harm, if applied to remove that which proceeds from dear subsistence, as has been said.

Another great difference between theory and practice occurs in the fourth case; where we suppose a nation unacquainted with trade, to set out upon a competition with those who are in possession of it. When I examine the situation of some countries of Europe (Spain perhaps) to which the application of these principles may be made, I find that it is precisely in such nations, where the other disadvantages of consolidated profits, and even the high prices of living, are carried to the greatest height; and that the only thing which keeps one shilling of specie among them, is the infinite advantage they draw from the mines, and from the sale of
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their pure and unmanufactured natural productions, added to their simplicity of life, occasioned by the wretchedness of the lower classes, which alone prevents these also from consuming foreign commodities. Were money in these countries as equally distributed as in those of trade and industry, it would quickly be exported. Every one would extend his consumption of foreign commodities, and the wealth would disappear. But this is not the case; the rich keep their money in their coffers; because lending at interest, there, is very wisely laid under numberless obstructions. The vice, therefore, is not that the lending of money at interest is forbid, but that the people are not put in a situation to have any pressing occasion for it, as a means of advancing their industry. Were they taught to supply their own wants, the state might encourage circulation by loan; but as they run to strangers for that supply, money is better locked up.

Upon a right use and application of these general principles, according to the different combinations of circumstances, in a nation whose principal object is an extensive and profitable foreign trade, I imagine a statesman may both establish and preserve, for a very long time, a great superiority in point of commerce; provided peace can be preserved: for in time of war, every populous nation, if great and extended, will find such difficulties in procuring food, and such numbers of hands to maintain, that what formerly made its greatness, will hasten its ruin.

C H A P. XIX.

Of infant, foreign, and inland Trade, with respect to the several Principles which influence them.

I HAVE always found the geography of a country easier to retain, from the inspection of maps, after travelling over the regions there represented, than before; as most prefaces are best understood, after reading the book, which they are calculated to introduce. I intend this as an apology for presenting my readers with a chapter of distribution in the middle of my subject.

My intention, at present, is to take a view of the whole region of trade, divided into its different districts, in order to point out a ruling principle in each, from which every other must naturally flow, or may be deduced by an easy reasoning. These I shall lay before my reader, that from them he may distribute his ideas in the same order I have done. Hence the terms I shall be obliged to use will be rendered more adequate, in expressing the combinations I may have occasion to convey by them.

I divide trade into infant, foreign, and inland.

Imo. Infant trade, taken in a general acceptation, may be understood to be that species, which has for its object the supplying the necessities of the inhabitants of a country; because it is commonly antecedent to the supplying the wants of strangers. This species has been known in all ages, and in all countries, in a less, or greater degree, in proportion to the multiplication of the wants of mankind, and in proportion to the numbers of those who depend on their ingenuity for procuring subsistence.

The general principles which direct a statesman in the proper encouragement of this commerce, relate to two objects.

1. To promote the ease and happiness of the higher classes in making their wealth subservient to their wants and inclinations.

2. To promote the ease and happiness of the lower classes, by turning their natural faculties to an infallible means of relieving their necessities.

This communicates the idea of a free society; because it implies the circulation of a real equivalent for every service; to acquire which, mankind submit with pleasure to the hardest labour.

In the first book, I had little occasion to consider trade under different denominations; or as influenced by any other principle than that of promoting the multiplication of mankind, and the extension of agriculture, *by drawing the wealth of the rich into the hands of the industrious*. This operation, when carried no farther, is a true representation of infant trade.

But now I must set the matter in a new light: and consider this infant trade as a basis for establishing a foreign commerce. In itself it is only a means of gratifying the desires of those who have the equivalent; and of providing it for those who have it not. We are next to examine how, by the care of a statesman, it may prove a method whereby one society may be put in a situation to acquire a superiority over others; by diminishing, on one hand, the quantity they have of that general equivalent, and by increasing, on the other, the absolute quantity of it at home; in such a manner as not only to promote the circulation of that part of it which is necessary to supply the wants of all the citizens; but by a surplus of it, to render other nations dependent upon them, in most operations of their political oeconomy.

The statesman who resolves to improve this infant trade into foreign commerce, must examine the wants of other nations, and consider the productions of his own country. He must then determine, what kinds of manufactures are best adapted for supplying the first, and for consuming the latter. He must introduce the use of such manufactures among his subjects; and endeavour to extend

his population, and his agriculture, by encouragements given to these new branches of consumption. He must provide his people with the best masters; he must supply them with every useful machine; and above all, he must relieve them of their work; when home-demand is not sufficient for the consumption of it.

A considerable time must of necessity be required to bring a people to a dexterity in manufactures. The branches of these are many; and every one requires a particular flight of hand, and a particular master, to point out the rudiments of the art. People do not perceive this inconveniency; in countries where they are already introduced; and many a projector has been ruined for want of attention to it.

In the more simple operations of manufacturing, where apprenticeships are not in use, every one teaches another. The new beginners are put among a number who are already perfect: all the instructions they get, is, *do as you see others do before you*. This is an advantage which an established industry has over another newly set on foot; and this I apprehend to be the reason why we see certain manufactures, after remaining long in a state of infancy, make in a few years a most astonishing progress. What loss must be at first incurred! what numbers of aspiring geniuses overpowered by unsuccessful beginnings; when a statesman does not concern himself in the operation! If he assists his subjects, by a prohibition upon foreign work, how often do we see this expedient become a means of extending the most extravagant profits? Because he neglects, at the same time, to extend the manufacture by multiplying the hands employed in it. I allow, that as long as the gates of a kingdom are kept shut, and that no foreign communication is permitted, large profits do little harm; and tend to promote dexterity and refinement. This is a very good method for laying a foundation for manufactures: but so soon as the dexterity has been sufficiently encouraged, and that abundance of excellent masters are provided; then the statesman ought to multiply the number of scholars; and

a new generation must be brought up in frugality, and in the enjoyment of the most moderate profits, in order to carry the plan into execution.

The ruling principle, therefore, which ought to direct a statesman in this first species of trade, is to encourage the manufacturing of every branch of natural productions, by extending the home-consumption of them; by excluding all competition with strangers; by permitting the rise of profits, so far as to promote dexterity and emulation in invention and improvement; by relieving the industrious of their work, as often as demand for it falls short. And until it can be exported to advantage, it may be exported with loss, at the expence of the public. To spare no expence in procuring the ablest masters in every branch of industry, nor any cost in making the first establishments; providing machines, and every other thing necessary or useful to make the undertaking succeed. To keep constantly an eye upon the profits made in every branch of industry; and so soon as he finds, that the real value of the manufacture comes so low as to render it exportable, to employ the hands, as above, and to put an end to these profits he had permitted only as a means of bringing the manufacture to its perfection. In proportion as the prices of every species of industry are brought down to the standard of exportation, in such proportion does this species of trade lose its original character, and adopt the second.

2do. Foreign trade has been explained sufficiently: the ruling principles of which are to banish luxury; to encourage frugality; to fix the lowest standard of prices possible; and to watch, with the greatest attention, over the vibrations of the balance between work and demand. While this is preserved, no internal vice can affect the prosperity of it. And when the natural advantages of other nations constitute a rivalry, not otherwise to be overcome, the statesman must counterbalance these advantages, by the weight and influence of public money; and when this expedient also becomes ineffectual,

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foreign trade is at an end; and out of its ashes arises the third species, which I call inland commerce.

3tio. The more general principles of *inland trade* have been occasionally considered in the first book, and more particularly hinted at in the 15th chapter of this; but there are still many new relations to be examined, which will produce new principles, to be illustrated in the subsequent chapters of this book. I shall, here only point out the general heads, which will serve to particularize and distinguish this third species of trade, from the two preceding.

Inland commerce, as here pointed out, is supposed to take place upon the total extinction of foreign trade. The statesman must in such a case, as in the other two species, attend to supplying the wants of the rich, in relieving the necessities of the poor, by the circulation of the equivalent as above; but as formerly he had it in his eye to watch over the balance of work and demand, so now he must principally attend to the balance of wealth, as it vibrates between consumers and manufacturers; that is, between the rich and the industrious. The effects of this vibration have been shortly pointed out, Chap. xv.

In conducting a foreign trade, his business was to establish the lowest standard possible as to prices; and to confine profits within the narrowest bounds: but as now there is no question of exportation, this object of his care in a great measure disappears; and high profits made by the industrious will have then no other effect than to draw the balance of wealth more speedily to their side. The higher the profits, the more quickly will the industrious be enriched, the more quickly will the consumers become poor, and the more necessary will it become to cut off the nation from every foreign communication in the way of trade.

From this political situation of a state arises the fundamental principle of taxation; which is, *that, at the time of the vibration of the balance between the consumer and the manufacturer, the state should advance the dissipation of the first, and share in the profits of the latter.* This

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branch of our subject I shall not here anticipate; but I shall, in the remaining chapters of this book, make it sufficiently evident, that so soon as the wealth of a state becomes considerable enough to introduce luxury, to put an end to foreign trade, and from the excessive rise of prices to extinguish all hopes of restoring it, then taxes become necessary, both for preserving the government on the one hand, and on the other, to serve as an expedient for recalling foreign trade in spite of all the pernicious effects of luxury to extinguish it.

I hope from this short recapitulation and exposition of principles, I have sufficiently communicated to my reader the distinctions I wanted to establish, between what I have called infant, foreign, and inland trade. Such distinctions are very necessary to be retained; and it is proper they should be applied in many places of this treatise, in order to qualify general propositions: these cannot be avoided, and might lead into error, without a perpetual repetition of such restrictions, which would tire the reader, appear frivolous to him, perhaps, and divert his attention.

I only add, that we are not to suppose the commerce of any nation restricted to any one of the three species. I have considered them separately, according to custom, in order to point out their different principles. It is the business of statesmen to compound them according to circumstances.

CHAP. XX.

Of Luxury.

MY reader may perhaps be surprized to find this subject formally introduced, after all I have said of it in the first book, under a definition which renders the term sufficiently clear,

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by distinguishing it from sensuality and excess; and by confining it to *the providing of superfluities, in favour of a consumption*, which necessarily must produce the good effects of giving employment and bread to the industrious.

The simple acceptance of the term, was the most proper for explaining the political effects of extraordinary consumption. I cannot however deny, that the world *luxury* commonly conveys a more complex idea; and did I take no notice of this circumstance, it might be thought that I had purposely restrained a general term to a particular acceptance, in order to lead to error, and to suppress the vicious influence of modern oeconomy over the minds of mankind; which influence, if vicious, cannot fail to affect even their political happiness.

My intention therefore, in this chapter, is to amuse, and to set my ideas concerning luxury (in the most extensive acceptance of the word) in such an order, as first to vindicate the definition I have given of it, by shewing that it is a proper one; and secondly, to reconcile the sentiments of those who appear to combat one another, on a subject wherein all must agree, when terms are fully understood.

For this purpose I must distinguish *luxury* as it affects our different interests, by producing hurtful consequences; from *luxury*, as it regards the moderate gratification of our natural or rational desires. I must separate objects which are but too frequently confounded, and analyze this complicated term, by specifying the ideas it contains, under partial definitions.

The interests affected by luxury, I take to be four; *1mo. the moral*, in so far as it does hurt to the mind; *2do. the physical*, as it hurts the body; *the domestic*, as it hurts the fortune; and *the political*, as it hurts the state.

The natural desires which proceed from our animal oeconomy, and which are gratified by *luxury*, may be also reduced to four; *viz. hunger, thirst, love, and ease* or indolence. The moderate gratification

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tification of these desires, and physical happiness, is the same thing. The immoderate gratification of them is *excess*; and if this also be implied by *luxury*, no man, I believe, ever seriously became its apologist.

The first point to be explained, is what is to be understood by *excess*. What appears an excess to one man, may appear moderation to another. I therefore measure the *excess* by the bad effects it produces on the *mind*, the *body*, the *fortune*, and the *state*: and when we speak of *luxury* as a vice, it is requisite to point out the particular bad effects it produces, to one, more, or all the interests which may be affected by it: when this is neglected, ambiguities ensue, which involve people in inextricable disputes.

In order to communicate my thoughts upon this subject with the more precision, I shall give an example of the harm resulting to the *mind*, the *body*, the *fortune*, and the *state*, from the excessive gratification of the several natural desires above-mentioned.

1^{mo}. As to the *mind*, *eating to excess* produces the inconvenience of rendering the perceptions dull, and of making a person unfit for study or application.

Drinking confounds the understanding, and often prevents our discovering the most palpable relations of things.

Love fixes our ideas too much upon the same object, makes all our pursuits and pleasures analogous to it, and consequently renders them trifling and superficial.

Ease, that is, too great a fondness for it, destroys activity, damps our resolutions, and misleads the decisions of our judgment on every occasion, where one side of the question implies an obstacle to the enjoyment of a favourite indolence.

These are examples of the evils proceeding from *luxury* in the most general acceptation of the term. While the gratification of those desires is accompanied by no such inconveniencies, I think it is a proof, that there has been no *moral excess*, or that no moral evil has been directly implied in the gratification. But I cannot equally

determine, that there has been no luxury in the enjoyment of superfluity.

2^{do}. The *physical* inconveniencies which follow from all the four, terminate in the hurt they do the body, health or constitution. If no such harm follows upon the gratification of our desires, I find no *physical* evil: but still *luxury*, I think, may be applied in every acceptation in which the term can be taken.

3^{do}. If the *domestic* inconveniencies of the four species be examined, they all center in one, viz. the dissipation of fortune, upon which depends the future ease of the proprietor, and the well-being of his posterity. When *luxury* is examined with respect to this object, the idea we conceive of it admits of a new modification. An *excess* here, is compatible with a very moderate gratification of our most natural desires. It is not *eating*, nor *drinking*, *love*, nor *indolence* which are hurtful to the fortune, but the expence attending such gratifications. All these are frequently indulged even to *excess*, in a *moral* and *physical* sense, by people who are daily becoming more wealthy by these very means.

4^{to}. Some *political* inconveniencies of *luxury* have been already pointed out. The extinction of foreign trade is the most striking. But the loss of trade, conveys no ideas of any *moral*, *physical*, or *domestic excess*; and still it is vicious in so far as it affects the well-being of a state. Besides this particular evil, I very willingly agree, that in as far as the good government of a state depends upon the application and capacity, as well as the integrity of those who sit at the helm, or who are employed in the administration, or direction of public affairs, in so far may the moral inconveniencies of *luxury* mentioned above, affect the prosperity of a state. The consequences of *excessive luxury*, *moral* and *physical*, as well as the dissipation of private fortunes, may render both the statesman, and those whom he employs, negligent in their duty, unfit to discharge it, rapacious and corrupt. These may, indirectly, be reckoned among the *political* evils attending *luxury*, in so far as they take place. But on the

the other hand, as they cannot be called the *necessary effects* of the *cause* to which they are here ascribed, that is, to *moral, physical, and domestic luxury*, I do not think they can with propriety be implied in the definition of the term. They are rather to be attributed to the imperfection of the human mind, than to any other second cause, which might occasionally contribute to their production. They may proceed from *avarice*, as well as from *prodigality*.

I hope this short exposition of a matter, not absolutely falling within the limits of my subject, will suffice to prove that my definition of *luxury*, describes at least the most essential requisite towards determining it: *the providing of superfluity with a view to consumption*. This is inseparable from our ideas of *luxury*; but vicious *excess* certainly is not. A sober man may have a most delicate table, as well as a glutton; and a virtuous man may enjoy the pleasures of love and ease with as much sensuality as Heliogabalus. But no man can become luxurious, in our acceptation of the word, without giving bread to the industrious, without encouraging emulation, industry, and agriculture; and without producing the circulation of an adequate equivalent for every service. This last is the palladium of liberty; the fountain of gentle dependence, and the agreeable band of union among free societies.

Let me therefore conclude my chapter, with a metaphysical observation. The use of words, is to express ideas; the more simple any idea is, the more easy it is to convey it by a word. Whenever, therefore, language furnishes several words, which are called *synonymous*, we may conclude, that the idea conveyed by them is not simple. On every such occasion, it is doing a service to learning, to render them as little synonymous as possible, and to point out the particular differences between the ideas they convey.

Now as to the point under consideration. I find the three terms, *luxury, sensuality, and excess*, generally considered in a synonymous light, notwithstanding the characteristic differences which distinguish them. *Luxury consists in providing the objects of sensuality, in so far*

as they are superfluous. Sensuality consists in the actual enjoyment of them; and excess implies an abuse of enjoyment. A person, therefore, according to these definitions, may be very *luxurious* from vanity, pride, ostentation, or with a political view of encouraging consumption, without having a turn for sensuality, or a tendency to fall into excess. *Sensuality*, on the other hand, might have been indulged in a Lacedemonian republic, as well as at the court of Artaxerxes. *Excess*, indeed, seems more closely connected with *sensuality*, than with *luxury*; but the difference is so great, that I apprehend *sensuality* must in a great measure be extinguished, before *excess* can begin.

CHAP. XXI.

Of Physical and Political Necessaries.

AFTER having cleared up our ideas concerning *luxury*, it comes very naturally in, to examine what is meant by *physical necessary*.

I have observed in the third chapter of the first book, that in most countries where food is limited to a determined quantity, inhabitants are fed in a regular progression down from plenty and ample subsistence, to the last period of want, and dying from hunger. *It is ample subsistence where no degree of superfluity is implied, which communicates an idea of the physical-necessary.* It is the top of this ladder; it is the first rank among men who enjoy no superfluity whatsoever. A man enjoys the physical-necessary as to food, when he is fully fed; if he is likewise sufficiently clothed, and well defended against every thing which may hurt him, he enjoys his full physical-necessary. The moment he begins to add to this, he may be considered as moving upwards into another category, to wit, the class of the *luxurious*.

luxurious, or consumers of superfluity; of which there are to be found, in most countries, as many stages upward, as there are stages downwards, from where he stood before. This is one general idea of the question. Let me now look for another.

If we examine the state of many animals which have no appetites leading them to excess, we may form a very just idea of a *physical-necessary* for man. When they are free from labour, and have food at will, they enjoy their full *physical-necessary*. They are then in the height of beauty, and enjoy the greatest degree of happiness they are capable of. Animals which are forced to labour, prove to us very plainly, that this *physical-necessary* is not fixed to a point, but that it may vary like most other things: every one perceives the difference between labouring cattle which are well fed, and those which are middling, or ill fed; all however, I suppose to live in health, and to work according to their strength. This represents the nature of a *physical-necessary* for man.

In many of the inferior classes in every nation, we find various degrees of ease among the individuals; and yet upon the whole, it would be hard to determine, which are those who enjoy superfluity; which are those who possess the pure *physical-necessary*; and which are those who fall below it. The cause of this ambiguity must here be explained.

The nature of man furnishes him with some desires relative to his wants, which do not proceed from his animal oeconomy, but which are entirely similar to them in their effects. These proceed from the affections of his mind, are formed by habit and education, and when once *regularly established*, create another kind of *necessary*, which, for the sake of distinction, I shall call *political*. The similitude between these two species of *necessary*, is therefore the cause of ambiguity.

This *political-necessary* has for its object, certain articles of *physical superfluity*, which distinguishes what we call *rank* in society.

Rank

Rank is determined by birth, education, or habit. A man with difficulty submits to descend from a higher way of living to a lower; and when an accidental circumstance has raised him for a while, above the level of that *rank* where his *birth* or *education* had placed him, his ambition prompts him to support himself in his elevation. If his attempt be a rational scheme, he is generally approved of; the common consent of his fellow-citizens prescribes a certain *political-necessary* for him, proportioned to his ambition; and when at any time *this* comes to fail, he is considered to be in want.

If on the other hand, a person either from vanity, or from no rational prospect of success, forms a scheme of rising above the *rank* where *birth* or *education* had placed him, his fellow-citizens do not consent to prescribe for him a *political-necessary* suitable to his ambition; and when this fails him, he is only considered to fall back into the class he properly belonged to. But if the *political-necessary* suitable to this *rank* should come to fail, then he is supposed to be deprived of his *political-necessary*.

The measure of this last species of *necessary*, is determined only by general opinion, and therefore can never be ascertained justly; and as this opinion may have for its object even those who are below the level of the *physical-necessary*; it often happens, that we find great difficulties in determining its exact limits.

It may appear absurd, to suppose that any one can enjoy *superfluity* (which we have called the characteristic of *political-necessary*), to whom any part of the *physical-necessary* is found wanting. However absurd this may appear, nothing, however, is more common among men, and the reason arises from what has been observed above. The desires which proceed from the affections of his mind, are often so strong, as to make him comply with them at the expence of becoming incapable of satisfying that which his animal oeconomy necessarily demands.

From this it happens, that however easy it may be to conceive an accurate idea of a *physical-necessary* for *animals*, nothing is more dif-

difficult, than to prescribe the proper limits for it with regard to man.

This being the case, let us suppose the condition of those who enjoy but little superfluity, and who fill the lower classes of the people, to be distinguished into three denominations; to wit, the highest, middle, and lowest degree of physical-necessary; and then let us ask, how we may come to form an estimation as to the respective value of the consumption implied in each, in order to determine the minimum as to the profits upon industry. This question is of great importance; because we have shewn that the prosperity of foreign trade depends on the cheapness of manufacturing; and this again depends on the price of *living*, that is of the physical-necessary for manufacturers.

One very good method of estimating the value of the total consumption implied by this necessary quantity, is to compute the expence of those who live in communities, such as in hospitals, workhouses, armies, convents, according to the different degrees of ease, severally enjoyed by those who compose them. In running over the few articles of expence in such establishments, it will be easy to discern between those, which relate to the supply of the physical, and those which relate to the supply of the political-necessary: ammunition bread is an example of the first; a Monk's hood and long sleeves, are a species of the latter.

When once the real value of a man's subsistence is found; the statesman may the better judge of the degree of ease, necessary or expedient for him to allow to the several classes of the laborious and ingenious inhabitants.

As we have divided this physical-necessary into three degrees; the *highest*, *middle*, and *lowest*; the next question is, which of the three degrees is the most expedient to be established, as the standard value of the industry of the very lowest class of a people.

I answer, that in a society, it is requisite that the individual of the most puny constitution for labour and industry, and of the most

most slender genius for works of ingenuity, having no natural defect, and enjoying health, should be able by a labour proportioned to his force, to gain the *lowest* degree of the physical-necessary; for in this case, by far the greatest part of the industrious will be found in the second class, and the strong and healthy all in the first.

The difference between the highest class and the lowest, I do not apprehend to be very great. A small quantity added to what is barely sufficient, makes enough: but this *small quantity* is the most difficult to acquire, and this is the most powerful spur to industry. The moment a person begins to live by his industry, let his livelihood be ever so poor, he immediately forms little objects of ambition; compares his situation with that of his fellows who are a degree above him, and considers a shade more of ease, as I may call it, as an advancement, not only of his happiness, but of his rank.

There are still more varieties to be met with among those who are confined to the sphere of the physical-necessary. The labour of a strong man ought to be otherwise recompensed than that of a puny creature. But in every state there is found labour of different kinds, some require more, and some less strength, and all must be paid for; but as a weakly person does not commonly require so much nourishment as the strong and robust, the difference of his gains may be compensated by the smallness of his consumption.

What we mean by the *first class* of the physical-necessary, is when a person gains wherewithal to be well fed, well clothed, and well defended against the injuries of heat and cold, without any superfluity. This I say, a strong healthy person should be able to gain by the exercise of the lowest denominations of industrious labour, and that without a possibility of being deprived of it, by the competition of others of the same profession.

Could a method be fallen upon to prevent competition among industrious people of the same profession, the moment they come to be reduced within the limits of the *physical-necessary*, it would prove

the best security against decline, and the most solid basis of a lasting prosperity.

But as we have observed in the first book, the thing is impossible, while marriage subsists on the present footing. From this one circumstance, the condition of the industrious of the same profession, is rendered totally different. Some are loaded with a family, others are not. The only expedient, therefore, for a statesman, is to keep the general principles constantly in his eye, to destroy this competition as much as he can, at least in branches of exportation; to avoid, in his administration, every measure which may tend to promote it, by constituting a particular advantage in favour of some individuals of the same class; and if the management of public affairs, necessarily implies such inconveniencies, he must find out a way of indemnifying those who suffer by the competition.

We may therefore, in this place, lay down two principles: First, that no competition should be encouraged among those who labour for a *physical-necessary*; secondly, that in a state which flourishes by her foreign trade, competition is to be encouraged in every branch of exportation, until the competitors have reduced one another within the limits of that necessary.

Farther, I must observe, that this *physical-necessary* ought to be the highest degree of ease, which any one should be able to acquire with labour and industry, where no peculiar ingenuity is required. This also is a point deserving the attention of a statesman. How frequently do we find, in great cities, different employments, such as carrying of water, and other burthens, sawing of wood, &c. erected into confraternities, which prevent competition, and raise profits beyond the standard of the *physical-necessary*. This, I apprehend, is a discouragement to ingenuity, and has the bad effect of rendering living dear, without answering any one of the intentions of establishing corporations, as shall be shewn in another place. The *physical-necessary*, therefore, ought to be the reward of labour and

industry; whatever any workman gains above this standard, ought to be in consequence of his superior *ingenuity*.

It is not at all necessary to prescribe the limits between these two classes; they will sufficiently distinguish themselves by the simple operation of competition. Let a particular person fall upon an ingenious invention, he will profit by it, and rise above the lower classes which are confined to the *physical-necessary*; but if the invention be such as may be easily copied, he will quickly be rivalled to such a degree as to reduce his profits within the bounds of that *physical-necessary*; so soon as this comes to be the case, his *ingenuity* disappears, because it ceases to be *peculiar* to him.

Here arises a question: whence does it happen that certain workmen avoid this competition, and make considerable gains by their employment, while others are rivalled in their endeavours to retain a bare *physical-necessary*?

There is a combination of several causes to operate these effects, which we shall examine separately; leaving to the reader to judge, how far the combination of them may extend profits beyond the *physical-necessary*.

I. We have said (chap. 9.) that the value of a workman's labour is determined from the quantity performed, in general, by those of his profession, neither supposing them the best nor the worst, nor as having any advantage or disadvantage, from the place of their abode. A workman therefore, who, to an extraordinary dexterity, joins the advantages of place, must gain more than another.

II. We have often remarked, that competition between workmen of the same profession, diminishes the profits upon labour. From this it follows, that in such arts where the least competition is found, there must be the largest profits. Now several circumstances prevent competition. First. An extraordinary dexterity in any art, and especially in those where the whole excellency depends upon great exactness, such as watch-making, painting of all kinds, making mathematical instruments, and the like; all which

set a celebrated artist in a manner above a possibility of rivalry, and make him the master of his price, as experience shews. 2d. The difficulty of acquiring the dexterity requisite, resulting both from the time and money necessary to be spent in apprenticeship, proves a plain obstacle to a numerous competition. Few there are, who having the stock sufficient to defray the loss of several years fruitless application, have also the turn necessary to lead them to that particular branch of ingenuity. 3d. Many there are, who have skill and capacity sufficient to enter into competition, but are obliged to work for others, because of the expensive apparatus of instruments, machines, lodging, and many other things necessary for setting out as a master in the art. These, and similar causes, prevent competition, and support large profits. 4th. Masters increase their profits greatly by sharing that of their journeymen: this share, the first have a just title to from the constant employment they procure for the latter; and the certainty these have of gaining their *physical-necessary*, together with a profit proportional to their dexterity, makes them willing to share with their master. The 5th cause of considerable gains, and the last I shall mention, is the most effectual of all, viz. great oeconomy, and parsimonious living. In proportion to the concurrence and combination of these circumstances, the fortune of the artist will increase, which is the answer to the first part of the question proposed.

We are next to enquire how it happens that many industrious people are rivalled in an industry which brings no more than a bare *physical-necessary*. This proceeds from some disadvantage either in their personal or political situation. In their personal situation, when they are loaded with a numerous family, interrupted by sickness, or other accidental avocations. In their political situation, when they happen to be under a particular subordination from which others are free, or loaded with taxes which others do not pay.

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I shall only add, that in computing the value of the *physical-necessary* of the lowest denomination, a just allowance must be made for all interruptions of labour: no person can be supposed to work every free day; and the labour of the year must defray the expence of the year. This is evident. Farther, neither humanity, or policy, that is the interest of a state, can suggest a rigorous oeconomy upon this essential quantity. If the great abuses upon the price of labour are corrected, those which remain imperceptible to the public eye, will prove no disadvantage to exportation; and as long as this goes on with success, the state is in health and vigour. Exportation of *work* is another pulse of the political body.

CHAP. XXII.

Preliminary Reflections upon inland Commerce.

I RESUME the subject, which, as a rest to the mind, I drop at the end of the 19th chapter.

I am to treat directly of inland commerce, which has been sufficiently distinguished from inland, and foreign trade.

We are to consider ourselves now as transported into a new country. Here foreign trade has been carried to the greatest height possible; but the luxury of the inhabitants, the carelessness, perhaps, of the statesman, and the natural advantages of other nations, added to the progress of their industry and refinement, have concurred to cut this branch off, and thereby to dry up the source which had constantly been augmenting national opulence.

We must examine the natural effects of this revolution; we must point out how every inconvenience may be avoided; and how a statesman may regulate his conduct, so as to prevent the exportation

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of any part of that wealth which the nation may have heaped up within herself, during the prosperity of her foreign trade. How he may keep the whole of his people constantly employed, and by what means he may promote an equable circulation of domestic wealth, as an adequate equivalent given by the rich, for services rendered them by the industrious poor. How, by a judicious imposition of taxes, he may draw together an equitable proportion of every man's annual income, without reducing any one below the standard of a full physical-necessary. How he may, with this public fund, preserve in vigour every branch of industry, and be enabled also, by the means of it, to profit of the smallest revolution in the situation of other nations, so as to re-establish the foreign trade of his own people. And lastly, how the society may be thereby sufficiently defended against foreign enemies, by a body of men regularly supported and maintained at the public charge, without occasioning any sudden revolution, hurtful to industry, either when it becomes necessary to increase their numbers, in order to carry on an unavoidable war, or to diminish them, upon the return of peace and tranquility. This is, in few words, the object of a statesman's attention when he is at the head of a people living upon their own wealth, without any mercantile connections with strangers.

However hurtful the natural and immediate effects of political causes may have been formerly, when the mechanism of government was less compounded than at present, they are now brought under such restrictions, by the complicated system of modern oeconomy, that the evil which might otherwise result, is guarded against with ease.

As often, therefore, as we find a notable prejudice resulting to a state, from a change of their circumstances, *gradually taking place*, we may safely conclude, that negligence, or want of abilities, in those who have the direction of public affairs, has more than any other cause been the occasion of it.

It

It was observed, in the third chapter of the first book, that before the introduction of modern oeconomy, which is made to subsist by the means of taxes, a state was seldom found to be interested in watching over the actions of the people. They bought and sold, transferred, transported, modified, and compounded productions and manufactures, for public use, and private consumption, just as they thought fit. Now it is precisely in these operations that a modern state is chiefly interested; because proportional taxes are made to affect a people on every such occasion.

The interest the state has in levying these impositions, gives a statesman an opportunity of laying such operations under certain restrictions; by the means of which, upon every change of circumstances, he can produce the effect he thinks fit. Do the people buy from foreigners what they can find at home, he imposes a duty upon importation. Do they sell what they ought to manufacture, he shuts the gates of the country. Do they transfer or transport at home, he accelerates or retards the operation, as best suits the common interest. Do they modify or compound what the public good requires to be consumed in its simple state, he can either prevent it by a positive prohibition, or he may permit such consumption to the more wealthy only, by subjecting it to a duty.

So powerful an influence over the operations of a whole people, vests an authority in a modern statesman, which was unknown in former ages, under the most absolute governments. We may discover the effects of this, by reflecting on the force of some states, at present, in Europe, where the sovereign power is extremely limited, as to every *arbitrary* exercise of it, and where, at the same time, that very power is found to operate over the wealth of the inhabitants, in a manner far more efficacious than the most despotic and arbitrary authority can possibly do.

It is the order and regularity in the administration of the complicated modern oeconomy, which alone can put a statesman in a capacity to exert the whole force of his people. The more he has

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their actions under his direction, the easier it is for him to make them concur in advancing the general good.

Here it is objected, that any free people who invest a statesman with a power to control their most trivial actions, must be out of their wits, and considered as submitting to a voluntary slavery of the worst nature, as it must be the most difficult to be shaken off. This I agree to; supposing the power vested to be of an arbitrary nature, such as we have described in the thirteenth chapter of this book. But while the legislative power is only exerted in acquiring an influence over the actions of individuals, in order to promote a scheme of political oeconomy, uniform and consistent in all its parts, the consequence will be so far from introducing slavery among the people, that the execution of the plan will prove absolutely inconsistent with every arbitrary or irregular measure.

The power of a modern Prince, let him be, by the constitution of his kingdom, ever so absolute, becomes immediately limited so soon as he establishes the plan of oeconomy which we are endeavouring to explain. If his authority formerly resembled the solidity and force of the wedge, which may indifferently be made use of, for splitting of timber, stones, and other hard bodies, and which may be thrown aside and taken up again at pleasure; it will at length come to resemble the watch, which is good for no other purpose than to mark the progression of time, and which is immediately destroyed, if put to any other use, or touched by any but the gentlest hand.

As modern oeconomy, therefore, is the most effectual bridle ever invented against the folly of despotism; so the wisdom of so great a power shines no where with greater lustre, than when we see it exerted in planning and establishing this oeconomy, as a bridle against the wanton exercise of power in succeeding generations. I leave it to my reader to seek for examples in the conduct of our modern Princes, which may confirm what, I think, reason seems to point out: were they less striking, I might be tempted to mention them.

The

The part of our subject we are now to treat of, will present us with a system of political oeconomy, still more complicated than any thing we have hitherto met with.

While foreign trade flourishes and is extended, the wealth of a nation increases daily; but her force is not so easily exerted, as after this wealth begins to circulate more at home, as we shall easily shew. But, on the other hand, the force she exerts is much more easily recruited. In the first case, her frugality enables her to draw new supplies out of the coffers of her neighbours; in the last, her luxury affords a resource from the wealth of her own citizens.

In opening my chapter, I have introduced my reader into a new country; or indeed I may say, that I have brought him back into the same which we had under our consideration in the first book.

Here luxury and superfluous consumption will strike his view almost at every step. He will naturally compare the system of frugality, which we have dismissed, with that of dissipation, which we are now to take up; and we may very naturally conclude, that the introduction of the latter, must prove a certain forerunner of destruction. The examples found in history of the greatest monarchies being broken to pieces, so soon as the taste of simplicity was lost, seem to justify this conjecture. It is, therefore, necessary to examine circumstances a little, that we may compare, in this particular also, the oeconomy of the antients with our own; in order to discover whether the introduction of luxury be as hurtful at present, as it formerly proved to those states which made so great a figure in the world; and which now are only known from history, and judged of, from the few scattered ruins which remain to bear testimony of their former greatness.

Luxury is the child of wealth; and wealth is acquired by states, as by private people, either by a lucrative, or by an onerous title, as the civilians speak. The lucrative title, by which a state acquires, is either by rapine, or from her mines; the onerous title, or that for a valuable consideration, is by industry.

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The wealth of the ancient monarchs of Babylon, Persia, Greece, and Rome, was the effect of rapine; whereas industry enriched the cities of Sydon, Tyre, Carthage, Athens, and Alexandria. The luxury of the first, proved the ruin of the luxurious; the luxury of the last, advanced their grandeur: because they had no rivals to take advantage of the natural effects of this luxury, in cutting off the profits of foreign trade. Peace was as hurtful to the plunderers, as war was destructive to the industrious.

When an empire was at war, its wealth was thereby made to circulate for an equivalent in services performed. So soon as peace was restored, every one returned, as it were, to a state of slavery. The monarch then possessed himself of all the wealth, and distributed it by caprice. Fortunes were made in an instant, and no body knew how: they were lost again by transitions equally violent and sudden. The luxury of those days was attended with the most excessive oppression. Extraordinary consumption was no proof of the circulation of any adequate equivalent in favour of the industrious: it had not the effect of giving bread to the poor, nor of proportionally diminishing the wealth of the rich. The great constantly remained great; and the more they were prodigal, the more the small were brought into distress. In one word, luxury had nothing to recommend it, but that quality which *solely* constitutes the abuse of it in modern times; to wit, the excessive gratification of the passions of the great, which frequently brought on the corruption of their manners.

When such a state became luxurious, public affairs were neglected; because it was not from a right administration that wealth was to be procured. War, under such circumstances, worked effects almost similar to the springing up of industry in modern times; it procured employment, and this produced a more regular circulation, as has been said.

On the other hand, the wealth and luxury of the trading cities abovementioned, which was of the same species with that of modern

times, proceeded from the alienation of their work; that is, from their industry. Nothing was gained for nothing, and when they were forced to go to war, they found themselves obliged either to dissipate their wealth, by hiring troops, or to abandon the resources of it, the labour of their industrious citizens. Thus the punic wars exalted the grandeur of plundering Rome, and blotted out the existence of industrious Carthage. I do not here pretend to vindicate the justness of these reflections in every circumstance, and it is foreign to my present purpose to be more particular; all I seek for, is to point out the different effects of luxury in ancient and modern times.

Ancient luxury was quite *arbitrary*; consequently could be laid under no limitations, but produced the worst effects, which *naturally* and *mechanically* could proceed from it.

Modern luxury is *systematical*; it cannot make one step, but at the expence of an adequate equivalent, acquired by those who stand the most in need of the protection and assistance of their fellow citizens; and without producing a vibration in the balance of their wealth. This balance is in the hands of the statesman, who may receive a contribution upon every such vibration. He has the reins in his hand, and may turn, restrain, and direct the luxury of his people, towards whatever object he thinks fit.

Luxury here is so far from drawing on a neglect of public affairs, that it requires the closest application to the administration of them, in order to support it. When these are neglected, the industrious will be brought to starve, consumption will diminish; that is, luxury will insensibly disappear, and hoarding will succeed it. These and similar consequences will undoubtedly take place, and *mechanically* follow one another, when a skilful hand is not applied to prevent them.

It is impossible not to perceive the advantages of supporting a flourishing inland trade, after the extinction of foreign commerce. By such means elegance of taste, and the polite arts, may be carried

ried to the highest pitch. The whole of the inhabitants may be employed in working and consuming; all may be made to live in plenty and in ease, by the means of a swift circulation, which will produce a reasonable equality of wealth among all the inhabitants. Luxury can never be the cause of inequality. Hoarding and parsimony form great fortunes, luxury dissipates them and restores equality.

Such a situation would surely be of all others the most agreeable, and the most advantageous, were all mankind collected into one society, or were the country where it is established cut off from every communication with other nations.

The balance between work and demand would then only influence the balance of wealth among individuals. If hands became scarce, the balance would turn the quicker in favour of the laborious, and the idle would grow poor. If hands became too plentiful (which indeed is hardly to be expected) every thing would be bought the cheaper; but the same quantity of wealth would still remain without any diminution.

Where is, therefore, the great advantage of foreign trade?

I answer by putting another question. Where is the great advantage of a person's making a large fortune in his own country? A man of a small estate may, no doubt, be as happy as another with a great one; and the same thing would be true of nations, were all equally inspired with a spirit of peace and justice; or were they subordinated to a higher temporal power, which could protect the weak against the violence and injustice of the strong.

It is, therefore, the separate interests of nations who incline to communicate together, and consume of one another's commodities, which renders the consideration of the principles of trade, a matter of great importance.

While nations contented themselves with their own productions, while the difference of their customs, and contrast of their prejudices

judices were great, the connections between them were not very intimate.

From this proceeds the great diversity of languages and dialects. When a traveller finds a sudden transition from one language to another, or from one dialect to another, it is a proof that the manners of such people have been long different, and that they have had little communication with one another. On the contrary, when dialects change by degrees, as in the provinces of the same country, it is a proof that there has been no great repugnancy in their customs. In like manner, when we find several languages, at present different, but plainly deriving from the same source, we may conclude, that there was a time when such nations were connected by correspondence, or that the language has been transplanted from one to the other, by the migration of colonies. But I intently wander from my subject.

I have said, that when nations contented themselves with their own productions, connections between them were not very intimate. While trade was carried on by the exchange of consumable commodities, this operation also little interested the state: consumption then was equal on both sides; and no balance was found upon either. But so soon as the precious metals became an object of commerce, and when, by being rendered an universal equivalent for every thing, it became also the measure of power between nations, then the acquisition, or at least the preservation of a proportional quantity of it, became, to the more prudent, an object of the last importance.

We have seen how a foreign trade, well conducted, has the necessary effect of drawing wealth from all other nations. We have seen in what manner the benefit resulting from this trade may come to a stop, and how the balance of it may come round to the other side. We are now to examine how the same prudence which forbids foreign trade on foot, and supported it as long as possible, may guard against a sudden revolution, and at the same time put an effectual

effectual stop to it; to the end that a nation enriched by commerce may not, by blindly or mechanically carrying it on, when the balance is against her, fall into those inconveniencies which other nations must have experienced during her prosperity.

CHAP. XXIII.

When a Nation, which has enriched herself by a reciprocal Commerce in Manufactures with other Nations, finds the Balance of Trade turn against her, it is her Interest to put a Stop to it altogether.

TRADE having subsisted long in the nation we are now to keep in our eye, I shall suppose that, through length of time, her neighbours have learned to supply one article of their own and other peoples wants cheaper than she can do. What is to be done? Nobody will buy from her, when they can be supplied from another quarter at a less price. I say, what is to be done? For if there be no check put upon trade, and if the statesman do not interpose with the greatest care, it is certain, that merchants will import the produce, and even the manufactures of rival nations; the inhabitants will buy them preferably to their own; the wealth of the nation will be exported; and her industrious manufacturers will be brought to starve. We may therefore look upon this, as a problem in trade, to be resolved by the principles already established.

First, then, it must be inquired, if, in the branch in which she is underfold, her rivals enjoy a natural advantage above her, which no superior industry, frugality, or address on her side, can counter-balance? If this be the case, there are three different courses to be pursued, according to circumstances.

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1mo. To renounce that branch of commerce entirely, and to take the commodities wanted from foreigners, as they can furnish them cheaper.

2do. To prohibit the importation of such commodities altogether.

3tio. To impose a duty upon importation, in order to raise the price of them so high as to make them dearer than the same kind of commodity produced at home.

The first course may be taken, if, upon examining how the hands employed in a manufacture may be disposed of, it be found, that they may easily be thrown into another branch of industry, in which the nation's natural advantages are as superior to her rivals, as their's are superior to her's in the branch she intends to abandon; and providing her neighbours will agree to open their ports to the free importation of the commodities in question. For though there may be little profit in a trade by exchange; I still think it adviseable to continue correspondence, and to avoid every occasion of cutting off commerce with other nations. A laborious, oeconomical, and sagacious nation, such as I suppose our traders to be, will be able to profit of many circumstances, which would infallibly turn to the disadvantage of others less expert in commerce, with whom she trades; and in expectation of favourable revolutions, she ought not rashly, nor because of small inconveniencies, to renounce trading with them; especially if luxury should appear there to be on the growing hand.

But suppose the rival nation will not consent to receive the manufactures which the traders may produce with great natural advantages, what course then is the best to be taken?

I think she ought to encourage the branch in which she is rivalled, for her own consumption, though she must give over exporting it; and, in this case, it must be examined, whether that trade with foreigners should be prohibited altogether, (which is the second course mentioned above) or whether it be more adviseable to prefer the last scheme, viz. to allow the commodities to be imported,

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with a duty which may raise their price to so just a height as neither to suffer them to be sold so cheap as to discourage the domestic fabrication, nor dear enough to raise the profits of manufactures above a reasonable standard, in case of an augmentation of demand.

The second course must be taken, when the natural advantages of the foreign nations are so great, as to oblige the statesman to raise duties to such a height as to give encouragement to smuggling.

The third course seems the best, when the advantages of the rivals are more inconsiderable; in which case, the traders, may, in time, and by the progress of luxury among their neighbours, or from other revolutions, which happen frequently in trading nations, regain their former advantages.

This may be a decision, in case a nation be rivalled in a branch where she has not equal advantages with her neighbours; and when she cannot compensate this inconvenience, either by her frugality or industry, or by the means of a proper application of her national wealth. These operations have been already fully explained, and are now considered as laid aside; not that we suppose they can ever cease to operate their effects in all nations, but in order to simplify our ideas, and to point out the principles which ought to direct a statesman upon occasions where he finds better expedients impracticable, from different combinations of circumstances.

Let me next suppose a nation to be rivalled in her staple manufactures; that is, in those where she has the greatest natural advantages in her favour.

Whenever such a case happens, it must proceed from some vice within the state. Either from the progress of luxury in the workmen, which must proceed from consolidated profits, or from accidental disadvantage; such as dearness of subsistence, or from taxes injudiciously imposed. These (I mean all, except the taxes, of which afterwards) must be removed upon the principles above laid down: and if this cannot be compassed, no matter why; then comes the fatal period, when all foreign reciprocal commerce in manufactures

must

must be given up. For if no profit can be made upon branches where a nation has the greatest natural advantages, it is more than probable, that every other branch will prove at least equally disadvantageous. If upon this revolution the ports of the nation be not shut against the importation of foreign manufactures, merchants will introduce them, and this will drain off the nations wealth, and bring the industrious to starve.

It is upon this principle that incorporations are established. Of these we shall say a word, and conclude our chapter.

Cities and corporations, may be considered as nations, where luxury and taxes have rendered living so expensive, that work cannot be furnished but at a high rate. If labour, therefore, of all kinds, were permitted to be brought from the provinces, or from the country, to supply the demand of the capital and smaller corporations, what would become of tradesmen and manufactures who have their residence there? If these, on the other hand, were to remove beyond the liberties of such corporations, what would become of the public revenue, collected in these little states, as I may call them?

By the establishment of corporations, a statesman is enabled to raise high impositions upon all sorts of consumption; and notwithstanding that these have the necessary consequence of increasing the price of labour, yet by other regulations, of which afterwards, the bad consequences thereby resulting to foreign trade may be avoided, and every article of exportation be prevented from rising above the proper standard for making it vendible, in spite of all foreign competition.

The plan of modern taxation seems first to have been introduced into cities, while the country was subject to the barons, and remained in a manner quite free from them. Cities having obtained the privilege of incorporation, began, in consequence of the power vested in their magistrates, to levy taxes: and finding the inconveniences resulting from external competition (foreign trade) they

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erected the different classes of their industrious into confraternities, or corporations of a lower denomination, with power to prevent the importation of work from their fellow tradesmen not of the society.

Here arises a question.

Why are corporations complained of in many countries, as being a check upon industry; if the establishment of them proceeds from so plain a principle as that here laid down?

Let me draw my answer from another question. Why are they not complained of in all countries?

The difference between the situation of one country and another, will plainly point out the principle which ought to regulate the establishment and government of corporations. When this is well understood, all disputes concerning the general utility, or harm arising from them will be at an end: and the question will be brought to the proper issue; to wit, their relative utility considered with respect to the actual situation of the country where they are established. In one province a corporation will be found useful, in another just the contrary.

First then it must be agreed, on all hands, that the principle laid down is just. No body ever advanced, that the industry carried on in *towns*, where living is dear, ought to suffer a competition with that of the *country*, where living is cheap; I mean for the direct consumption of the citizens. But it may be advanced, that no subaltern corporation should enjoy an exclusive privilege against those who share of every burthen imposed by the great corporation from which they draw their existence. That they have no right of exclusion against citizens; but only against strangers who are not under the same jurisdiction, nor liable to the same burthens. Here the dispute lies between the members of the great corporation and those of the smaller. Now, I say, while no other interest is concerned, the decision of this question ought to be left to the corporation itself. But the moment the public good comes to be affected

affected by certain privileges enjoyed by individuals, such privileges should either be abolished, or put under limitations.

In countries where industry stands at a determined height, while the consumption of cities neither augments nor diminishes; when those who live upon an income acquired, live uniformly in the same way; when this regular consumption is regularly supplied, by a certain number of citizens sufficient to supply it; when the hands employed for this purpose are in a perfect proportion to the demand made upon them; in such countries, I say, any diminution of the privileges of corporations would be a means of overturning the equal balance between work and demand.

We have said above, that when hands become too many for the work, profits fall below the necessary standard of subsistence; that the industrious enter into competition for the physical-necessary, and hurt one another. Here then is the principle which the corporation ought to keep in their eye: the profits upon every trade ought to be in proportion to work.

In order to come the better at the knowledge of this proportion, many corporations in Germany have the subaltern corporations of trades restrained to certain numbers. There is a determined number of apothecaries, joiners, smiths, &c. allowed in every town, and no more; according as employment is found for them. This seems a good regulation. I do not say it may not be abused. But the power of administration must be lodged somewhere; and if in a country where industry is making little progress, corporations were laid open, the consequence would be, that every one would starve another, and the consumers would be ill served.

On the other hand, when industry springs up, when the manners of a people change all of a sudden, or by quick degrees, as has been the case in many countries in Europe within these three score years: it is a mark of a narrow capacity not to perceive that a change of administration becomes necessary; and if on such revolutions those who are at the head of corporations should profit of the increase

crease of demand, and occasion prices to rise in favour of the incorporated workmen, the infallible consequence will be, to make the city become deserted, and deprived of a trade, which otherwise would necessarily fall to her share, in consequence of the advantage she must draw from establishments already made for supplying every branch of consumption *. But let the principle above mentioned be constantly followed; let profits be kept at a right standard; let hands be increased according to demand; let the city workmen gain no advantage over those of the country which may not be compensated by the difference of the price of subsistence; let the disadvantages again on the side of the town affect only their own consumption, not the surplus of their industry; let every convenience for carrying on foreign trade (every thing here is understood to be foreign, which does not enter into the consumption of the town) be provided for in the suburbs, or, if you please, in a place out of the town walled in for that purpose; let markets there be held for every kind of work coming from the country; and then the true intent of a corporation will be answered. If it be found that the prosperity of trade demands still more liberty, then the corporation may be thrown open; but on the other hand, every burthen must be taken off; and every incorporated member must be indemnified by the state, for the loss he is thereby made to suffer.

* The cities of the Austrian Netherlands are, from these causes, at present in a state of depopulation; and the industrious classes are assembling in the villages, which are beginning to rival the populousness of cities. In these villages, the privileges of the cities are not established. Privileges which will in all probability end in their bankruptcy as well as depopulation. The depopulation will follow from the causes already mentioned; the bankruptcy from the sums these corporations lend the sovereign, on the credit of new impositions constantly laying upon every branch of consumption. This is so true, that the acquisition of this country (one of the most fertile and most populous in Europe) would hardly be worth the having, if the debts owing by the corporations were to be fairly paid, and their ruinous *privileges* (as they are called) allowed to subsist without alteration.

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The great change daily operating on the spirit of European nations, where corporations have been long established, without any great inconvenience having been found to arise from them, suggests these reflections, which seem to flow naturally, from the principles we have deduced. I shall only add, that from the practice of imposing taxes within these little republics (as I have called them) Princes seem to have taken the hint of extending that system; by first appropriating to the public revenue, what the cities had established in favour of themselves, and then by enlarging the plan as circumstances favoured their design. That this is the true origin of the modern plan of taxation (I mean that upon consumption) may be gathered from hence; that the right of imposing taxes appears no where, almost, to have been essentially attached to royalty, even in those kingdoms, where Princes have long enjoyed an unlimited constitutional authority over the persons of their subjects. This right I take to be the least equivocal characteristic of an absolute and unlimited power. I know of no christian monarchy (except, perhaps, Russia) where either the consent of states, or the approbation or concurrence of some political body within the state, has not been requisite to make the imposition of taxes constitutional; and if more exceptions are found, I believe it will not be difficult to trace the origin of such an exertion of sovereign authority, without ascending to a very high antiquity. The prerogative of Princes, in former times, was measured by the power they could constitutionally exercise over the *persons* of their subjects; that of modern princes, by the power they have over their *purse*.

Having, therefore, shewn the necessity of putting a stop to foreign reciprocal commerce in manufactures, so soon as in every branch this trade becomes disadvantageous to a nation; the next question comes to be, how to proceed in the execution, so as to avoid a sudden and violent revolution in the oeconomy of the state, which is of all things the most dangerous: the hurt, therefore, ought to be foreseen at a great distance, in order to be methodically prevented.

C H A P. XXIV.

What is the proper Method to put a Stop to a foreign Trade in Manufactures, when the Balance of it turns against a Nation?

IT must not be understood, from what was said in the last chapter, that so soon as the balance of foreign trade, either on the whole, or on any branch of manufacture, is to be found against a nation, that a statesman should then at once put a total stop to it. This is too violent a remedy ever to be applied with success.

It is hardly possible, that a considerable revolution in the trade of a nation should happen suddenly, either to its advantage, or disadvantage, unless in times of civil discord, or foreign wars, which at present do not enter into the question.

A sagacious statesman will, at all times, keep a watchful eye upon every branch of foreign commerce, especially upon importations. These consist either in the natural produce of other countries, or in such produce increased in its value by manufacture.

In all trade two things are to be considered in the commodity sold. The first is the matter; the second is the labour employed to render this matter useful.

The matter exported from a country, is what the country loses; the price of the labour exported, is what it gains.

If the value of the matter imported, be greater than the value of what is exported, the country gains. If a greater value of labour be imported, than exported, the country loses. Why? Because in the first case, strangers must have paid, *in matter*, the surplus of labour exported; and in the second case, because the country must have paid to strangers, *in matter*, the surplus of labour imported.

It is therefore a general maxim, to discourage the importation of work, and to encourage the exportation of it.

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When any manufacture begins to be imported, which was usually made at home, it is a mark that either the price of it begins to rise within the country, or that strangers are making a new progress in it. On the other hand, when the importation of manufactures consumed within a country comes to diminish, and when merchants begin to lose upon such branches of trade, it is a proof that industry at home is gaining ground in those articles. The statesman then must take the hint, and set out by clogging gently the importation of those commodities, not so as to put a stop to it all at once; because this might have the effect of carrying profits too high upon the home fabrication of them.

All sudden revolutions are to be avoided. A sudden stop upon a large importation, raises the prices of domestic industry by jerks, as it were; they do not rise gradually; and these sudden profits engage too many people to endeavour to share in them. This occasions a desertion from other branches of industry equally profitable to the state. Such revolutions do great harm; because it is a long time before people come to be informed of their true cause, and during the uncertainty, they are, as it were, in a wilderness, surprized and delighted with the consequences, according as their several interests are affected by them. Every one accounts for the phenomena in a different way. Some are for applying remedies against the inconveniencies; while others are totally taken up in profiting to the utmost of every momentary advantage. In a word, nothing is more hurtful than a sudden revolution, in so complicated a body as that of the whole class of the industrious, in a modern society. When therefore such changes happen, in spite of all a statesman can do, the best way to prevent the inconveniencies which they draw along with them, is to inform the public of the true causes of every change, favourable or hurtful to the several classes of inhabitants. This also seems to be the best method to engage every one to concur in promoting the proper remedies, when the inconveniencies themselves cannot be prevented. So

much for a scheme of encouraging growing manufactures, or of supporting them in their decline. I proceed next to consider the methods of preventing the loss of others already established.

We have said, that the importation of any article of consumption usually provided at home, was a proof by no means equivocal of a foreign rivalry. I shall say nothing, at present, of the methods to be used as a remedy for this inconvenience: these have been already discussed. We must now suppose, every one that might be contrived for this purpose, to become ineffectual; and that foreign industry is so far gaining ground, as daily, more and more, to supply the several branches of domestic consumption.

Upon this, the statesman will begin by laying the importation of such commodities under certain restrictions. If these do not prove sufficient, they must be increased; and if the augmentation produces frauds, difficult to be prevented, the articles must be prohibited altogether. By this method of proceeding, it will be found, that without any violent or sudden prohibition laid upon foreign trade, by little and little, every pernicious branch of it will be cut off, till at last it will cease altogether, as in the case mentioned above; to wit, when the most advantageous branches cannot be carried on without loss.

Something, however, must here be added, in order to refrain so general a plan of administration. Nothing is more complex than the interests of trade, considered with respect to a whole nation. It is hardly possible for a people to have every branch of trade favourable for the increase of her wealth: consequently, a statesman who, upon the single inspection of one branch, would lay the importation of it under limitations, in proportion as he found the balance upon it unfavourable to the nation, might very possibly undo a flourishing commerce.

He must first examine minutely every use to which the merchandise imported is put: if a part is re-exported with profit, this profit must be deducted from the balance of loss incurred by the consumption

sumption of the remainder. If it be consumed upon the account of other branches of industry, which are thereby advanced, the balance of loss may still be more than compensated. If it be a means of supporting a correspondence with a neighbouring nation, otherwise advantageous, the loss resulting from it may be submitted to, in a certain degree. But if upon examining the whole chain of consequences, he finds the nation's wealth not at all increased, nor her trade encouraged, in proportion to the damage at first incurred by the importation, I believe he may decide, that such a branch of trade is hurtful; and therefore that it ought to be cut off, in the most prudent manner, according to the general rule.

The first object of the care of a statesman, who conducts a nation, which is upon the point of losing her foreign trade, without any prospect or probability of recovering it, is to preserve her wealth already acquired. No motive ought to engage him to sacrifice this wealth, the safety alone of the whole society excepted, when suddenly threatened by foreign enemies. The gratification of particular people's habitual desires, although the wealth they possess may enable them, without the smallest hurt to their private fortunes, to consume the productions of other nations; the motive of preventing hoards; that of preventing a brisk circulation within the country; the advantages to be made by merchants, who may enrich themselves by carrying on a trade disadvantageous to the nation; even, to say all in one word, the supporting of the same number of inhabitants, ought not to engage his consent to the diminution of national wealth.

Here follow my reasons for carrying this proposition so very far, even to the length of sacrificing a part of the inhabitants of a country to the preservation of its wealth; and I flatter myself, that when duly examined, I may avoid the smallest imputation of Machiavelian principles, in consequence of so bold an assertion.

While a people are fed with the produce of their own lands, the preservation of their numbers is quite consistent with the preservation

tion of their wealth. If, therefore, in such a case, their numbers should be diminished upon a decay of foreign trade, either by their goods being exported, or by their lands becoming uncultivated, I should never hesitate to lay the blame upon the statesman's administration.

But an industrious people may (as has been said) carry their numbers far beyond the proportion of their own subsistence. The deficiency must be supplied from abroad, and must be paid with the balance of the trade in their favour. Now when this balance comes to turn against them, and when, consequently, a stop is put to the disadvantageous foreign trade, upon the principles we have been laying down, the statesman is reduced to this alternative; either annually to allow a part of the wealth already got, to be exported, in order to buy subsistence for the *surplus* of his people; as I may call them, or to reduce their numbers by degrees, either by encouragements given to their leaving the country, or by establishing colonies, &c. until they are brought down to the just proportion of national subsistence. If he prefers the first, supposing the execution of such a plan to be possible, the consequence will be, that so soon as all the wealth is spent, the whole society, except the proprietors of the lands, and these who cultivate them, must go to destruction. If he prefers the second, he remains independent of all the world with respect to the inhabitants he preserves. They remain in a capacity of maintaining themselves, and he may alter the plan of his political oeconomy as best suits his circumstances, relatively to other nations. While all his subjects are employed and provided for, he will remain at the head of a flourishing and happy people.

It may be here objected, that the first alternative is an impossible supposition. I allow it to be so, if you suppose it to be carried the length to which I have traced it; because no power whatsoever in a statesman, can go so far as to preserve numbers at the expence of the whole riches of his people. But I can very easily suppose a case, where numbers may be supported at an eminent loss to a state
which

which finds itself in the situation in which we have represented it in our supposition.

Suppose a prince, upon the failure of his foreign trade, to increase his army, in proportion as he finds his industrious hands laid idle by a deficiency of demand for their labour; and let him fill his magazines for their subsistence by foreign importation, leaving the produce of his country to feed the rest of his subjects. By such a plan, every body will remain employed, and also provided for, and such a prince may be looked upon as a most humane governor. This I willingly agree to. I should love such a prince; but the more I loved him, the more I should regret that his project must fail, from a physical impossibility of its being long supported; and when it comes to fail by the exhausting of his wealth, it will not be his regrets which will give bread to his soldiers, nor employment to his industrious subjects, who will no longer find an equivalent for their labour.

Let this suffice at present, upon the general principles which influence the stop necessary to be put to the importation of foreign commodities, and to the diminution of national wealth, in the case we have had before us.

Next as to the articles of exportation. The most profitable branches of exportation are those of work, the less profitable those of pure natural produce. When work cannot be exported in all its perfection, because of its high price, it is better to export it with a moderate degree of perfection, than not at all; and if even this cannot be done to advantage, then will a people be obliged to renounce working except for themselves: and then, if domestic consumption does not increase in proportion to the deficiency of foreign demand, a certain number of hands will be idle, and a certain quantity of natural produce will remain upon hand. The first must disappear in a short time; they will starve or desert; the last will become an article of exportation. Here then is a new species of trade which takes place upon the extinction of the other:

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When a nation has been forced to reduce her exportations to articles of pure natural produce, in conformity to the principles we have been laying down, then the plan proposed in the title of this chapter is executed. She is then brought as low in point of trade as she can be, but at the same time, she may enjoy her natural advantages in spite of fortune; and in proportion to them, she may, with a good government and frugality, retain a balance of trade in her favour, which will constantly go on in augmenting her national wealth.

There is, therefore, a period at which foreign trade may stop in every article, but in natural produce. I do not know whether this period be at a great distance, when the state of trade is considered relatively to certain nations of Europe.

Were industry and frugality found to prevail equally in every part of the great political bodies, or were luxury and superfluous consumption, every where carried to the same height, trade might, without any hurt, be thrown entirely open. It would then cease to be an object of a statesman's care and concern. On the other hand, were all nations equally careful to check every branch of unprofitable commerce, a general stagnation of trade would soon be brought about. Manufactures would no more be the object of traffic; every nation would supply itself, and nothing would be either exported or imported but natural productions.

But as industry and idleness, luxury and frugality, are constantly changing their balance throughout the nations of Europe, able merchants make it their business to inform themselves of these fluctuations, and able statesmen profit of the discovery for the re-establishment of their own commerce; and when they find that this can no more be carried on with the manufactures or produce of their own country, they engage their merchants to become carriers for their neighbours, and by these means, form as it were a third and last entrenchment, which, while they can defend it, will not suffer their foreign trade to be quite extinguished; because, by this
last

last expedient, it may continue for some time to increase their national stock. It is in order to cut off even this resource, that some nations lay not only importations under restraint, but also the importers*. Let such precautions be carried to a certain length on all hands, and we shall see an end to the whole system of foreign trade, so much alarmed, that it appears to become more and more the object of the attention as well as of the imitation of all modern statesmen.

C H A P. XXV.

When a rich Nation finds her Foreign Trade reduced to the Articles of Natural Produce, what is the best plan to be followed? and what are the Consequences of such a Change of Circumstances?

THERE is now no more question of a trading nation; this character is lost, the moment there is a stop put to the export of the labour and ingenuity of her people.

The first objects of her care should be to increase, by every possible means, the quantity of her natural produce; to be as frugal as possible in the consumption of it, and to export the surplus to the best advantage.

If she finds her exportation of subsistence going forward, while some of her people remain in want, she may rest assured that industry is made to suffer by some internal vice; and the most probable cause of such an effect will be found to be an unequal competition between those of the lower classes, who work for a physi-

* By the act of navigation in England.

cal-necessary. This must be removed, and the statesman should never rest, until he has set the balance of work and demand so far right, as to prevent at least *the scale of work* from preponderating; for this is the door by which misery gets in among the people.

The scale of demand preponderating, will not now be so hurtful, as this alteration of the balance will only raise prices, and accelerate circulation, and keep the other balance, to wit, that of wealth (of which we shall treat in the following chapter) in a constant vibration, without diminution of the public stock.

Another object of a statesman's care in these supposed circumstances, is to suffer no work whatever, nor the natural produce of any other country conducive to luxury, to be imported; for although I have said, that superfluous-consumption can do little harm when the interests of foreign trade do not enter into the question so as to prevent exportation, by raising prices at home; and though the importation of foreign produce, in exchange for like commodities of national growth, does no hurt to a state with respect to her wealth, yet if such importation be an article of mere superfluity, I think a statesman should prudently discourage it; because the search of superfluities is of itself a proof of a luxurious turn, and I should wish to see this turn improved so as to promote national purposes only, that is, to the augmentation and subsistence of useful inhabitants.

Let me illustrate this by an example. Foreign wines, I shall suppose, become alamode, as a part of the luxury of an elegant table. A statesman, by his example, may discourage this, and introduce many other articles of expence in entertainments sufficient to compensate it. The furniture of apartments may be rendered more magnificent, ornaments of the side board, decoration of deserts, new amusements immediately after dinner might be introduced, which would have an air of refinement and delicacy.

By such examples he might easily substitute one expence, which might become a national improvement, in the place of another, where

where the luxury produces no such effect. And when prodigality and expence have neither the good effect of giving bread to the poor, nor of accelerating circulation at home in favour of the public, I can see no reason why a statesman should interest himself for their support; and much less, why a speculative person, who examines only the methods of making mankind happy by their mutual services to each other, should strain a subject, in order to find arguments proper to make either the apology or panegyric of the various schemes of dissipation.

I need not add, as a restriction of this principle of discouraging the importation of foreign commodities (which become articles of a greater superfluous home-consumption) that when such a branch of trade becomes necessary to be carried on, in order to engage a neighbouring nation to consume of home-superfluities; in this case, the luxury of the consumers of the foreign produce, has an evident tendency to national improvement. If delicate wines, and raw silk, are imported as a return for salt herrings and raw hides, the support of such a trade is only the means of making the rich consume these articles of home-production, by converting them into burgundy and velvet.

These considerations regard the augmentation, or at least the preservation of national wealth. If they are attended to, it is hardly possible that any part of what is already acquired, can go abroad; and in this case the whole balance of the exportation of natural produce becomes clear gain.

There are still several things to be observed with regard to the exportation of natural produce. Such articles as are in great abundance, and are not produced in other countries, as wines in the southern countries of Europe, ought always to be exported by the inhabitants; because considerable profits must be made upon a trade where there is no rivalry; and on such occasions, a people ought to be wise enough to keep such profits for themselves.

But if other nations will not receive them, unless they be imported by their own subjects, then the statesman may impose a duty upon exportation, which is one way of sharing the profits with the carriers. All the precaution necessary, in imposing this duty, is not to raise it so high as to diminish the demand; nor to give an encouragement to a neighbouring nation, to enter into competition for such a branch of trade.

Neighbouring states which furnish the same articles of natural produce, regulate, commonly, the duties upon exportation, in such a manner as nearly to compensate all differences which strangers may find, between trading with the one or with the other. Or they grant particular privileges in point of trade, to the nations with whom they find it most for their advantage to trade.

If the natural advantages upon such articles are less considerable, no duty can be imposed. Exportation may then be encouraged by granting still greater privileges to strangers or others, who may promote the exportation at little cost to the state.

If in the last place, the natural produce of a country be common to others, where it is perhaps equally plentiful, it will be difficult to procure the exportation of it; and yet it may happen, that too great an abundance of it at home, may occasion inconveniences. In this case, the statesman must give a premium or bounty upon exportation, as the only method of getting rid of a superfluity, which may influence so much the whole mass of the commodity produced, as to sink the price of the industry of those employed in it, below the standard of their physical-necessary. By giving, therefore, this premium, he supports industry in that branch; he takes nothing from the national wealth; and the exportation, which takes place in consequence of the bounty, is all clear gain. This is an uncommon operation in trade, but it has so intimate a connection with the doctrine of taxes, and the proper application of public money, that I will postpone the farther consideration of it until I come to that
branch.

branch of my subject; and the rather, that this book is swelling beyond its due proportion.

I have little occasion to speak of importations, into a country which exports no manufactures. The ruling principle in such cases, is to suffer no importation but what tends to encourage the exportation of the surplus of natural produce, and which, at the same time, has no tendency to rival any branch of domestic industry. Thus it is much better for a northern country to pamper the taste of her rich inhabitants with wines and spices, than to discourage agriculture by the importation of rice and foreign grain; supposing the alternative quite optional, and the one as well as the other to be the returns of her own superfluity.

I come next to the consideration of her inland trade, and consumption of her own manufactures. Here there is no question of either an increase or diminution of her wealth, but only of making it circulate in the best manner to keep every body employed. Several considerations must here influence our statesman's conduct, and a due regard must be had to every one of them. I shall reduce them to three different heads, and pass them in review very cursorily, as we have already explained sufficiently the principles upon which they depend.

1^{mo}. To regulate consumption and the progress of luxury, in proportion to the hands which are found to supply them.

2^{do}. To regulate the multiplication of inhabitants according to the extent of the fertility of the soil. These two considerations must constantly go hand in hand.

In so far therefore, as the statesman finds his country still capable of improvement, in so far he may encourage a demand for work, and even countenance new branches of superfluous consumption; since the equivalent to be given for them must of necessity prove an encouragement to agriculture. But whenever the country becomes thoroughly cultivated and peopled to the full proportion of its own produce, a check must be put to multiplication, that is, to

luxury, or misery and depopulation will follow; unless indeed, we suppose that numbers are to be supported at the expence of national wealth, the fatal consequences of which we have already pointed out.

3^{tho}. He should regulate the distribution of the classes of his people, according to the political situation of the country.

This is the most complicated case of all. It would be imprudent, for example, in a very small state situated on the continent, to distribute all its inhabitants into producers and consumers, as we have called them on several occasions; that is, into those who live upon a revenue already acquired, and those who are constantly employed in acquiring one by supplying the wants of the other. There must be a third class; to wit, those who are maintained and taken care of at the expence of the whole community, to serve as a defence. This set of men give no real equivalent for what they receive; that is to say, none which can circulate or pass from hand to hand; but still they are usefully employed as members of a society mutually tied together by the band of reciprocal dependence. Here is no vice implied; but at the same time, the statesman must attend to the consequences of such a distribution of classes.

The richer any state is, the more it has to fear from its neighbours: consequently, the greater proportion of the inhabitants must be maintained for its defence, at the expence of the industry of the other inhabitants. This must diminish the number of free hands employed in manufactures, and in supplying articles of consumption: consequently, it would be imprudent to encourage the progress of luxury, while public safety calls for a diminution of the hands which must supply it. If in such circumstances luxury do not suffer a check, demand will rise above the proper standard; living will become dearer daily, prices will rise, and they will prove an obstacle to the recovery of foreign trade; an object of which a prudent statesman will never lose sight for a moment.

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It is for these and other such considerations, that many small states are found to fortify their capital; to keep a body of soldiers in constant pay, bearing a great proportion to the number of the inhabitants; to form arsenals well stored with artillery, and to institute sumptuary laws and other regulations proper to check luxury. Nothing so wise in every respect! Their territory cannot be extended nor improved, nor can their inhabitants be augmented, but at the expence of their wealth; for such as gained their livelihood at the expence of strangers, are at present out of the question. Were their own citizens therefore permitted, out of the abundance of their wealth, to give bread to as many as their extravagance could maintain, the public stock would be constantly diminishing, in proportion to the foreign subsistence imported for these super-numeraries, fed at the expence of the luxurious; which would be just so much lost.

In other states which are extended, powerful by means of wealth, and strong by nature and situation, whose safety is connected with the general system of European politics, which secures them against conquest; such as Spain, France, Great Britain, &c. the progress of luxury does little harm (as these territories are still capable of infinite improvements) provided it does not descend to the lower classes of the people.

It ought to be the particular care of a statesman to check its progress there, otherwise there will be small hopes of ever recovering foreign trade. Whereas, if the lower classes of a people continue frugal and industrious, from these very circumstances trade may open anew, and be recovered by degrees, in proportion as luxury comes to get footing in other nations, where the common people are less laborious and frugal.

Luxury, among those who live upon a revenue already got, and who, by their rank in the state, are not calculated for industry, has the good effect of affording bread to those who supply them; but there never can be any advantage in having luxury introduced

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among the lower classes, because it is then only a means of rendering their subsistence more chargeable, and consequently more precarious.

Having thus briefly laid together the principal objects of a statesman's care, upon the cessation of the foreign trade of his people, I shall finish my chapter, by pointing out some general consequences which reason and experience shew to be naturally connected with such a revolution; not with regard to industry and inland trade, but as they influence the spirit, government, and manners of a people.

Nothing is more certain than that the spirit of a nation changes according to circumstances. While foreign trade flourishes, the minds of the monied people are turned to gain. Money, in such hands, is generally employed to procure more, not to purchase instruments of luxury; except for the consumption of those prodigal strangers who are thereby becoming daily poorer. It is this desire of becoming rich, which produces frugality. A man is always frugal while he is making a fortune; another very commonly becomes extravagant in the enjoyment of it; just so would it be with nations, were a wise statesman never to interpose.

When, by the cessation of foreign trade, the mercantile part of a nation find themselves cut off from the profits they used to draw from strangers; and on the other hand, perceive the barriers of the nation gradually shutting against every article of unprofitable correspondence, they begin to withdraw their stocks from trade, and seek to place them within the country. This money is often lent to landed men, hitherto living within bounds, for two most substantial reasons. First, because there was little money to be borrowed, from the high rate of interest, owing to the great profits on foreign trade; and because the national stock was then only forming. The second, because the taste of the times was frugality. But when once the money which was formerly employed in buying up loads of work for the foreign markets, falls into the hands of landed men,

men, they begin to acquire a taste for luxury. This taste is improved and extended by an infinity of arts, which employ the hands formerly taken up in furnishing branches of exportation. Thus by degrees we see a rich, industrious, frugal, trading nation, transformed into a rich, ingenious, luxurious, and polite nation.

As the statesman formerly kept his attention fixed on the preservation of an equal balance between work and demand, and on every branch of commerce, in order to prevent the carrying off any part of the wealth already acquired; he must now direct his attention towards the effects of the domestic operations of that wealth. He was formerly interested in its accumulation; he must now guard against the consequences of this.

While the bulk of a nation's riches is in foreign trade, they do not circulate within the country; they circulate with strangers, against whom the balance is constantly found. In this case, the richest man in a state may appear among the poorest at home. In foreign countries you may hear of the wealth of a merchant, who is your next door neighbour at home, and who, from his way of living, you never knew to be worth a shilling. The circulation of money for home-consumption will then be very small; consequently, taxes must be very low; consequently, government will be poor.

So soon as all this load of money which formerly was continually going backwards and forwards, without almost penetrating, as one may say, into the country, is taken out of foreign trade, and thrown into domestic circulation, a new scene opens.

Every one now begins to appear rich. That wealth which formerly made the admiration of foreigners, now astonishes the proprietors themselves. The use of money, formerly, was to make more of it: the use of money now, is to give it in exchange for those or such like commodities, which were then consumed by strangers only.

It is this revolution in the spirit of a people, which renders the consideration of the balance of their wealth an object of the greatest political

political concern; because the constant fluctuation of it, among the several classes of inhabitants, is what lays the foundation of public opulence.

A government must always be respected, feared, and obeyed by the people governed; consequently, it must be powerful, and its power must be of a nature analogous to that of the subjects. If you suppose a great authority vested in the grandees of a kingdom, in consequence of the number and dependence of their vassals, the crown must have still a more powerful vassalage at its command: if they are powerful by riches, the crown must be rich. Without preserving this just balance, no government can subsist. All power consists in men, or in money.

If therefore we suppose a vast quantity of wealth thrown into domestic circulation, the statesman must follow new maxims. He must promote the circulation of it so as to fill up the blank of foreign consumption, and preserve all the industrious who have enriched him. The quicker the circulation is found to be, the better opportunity will the industrious have of becoming rich speedily; and the idle and extravagant will become the more quickly poor. Another consequence equally certain, is, that the quicker the circulation, the sooner will wealth become equally divided; and the more equality there is found in wealth, the more equality will be found in power. From these principles it will follow, that upon such a revolution of national circumstances, a popular government may very probably take place, if the statesman do not take proper care to prevent it.

This is done by the imposition of taxes, and these are differently laid on, according to the spirit of the government.

By taxes a statesman is enriched, and by means of his wealth, he is enabled to keep his subjects in awe, and to preserve his dignity and consideration.

By the distribution of taxes, and manner of levying them, the power is thrown into such hands as the spirit of the constitution requires

quires it should be found in. Are they imposed in a monarchy where every man is taught to tremble at the King's name, the great men will be made rich by his bounty, and the lower classes will be loaded and kept poor; that they may, on easier terms, be engaged to fill those armies which the Prince entertains to support his authority at home, and his influence abroad.

Here independent people will always be looked upon with an evil eye, and considered as rivals to the Prince, who ought to be the only independent person in the state.

In limited governments, where the sovereign has not the sole power of taxation, they will be laid on more equally, and less arbitrarily; providing the theory of them in general be well understood. Here every man must know *what* he is to pay, and *when*; and the amount of the tax must bear a proportion, on one hand, to the exigencies of the state; and on the other, to the quantity of circulation which takes place upon the payment of it: that is, a man must not be made to pay all the state can demand of him for a year, upon his making a trifling, though most essential acquisition of a necessary article of subsistence.

I think I have observed one remarkable difference in the point of view in levying taxes in countries where these two forms of government are established.

Under the pure monarchy, the Prince seems jealous, as it were, of growing wealth, and therefore imposes taxes upon people who are growing richer. Under the limited government they are calculated chiefly to affect those who are growing poorer.

Thus the monarch imposes a tax upon industry; where every one is rated in proportion to the gain *he is supposed* to make by his profession. The poll-tax and *taille*, are likewise proportioned to the *supposed* opulence of every one liable to them. These, with others of the same nature, are calculated (as it is alledged) to establish an equality in the load supported by the subjects; by making the industrious, and money gatherers, contribute in proportion to their

gains, although the capital stock from which these profits arise be concealed from the eyes of the public.

In limited governments, impositions are more generally laid upon consumption. They encourage industry, and leave the full profits of it to make up a stock for the industrious person. When the stock is made, that is, when it ceases to grow, it commonly begins to decrease: the number of prudent people, who live precisely upon their income, is very small. It is therefore upon the dissipation of wealth, in the hands of private people, that the state is enriched. Thus the career towards poverty is only a little abridged: he who is in the way of spending his estate will get at the end of it, if his life be spared; and therefore there is no harm done to him, and much good done to the state, in making a part of his wealth circulate through the public coffers.

The only precaution necessary to be taken in taxing consumption, is, to render the impositions equal, and to prevent their affecting what is purely necessary; or operating an unequal competition between people of the same denomination. Such impositions have still a worse effect, than those which fall upon growing wealth: they prevent the poor from being able to subsist themselves. A fellow feeling excites compassion among those of the lower classes; they endeavour to assist each other, and by this operation, like a pack of cards, set up by children upon a table, the first that is thrown down tumbles down another, until all are laid flat; that is, misery invades the lower classes: more than one half of a people.

From these principles (which I have been obliged to anticipate) we may gather the necessity of taxes, in states where foreign trade begins to decay. Without them, there is no security for a government against the power of domestic wealth. Formerly, Princes lived upon their domain, or patrimonial estate. What domain would be sufficient, at present, to support the expence of government? And if a government is not able to hold the reins of every principle of action within the state, it is no government, but an idol, that is,

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an object of a voluntary respect. The statesman, therefore, must hold the reins; and not commit the management of the horses to the discretion of those whom he is employed to conduct.

Another consequence of taxes, is, that the more luxury prevails, the more the state becomes rich: if luxury, therefore, breeds licentiousness, it at the same time provides a curb against its bad effects.

This augmentation of wealth produces a double advantage to the statesman: for besides the increase of the public revenue, the progress of luxury changing the balance of wealth constantly, by removing it from the rich and extravagant, to the poor and laborious, renders those who were formerly rich, and consequently powerful, dependent upon him for their support. By the acquisition of such persons, he gains additional credit, and supports his authority. Thus wealth and power circulate, and go hand in hand.

It may be asked, how these principles can be reconciled with the vigour and strength commonly found in the government of flourishing trading nations; for in such we must suppose few taxes; consequently, a poor and therefore a weak government; and a rich, consequently, a powerful people?

I answer, that under such circumstances, a people are commonly taken up with their trade, and are therefore peaceable; and as their wealth does not appear, being constantly in circulation with strangers, the influence of it is not felt at home. While wealth is employed in pursuit of farther gains, it cannot give power; consequently, as to all political effects at home, it is as if it did not exist; and therefore there is no occasion for the state to be possessed of a wealth they have no occasion to employ. If such a nation be attacked by her enemies, she becomes wealthy in an instant, every one contributes to ward off the common danger: but if, on the contrary, her tranquillity is disturbed at home, the rebellion generally proves successful; which is a confirmation of the principles laid down. I might illustrate this by many historical remarks. I shall only suggest to my reader, to examine the nature of the Dutch

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revolutions, and to compare the success of rebellions in France and England; during the last century, with others of a fresher date. Here the reader may consult the learned Mr. Hume's observation upon the commencement of the civil war. *History of Great Britain*, Vol. I. p. 325.

When, therefore, foreign trade has ceased for some time, and luxury has filled up the void; a considerable part of national wealth begins to circulate through the public treasury. It is natural then for great men to resort to court, in order to partake of the profits of government; and for the statesman to be fond of attaching such people to his interest, in order to be a constant check upon the turbulent spirit, which new gotten wealth may excite in the minds of one set of people, and desperate fortunes in those of others.

While there was little circulation of money in Europe, and few taxes, there was small profit to be made in following of Kings. These were more formidable to their enemies, than profitable to their friends. The great men of the state lived upon their lands, and their grandeur resembled that of the Prince; it consisted in the number and dependence of their vassals; who got as little by their Lord, as he did by the King. The poor in those days were plundered of the little money they had, by the great; now the great are stripped of the largest sums, by the numbers of poor, who demand from them on all hands, the just equivalent of their industry.

When Princes find their great men all about them; all asking, and all depending for different marks of their favour, they may perceive the great change of their situation, produced by luxury, and a swift circulation. This revolution has not been sudden, it has been the work of several centuries; and I think we may distinguish three different stages during this period.

The first during the grandeur of the feudal government: then the great Barons were to be consulted, and engaged to concur in the King's wars, because it was they who paid the expence, and suffered the greatest loss. These are called by some the days of liberty; because

because the states of every country in Europe, almost, were then in all their glory: they are called so with great reason, when we consider the condition of the great only.

In those days there were seldom any troubles or disturbances in the state, seldom any civil wars levied against the King, but such as were supported by the grandees; who, either jealous of their own just rights, or ambitious of acquiring others at the expence of the crown, used to compel their vassals, or engage them by the constitutional influence they had over them, to disturb the public tranquillity.

The second stage, I think, may be said to have begun with the times of industry, and the springing up of trade. Such Princes, whose subjects began to enrich themselves at the expence of other nations, found, on one side, the means of limiting the power of the great lords, in favour of the extension of public liberty. The lords, on the other side, when they wanted to disturb the public tranquillity, did not, as formerly, vindicate their own privileges, so much as they combined with the people, and moved them to revolt, on popular considerations.

This may be called the period of confusion, out of which has arisen certain determined forms of government; some drawing nearer to the monarchical, others nearer to the popular form, according as the power of Princes has been more or less able to support itself, during the shock of the revolution, and the overturn of the balance between public and private opulence.

The third and last stage, of which I shall speak at present, may be fixed at that period when the proportion of the public revenue became adequate to the mass of national wealth; when general laws were made to govern, and not the arbitrary power of the great. The grandees now, from being a bridle on royal authority, are often found dependent upon it for their support. The extraordinary flux of money into the treasury, enables Princes to keep splendid courts, where every kind of pleasure and amusement is to

be had. This draws together the rich men of the state. The example of the sovereign prompts these to an imitation of his expence, this imitation increases consumption, which in its turn augments the King's income, as it diminishes that of every other person.

When the great men of a kingdom have exhausted their estates, in paying a regular court to the Prince, they employ the credit they have acquired with him during the time of their dissipation, to obtain marks of his favour, in order to support them in their decline. By these they are enabled to live in as much state as before. They find no difference in their situation; unless perhaps they should accidentally reflect, that the fund which produced their former opulence, was in their own possession; whereas that of their present wealth is in the hands of their master.

To compensate this difference, they are made to acquire, by the favour of the court, advantages which they never could have enjoyed from the largest independent fortune.

The luxurious system of living, every where introduced, draws the wealthy together, either in the capital or in other great cities of the kingdom; where every one compares the expence and figure he makes, with that of others who are about him. A person honoured with the King's favour, of the same quality with another, acquires, by this circumstance, a great superiority. He commands, I shall suppose, in a place; he is the person to whom people must apply, in order to obtain favours, perhaps justice; he is adorned with a title, or outward mark of distinction, which procure him respect and consideration; and, which is still more, he is on the road to a farther elevation. It requires a great stock both of philosophy and good sense, not to be dazzled with these advantages. Independency, compared with them, is but a negative happiness. To be truly happy, we must have power, and have other people to depend on us.

C H A P. XXVI.

Of the Vibration of the Balance of Wealth between the Subjects of a modern State.

WE have frequently mentioned this balance, as an object of great importance to a statesman who is at the head of a luxurious nation; which having lost its foreign trade, has substituted, in the place of it, an extensive inland commerce. This will supply the loss of the former, so far, as equally to provide employment, and, consequently, subsistence, to every one inclined to be industrious; although it must prove quite ineffectual for augmenting the national wealth already acquired.

I shall first explain what I mean by the balance of wealth vibrating between the members of a society, and from that will be seen why I rank this also among the political balances of a modern state.

It has been observed in the beginning of the nineteenth chapter, that the great characteristic of what we call liberty, is the circulation of an adequate equivalent for every service.

By wealth, I understand this circulating adequate equivalent.

The desires of the rich, and the means of gratifying them, make them call for the services of the poor: the necessities of the poor, and their desire of becoming rich, make them cheerfully answer the summons; they submit to the hardest labour, and comply with the inclinations of the wealthy, for the sake of an equivalent in money.

This permutation between the two classes, is what we call circulation; and the effects produced by it, upon the political situation of the parties at the precise time of the circulation, and the consequences after it is completely effected, explains what is called the balance of wealth.

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To render our ideas more correct, let us consider the money on one side, and the prestations, as the civilians call them, or performances of any kind, on the other, as *reciprocal* equivalents for one another; and then let us examine the nature of those prestations which tend to put these equivalents into circulation; that is to say, what are the things which money can purchase.

These we may divide, with the lawyers, into corporeal and incorporeal. The corporeal may again be divided into consumable and inconsumable; and the incorporeal into personal service, and what the lawyers call *jura*, rights in or to any thing whatever. I cannot fully explain myself without the help of this distribution.

Let us next consider the effects of the circulation of money, as it has for its object, the acquisition of the four several species here laid down.

1. Of inconsumable things. 2. Of things consumable. 3. Of personal service. 4. Of rights acquired in or to any thing whatever.

1. The only thing inconsumable is the surface of the earth. This must not be taken in a philosophical, and far less in a chemical sense. A thing is consumed, so far as it concerns our inquiry, the moment it becomes useless, or even when it is lost.

The surface of the earth, therefore, is the only thing inconsumable; because, generally speaking, it never can cease to be useful, and never can be lost; it may be changed, but the earth must always have a surface. What is said of the surface, may be understood likewise of that small part of its body accessible to man, for supplying him with what he finds useful there, as the produce of mines.

Next to the earth itself, nothing is less consumable than her metals, consequently coin may very properly be classed under the head of things inconsumable; although it may be lost, and even worn out in circulation.

Let us now consider the effects of circulation in the purchase of land. (A), I shall suppose, has a piece of land, and (B) has one thousand

thousand pounds weight of gold coin, which the laws of society have constituted to be an adequate circulating equivalent for every thing vendible. They agree to make an exchange. Before the exchange the balance of their wealth is equal; the coin is worth the land, the land is worth the coin; the exchange makes no alteration, nor has it the effect of making any afterwards; the new landlord may apply himself to the improvement of the soil, the monied man to the turning of his thousand weight of gold coin to the best advantage; consequently, by this transaction, no vibration of the balance seems to be affected.

If coin itself be the object of sale, the consequences are much the same. (A) has a guinea, (B) has twenty one shillings, the exchange they make produces no alteration in their circumstances. The same holds good in other species of circulation, such as the transmission of money by inheritance. (A) dies and leaves his money to (B); here the possessor of the money only changes his name, perhaps his inclinations, and that is all. In like manner a person pays his debts, and withdraws his bond, or other security; no balance is affected by this circulation, matters stand between the parties just as before.

The nature, therefore, of circulation, when one inconsumable commodity is given for another, is, that it operates no vibration in the balance of wealth between the parties; because, in order to produce this, one must remain richer than he was before, and the other proportionally poorer.

II. Under the second head of alienation, to wit, that of consumable commodities, is comprehended every thing corporeal, except money, and land, which money may purchase. In these, two things deserve attention. First, the simple substance, or the production of nature; the other, the modification, or the work of man. The first I shall call the *intrinsic worth*, the other, the *useful value*. The value of the first, must always be estimated according to its usefulness after the modification it has received is entirely

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destroyed, and when by the nature of the thing both must be consumed together, then the total value is the fruit of both. The value of the second must be estimated according to the labour it has cost to produce it. An example will make this plain.

The intrinsic worth of any silk, woollen, or linnen manufacture, is less than the primitive value employed, because it is rendered almost unserviceable for any other use but that for which the manufacture is intended. But the intrinsic substance of a loaf of bread loses nothing by the modification, because the last cannot be consumed without the first. In a piece of silver plate curiously wrought, the intrinsic worth subsists entire, and independent of the useful value, because it loses nothing by the modification. The intrinsic value, therefore, is constantly something real in itself: the labour employed in the modification represents a portion of a man's time, which having been usefully employed, has given a form to some substance which has rendered it useful, ornamental, or in short, fit for man, mediately or immediately.

Let us now apply these distinctions to the different circumstances which attend consumption, in order to perceive their effects.

The consumption of the intrinsic value of any commodity, takes place the moment the matter employed begins to diminish, and is completed so soon as it is consumed totally. The consumption of the useful value proceeds in like manner, in proportion as the use it is put to makes the value of it diminish, or disappear altogether.

Let us next take an example, and examine the effects of circulation in the purchase of things consumable, as to the vibration of the balance of wealth. (A) has a piece of coin, (B) has something which his labour has produced; they make an exchange. (A) hitherto has neither gained or lost, neither has (B); but (A) begins to make use of what he had purchased with his coin, and in using it a part disappears; that moment the balance begins to turn against

against him. (B) on the other hand, exchanges his piece of coin with another, whom we shall call (C), and gets in return a piece of wood; if (B) puts this piece of wood into the fire, in proportion as the wood consumes, the balance is returning to its level between (A) and (B), and is changing in favour of (C). If (B), instead of burning his wood, makes a beam of it for supporting his house, the balance will turn more slowly, because the wood is then longer in consuming: but if he makes some useful piece of furniture of one part of his wood, he may warm himself with the remaining part of it, and with the coin he gets for his work, may buy a beam for his house, and even food to eat. If (B) stops at this period, and works no more, he will find himself just upon a level with (A); so soon as his fire is burnt out, his beam rotten, and his food consumed, and the whole balance will be found in favour of (C), providing that by his industry he has been able to procure for himself all necessaries, and preserve the piece of coin entire. Here then is the spur to industry; to wit, the acquisition of this balance, which gives a relative superiority even among those of the lowest classes, and determines their rank as well as their political-necessary, according to the principles laid down in the twenty-first chapter.

The essential characteristic of this vibration of the balance of wealth, is the change in the relative proportion of riches between individuals. But it must be observed, that under this second species we are to consider the change of proportion no farther than as it is produced by the circulation of a free adequate equivalent, of such a nature as to be transferable to another hand without any diminution. The consumption, therefore, is the only thing which makes the balance turn. While the consumable commodity remains entire in the hands of the purchaser, he still remains possessor of the value, and may, by inverting the operation, return to the possession of the same species of wealth he had before.

Here it may be asked, if money be absolutely necessary for producing a vibration of this balance by the means of consumption.

We may easily conceive the greatest inequality between the numbers of a state, without supposing the existence of money. We may suppose the property of lands unequally divided, and a great surplus of subsistence found in the hands of one individual, which may by him be given in exchange for the produce of industry. Under such circumstances then it may be asked, if without money there can be no such thing as a vibration in the balance of wealth; supposing in this case, the term *wealth* to imply, in general, the means of purchasing whatever man can perform or produce.

I answer, that no doubt the balance may be susceptible of small vibrations, because even in the exchange of consumable commodities, the consumption may go on faster on one side than on the other; but I think, unless the inconsumable fund of wealth (which is what gives the superiority, and which in the example alledged, we supposed to be coin) can be made to change hands according to the adequate proportion of the consumption made, we cannot say properly, that a vibration can be operated in any considerable degree.

Let us suppose (A) to be a proprietor of a bit of land, and (B) an industrious workman; in order that (B) may purchase the land of (A), it must be supposed that (A) is very extravagant, and that he inclines to consume a much greater proportion of work than what is equivalent to all the surplus-produce of his land. Now in order to supply (A) to the value of the land itself, (B) must distribute his work to many different persons, and take in exchange, not such things as he has use for himself, but such as may be found useful to (A). But so soon as (A) has paid to (B) the whole surplus of his land, what fund of credit will he find in order to engage (B) to furnish more? He cannot pay him in land, because this fund is not susceptible of circulation; and every expedient that could be fallen upon to keep accounts clear between them, is neither more or less than the introduction of *money*, either *real* or *symbolical*. These terms must be explained.

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By real money, is meant what we call coin, or a modification of the precious metals, which by general agreement among men, and under the authority of a state, carries along with it its own intrinsic value.

By symbolical money, I understand what is commonly called credit, or an expedient for keeping accounts of debt and credit between parties, expressed in those denominations of money which are realized in the coin. Bank notes, credit in bank, bills, bonds, and merchants books (where credit is given and taken) are some of the many species of credit included under the term *symbolical money*.

In the example before us, we may suppose that (A) having no more circulating equivalent to give (B) for his work, and being desirous to consume of it to the value of his land, shall agree to issue notes of hand, every one of which shall carry in it a right to an acre of land, to a fruit tree, to ten yards of the course of a river, &c. and that every such parcel of property, shall be esteemed at a certain proportion of work. This agreement made, he goes on with his consumption, and pays regularly, and adequately, the value of what he receives; and in proportion as consumption proceeds on the side of (A), the balance of wealth must turn in favour of (B); whereas while (A) kept his bit of land, and (B) his faculty of working up an equivalent for the surplus of it, the balance stood even; because the land on one hand, and the industry on the other, produced adequate equivalents for each other. The produce of both was consumable, and supposed to be consumed; which operation being over, the land and the industry remained as before, ready to produce anew. Here then is the effect of credit or symbolical money; and here I ask, whether or not the notes of hand given by (A) to (B), do not contain as real a value, as if he had given gold or silver? and farther, whether or not it appears, that the country where they live becomes any richer by this invention? does this note any more than declare who is the proprietor of the value contained?

Nothing.

Nothing is so easy as to invent a money which may make land circulate as well as houses, and every other thing which is of a nature to preserve the same value during the time of circulation. Whatever has a value, may change hands for an equivalent, and whenever this value is determined, and cannot vary, it may be made to circulate; and in the circulation to produce a vibration in the balance of wealth, as well as a pound of gold or silver made into coin.

Those nations, therefore, who only circulate their metals, confine industry to the proportion of the mass of them. Those who would circulate their lands, their houses, their manufactures, nay their personal service, even their hours, might produce an encouragement for industry far beyond what could be done by metals only. And this may be done, when the progress of industry demands a circulation beyond their power.

This anticipation of the subject of the following book, is here thrown in, only to enable my reader to form to himself an idea of the extent of the subject we are at present upon, and to help him to judge to what length luxury, that is consumption, may be carried. Since, by what we have said, it appears that there is no impossibility for a people to throw the whole intrinsic value of their country into circulation. All may be cut into paper, as it were, or stamped upon copper, tin, or iron, and made to pass current as an adequate equivalent for the produce of industry; and as there is no bounds to be set to consumption and prodigality, it might be possible, by such an invention, in the compass of a year, to circulate an equivalent in consumable commodities produced by industry, for the whole property of the most extended and most wealthy kingdom. That this is no chimerical supposition, appears plain by the activity of many modern geniuses, who, in an inconsiderable space of time, find means to get through the greatest fortunes; that is to say, in our language, they throw them into circulation by the means of the symbolical money of bonds, mortgages, and accounts. But does
this

this species of circulation increase the riches of a state? surely no more than it would increase the riches of France or England, to carry all the plate in the two kingdoms to be coined at the mint. The use of symbolical money is no more than to enable those who have effects, which by their nature cannot circulate (and which, by the bye, are the principal cause of inequality) to give an adequate circulating equivalent for the services they demand, to the full extent of all their worth. In other words, it is a method of melting down, as it were, the very causes of inequality, and of rendering fortunes equal.

The patrons therefore of Agrarian laws and of universal equality, instead of crying down luxury and superfluous consumption, ought rather to be contriving methods for rendering them more universal. If they blame what is called perpetual substitutions of property or entails (made by parents in favour of their posterity as yet unborn) because they are in some respects prejudicial to industry; they should not, I think, find fault with that charming leveller *dissipation*, that nurse of industry, and the only thing intended to be prevented by such dispositions.

Some have persuaded themselves, that an equality of fortune would banish luxury and superfluous consumption. Among the rest, is M. de Montesquieu, an author for whom I have the highest esteem, and who has, in this respect, been copied by many others. But I never found his idea set in a clear light. Equality of fortune would certainly change the nature of luxury, it would diminish the consumption of some, and would augment the consumption of others; but without making people idle, it could never destroy industry itself, and while this subsists in an equal degree, there must be the same quantity of what it produces regularly consumed. Farther, this proposition never can be advanced, but on the supposition that the luxurious person, that is the consumer, must be richer than he who supplies him. This I cannot by any means admit to be true. Must the carter who drinks a pot of beer be richer than

than the alehouseman? Must a country girl who buys a bit of ribband, be richer than the haberdasher who sells it? Must the beau be richer than his taylor? the traveller than the banker who gives him his money? the client than the lawyer? the sick than the physician?

How then does it appear that equality must prevent luxury, unless we suppose every one confined to an absolute physical-necessary, and either deprived of the faculty of contriving, or of the power of acquiring any thing beyond it. This principle Lycurgus alone laid down for the basis of his republic; and yet riches were known in Sparta as well as poverty.

Absolute equality, *de facto*, is an absurd supposition, if applied to human society. Must not frugality amass, and prodigality dissipate? These opposite dispositions, are of themselves sufficient to destroy at once, the best regulations for supporting equality, and, when carried to a certain length, must substitute in its place as great an inequality as the quantity of circulation is capable to produce. Whatever circulates, may stagnate. Why was there so great equality at Sparta? because there was little circulation. Why are the Capucins in a state of perfect equality? because among them there is no circulation at all.

If therefore such variations in the balance of wealth depend on the difference of *genus* among men, what scheme can be laid down for preserving equality, better than that of an unlimited industry equivalent to an universal circulation of all property, whereby dissipation may correct the effects of hoarding, and hoarding again those of dissipation? This is the most effectual remedy both against poverty and overgrown riches; because the rich and the poor are thereby perpetually made to change conditions. In these alterations in their respective situations, the parties who are changing by degrees, must surely in their progress towards a total alteration, become, at one time or other, upon a level, that is, to an equality; as the buckets in a well meet, before they can pass one another.

310. The

310. The first species of things incorporeal, which may be purchased with money, is personal service; such as the attendance of a menial servant, the advice of a physician, of a lawyer, the assistance of skilful people in order to acquire knowledge, the service of those employed in the administration of public affairs at home and abroad, or for the defence of a kingdom by sea, or land; the residence of great men at court, who do honour to princes, and make their authority respected; and even when money is given to procure amusement, pleasure, or dissipation, when no durable and transferable value is given in return.

There is a kind of resemblance between the species here enumerated, and what we called the *useful value* in consumable commodities. In the one and the other, there is an equivalent given for a man's time usefully employed; but the difference between them lies in this: that the *useful value* being supported, or having for a substratum, as the schoolmen call it, the intrinsic substance, is thereby rendered permanent and vendible; whereas here, for want of a permanent and transferable substance, the personal services though producing advantages which are sufficiently felt, cannot however be transferred for the adequate price they cost.

The circulation produced by this third species of acquisition, operates an instantaneous vibration of the balance. The moment the personal service is performed, it may be said to be consumed; and although the purchaser has received a just equivalent for the money given, and in some cases may even be thereby put in a situation to indemnify himself of all his expence, by performing the like services to others, yet every body must perceive that such services cannot properly be considered as a circulation of the former.

410. The acquisition of the other species of things incorporeal, that is, rights, produces little more balance, when an adequate circulating equivalent is given for them, than the sale of land; because a right implies no more than a power to use, that is, to consume;

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and by the use, the right is not diminished: it is balanced by the use of the money; the money therefore and the right being both permanent, there is no vibration in the scales. Of this species are all servitudes; the purchasing of privileges or immunities, even the lending of money at interest, may here not improperly be classed.

Here it will, perhaps, be alledged, that an example be given, where the creation of such a right, though purchased with an adequate circulating equivalent, produces the greatest vibration in the balance of wealth possible. It is when a state contracts debts, and when the public creditors acquire a right to general impositions on the people for the payment of their interest.

This objection requires a little explanation; and I have proposed it chiefly for the sake of introducing an illustration of my subject.

If it be said, that in this example a vibration in the balance of wealth *within the state* is implied, then I say that it must take place either 1st. between the creditors and the state; or 2d. between the state and the people, or 3d. between the creditors and the people. But,

1mo. The creditors acquire no balance against the state, because they have given one inconsumable commodity for another; to wit, money for an annual income. The money is worth the income, the income is worth the money. If therefore any change in the balance comes afterwards to take place, it must be in consequence of other operations quite independent of this transaction. But let us suppose, which is but too frequently the case, that here money must be considered as a consumable commodity, because it is only borrowed to be spent. In this light does not the creditor seem to acquire a balance in his favour against the state, so soon as the money is actually spent. I answer in the negative: because a state by expending the money borrowed, remains with respect to the creditors just as wealthy as before. It is the people who pay the interest, for which the state gives them in return no adequate *transferable* equivalent.

2do. Here:

2do. Here it is urged, that this being the case, the state has acquired a balance against the people according to the principles above laid down, where it was said, that upon occasions, where money is given for personal service, and where nothing transferable is given in return, the balance turns instantaneously in favour of him who received the money.

To this I answer, that as to the interest paid by the people, the state does not receive it for herself, but for the creditors. The personal services are then supposed to be already paid for, and the vibration has taken place before the interest becomes due. Therefore the balance does not turn between the state and the people.

In levying of taxes which are destined to pay the interest of money already spent, the public gives no adequate equivalent on one hand; and on the other, it is not enriched with respect to the people, any more than it was impoverished with respect to the creditors, by spending the money borrowed; and since there is no reciprocal change in the situation of the two parties, I do not see how we can infer any vibration in the balance of wealth between them. We shall presently see between whom the balance is made to vibrate.

3tio. The balance between the creditors and the people is what at first sight appears to be principally affected; because the first receive a constant retribution from the latter, in consequence of the loan. But neither is any true vibration found here, either adequate to the loan, or to the money spent. 1mo. Because the creditors themselves are part of the people who contribute towards all impositions on consumptions, which are commonly the most regular, the most permanent, and the most familiarly appropriated for the payment of the interest. 2do. Because the money spent by the state, if spent at home, returns to other hands indeed, but still returns to the people, of whom we are here speaking. And 3tio. because there is no transaction at all between the creditors and the people.

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Objection.

Objection. By this way of reasoning it would appear, that the exhausting a people by taxes, makes no vibration in the balance of their wealth.

Answer. If the people be exhausted, it must be by enriching strangers. This case should at present be excluded, as we have laid aside the consideration of foreign relations. But allowing this circumstance also to be implied in the objections made, I agree that every penny of money sent out of a country, for no real and permanent equivalent received in return, operates a vibration in the wealth between nation and nation; but none between subject and subject. To this it is answered, that when taxes are high, many people are ruined while others are enriched. This operates a vibration. I allow it; but then I reply, that by the very supposition in every such case, the money must remain at home; whereas in the former, it was supposed to be expended abroad. Now we are not at present examining the effects of debts and taxes, in changing the balance between man and man, but only between the three cumulative interests above specified, the state, the people, and the creditors.

Let me now ask, what is the effect of taxes on the vibration of the balance of wealth between individuals?

I answer, that whoever pays a tax, appears to pay for a personal service. He receives no corporal equivalent which can be alienated by him for the same value; and he who is employed by the state, and is paid with the produce of taxes, acquires a balance in his favour against those who pay them. When the amount of taxes goes abroad for foreign services, there can be no alteration upon the balance at home, as has been said; neither is there any when it remains at home: the people and the creditors are as rich as before. Let this suffice at present, as to the effects of debts and taxes upon the balance of national wealth.

Industry is the only method of making wealth circulate, so as to change its balance between the parties; all kinds of circulation
which

which operate no such change, are foreign to the present purpose.

A man dies and leaves his wealth to another, no body loses by this, but he who is no more; a second pays his debts, neither debtor, or creditor can be said to change circumstances by the operation. A merchant buys a quantity of merchandize for ready money, he thereby loses no balance of his wealth; it is true he has given money for consumable effects; but the balance does not operate until the consumption takes place, and as he is not supposed to buy in order to consume, I rank this branch of circulation among those which do not influence the balance.

Thus we find two different kinds of circulation in a state; one which makes the balance turn, and one which does not. These objects are of no small consequence to be attended to in the right imposition of taxes, as shall, in its proper place, be more fully explained. At present it is sufficient to observe, that the proper time of laying on taxes is, at the time of circulation: because the imposition may then be always exactly proportioned to the sum circulating; consequently, to the faculties of the persons severally interested.

In all excises, or taxes upon consumption, it is the money of the consumer which is taxed; in the instant of the payment; so that he against whom the balance is to turn, has the additional load to pay. This species of tax, imposed at the time of circulation, is what produces the largest sums to a state. I never heard of a proper expedient for taxing the person in whose favour the balance is to turn, though from the principles which are afterwards to be laid down, we may perhaps discover one.

As for the other species of circulation, where the balance does not turn, it is not so much the custom to impose very considerable taxes upon it: there are however several examples to be met with, which point out how they may be imposed. The casualties paid upon the change of vassals, or upon the fall of lives, in leases upon
lands.

lands in England; the confirmation of testaments in Scotland; investitures in Germany; the *centième denier*, the *lods et ventes*, and the *control* upon the acts of notaries in France; the emoluments of the *Rota* in Spain, and in many Roman Catholic countries, are of this species. Upon the same principle, taxes more or less considerable might be laid upon every branch of this kind of circulation; for which purpose, it would be highly necessary to find out all the ramifications of it, by analysing it to the bottom, as we have hitherto run through it very superficially.

CHAPTER XXVII.

Circulation and the Balance of Wealth, objects worthy of the attention of a modern Statesman.

HAVING explained the nature of circulation, and of this balance, we are next to point out the objects of a statesman's attention concerning them.

I. *He ought to form to himself a clear and distinct idea of the nature, properties, and effects of circulation; a word frequently made use of without much meaning; and in a vague and undetermined sense.*

The term *circulation* is, perhaps, one of the most expressive in any language, and is therefore easily understood. It represents the successive transition of money, or transferable commodities, from hand to hand, and their return, as it were in a circle, to the point from which they set out. This is the rough idea which every one, who understands the word at all, must form of its meaning. But a statesman's perceptions must be more accurate as well as more complex.

He must combine the consequences which result from this successive transition, and attend to the effects produced by it. He must

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not only consider the money, which is a permanent value, passing from hand to hand, but weigh the consequences of the variety of consumption which it draws along with it, in its progress.

Before a guinea can travel from London to York, it may be the means of consuming a thousand times its value, and as much more, before it can return to London again. Every stop the guinea makes in its course, marks a want of desire to consume, in him who possesses it. If, therefore, in any country, there were but one guinea in circulation, all consumption would stop (or barter would take place) the moment it fell into the hands of a miser. This leads us to the second object of a statesman's attention.

II. *He ought at all times to maintain a just proportion between the produce of industry, and the quantity of circulating equivalent, in the hands of his subjects, for the purchase of it; that, by a steady and judicious administration, he may have it in his power at all times, either to check prodigality and hurtful luxury, or to extend industry and domestic consumption, according as the circumstances of his people shall require the one or the other corrective, to be applied to the natural bent and spirit of the times.*

For this purpose, he must examine the situation of his country, relatively to three objects, viz. the propensity of the rich to consume; the disposition of the poor to be industrious; and the proportion of circulating money, with respect to the one and the other.

If the quantity of money in circulation is below the proportion of the two first, industry will never be able to exert itself; because the equivalent in the hands of the consumers, is then below the proportion of their desires to consume, and of those of the industrious to produce. Let me illustrate this by a familiar example taken from a party at quadrille.

When, on dealing the cards, every one puts in a fish into the stake, according to the old English fashion, a very few are sufficient for the circulation of the game: but when you play the aces, the consolation and the multiplication of beasts according to the French custom,

custom, you must have a box with contracts, fishes, and counters; so reducing all to the lowest denomination, every player has occasion for above five hundred marks. It is therefore plain, that the number of marks must be in proportion to the circulation of the game. But at play, as in a state, circumstances render this circulation very irregular. Fortune may run so equally among the players, during a considerable time, that none of them may have occasion to pay away above the value of a hundred counters, and while this equality continues, there is not found the smallest interruption in the circulation. But let one of the players have a run of luck, you will soon see three of the boxes empty, and all the circulating marks heaped up before the winner. Fortune at quadrille, forms stagnations of the circulating equivalent, as industry and frugality form them in a state. At this period of the game, must not the players stop, or must they not fall upon a way of drawing back their marks into circulation? If they borrow back from the winner, this represents loan: If they buy back their marks with money from their purses, it represents what I call throwing solid property into circulation.

From this familiar example, we may judge how necessary it is that the circulating fund be constantly kept up to the proportion of the occasions for it. It is impossible to determine the proportion of coin necessary for carrying on the circulation of a country, especially of one where neither loan, or paper credit, that is the melting down of solid property, are familiarly known. Here is the reason: the solution of the question does not depend upon the quantity of coin alone, but also upon the disposition of those who are the possessors of it; and as these are constantly changing, the question thereby becomes insoluble.

It is, therefore, the business of a statesman, who intends to promote circulation, to be upon his guard against every cause of stagnation; and when he has it not in his power to remove these political obstructions, as I may call them, by drawing the coin of the country

country out of its repositories; he ought (in proportion as the other political interests of his people are found to require it) to facilitate the introduction of symbolical money to supply its place.

A great political genius is better discovered by the extent of his perceptions, than by the minute exactness of them in every part of the detail. It is far better for a statesman to be able to discern (though superficially) every object of government under all its relations, than to be able to trace any one with the greatest accuracy. This is apt to occupy him too much, and no one relation should ever engross his whole attention.

I cannot omit in this place taking notice of a very judicious remark of M. de Melon, an eminent political French writer, who was employed by the Duke of Orleans in state affairs, during his regency of the kingdom.

“It belongs only (says he) to one who has had the direction of every branch of government to lay down a general plan of administration, and even then, one must not expect from such a person, very particular details with respect to many objects, of which he himself is entirely ignorant, and which he has been obliged to confide to the care of others subordinate to him. A person who can stoop to a minute exactness in small affairs, proves commonly very unequal to the administration of great ones: It is enough for such a person to know principles by experience and reflection, and to apply fundamental maxims as occasion requires.”

I apply this observation to the point in hand. A statesman who allows himself to be entirely taken up in promoting circulation, and the advancement of every species of luxurious consumption, may carry matters too far, and destroy the industry he wishes to promote. This is the case, when the consequences of domestic consumption raises prices, and thereby hurts exportation.

A principal object of his attention must therefore be, to judge when it is proper to encourage consumption, in favour of industry;

and when to discourage it, in favour of a reformation upon the growth of luxury.

If the country he governs be in a state of simplicity, and that he wishes to awaken a taste for industry and refinement, he must, as has been said, encourage domestic consumption, for the sake of multiplying, and giving bread to the industrious; he must facilitate circulation, by drawing into the hands of the public what coin there is in the country, in case he finds any part of it locked up; and he must supply the actual deficiency of the metals, by such a proportion of paper credit, as may abundantly supply the deficiency.

In every country where simplicity prevails, and where there is any considerable quantity of coin, a great proportion of it must be locked up: because the consumption there must be small; consequently, little circulation; consequently, either little coin, or many treasures. In such cases, therefore, a statesman must engage the possessors of these riches to part with them, at the desire of those who can give security for their worth: and he must establish the standard of an annual retribution for the loan. If this be difficult to be brought about, from the want of confidence in the monied men, he may, in their favour, contrive expedients to become the borrower himself, at the expence of the alienation of certain rights, or the creation of new privileges, in lieu of interest; and when he has engaged them to part with their coin, he may lend it out to such as have both solid property and a desire to consume; but who, for want of a circulating fund to purchase superfluities, have hitherto lived in simplicity.

The introduction, therefore, of loans upon interest, is a very good expedient to accelerate circulation, and give birth to industry.

Obj. But here it is objected, that such a plan is looked upon by some nations to be contrary to the precepts of the christian religion; and therefore a statesman cannot permit it.

To

To this I can make no answer, because I am no casuist; but I can propose an expedient which will supply the defect of borrowing at interest; and as it may serve to illustrate the principles I am now upon, I shall here introduce it.

The intention of permitting loans upon interest, is not to provide a revenue to those who have ready money locked up, but to obtain the use of a circulating equivalent to those who have a sufficient security to pledge for it. If the statesman, therefore, shall find himself withheld by the canons of his church, from drawing the coin of his subjects into circulation, by permitting the loan of it upon interest, nothing is more easy than to invent another species of circulation, where no interest at all is necessary.

Let him open an office, where every proprietor of lands may receive, by virtue of a mortgage thereon, a certain proportional value of circulating paper of different denominations, the most proper for circulation. He may therein specify a term of payment in favour of the debtor, to give him an opportunity to call in his obligation, and relieve the engagement of his property. But that term being elapsed, the land is to belong to the creditor, or the paper to become payable by the state, if required, which may in consequence become authorized either to sell the land engaged, or to retain a proportional value of the income, or of the property of the land itself, as shall be judged most expedient.

Farther, let him constitute a real security for all debts upon every species of solid property, with the greatest facility in the liquidation of them, in favour of those who shall have given credit to the proprietors for merchandize of any kind. To compass this let all entails, substitutions, and *fidei commissa*, or trusts, restraining the alienation of land-property, be dissolved; and let such property be rendered as saleable as household furniture. Let such principles influence the spirit of the government; let this sort of paper credit be modified and extended according to circumstances, and a taste for consumption will soon take place.

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The greatest of all obstacles to industry in its infancy, is the general want of credit on both sides. The consumers having no circulating value, the difficulty of liquidating what they owe by the alienation of their lands, prevents their getting credit; and the many examples of industrious people giving way, on account of bad payments, discourages others from assisting them in the beginning of their undertaking.

From these principles we may gather, that a statesman who intends to increase industry and domestic consumption, should set out by providing a circulating fund of one kind or other, which ought always to be ready, and constantly at the command of those who have any sort of real equivalent to give for the consumption they incline to make: for as specie may often times be wanting, a contrivance must be fallen upon immediately to supply that want.

The utility of this kind of credit, or paper money, is principally at the instant of its entering into circulation, because it is then only that it supplies the want of real specie; and by this invention, the desire to consume creates, as it were, the circulating equivalent, without which the alienation of the produce of industry would not have taken place; consequently, the industry itself would have suffered a check.

But in the after circulation of this paper money from hand to hand, this utility comes to cease; because the subsequent consumer, who has another man's paper to give in exchange, is already provided with a circulating equivalent; and therefore were it not for the wearing of the specie, or difficulty of procuring it, it is quite indifferent both to the state, as well as to circulation, whether this paper continues to pass current, or whether it be taken up, and realized by the debtor, and gold and silver be made to circulate in its place.

Let me now endeavour to make this whole doctrine still more plain, by an example.

Suppose

Suppose a country where there is a million of pieces of gold employed necessarily in carrying on the ordinary circulation, a million of pieces of the same value locked up, because the proprietors have no desire to spend them. Suppose the revenue of the solid property of the country to be worth also a million a year; and that if the fund itself could be sold, it might be worth twenty millions of the same specie. Suppose no such thing as credit or paper money to be known, and that every man who inclines to make any consumption, must be provided previously with a part of the circulating million, before he can satisfy his inclination.

Under these circumstances, the statesman resolves to establish industry, and finding that by his people's taking a taste for a greater consumption, the million which was formerly sufficient for carrying on circulation, is no longer so; he proposes to those who have the other million locked up, to borrow it from them at 5. per cent. and the better to engage them to comply with his proposal, he offers to impose duties upon the whole of the inhabitants to the annual amount of fifty thousand pieces of gold, to be paid annually to the creditors; in return for their treasure. If this scheme be adopted, he may lend out his million in small sums, to every one who inclines to borrow, upon good security; or by premiums and other encouragements given to his infant manufactures, he may throw it into the hands of the public, that is, into circulation. Here is one method of increasing the quantity of a circulating fund, when an augmentation upon the consumption of the produce of industry comes to demand it.

But let us now suppose this regular plan of borrowing to be contrary to what is called the constitution of the state, to religion, or to the spirit of the people, what must be done to supply the place of such a scheme?

The statesman must then fall upon another contrivance, by extending the use of pledges, and instead of moveables, accept of lands, houses, &c. The *Monte pieta* at Rome issues paper money

upon moveable security deposited in their hands. Let the statesman, without exacting interest, do the same upon the lands of his subjects, the best of all securities. While the lands subsist, this paper money must retain its value; because I suppose the regulations to be such as to make it convey an indisputable right to the lands engaged. The advantage of such an establishment will be, that as formerly no man could purchase the smallest produce of industry, without having a part of the circulating million of pieces of gold; every body now who has an inclination to consume, may immediately procure paper money in proportion to his work, and receive in return whatever he desires to possess.

Now let me suppose that this paper money shall in time, and from the growing taste for superfluities, amount to the value of five millions of pieces of gold. I ask, whether the real value of this paper is any way diminished, because it exceeds, by far, all the gold and silver in the country, and consequently cannot all at once be liquidated by the means of the coin? Certainly not: because it does not draw its value from any representation of these metals, but from the lands to which it conveys a right. Next, I ask, if the country is thereby become any richer? I answer, also, in the negative: because the property of the lands, if sold, being supposed worth twenty millions, the proprietors of the paper are here supposed to have acquired, by their industry, five millions of the twenty; and no more than the remaining fifteen millions belong to the landlords.

Let us now suppose a million of this paper money to fall into the hands of those who have no inclination to spend it. This is the case of the frugal, or money hoarding persons, and they will naturally chuse to realize their paper, by taking possession of the lands represented by it. The moment this operation takes place, the million of paper money is annihilated, and the circulating capital is reduced to four millions of paper, and one million of specie. Suppose, on the other hand, that those who have treasures which they cannot

lend

lend at interest, seeing a paper money in circulation, which conveys a right to solid property, shall purchase it with their million of pieces of gold, and then lay hold of a proportional part of the land: what effect will this double operation produce upon the circulating fund? I answer, that instead of being composed as formerly, of one million of coin and five millions of paper, it will, at first, on the buying up of the paper, consist of two millions of coin and five millions of paper; and so soon as the million of paper bought up comes to be realized upon the land, and thereby extinguished, the circulating coin will be two millions, and the paper will be reduced to four. Here then is a very rational method of drawing all the coin of the country from the treasures of the frugal, without the help of interest. Let me take one step farther, and then I will stop, that I may not too far anticipate the subject of the following book.

I suppose, that the statesman perceiving that the constant circulation of the coin insensibly wears it away, and reflecting that the value of it is entirely in proportion to its weight, and that the diminution of the mass must be an effectual diminution of the real riches of his country, shall call in the metals and deposit them in a treasure, and shall deliver, in their place, a paper money having a security upon the coin locked up. Is it not plain, that while the treasure remains, the paper circulated will carry along with it as real (though not so intrinsic) a value as the coin itself could have done? But if this treasure comes to be spent, what will the case be then? It is evident, that the paper conveying a right to the coin, will then as effectually lose its value, as the other species of paper conveying a right to the lands, and issued, as we have supposed, by the proprietors of them, would have done, had an earthquake swallowed up, or a foreign conqueror seized the solid property engaged as a security for this paper.

The expedient, therefore, of symbolical money, which is no more than a species of what is called credit; is principally useful to encourage

rage

rage consumption, and to increase the demand for the produce of industry. And the bringing the largest quantity of coin possible into a country, cannot supply the want of it in this respect; because the credit is constantly at hand to every one who has property, and the other may fail them on a thousand occasions. A man who has credit may always purchase, though he may be many times without a shilling in his pocket.

Whenever, therefore, the interest of a state requires that the rich inhabitants should increase their consumption, in favour of the industrious poor; then the statesman should fall upon every method to maintain a proportion between the progress of industry, and the gradual augmentation of the circulating fund, by enabling the inhabitants to throw with ease their solid property into circulation whenever coin is found wanting. Here entails are pernicious.

On the other hand, when luxury begins to make too great a progress, and when it threatens to be prejudicial to foreign trade, then might solid property be rendered more unwieldy; and entails might then become useful: all moveable debts, except bills of exchange in foreign circulation, might be stripped of their privileges, and particularly, as in France, of the right of arresting the person of the debtor. Usury ought then to be punished severely; even something like the *Senatus Consultum Macedonianum*, which made the contract of loan void on the side of the borrowers, while they remained under the power of their fathers, might be introduced. Merchants accounts should no more be allowed to enjoy a preference to other debts; but on the contrary, be made liable to a short prescription. In a word, domestic circulation should be clogged, and foreign circulation accelerated. When foreign trade again comes to a stop, then the former plan may be taken up a-new, and domestic circulation accelerated and facilitated, in proportion as the produce of industry and taste of superfluity require it.

III. *A statesman ought carefully to distinguish between those branches of circulation which operate a vibration in the balance of wealth, and those*
which

which do not, in order to regulate the taxes which he may think proper to lay upon his people.

In treating of this third object of a statesman's attention, I shall confine myself to the application of those principles which point out the necessity of taxation among a luxurious people, become wealthy by the means of trade, where the industrious can no longer be made to subsist but by means of a great domestic circulation, which is the object of our present inquiry.

In every case where the balance of wealth is made to vibrate by circulation, there is an opportunity of imposing a tax upon consumptions, perfectly proportioned to the quantity of the circulation. Now by the imposition of taxes, and the right employment of the amount of them, a statesman has it in his power to retard or to promote the consumption of any branch of industry. By the imposition of duties he may either check luxury when he finds it calling off too many hands from other more necessary occupations; or by granting premiums, he may promote consumption or exportation upon branches where it is expedient to increase the hands employed, which last is the reverse of taxation; or in the third place, when foreign trade begins to bear a small proportion to domestic consumption, he may profit of luxury, and draw a part of the wealth of the luxurious into the public treasure, by gently augmenting the impositions upon it; for when taxes are gently increased, consumption is not checked; consequently, this is the proper method to be followed, when luxury does no harm. But when it proves hurtful, the rise in the impositions should be sudden, that they may operate the effects of violent revolutions which are always accompanied with inconveniencies, and on such occasions every inconvenience will mark the success of the operation. An example will make this plain.

If you want to check the drinking of spirituous liquors, let every alteration of your oeconomy concerning them, either as to the impositions upon the consumption, or regulations in the retailing

them, proceed by jerks as it were; if you want to increase the revenue, from the propensity people have to poison themselves with spirits, your augmentations and alterations may be gentle and progressive.

Here let me observe by the way, that the best method for a statesman to curb any sort of vice among his people, is to set out by facilitating the gratification of it, in order to bring it once upon a regular and systematical footing, and then by sudden and violent revolutions in the administration of the oeconomy of it, to destroy it and root it out.

Were all the strumpets in London received into a large and convenient building; whither the dissolute might repair for a while with secrecy and security, in a short time, no loose women would be found in the streets. And it cannot be doubted, but that by having them all together under certain regulations, which might render their lives more easy than they are at present, the progress of debauchery, and its hurtful consequences, might in a great measure be prevented. At Paris, they are to be found in their houses, because the police never troubles them there while they commit no riot or disturbance. But when they are persecuted in their habitations, they break forth into the streets, and by the open exercise of their profession, the delicacy of modesty is universally hurt and but too frequently blunted, and the example that those prostitutes openly set to their own sex, debauches more women than all the rakes in town do.

I hope this digression will not be misconstrued into an apology for public stews, where, in place of following good regulations for suppressing the vices with which they are filled, the principal object is frequently to encourage the abuses for the sake of making them turn to account as a branch of revenue. Such a plan of administration represents a statesman who turns against his people, those arms which he had provided for their defence. My intention is very different, it is to curb vice as much as possible, and to shut up what cannot be rooted

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out within the bounds of order, and to remove it as a nuisance from the eyes of the public, and from the contagious imitation of the innocent. I now come to the object of a statesman's attention, relative to that branch of circulation which implies no vibration of the balance of wealth between the parties concerned.

The more perfect and the more extended any statesman's knowledge is of the circumstances and situation of every individual in the state which he governs, the more he has it in his power to do them good or harm. I always suppose his inclinations to be virtuous and benevolent.

The circulation of large sums of money brings riches to light for a moment, which before and after are commonly hid from the eyes of the public. Those branches of property therefore, which have once made their appearance in this species of circulation, should not be lost sight of until they come naturally to melt away, by returning into the other branch of which we have been speaking; that is, until they are fairly spent, and the balance be made to turn against the former proprietors of them. After this revolution, they will circulate for a while in small sums, and remain imperceptible, but in time they will come to form new stagnations; then they will be lent out again, or employed in the purchase of lands; and falling once more under the eyes of the state, they will again become an object of the same attention as formerly.

Nothing is more reasonable, than that all property which produces an annual determined income, should be made to contribute to the common burthens of a state. But those taxes which are intended to operate upon so moveable a property as ready money, ought to be imposed with a most gentle hand, and even so as not to appear directly to affect it. The statesman here must load his wealthy citizens with duties, as Horace loads his sovereign with adulation, never addressing his compliments directly to the emperor, but conveying them to him in the most elegant manner, through the channel of an interposed person. Thus people possess

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ving large capitals of ready money, which in a moment they can transport beyond the reach of the most extended jurisdiction, may have certain privileges granted them which may attach them to the country (in England, for example, a vote in a county or burrow) and then in consequence of their rank, not because of their money, be made to come under a sort of capitation, or other similar imposition bearing another name. Might not the creditors of that nation be represented in parliament, and in consequence of so great a privilege, and the additional security thereby granted to the funds, be made afterwards to come under taxations as well as other proprietors of a determined revenue. An admirable hint for the imposition of such taxes, is to be met with in a certain great European monarchy, where the highest order of knighthood is distinguished with a ribband, a star, and a pension of about an hundred and thirty pounds sterling a year. But so soon as any one is raised to that dignity, he pays exactly that very sum in lieu of capitation. The pension was given by the prince who instituted the order; the capitation followed in a subsequent reign, and now appears rather a mark of distinction than a burthen.

IV. *The next object of a statesman's attention proper to be taken notice of, is the different political considerations which must occur to him when he compares the turning of the balance of wealth against the industrious members of a state, with those vibrations which take place against the not working part of the inhabitants. In other words, the different effect of taxes, as they severally affect those who consume in order to reproduce, and those who consume in order to gratify their desires.*

The one and the other consumption implies a vibration in the balance of wealth, and whenever there is a vibration, there we have said that a proportional tax may be imposed.

But as the intention of taxes, as I understand them, is only to advance the public good (by throwing a part of the wealth of the rich into the hands of the industrious poor, and not to exhaust one part of a nation to enrich another, no necessary article of consumption

tion should be taxed to an industrious person, but in such a way as to enable him to draw back the full amount of it, from those who consume his work. By this means, the whole load of taxes must fall upon the other category of inhabitants, to wit, those who live upon the produce of a fund already acquired.

Let me here observe, by the way, that if taxes are rightly laid on, no industrious person, any more than another who lives upon his income, will ever be able to draw back one farthing of such impositions as he has paid upon his consumption of superfluity. This shall in its proper place be made sufficiently plain; at present it would be a superfluous anticipation of the doctrine of taxation, to point out the methods of compassing this end. My intention at present is only to recapitulate the objects of a statesman's attention, with regard to the consequences of circulation, and the vibrations of the balance of wealth; and having shewn how nearly those principles are connected with those of taxation, this alone is sufficient to shew their importance.

V. *A statesman ought to attend to the difference between the foreign and domestic circulation of the national wealth.*

This object, though in part relative to foreign commerce, must not be passed over without observation. In fact, there is no nation entirely deprived of foreign communications; therefore, although a statesman, who is at the head of a luxurious people, may act in general as if there were none at all, yet still he must be attentive to the consequences of circulation with his neighbours, in so far as it takes place.

Every commercial correspondence with foreign nations, not carried on by the exchange of consumable commodities, must produce a vibration of the balance of wealth, either in favour or prejudice of the interest we have in our eye. But it does not follow, because there is a vibration, that therefore a statesman has the same liberty of imposing taxes upon every article of consumption, as if the two scales

scales were vibrating within the country subject to his administration.

When the consumers are his subjects, he may safely impose the tax, and if he raises it by degrees, so high as to diminish the consumption, and reduce the amount of the imposition, he will probably gain on the other hand, by discouraging the foreign importation, and by keeping the nation's wealth at home, more than he possibly could have got by the amount of his tax, in consequence of the dissipation of it.

When the foreigners are the consumers, the case is very different: for you cannot oblige a man who is not your subject, to pay beyond the advantage he gains by your correspondence. It is therefore, as has been said, only upon the exportation of goods, where the nation has great natural advantages over her neighbours, that any duty can be raised.

VI. The last object I shall mention as worthy of a statesman's attention, is, *the rules of conduct he should prescribe to himself, as to the extending or contracting taxation, according as he finds a variation in the proportion between the FOREIGN and DOMESTIC circulation of his country.*

For this purpose he must know exactly the proportions of the one and the other; he must compare the quantity of domestic consumption, with the produce of industry and quantity of importations.

If domestic consumption be equal to the sum of both, the country must annually lose the value imported. In this case, taxes are to be raised by sudden jerks, especially upon importations; not to increase the produce of them, but to prevent the increase of luxury, and dissipation of national wealth.

If domestic consumption do not exceed the produce of industry, this will prove that exportation is at least equal to importation. In this case the exportation must be supported; and when that can no otherwise be done, a part of the taxes levied upon home consumption must be distributed in premiums upon the articles of exportation; and when this also becomes ineffectual, then all im-
portations

portations for consumption must be cut off, according to the principles above laid down.

If the domestic consumption should really fall short of the produce of industry, it marks a flourishing foreign trade. Prices then must be kept low, as has been abundantly explained; consequently, there will be less profit from taxes; because every penny imposed, which affects the price of exportable goods, must be refunded out of the next produce of them, and all the expence of collecting that part is entirely lost to the public: the remainder, therefore, will be greater or less, according as foreign trade is great or small.

In proportion, therefore, as domestic circulation gains ground upon the foreign, taxes become necessary; in order, with the amount of them, to correct the bad effects of luxury, in raising prices, by giving larger premiums to support exportation. And in proportion as a statesman's endeavours to support the trade of his country becomes ineffectual, from the growing taste of dissipation in his subjects, the utility of an opulent exchequer will be more and more discovered; as he will be thereby enabled to support his authority against the influence of the great load of riches thrown into domestic circulation, and to defend his luxurious and wealthy subjects from the effects of the jealousy of those nations which enriched them.

To conclude, the exportation of work, and the supporting a superiority in the competition of foreign markets (as has been said, and as shall be farther explained) seem to be the most rational inducements to engage a statesman to begin a scheme of imposing considerable taxes upon his people, while they enjoy any share of foreign commerce. If such taxes continue to subsist after the extinction of it, and are then found necessary; this necessity is itself a consequence of the change made on the spirit and manners of a people become rich and luxurious.

The charge of government, under such circumstances, must greatly increase, as well as the price of every thing. Is it not very natural,

natural, that he who is employed by the state should receive an equivalent proportioned to the value of his services? Is it to be supposed, that a person born in a high rank, who, from this circumstance alone, acquires an advantage, in most nations, hardly to be made up by any acquired abilities, will dedicate his time and his attendance for the remuneration which might satisfy his inferiors? The talents of great men deserve reward as much as those of the lowest among the industrious; and the state is with reason made to pay for every service she receives. This circulation of an adequate equivalent, we have said to be the palladium of liberty, the band of gentle dependence among freemen; and the same spirit ought to animate every part of the political body. That *nothing is to be done for nothing*, is a fundamental political maxim in every free government, and obligations, not liquidated by a just equivalent, form pretensions beyond their worth; and are constantly accompanied with discontent at one time or other.

Another use of taxes, after the extinction of foreign trade, is to assist circulation, by performing, as it were, the function of the heart of a child, when at its birth that of the mother can be of no farther use to it. The public treasure, by receiving from the amount of taxes, a continual flux of money, may throw it out into the most proper channels, and thereby keep that industry alive, which formerly flourished, and alone depended upon the prosperity of foreign commerce.

In proportion, therefore, as a statesman perceives the rivers of wealth, (as we have called them above) which were in brisk circulation with all the world, begin to flow abroad more slowly; and to form stagnations, which break out into domestic circulation, he ought to set a plan of taxation on foot, as a fund for premiums to indemnify exportation for the loss it must sustain from the rise of prices, occasioned by luxury; and also for securing the state itself, against the influence of domestic riches, as well as for recompensing those who are employed in its service.

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This system ought to be carried on and extended, in proportion to the decay of foreign trade; and when this comes in a manner to cease, then the increase of taxes, and the judicious application of them, going hand in hand, the state itself will support circulation, by receiving with one hand, and giving out with the other; until by a prudent management under the care and direction of an able statesman, through time and perseverance, every internal vice be corrected, and foreign commerce be made to flourish once more, from the principles we have been laying down, and from what may be farther said to illustrate them in the subsequent books of this inquiry.

While industry is kept alive there is still ground for hope. Manners change, and the same luxury which extinguished foreign trade, by calling home the wealth employed in that species of circulation, may afterwards, by keeping industry alive at home, and by throwing a sufficient power of wealth into the hands of a good statesman, render the recovery of that trade no difficult project, to one who has an instrument in his possession, so irresistible in removing every obstacle in the way of his undertaking.

This represents a new circulation; to wit, that of the spirit and manners of a people, who, under the government of able statesmen, may prosper in every situation; and since, from the nature of man, no prosperity can be permanent, the next best thing to be done, is, to yield to the force which cannot be resisted; and, by address and management, reconduct a people to the height of their former prosperity, after having made them travel (as I may say) with as little inconvenience as possible, through all the stages of decline.

C H A P. XXVIII.

Circulation considered with regard to the rise and fall of the Price of Subsistence and Manufactures.

THE intention of this chapter is to apply the principles we have been in search of, to the solution of some questions, which have been treated by those great masters of political reasoning, Messrs. de Montesquieu and Hume. The ideas they have broached are so pretty, and the theory they have laid down for determining the rise and fall of prices so simple, and so extensive, that it is no wonder to see it adopted by almost every one who has writ after them.

I have not forgot how much I was pleased when first I perused these authors, from the easy distribution which a general theory enabled me to make of certain classes of my ideas then lying without order, in that great repository of human crudities, the memory; which frequently retains more materials, than people, commonly, have either time, or perhaps capacity rightly to digest.

I am very far from pretending to any superiority of understanding over those gentlemen whose opinions I intend to review: accident alone has led me to a more minute examination of the particular circumstances, upon which they have founded their general combinations; and in consequence of my inquiries, I think I have discovered, that in this, as in every other part of the science of political oeconomy, there is hardly such a thing as a general rule to be laid down.

There is no real or adequate proportion between the value of money and of goods; and yet in every country we find one established. How is this to be accounted for?

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We have, in the fourth chapter of this book, already inquired into the principles which point out the influence of trade upon the variation of the price of goods; but the question now comes to be, how to fix and determine the fundamental price, which is the object of variation. It has been said, that the price of a manufacture is to be known by the expence of living of the workman, the sum it costs him to bring his work to perfection, and his reasonable profit. We are now to examine what it is, which in all countries must determine the standard prices of these articles of the first necessity; since the value of them does necessarily influence that of all others.

The best way to come at truth, in all questions of this nature, is, to simplify them as much as possible, that they may be first clearly understood.

Whenever a question arises about price, an alienation is necessarily implied; and when we suppose a common standard in the price of any thing, we must suppose the alienation of it to be frequent and familiar. Now I must here observe, that in countries where simplicity reigns (which are those where the decision of this question ought regularly to be sought for, since it is there only where a complication of circumstances do not concur to raise the prices of subsistence) it is hardly possible to determine any standard for the price of articles of the first necessity.

Let us examine the state of those hunting-Indians who live by their bow, and of other nations where the inhabitants exercise, I may say universally, that species of agriculture which I have called a direct method of subsistence; and we shall find, that the articles of food and necessaries are hardly found in commerce: no person purchases them; because the principal occupation of every body is to procure them for himself. What answer would a Scotch highlander have given any one, fifty years ago, who would have asked him, for how much he sold a quart of his milk, a dozen of his eggs, or a load of his turf? In many provinces, unacquainted with

trade and industry, there are many things which bear no determined price; because they are seldom or never sold.

Sale alone can determine prices, and frequent sale can only fix a standard. Now the frequent sale of articles of the first necessity marks a distribution of inhabitants into *labourers*, and what we have called *free hands*. The first are those who produce the necessaries of life; the last are those who must buy them: and as the fund with which they purchase is produced from their industry, it follows, that without industry there can be no sale of articles of subsistence; consequently, no standard price determined.

Another consequence of this reasoning, is, that the sale of subsistence implies a superfluity of it in the hands of the feller; and a proper equivalent for it in the hands of the buyer; and when the equivalent is not money, it also implies a superfluity of the produce of some sort of industry; consequently, by the exchange of superfluities upon certain articles, a man procures to himself a sufficiency upon every one. This represents that gentle dependence which unites the members of a free society.

Does it not follow from this analysis of the question, that the prices of articles of the first necessity, depend rather upon the occupation and distribution of the classes of inhabitants, than either upon the abundance of those necessaries, or of the money to purchase them; since many examples may be found, where these articles have borne little or no price, even in countries where money was not wanting. The reason therefore of low prices, is not the vast abundance of the things to be sold, but the little occasion any body has to buy them; every one being provided for them in one way or other, without being obliged to go to market.

How many familiar examples occur every where of this economy! do we not find in every country, even when the numbers of the industrious free are multiplied exceedingly, more than one half of the inhabitants fed directly from the earth? The whole class of farmers does not go to market for subsistence. Ask a country gentleman

gentleman the expence of his living, he will tell you the sum of money he yearly spends, perhaps the quantity of his rents in kind, which he consumes in his house, and the rent of the lands he holds himself in farm; but it will never come into his head to reckon the value of every chicken, sheep, or bullock, with which his farm provides him, which he consumes without estimation, and which in many countries he could not dispose of for any determined value.

From this I still conclude, that it is only in countries of industry where the standard prices of articles of the first necessity can be determined; and since in these many circumstances concur to render them either higher or lower than in other countries, it follows, that in themselves they bear no determined proportion whatsoever, to the quantity of gold and silver in the country, as I hope presently to make still more evident.

What is it then which determines the standard value of these articles, in countries of industry? Here follows, in my humble opinion, the best answer to this question.

The standard price of subsistence is determined from two considerations. The first from the number of those who are obliged to buy, that is to say, of those who have them not of their own, and who are not provided with them, in lieu of service, by those who have. The second is, from the degree of employment found for those who are obliged to purchase them.

The number of the buyers of subsistence, nearly determines the quantity sold; because it is a necessary article, and must be provided in a determined proportion for every one: and the more the sale is frequent, the more the price is determined. Next as to the standard: this, I apprehend, must depend upon the faculties of the buyers; and these again must be determined by the extent of those of the greatest numbers of them; that is to say, by the extent of the faculties of the lower classes of the people. This is the reason why bread, in the greatest famine, never can rise above a certain price;

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for, did it exceed the faculties of the great classes of a people, their demand must be withdrawn, which would leave the market overstocked for the consumption of the rich; consequently, such persons, who, in times of scarcity are forced to starve, can only be such whose faculties fall, unfortunately, below the standard of those of the great class: consequently, in countries of industry, the price of subsistence never can rise beyond the powers to purchase of that numerous class who enjoy physical-necessaries; consequently, never to such an immoderate height as to starve considerable numbers of the people; a thing which very commonly happens in countries where industry is little known, where multitudes depend merely upon the charity of others, and who have no resource left, so soon as this comes to fail them.

The faculties, therefore, of those who labour for a physical-necessary, must, in industrious nations, determine the standard value of subsistence, and the value in money which they receive for their work, will determine the standard of their faculties, which must rise or fall according to the proportion of the demand for their labour.

By this exposition of the matter, I do not pretend to have dissipated every obscurity. The question still remains complex, as the nature of it requires, it should do; and the solution of it depends upon farther considerations, which now lead me to the examination of the doctrine of Messrs. de Montesquieu and Hume, concerning the influence of riches upon the increase of prices. I shall begin by shortly laying this doctrine before my readers, in three propositions.

1^{ma}. The prices (say they) of commodities, are always proportioned to the plenty of money in the country. So that the augmentation of wealth, even fictitious, such as paper, affects the state of prices, in proportion to its quantity.

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2^{do}. The coin and current money in a country, is the representation of all the labour and commodities of it. So that in proportion as there is more or less of this representation, (money) there goes a greater or less quantity of the thing represented (commodities, &c.) to the same quantity of it. From this it follows, that

3^{io}. Increase commodities, they become cheaper; increase money, they rise in their value.

Nothing can be more beautiful than these ideas. They appear at first sight, sufficiently extensive to comprehend every variation of circumstances which can happen. Who was the first author of this doctrine, I cannot say. I find it in Mr. Locke, and in the Spectator for the 19th of October, 1711; but they have been beautifully illustrated by Monsr. de Montesquieu; and Mr. Hume has extended the theory, and diversified it prettily in his political discourses; which have done much honour to that gentleman, and drawn the approbation of the learned world so much, that there is hardly a nation in Europe which has not the pleasure of reading them in their own language.

Upon examining this theory, when I came to treat of the matters it is calculated to influence, I found I could not make it answer to the principles I had pursued, in the most natural order in which I had been able to deduce them: and this consideration obliged me, with regret, to lay it aside, and to follow another, much more complex. I have already expressed the mortification I have always had upon finding myself forced to strike out a general rule, and this, of all others, had at first hit my fancy the most; but I am obliged to confess, that upon a close examination of the three propositions, I am obliged to range this ingenious exposition of a most interesting subject, among those general and superficial maxims, which never fail to lead to error.

In order to set the matter in as clear a light as possible, I shall make a short application of my own principles, relating to the decision of the main question, the causes of the rise and fall of prices,

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and conclude my chapter with some remarks upon the three propositions above laid down, submitting the whole to the better judgment of my reader.

I have laid it down as a principle, that it is the complicated operations of demand and competition, which determines the standard price of every thing. If there be many labourers, and little demand, work will be cheap. If the increase of riches, therefore, have the effect of *raising* demand, work will increase in its value, because *there* competition is implied; but if it has only the effect of *augmenting* demand, prices will stand as formerly. What then will become of the additional quantity of coin, or paper money? I answer, that in both cases it will enter into circulation, in proportion to the *rise* or *augmentation* of demand; with this difference, that in the first case, it will have the effect of raising prices; because the supply is not supposed to augment in proportion: in the second, prices will stand as they were; because the supply is supposed to augment in proportion. These are the consequences of the augmentation of wealth, when it has the effect of either *raising* or *augmenting* demand. But if upon this revolution it be found that the state of demand remains without any variation, then *the additional coin* will probably be locked up, or converted into plate; because they who have it, not being inspired with a desire of increasing their consumption, and far less with the generous sentiment of giving their money away, their riches will remain without producing more effect than if they had remained in the mine. As for the paper money, so soon as it has served the first purpose of supplying the demand of him who borrowed it, (because he had at that time no coin) it will return upon the debtor in it, and become realized; because of the little use found for it in carrying on circulation.

Let the specie of a country, therefore, be augmented or diminished, in ever so great a proportion, commodities will still rise and fall according to the principles of demand and competition, and these will constantly depend upon the inclinations of those who have

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property or any kind of *equivalent* whatsoever to give; but never upon the quantity of *coin* they are possessed of.

Let the quantity of the coin be ever so much increased, it is the desire of spending it alone, which will raise prices. Let it be diminished ever so low, while there is real property of any denomination in the country, and a competition to consume in those who possess it, prices will be high, by the means of barter, symbolical money, mutual prestations, and a thousand other inventions. Let me give an example.

Suppose a country where prices are determined, and where the specie is sufficient for the circulation: is it not plain, that if this country has a communication with other nations, there must be a proportion between the prices of many kinds of merchandize, there and elsewhere, and that the sudden augmentation or diminution of the specie, supposing it could *of itself* operate the effects of raising or sinking prices, would be restrained in its operation by foreign competition? But let us suppose it cut off from every communication whatsoever, which seems the only case, where this theory can operate with any appearance of justness, will any body pretend, that the frugal or extravagant turn of the inhabitants, will have no influence upon prices, and will it be asserted, that no variation in the spirit of a people, as to frugality and dissipation, can take place, except upon a variation in the quantity of their gold and silver?

It may be answered, that as to articles of superfluity, no doubt the genius of a people may influence prices, in combination with the quantity of the specie; but that in articles of indispensable necessity, they must constantly remain in proportion to the mass of riches. This I cannot by any means admit to be just. Let me take the example of grain, which is the most familiar. Is it not plain, from what we have said above, that the proportion of wealth, found in the hands of the lowest class of the people, constantly regulates the price of it; consequently, let the rich be ever so wealthy, the price of subsistence can never rise above the faculties of the poor.

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And is it not also plain, that those of the lowest class of the people, who purchase subsistence, must buy it with the returns they receive from the rich for their industry? Now if the quantity of the wealth of the latter, does not regulate their demand for the service of the former, must it not follow, that the price of grain, as well as of every other thing offered to sale, must depend upon the degree of competition among the rich for the labour of the poor, that is, upon the demand for industry, and not on the quantity of wealth in the country?

No body ever denied, that the extraordinary demand for a commodity had the effect of raising the price of it: and certainly no body will deny, that the demand for a particular commodity may be greater at one time than at another, though the same quantity of that commodity be found at both times in the country; and the same quantity of specie likewise not only in the country, but also in circulation.

I acknowledge that in a country where there is much coin, and where credit is little known, a high and extraordinary demand for an article of superfluity, may raise the price more than in another where the coin is more scarce; because on certain occasions, the price of a thing has no other bounds than the extent of the faculties of the buyer. In like manner, in other countries where there is almost no coin, nor credit, it may be impossible for the highest demand to raise the price of such things even to the common standard established in those where there is great wealth. But these instances appear to be too particular to serve for the foundation of a general rule, with respect to the state of prices in the present situation of the nations of Europe, which, less or more, are all in communication with one another.

I cannot here omit taking notice of two very remarkable circumstances which we learn from undoubted historical authority, which seem to contradict one another, and to throw a great obscurity upon the principles I have been endeavouring to explain. I shall therefore

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introduce them by way of illustration, and when they are examined, I hope they will confirm my doctrine.

The first is, that in Scotland, formerly, when coin and credit were certainly very rare, the price of eight pounds weight of oat meal, which is now commonly sold at eight pence sterling, was then valued at no more than two thirds of one penny: and that a labouring man used to receive one penny and one third of a penny sterling for his week's subsistence; that is to say, the value of sixteen pounds of oatmeal, which to this day is the regulated quantity given for that purpose.

There is a very curious confirmation of the authenticity of this computation, in an hospital at old Aberdeen; where in former times, some proprietors of lands had settled a certain quantity of oat meal in favours of the poor of the hospital, with a liberty to the hospital to accept the meal in kind, or the conversion at two thirds of a penny for every eight pounds weight. They imprudently chose the last, and to this very day they are paid according to this standard. Now it is certainly impossible that any degree of plenty, whatsoever, or any failing of demand, could at present reduce the price of that commodity so very low; consequently, it may be said that it is the augmentation of wealth, not that of demand which raises prices.

The second fact we learn from antiquity, that at the time when Greece and Rome abounded in wealth, when every rarity, and the work of the choicest artists was carried to an excessive price, an ox was bought for a mere trifle, and grain was cheaper perhaps than ever it was in Scotland.

If the application of our principles to the circumstances of those times, produce a solution of these apparent inconsistencies; and if we thereby can discover that the low prices of grain, both in Scotland, where there was little money, and at Rome where there was a great deal, was entirely owing to the little demand for articles of subsistence; will it not follow, that our principle is just, and that

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the other, notwithstanding of the ingenuity of the thought, must fail in exactness; since it will appear, that low prices may be equally compatible with wealth, and with poverty.

Now as to Scotland in former times, as in all countries where there is little industry; where the inhabitants are mostly fed directly from the earth, without any alienation of her fruits taking place; where agriculture is exercised purely as a method of subsisting; where rents are low, and where, consequently, the free hands, who live upon them for the price of their industry, must be few; the demand for grain in the public markets must be very small; consequently, prices will be very low, whether there be little, or whether there be much money in the country. The reason is plain. The demand is proportioned here, not to the number of those who consume, but of those who buy: now those who consume, are all the inhabitants, but those who buy, are only the few industrious who are free, and who gain an independent livelihood by their own labour and ingenuity: now the price of their week's subsistence was one penny one third, consequently the subsistence they bought could not rise above this standard.

Next as to the state of Greece and Rome, where slavery was established. Those who were fed by the labour of their own slaves, by those of the state, or by the grain gratuitously distributed to the people, had no occasion to go to market; consequently, they did not enter into competition with the buyers. Farther, the simplicity of manners, and the few manufactures then known, made wants in general less extensive; consequently, the number of the industrious free was small, and *they* were the only persons who could have occasion to purchase food and necessaries; consequently, the competition of the buyers must have been small in proportion, and prices low.

Add to this, the reflections which naturally present themselves upon examining the nature of providing the markets. These were supplied partly from the surplus produced upon the lands of the great

great men, laboured by slaves; who being fed from the lands, the surplus cost in a manner nothing to the proprietors; and as the number of those who had occasion to buy, were very few, this surplus was sold cheap. Besides, the grain distributed to the people gratis, must necessarily have kept down the market, as a part of it would naturally, sometimes, be found superfluous to those who received it, and consequently, come to be sold in competition with that raised at private expence.

But when a fine mullet was brought to market, or when an artist appeared with a curious piece of work, the case was very different. There was plenty of money in the country, in the hands of the rich, who all appeared in competition for the preference; consequently, prices rose to an extravagant height. The luxury of those times, though excessive, was confined to a few, and as money, in general, circulated but slowly through the hands of the multitude, it was constantly stagnating in those of the rich, who found no measure, but their own caprice, in regulating the prices of what they wished to possess, and had money to purchase.

From what has been said, it appears, that the riches of a country has no determined influence upon prices; although, I allow, they may accidentally affect them: and if we depart from the principles above laid down, to wit, that prices are regulated by the complicated operation of demand and competition, in order to follow the other, we must add a restriction (which I observe Mr. Hume has attended to on one occasion, although he has lost sight of it on several others) to wit, *that the price of every commodity is in proportion to the sum of money circulating in the market for that commodity; which is almost my proposition in other words: for the money to be employed in the purchase of any commodity, is just the measure of the demand. But even here, the money in the market destined only for the purchase of a particular commodity, does not regulate the price of it. Nothing but the finishing of the transaction, that is, the convention between the buyer and seller, can determine the price, and this must depend upon*

upon inclination, not weight of money, as an example will make plain.

I shall suppose grain to have been at forty shillings *per* quarter, in a country market, for several months together, where the ordinary demand for the current consumption is twenty quarters every market day. If at any time an extraordinary demand should happen, which may exceed all that is to be found in the market, there will be a competition among the buyers, which will have the effect of raising the market. Now, according to the doctrine of our learned authors, it may be said, that the corn rises in proportion to the quantity of the specie which is in the market, and that it is because of this increase of specie, that the grain rises in its price. I answer, first, allowing this to be true, can it be said, that a particular temporary, or perhaps accidental demand for a few quarters of corn, more than usual, implies any augmentation of the quantity of money in the country, or indeed the smallest variation either upon the total consumption, or quantity of grain contained in it? For if the demand has risen in one market, it must probably have diminished in another, as the same inhabitants cannot consume in two places. This I think every person must be convinced of, without farther illustration. But I say farther, that prices will not rise in proportion to the money in the market; but in proportion to the desire of acquiring grain in those who have that money.

Suppose the whole quantity of grain in the market to be thirty quarters; if there be no demand for more, these will be sold at forty shillings, as the twenty quarters would have been. But suppose the demand to be for sixty quarters, and that there is a hundred and twenty pounds sterling ready to be employed for corn, does it follow, that grain will rise to four pounds a quarter, because the money in the market bears this proportion to the quantity of grain? Certainly not.

We must therefore, I think, adopt the other principle, and follow the proportions of demand and competition; and then we shall find,

find, that if the sellers want to raise their price up to the proportion of the specie, all demand will cease, as effectually as if it had never been made; and the sellers will afterwards be obliged to accept of such a moderate augmentation as shall be in proportion to the urgency of the demand, but never in proportion to the money ready to be employed.

The circulation of every country, as we have shewn above, must ever be in proportion to the industry of the inhabitants, producing the commodities which come to market: whatever part of these commodities is consumed by the very people who produce them, enters not into circulation, nor does it in anywise affect prices. If the coin of a country, therefore, falls below the proportion* of the produce of industry offered to sale, industry itself will come to a stop; or inventions, such as symbolical money, will be fallen upon to provide an equivalent for it. But if the specie be found above the proportion of the industry, it will have no effect in raising prices, nor will it enter into circulation: it will be hoarded up in treasures, where it must wait not only the call of a desire in the proprietors to consume, but of the industrious to satisfy this call.

We may therefore conclude, in consequence of the principles we have laid down, that whatever be the quantity of money in any nation, in correspondence with the rest of the world, there never can remain, *in circulation*, but a quantity nearly proportional to the consumption of the rich, and to the labour and industry of the poor inhabitants. The value of each particular species of which consumption is determined by a complication of circumstances at home and abroad; consequently, the proportion is not determined by the quantity of money actually in the country.

If the contrary is maintained, and if it be affirmed that the proportion between specie and manufactures is reciprocal and determined, then I am authorized to draw this conclusion, to wit: That if the greatest produce of industry must be sold for what specie is

* Let it be observed, that *proportion*, here, does not mean *value*.

found in the country, *let the sum be ever so small*; so in like manner, the *smallest* produce of industry *must* be sold for *all the specie* found in the country, *let the sum be ever so great*. Consequently, in the first case, we must suppose, that the industrious will never seek for a better price from abroad; and in the second, that the moneyed people *must* spend all they have in supplying their most moderate wants, and never seek for cheaper merchandize than what they can find at home. Consequently, there can be no foreign trade, nor can there ever be any hoarding.

I shall now conclude my chapter, with a few observations upon the three propositions as they stand in their order.

PROP. I. Prices are in proportion to the plenty of money. And thus the augmenting even of fictitious wealth, such as paper, affects the state of prices, according to its quantity.

From this Mr. Hume disapproves of the introduction of paper money, when specie is wanting, and says, that if nothing were allowed to circulate but gold and silver, the quantity being less, prices would be lower.

This is neither more or less, in my humble opinion, than a project to destroy credit, with a view to support trade and industry. Because it would effectually prevent any person from making a consumption, except at the time he happened to be provided with ready money. Does the paper money in England, keep up the prices of grain at present, January 1759? And will not every article of necessaries fall, in a short time, as low in that country as in any other in Europe, if the same measures continue to be followed?

Were all paper money in that kingdom proscribed at once, no doubt the prices of many things would fall very considerably; but such a fall would neither be universal or equable. The reason of this fall would not be, because the specie would become proportionally divided among all the inhabitants, according to the value of their property; nor because of the small quantity of it, since
prices

prices abroad would still regulate many at home; but because of the sudden revolution, and the violent overturn thereby produced on the balance of work and demand. The scale of the first would preponderate to such a degree, that those classes of the industrious, who work for daily subsistence in furnishing superfluities, would enter into so strong a competition with one another, that their work would fall to nothing, while subsistence would remain at the price of exportation. If it be asked what could occasion this difference. I answer, because the workmen who supply superfluities, adapted to the taste of their nation, would find no more demand for them, from the want of credit, or of a circulating fund to buy with, and strangers would not profit of the fall in the price of a superfluity not adapted to their own taste; but they would very willingly become purchasers of every bushel of grain become superfluous, by starving so many of the inhabitants; and this would keep the price of subsistence upon a pretty even level with that of other countries.

But if we suppose all communication cut off with strangers, would this proportion between money and prices then hold true? By no means. Here is the reason: there are many ways of alienating goods or natural produce, without the assistance of specie. Immense quantities of both may be consumed by barter, or in lieu of service, where money is never heard of: now all this portion alienated, enters into the mass of what is called produce and manufactures which come to market; but can have no influence upon the specie, nor can specie have any upon it, since the money remains inactive during those operations.

Another reason is, that there is no such thing as preserving specie in an equal repartition, so as to serve the occasions of every body in proportion to their worth. The reason is manifest: money, like every other thing, will come into the hands of those who give the greatest value for it, and when the quantity of it is small in any country, where nothing can be procured without it, such pro-
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prietors of lands as have the greatest desire to consume, will purchase the specie at a higher interest, or with more of their lands than others.

This alone is sufficient to prove that the repartition of specie can never be in proportion to property; and this also destroys the supposition of prices rising and falling, according to the proportion of it, even in a country cut off from every foreign communication. Here is the proof: any individual who has, by mortgaging his lands, got together a large proportion of the specie of his country, will raise prices in his neighbourhood, by making an extraordinary demand for work; and the rest of the same country, drained of their circulating value, must diminish their demand; consequently, prices will fall elsewhere. I now come to the second proposition.

The coin and current money of a country, is the *representation* of all its labour and commodities; so that in proportion as there is more or less of this *representation*, a greater or less quantity of it will go for the same quantity of the thing represented.

To this *representation* I cannot agree, and I apprehend it to be the source of error. A proper equivalent for labour and manufactures, may, in one sense, be called a *representation*; but there is no necessity for this equivalent to consist in coin. Are not meat and clothes an equivalent for personal service? Is not a free house and a bit of land, a very good equivalent for all the manufactures a country weaver can work up for me who am his landlord? If there were not one penny of coin in a country, would it follow, that there could be no alienation, or that every thing might there be got for nothing?

Coin has an intrinsic value; and when it comes into a country, it adds to the value of the country, as if a portion of territory were added to it: but it has no title to represent any thing vendible, by preference, or to be considered as the only equivalent for all things alienable. It is made a common price, on no other account than because of its rarity, its solidity, its being of a nature to circulate,

late, and to suffer a correct division without end, and to carry its value along with it, which is a proper equivalent for every thing; and at the same time it is by its nature little liable to vary.

Were, indeed, a statesman to perform the operation of circulation and commerce, by calling in, from time to time, all the proprietors of specie in one body, and all those of alienable commodities, workmen, &c. in another; and were he, after informing himself of the respective quantities of each, to establish a general tariff of prices, according to our author's rule; this idea of *representation* might easily be admitted; because the parcels of manufactures would then seem to be adapted to the pieces of the specie, as the rations of forage for the horses of an army are made larger or smaller, according as the magazines are well or ill provided at the time: but has this any resemblance to the operations of commerce?

The idea of coin being the *representation* of all the industry and manufactures of a country, is pretty; and has been invented for the sake of making a general rule for operating an easy distribution of things extremely complex in their nature. From this comes error. We substitute a complex term, sometimes in one sense, and sometimes in another, and we draw conclusions as if it expressed a fixed and determined idea.

If in algebra, x, y, z , &c. ever stood for more than a single idea, the science would become useless; but as they never represent but the very same notion, they never change their nature through all manner of transpositions.

It is not the same of terms, in any other science, as abundantly appears from the question now before us: coin is called a *representation*, because it is an equivalent; and because it is a *representation*, it must bear an exact proportion to the thing represented. And since in some particular examples, this representation appears to hold; therefore the rule is made general, although circumstances may be different. If, for example, a merchant, or a private person, has upon hand a thousand pounds worth of grain, no doubt that the

thousandth part of the merchandize is worth the thousandth part of the sum; because both are determined in their quantity and quality: but the parcels of this corn, though exactly proportioned to the price of the whole, do not draw their value from this proportion, but from the total value of the whole mass; which is determined from the complicated operations of demand and competition, as has been said, and not from the specie of the country, which can bear no proportion either to the quantity or quality of the grain.

There may be vast quantities of coin in a country of little industry; and, *vice versa*, coin is constantly an *equivalent*, but never a *representation*, more than any other equivalent which may be contrived. Were the doctrine of this second proposition true, every commodity in a country should be sold like a parcel of the grain in the foregoing example, by the rule of three; as the property of all the labour and manufactures of the country is to the part I intend to alienate, so is all the gold and silver in the country to the part I am entitled to receive. This way of regulating prices may be very ingenious, but it is not very common. I now proceed to the third and last proposition.

Increase the commodities, they become cheaper: increase the money, they rise in their value.

This proposition is much too general: the first part of it is commonly true, the last part is more commonly false.

What can increase commodities, but a demand for them? If the demand be equal to the augmentation, there will be no alteration in the price.

Let extraordinary plenty increase subsistence, it will naturally fall in the price; but it may be hoarded up, and made to rise in spite of the plenty; it may be demanded from abroad; this also will make it rise.

Let the production of superfluities, not exportable, be produced by workmen whose branch is overstocked, prices will undoubtedly fall.

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The same observations are true of a diminution in the quantity of commodities. If this diminishes by degrees, from a diminution of demand, the price of them will not rise.

If the quantity of subsistence falls below the necessary consumption of the inhabitants, prices will undoubtedly rise.

If the articles of superfluity are diminished, prices will only rise in proportion to the eagerness to buy, that is, to the competition, not to the deficiency. On the other hand, as to coin or money,

Increase the money, nothing can be concluded as to prices, because it is not certain, that people will increase their expences in proportion to their wealth; and although they should, the moment their additional demand has the effect of producing a sufficient supply, prices will return to the old standard.

But diminish the quantity of specie *employed in circulation*, you both retard this, and hurt the industrious; because we suppose the former quantity exactly sufficient to preserve both in the just proportion to the desires and wants of the inhabitants.

These are but a few of the numberless modifications necessary to be applied to this general rule; and I hope what I have said, will justify the observation I have made on the whole doctrine; to wit, that it is much more specious than solid, in every one of its three branches.

Let me just propose one question more upon this subject, and then I shall conclude.

Suppose the specie of Europe to continue increasing in quantity every year, until it amounts to ten times the present quantity, would prices rise in proportion?

I answer, that such an augmentation might happen, without the smallest alteration upon prices, or that it might occasion a very great one, according to circumstances. If industry increases to ten times what it is at present, that is to say, were the produce of it increased to ten times its present value, according to the actual standard of prices, the value of every manufacture and produce might

might remain without alteration. This supposition is possible; because no man can tell to what extent demand may carry industry. If, on the other hand, the scale of demand could be supposed to preponderate, so as to draw all the wealth into circulation, without having the effect of augmenting the supply (which I take to be impossible) then prices would rise to ten times the present standard, at least in many articles.

This solution is entirely consistent both with Mr. Hume's principle and mine; because nothing is so easy in an hypothesis, as to establish proportions between things, which in themselves are beyond all the powers of computation.

C H A P. XXIX.

Circulation with foreign Nations, the same thing as the Balance of Trade.

WE have endeavoured to shew in a former chapter, how the circulation of money, given in exchange for consumable commodities, produces a vibration in the balance of domestic wealth: we are now to apply the same principles to the circulation of foreign trade; in order to find out, if there can really be such a thing as a balance upon it, which may enrich one country, and impoverish another.

It has been said, that when money is given for a consumable commodity, the person who gets it acquires a balance in his favour, so soon as he with whom he has exchanged, has begun to consume.

That if two consumable commodities are exchanged, the balance comes to a level, when both are consumed. That it is only the wealth

wealth which is found in circulation, which can change its balance, and the remainder must be found locked up, made into plate, or employed in foreign trade. And it has been observed, that the quantity of money found in circulation, is ever in proportion to the sale of the produce of industry and manufactures; and that when the quantity of metals is not sufficient to carry on a circulation, proportioned to the demands of those who have any real equivalent to give, that symbolical money may be made to fill up the void, when the interest of the state comes to require it.

We have also laid it down as a kind of general rule, that while luxury only tends to keep up demand to the reasonable proportion of power and inclination in the industrious part of a people to supply it, that then it is advantageous to a nation; and that so soon as it begins to make the scale of home-demand preponderate, by forming a competition among the natives, to consume what strangers seek for, that then it is hurtful, and has an evident tendency to root out foreign trade. These principles are all analogous to one another, and should be retained while we examine the question before us.

I must still add, that the fluctuation of the balance of wealth is constantly inclining in favour of the industrious, and against the idle consumer. This however admits of a restriction, viz. The industrious must be supposed to be frugal; and the idle, extravagant. For if the industrious man consumes the produce of his industry, he will only have laboured to increase his consumption, not his wealth: and if the idle person, by his frugality, keeps within the bounds of his yearly income, he will thereby repair every disadvantage incurred by his sloth, the balance then will stand even between them; the industry in one scale, and the fund already provided in the other, will keep both parties on a level as before.

In order, therefore, to make the balance of domestic wealth turn in favour of a poor man, he must be both industrious and frugal.

Now let us apply these principles to a whole nation, considered as an individual in the great society of mankind. A private person who conducts his affairs with prudence, must either be in a way of growing richer by his industry; or of spending his income with oeconomy and discretion: so I must suppose a nation which is well governed, either to be growing rich by foreign trade, or at least in a state of not becoming poorer by it.

It is the duty of every statesman to watch over the conduct of those who hold the foreign correspondence, as it is the duty of the master of a family to watch over those he sends to market.

I find it is the opinion of the learned Mr. Hume, that there is no such thing as a balance of trade, that money over all the world is like a fluid, which must ever be upon a level; and that so soon as in any nation that level is destroyed by any accident, while the nation preserves the number of its inhabitants, and its industry, the wealth must return to a level as before.

To prove this, he supposes four fifths of all the money in Great Britain annihilated in one night; the consequence of which he imagines would be, that all labour and commodities would sink in their price, and that foreign markets would be thereby entirely supplied by that industrious people, who would immediately begin to draw back such a proportion of wealth, as would put them again upon a level with their neighbours.

This reasoning is consistent with the principles we have examined, and humbly rejected in the preceding chapter; both stand upon the same foundation, and lead to a chain of consequences totally different from the whole plan of this inquiry.

My intention is not so much to refute the opinions of others, as briefly to pass them in review. General propositions, such as those we have been treating of, are only true or false, according as they are understood to be accompanied with certain restrictions, applications, and limitations: I shall therefore say nothing as to the proposition itself, but only examine how far the example he has taken

taken of the sudden annihilation of a great proportion of a nation's wealth, can naturally be followed by the consequences he supposes.

For this purpose, let me suggest another consequence (different from that of the author, and flowing from the doctrine we have established) which possibly might happen, upon the annihilation of four fifths of all the money in Great Britain. I shall take no notice of the effects which so sudden a revolution might occasion; these have not been attended to by the author, and therefore I shall consider them as out of the question. I suppose the event to have happened, prices to have been reduced, and every immediate inconvenience to have been prevented. My only inquiry shall be directed towards the unavoidable consequences of such a revolution, as to foreign trade, as to drawing back the money annihilated, and as to the preserving the same number of inhabitants, and the same degree of industry as before. If I can shew, that the event alone of annihilating the specie, and reducing prices in proportion, (which I shall allow to be the consequence of it) will have the effect of annihilating both industry and the industrious, it cannot afterwards be insisted on, that the revolution can have the effect of drawing back a proportional part of the general wealth of Europe: because the preservation of the industrious is considered as the requisite for this purpose.

Here then is the consequence, which, in my humble opinion, would very probably happen upon so extraordinary an emergency; and I flatter myself that my reader has already anticipated my decision.

The inhabitants of Great Britain, who, upon such an occasion, would be found in possession of all the exportable necessaries of life, and of many other kinds of goods demanded in foreign markets, instead of selling them to their poor countrymen, for a price proportioned to our author's tariff, and to the diminution of the specie, which he takes to be the representation of them, would export

them to France, to Holland, or to any other country where they could get the best price, and the inhabitants of Britain would starve.

If it be replied, that the exportation would not be allowed. I answer, that such a prohibition would be highly seasonable; but quite contrary to the principle of laying trade open, and impossible to be effectual, as that author justly observes, when he says, "Can one imagine, that all commodities could be sold in France, for a tenth of the price they would yield on the other side of the Pyrenees, without finding their way thither, and drawing from that immense treasure?" Suppose this phrase to run thus. Can any one imagine, that provisions could be sold in Britain, for a fourth part of the price they would yield on the other side of the water, without finding their way thither, and drawing from that immense treasure? This is entirely consistent with our principles, and ruins the whole of Mr. Hume's former supposition: because the exportation of them would annihilate the inhabitants.

From this I conclude, that a nation, though industrious and populous, may reduce itself to poverty in the midst of wealthy neighbours, as a private person, though rich, may reduce himself to want, in the midst of the amusements and luxury of London or of Paris. And that both the one and the other, by following a different conduct, may amass great sums of wealth, far above the proportion of it among their neighbours.

This is not a matter of long discussion. It is not by the importation of foreign commodities, and by the exportation of gold and silver, that a nation becomes poor; it is by consuming those commodities when imported. The moment the consumption begins, the balance turns; consequently, it is evidently against the principles which we now examine, either to sell at home, or destroy confiscated goods. The only way of repairing the damage done by such frauds, is to export the merchandize, and by selling them cheap in other countries, to hurt the trade of the country which

first had furnished them. From this also we may conclude, that those nations which trade to India, by sending out gold and silver, for a return in superfluities of the most consumable nature, the consumption of which they prohibit at home, do not in effect spend their own specie, but that of their neighbours who purchase the returns of it for their own consumption. Consequently, a nation may become immensely rich by the constant exportation of her specie, and importation of all sorts of consumable commodities. But she would do well to beware of this trade, when her inhabitants have taken a luxurious turn, lest she should come to resemble the drunkard who commenced wine merchant, in order to make excellent cheer in wine with all his friends who came to see him; or the millener, who took it into her head to wear the fine laces she used to make up for her customers.

If a rich nation, where luxury is carried to the highest pitch, where a desire of gain serves as a spur to industry, where all the poor are at work, in order to turn the balance of domestic wealth in their favour, if such a nation, I say, is found to consume not only the whole work of the inhabitants, but even that of other countries, it must have a balance of trade against it, equivalent to the foreign consumption; and this must be paid for in specie, or in an annual interest, to the diminution of the former capital. Let this trade continue long, they will not only come at the end of their metals, but they may even succeed in exporting their lands. This last appears a paradox, and yet it is no uncommon thing. The Corsicans have exported, that is sold, the best part of their island to Genoa; and now, after having spent the price in wearing damask and velvet, they want to bring it back, by confiscating the property of the Genoese, who have both paid for the island, and drawn back the price of it by the balance of their trade against these islanders. It were to be wished that Corsica alone afforded an example of this kind!

Is it not, therefore, the duty of a statesman to prevent the consumption of foreign produce? If tapestry or other elegant furniture, such as is seen in a certain great capital in Europe, were allowed to be imported into a neighbouring nation, who doubts but this article would carry money out of that nation?

It may be answered, that as much elegance of another kind may be sent in return. True; and it would be very lucky if this could be the case; but then you must suppose an equality of elegance in both countries, and farther, you must suppose a reciprocal taste for the respective species of elegance. Now the taste of one country may, indeed, be common to both; but it may happen that the taste of the one may not be that of the other, though nothing inferior, perhaps, in the opinion of a third party. And the difference may proceed from this; that the young people of one country travel into the other, where the inhabitants stay at home: a circumstance which would prove very prejudicial to the country of the travellers, if a wise statesman did not, by seasonable prohibitions upon certain articles of foreign consumption, prevent the bad consequences of adopting a taste for what his subjects cannot produce.

This furnishes a hint, that it might not be a bad maxim in a great monarchy, to have houses built in the capital for every foreign minister, where the general distribution of the apartments of each might be, as much as possible, analogous to the taste of the country for whose minister it is calculated; but as to the furniture, to have it made of the most elegant domestic manufactures easily exportable, nicely adapted also to the uses and fashions of every foreign country. Such a regulation could never fail of being highly acceptable, as it would prove a great saving to foreign ministers, and would insensibly give them a taste for the manufactures and luxury of the country they reside in. On the other hand, I would be so far from expecting a return of this civility, that I would recommend a set of furniture, as a gratification, to every minister sent
abroad,

abroad, who should regularly sell it off upon the expiration of his commission. Such an expence would not cost one penny to the nation, and would be a means of captivating unwary strangers, who might be thereby made to pay dearly for such marks of politeness and civility. I return.

Without being expert in the computation of exports and imports, or very accurate in combining the different courses of exchange between the different cities of Europe, a statesman may lay it down as a maxim, that whatever foreign commodity, of whatsoever kind it be, is found to be consumed within the nation he governs, so far the balance of trade is against her; and that so far as any commodity produced either by the soil, or labour of the inhabitants, is consumed by foreigners, so far the balance is for her.

A nation may in some measure be compared to a country gentleman, who lives upon his land. This I suppose to be his all. From it he draws directly his nourishment, perhaps his clothes are worked up in his family. If he be so very frugal as never to go to market for any thing, any spare produce which he can sell, is clear money in his purse. If he indulges now and then in a bottle of wine, which his farm does not produce, he must go to market with his purse in his hand; and so soon as his bottle is out, I think he is effectually so much poorer than he was before. If he goes on, and increases his consumption of such things as he is obliged to buy, he will run out the money he had in his purse, and be reduced to the simple production of his farm. If then this country gentleman be poorer, certainly some body is richer; and as it is no body in his family, it must be some of his neighbours.

Just so a nation which has no occasion to have recourse to foreign markets, in order to supply her own consumption, must certainly grow rich in proportion to her exportation.

These riches again will not circulate at home, in proportion to the domestic consumption of natural produce and manufactures, but in proportion to the alienation of them for money: the surplus-
wealth

wealth will stagnate in one way or other, in the hands of the money gatherers, who are the small consumers.

While there is found a sufficient quantity of money for carrying on reciprocal alienations; those money gatherers will not be able to employ their stagnated wealth within the nation; but so soon as this gathering has the effect of diminishing the specie, below the proportion found necessary to carry on the circulation, it will begin to be lent out, and so return to circulate for a time, until by the operation of the same causes it will fall back into its former repositories.

Should it be here objected, that upon the augmentation of a nation's riches, no money can stagnate; because *prices rising in proportion to the augmentation of them*, all the additional wealth must be thrown into circulation: surely both reason and experience must point out the weakness of such an objection.

While a favourable balance, therefore, is preserved upon foreign trade, a nation grows richer daily; and still prices remain regulated as before, by the complicated operations of demand and competition; and when one nation is grown richer, others must be growing poorer: this is an example of a favourable balance of trade.

When this superfluity of riches is only profited of by the luxurious individuals, instead of being turned to profit by the state itself, with a view to secure the advantages thereby acquired, then the balance takes a contrary turn: this is the case whenever foreign importations for consumption, are either permitted as a gratification to the luxurious desires of the wealthy, or because of the rise in the price of goods at home, in consequence of domestic competition. If it be permitted purely in favour of the first, it marks a levity and want of attention unworthy of a statesman: if on account of the second, it shews either an ignorance of the real consequences of so temporary an expedient, or a disregard for the welfare of the lower classes of the people.

Every

Every augmentation of prices at home, must be a necessary consequence of many domestic circumstances, and must be removed by correcting them, as has been, I think, made clear. But let it be supposed, that from the augmentation of wealth *alone*, manufactures can no more produce work so cheap as other nations; I think that both in humanity and prudence, a people should submit to the inconvenience of paying dearer. In humanity, because by the introduction of foreign manufactures, you starve those very people, who by their labour have enriched you: in prudence, because by opening your ports to such importation you deliberately throw away that superiority of riches you have been at so much pains to acquire.

I freely grant, that particular people do not regulate either their expence or their schemes of getting money, with a view to promote the public good. One who has a coat to buy, will be very glad to find a piece of foreign manufacture at a cheap rate; another will wish to smuggle a piece of goods on which there is a high duty. But the question is, whether a statesman is to allow this foreign consumption? I think it is much the same question, as if it were asked, whether the master of a family should, in good oeconomy, allow his servants to invite their friends to drink in his cellar, instead of carrying them to a public house.

But suppose it said, that "by laying trade open, you are sure that wealth will naturally come to a balance, in all countries, and that all fears of a wrong balance of trade are only the effect of a gloomy imagination." See Mr. Hume's *Political Discourses*, Sect. v.

Several answers may be made to this objection. The first, that it is in order to prevent this kind of balance, that every nation gives themselves disquiet: for by balance here, is understood an equality of wealth; and it is rich nations only who are anxious, lest they should be brought to such an equality. In the question here before us, it is the loss of the superiority which is understood by a balance turning

turning against a nation. If, therefore, it be the interest of a nation, poor in respect of its neighbours, to have trade laid open, that wealth may, like a fluid, come to an equilibrium: I am sure it is the interest of a rich nation, to cut off the communication of hurtful trade, by such impediments as restrictions, duties, and prohibitions, upon importation; that thereby, as by dykes, its wealth may be kept *above* the level of the surrounding element.

Another answer is, that laying trade open would not have the effect proposed; because it would destroy industry in some countries, at least, if not every where. A manufacture must be very solidly established indeed, not to suffer any prejudice by a permission to import the like commodities from other countries. The very nature of luxury is such, that it prompts people often to consume, from caprice and novelty, what is really inferior to home-production. It may be answered, that this argument cuts two ways: for if a nation from caprice consumes foreign commodities, why may not other nations from caprice likewise, take off those which are left on hand? This reasoning may appear good, in a theory which does not take in every political consideration. But a poor manufacturer who cannot find work, because the branch he works in is supplied from abroad, cannot live till the caprice of foreigners makes them demand his labour. If a certain number of inhabitants be employed in a necessary branch of consumption, there must be a *certain* demand preserved for it; and whatever can render this precarious, will ruin the undertaking, and those employed in it.

A third answer is, that any nation who would open its ports to all manner of foreign importation, without being assured of a reciprocal permission from all its neighbours, would, I think, very soon be ruined; and if this be true, it is a proof that a balance of trade is a possible supposition, and that proper restrictions upon importation may turn to the advantage of a state.

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In order to promote industry, a statesman must act, as well as permit and protect. Could ever the woollen manufacture have been introduced into France, from the consideration of the great advantage England had drawn from it, if the King had not undertaken the support of it, by granting many privileges to the undertakers, and by laying strict prohibitions on all foreign cloths? Is there any other way of establishing a new manufacture any where?

Laying, therefore, trade quite open would have this effect, it would destroy at first, at least, all the luxurious arts; consequently, it would diminish consumption; consequently, diminish the quantity of circulating cash; consequently, it would promote hoarding; and consequently, would bring on poverty in all the *states* of Europe. Nothing, I imagine, but an universal monarchy, governed by the same laws, and administered according to one plan well concerted, can be compatible with an universally open trade. While there are different states, there must be different interests; and when no one statesman is found at the head of these interests, there can be no such thing as a common good; and when there is no common good, every interest must be considered separately. But as this scheme of laying trade quite open, is not a thing likely to happen, we may save ourselves the trouble of inquiring more particularly into what might be its consequences; it is enough to observe, that they must, in their nature, be exceedingly complex, and if we have mentioned some of them, it has only been to apply principles, and shew how consequences *may* follow one another: to foretel what *must* follow is exceedingly difficult, if not impossible.

In discovering of the balance of trade, I have hitherto considered it only so far as the specie of a country is augmented by it. In the subsequent book, when we shall have occasion to bring this subject once more upon the carpet, I shall shew how a balance may be extremely favourable without augmenting the mass of the precious metals; to wit, by providing subsistence for an additional number of inhabitants; by increasing the quantity of shipping, which is an

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article of wealth; by constituting all other nations debtors to it; by the importation of many durable commodities, which may be considered also as articles of wealth; as a well furnished house, a well stored cellar, an ample wardrobe, and a fine stable of horses, are articles which enhance the value of the inheritance of a landed man.

Then we shall have occasion to shew how industry heightens the permanent value of a nation, as agriculture increases its annual produce.

C H A P. XXX.

Miscellaneous Questions and Observations relative to Trade and Industry.

IT is now time to draw to a conclusion of this book. The subject of trade and industry is inexhaustible, if considered in all its branches, and traced through every consequence. My intention has been to inquire into the original principles which influence general operations, and which, less or more, enter into every combination. I have represented trade in its infancy, manhood, and old age; and have endeavoured to prescribe a general regimen of health for every period. It is sufficient to be thoroughly master of the principles, to be able to apply them to particular cases, providing every circumstance be exactly known.

The intention of this chapter, is, to review some parts of our subject, which I think have not received all the light necessary to be thrown upon them, to suggest some remarkable differences between antient and modern oeconomy, with regard to circulation

and industry; and, in general, to lay certain circumstances together, which may point out the spirit of modern times, from which we are endeavouring to extract a set of consistent principles. Every thing which points out relations is useful; because we know nothing, but through this channel. Now certain relations are too frequently taken for granted, and nothing is more essential in political reasonings, than to point them out clearly, to proceed by the shortest steps, and still to keep experience and matter of fact before our eyes, when we draw a conclusion from a general proposition. Let the conclusion appear ever so just, if, when compared with experience, a disagreement appears, it is ten to one we have overlooked some circumstance, which ought to have entered into the combination.

To illustrate this, let me cite a mistake of my own, which I purposely left uncorrected, in the second chapter of the first book, where I very confidently declare, that a statesman, who, upon certain occasions, which seem favourable for raising great sums upon a people, increases taxes only in proportion to the interest of the money borrowed, must be shortsighted and regardless of futurity. This, I remember, appeared to me at the time I wrote, so clear and evident, that I thought I ran no risk in making it enter into a preliminary chapter. But when I came to look a little more particularly into the matter, I found I had been grossly mistaken; as I hope to shew evidently in its proper place. Had every such mistake been treated with the same indulgence, I should have been more employed in the correction of my own blunders, than in the prosecution of my subject. People who reason with tolerable exactness on such subjects, generally fall into mistakes, from the generality of their propositions. These may commonly be true enough, within the compass of the author's combinations at the time, and yet may not be true in every other case. From which I infer, that every one of my readers, who can form combinations more extensive than mine, will find sufficient matter for criticism in every page.

of this inquiry. So much the better: it is by such criticisms and discussions, that particular branches of knowledge are brought to the certainty of science.

The more simple any plan of political oeconomy is, the more it is easy to govern by general rules; the more complex it becomes, the more it is necessary for a statesman to enter into combinations. But when general rules have been long established, they gain such an authority over the minds of a people, that any deviation from them appears like heresy in religion: and how seldom does it happen, that a people is blessed with a governor, who has both penetration to discover, art to persuade, and power to execute a plan adapted to every combination of circumstances.

No change can happen in a state, but what is advantageous to some class or other, and when the public good requires that a stop should be put to such advantages, numbers of discontented people will always be found. Circumstances, therefore, ought to be well weighed before new plans of administration are entered upon; and when once adopted, those who pretend to criticize, must suppose themselves provided with superior talents and better informations, as to every circumstance, than the author of the innovation. For this reason, there is little danger in censuring a statesman's opinion, when he delivers it; but a great deal in finding fault with his conduct, when his motives are not known.

In the former chapters, we have been treating of the nature and consequences of circulation, the effects of augmentations and diminutions of specie, and the doctrine of Mr. Hume concerning the balance of trade. The perspicuity with which this author writes, renders his ideas easy to conceive; and when people understand one another, most disputes are soon at an end.

In order, therefore, to throw a little more light upon the nature of the balance of trade between nations, let me examine the following questions while we have the subject of the last chapter fresh in our memory.

QUEST.

QUEST. 1. Can any judgment be formed concerning the state of the balance of trade of a nation, barely from the quantity of specie that is found in it?

ANSWER in the negative. A great proportion of all the specie of Europe, may be found in a country against which the balance of trade has stood regularly for many years. An inconsiderable proportion of it may be found in another, which has had it as regularly in its favour for the same time.

The balance upon every article of trade, may be favourable to a nation which squanders away more than the returns of it, upon foreign wars.

The balance of every article of trade, may be against a country which receives more than all the loss incurred, either from her mines; from countries tributary to her, or who willingly furnish subsidies upon many political considerations.

Besides these varieties, there are still other combinations, relative to the specie itself. The money found in a country, may either be said to belong *absolutely* to the country, when neither the state itself, or the particular people of it, are in debt to foreigners; or only *so by virtue of a loan*. Now, whether it is borrowed or not, the property of it belongs to the country; but the difference consists in this, that when it is borrowed, the acquisition of the metals adds nothing to the national patrimony, that is to say, there is no acquisition of wealth thereby made; but when it is gained by industry, the money adds to the real value of the country, in consequence of the principles laid down in the 26th chapter.

May not a nation then, having very little gold and silver, open a subscription for millions, at so much *per cent*? Will not strangers lend to her, when her own subjects cannot? May she not yearly, by paying away the interest of the money borrowed, and by a heavy balance of trade against her, be constantly diminishing her specie, and yet by new contracts, keep up, and even increase the mass of the circulating value, to such a degree, as to be possessed of a greater

greater proportion of specie than any of her neighbours? Farther,

Is it not certain, that all nations will endeavour to throw their ready money, not necessary for their own circulation, into that country where the interest of money is high with respect to their own, and where consequently the value of property in land is low; since they may either draw a high interest from it, or make the acquisition of solid property? Forbidding therefore the acquisition of solid property to strangers, is, in effect, a prohibition upon the gratuitous importation of specie. I allow there may be examples of people who make such purchases, with a view to draw the rents of the lands bought, out of the country; but whatever be the intention at the time of purchase, such however is the effect of an established fortune in a country, that, sooner or later, it draws the proprietor to it; and when this does not happen, a subsequent alienation commonly takes place.

Were the purchase, therefore, of lands permitted universally, and were it established, that property in land, to a certain value, should give a right to naturalization, no doubt large sums would be brought into those countries, where lands are found cheapest; and as no exportable commodity is given in return, the specie of such countries might mark the quantity of lands sold, as well as that of merchandize exported. For want of a sufficient extension of these and many other combinations, which it would be easy to contrive, Mr. Belloni, in his *Dissertation upon Commerce*, Chap. I. Sect. 5. falls into several mistakes, when he judges of the exportation of commodities of a particular country, by the quantities of money found in it.

Essendo adunque da ciò venuto (says he) che l'abondanza del danaro, ovunque si ritrovi, significa l'abondanza stessa delle cose, delle quali egli è misura: perciò doviziosi meritamente sono stati detti quegli uomini, e ricco alteri quel regno, dove si ritrova gran copia di danaro. Dal altro canto poi, se si considera lo stato di un regno, ed il danaro, che è dentro di esso, tenendo sempre
salda

salda l'essenza della moneta (che altro non sia, che misura di cose, e prezzo, che viene in compenso di mercanzie) ovunque di essa vedrasi affluenza, ognuno ben vede, doverli subito necessariamente arguire, un gran traffico di quel dominio, con esito di merci, in uso degli esteri, e all'incontro ovunque questa venga a mancare, doverse ne dedurre grande introito di merci, che sieno subentrato nel luogo della moneta, e che l'abbiano fatta uscire.

These consequences are only just so far as money comes into, or goes out of a country, as the price of merchandize exported or imported. But how much money has not this author himself drawn into Rome from England, for the exportation of nothing but the bills of travellers?

On the other hand, may not a country, which is actually in possession of great quantities of gold and silver, call in these metals, and circulate, in their place, a symbolical money? May not a nation then, as well as a private person, employ this specie in a profitable foreign trade, and gain daily by it? May she not, after some time, withdraw her stock, by calling in her debts? And may she not also call in her paper, and remain with an additional acquisition of specie in her pocket? Consequently, during the circulation of the paper, no judgment can be formed as to the balance of her trade, by examining the state of her specie; because I can suppose that at this time every shilling of it may be in the hands of strangers. Consequently, the richest nation in Europe may be the poorest in circulating specie.

“ The writings of Mr. Gee (says Mr. Hume in his *Political Dissertation upon the Balance of Trade*) struck all the nation with a panic fear, by shewing from a long enumeration of particulars, that the balance inclined so much against us, and for so considerable sums, that in the space of five or six years, there would not remain one shilling in England. But happily twenty years are elapsed since, we have supported a long and expensive foreign war, and nevertheless, it is commonly believed, that money is

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"at present as plentiful in the kingdom as ever." I quote from the French translation.

Mr. Gee was in the wrong to conclude, that the balance of trade would have the effect of carrying off the coin: and Mr. Hume has been misled by this mistake, to conclude, that Mr. Gee's calculations were false. I know nothing as to the matter of fact; nor whether Mr. Gee was a good or a bad judge of the question he treated; but from what has been said, I hope it appears, that the state of the coin in England, at the time Mr. Hume wrote, was no proof on either side.

To judge of the balance of trade is one thing; to judge of the wealth of a nation as to specie is another. England may greatly increase her specie by her trade, and greatly diminish it by her wars: perhaps this may be the fact. She may also, at certain times, have a balance of trade against her; and great sums laid out in foreign wars, may be the means of making it return in her favour. Should that nation begin to pay off her debts to strangers, in ready coin, might she not soon diminish, perhaps exhaust, the specie she is now possessed of; yet surely none ever became poorer by paying off their debts. Nothing is so easy as to have specie, when one has solid property to pledge for it; and nothing can be worse judged, than to purchase specie from strangers, at the expence of paying an interest for it, when they can contrive a circulating value in paper money, representing the solid value which must have been pledged to strangers for the loan of their metals.

But still it may be asked, how it happens, that notwithstanding of the most unfavourable balance of trade, no nation is ever found to be entirely drained of her specie; and since we have proved, that the specie of a country may be diminished by a disadvantageous trade, what are the principles which prevent the total dissipation of it?

This is a very curious question, and opens a door to a multitude of new ideas, which will furnish abundant matter of speculation,

lation, when we come to treat more directly of credit. I shall here examine it in general, only for the sake of applying the principles we have laid down.

I. It may be said, that as common prudence prevents a private person from spending to his last shilling; so the like prudence commonly engages a people to put a stop to trade, before it has had time totally to drain them. Although most people drink wine, there is no reason why every body should be drunk.

II. Nothing is so complicated as the balance of trade, considered among many nations. The general wealth circulates from one to another, as the money which the farmer gives the landlord circulates back to the farmer. In the number of hands through which the money passes, some are of the class of the luxurious, some of the frugal; the first represents those nations who lose by the balance, the latter those who gain. But the most industrious nations of all, and those who, considered abstractedly from extraordinary accidents, appear in the way to swallow up the wealth of the rest, are, by the means of such accidents, made liable to terrible restitutions. How many millions, for example, has England restored to the continent, in consequence of her wars and subsidies? She then lays a foundation for many more years of favourable balance, and accordingly we see it return to her, as the money which the state spends within the nation, returns into the exchequer at the end of the year.

III. It may be asked, how it happens that no nation has ever spent to its last farthing, as many an individual has done? I answer, that I am far from believing that this has never happened; nay, I believe there is nothing more frequent or familiar than this very case, providing the riches of a country be here supposed to mean no more than the specie *absolutely* belonging to herself, not borrowed from other nations.

I have said above, that the acquisition of money by industry, increased the real value of a country, as much as the addition of a

portion of territory: now what should hinder a people from spending their ready money, and, at the same time, preserving their land? Because a young gentleman, whose father has left him a fine estate in land, and ten thousand pounds in ready money, has spent the ten thousand pounds, does it follow, that he is without a shilling? Upon this view of the question, it will, I believe, be granted, that Dr. Swift's idea that all the specie of Ireland would in a short time be exported, in consequence of an unfavourable balance of trade, is very far from being chimerical, and might be exactly true; although at this time there be six times more in circulation than ever; just as a person who is running through his fortune, has commonly more money in his hands than his father used to have, when he was acquiring it. Let Ireland pay her debts to England, and then count her specie. Let England pay her's to all the world, and then weigh her gold and silver. Suppose that on summing up the accounts, there is not found one shilling in either country, is this any proof of their being undone? By no means: *coin is one article of our wealth, but never can be the measure of it.*

I know little of the state of Ireland; but if it be true, that paper money is increasing daily in that country, it is, I suppose, because the specie is daily exported to England, as the returns of estates belonging to people who reside there, and that the Irish, instead of buying it back again for their own use in circulation, augment their paper, in proportion to the progress of their industry; and only buy such quantities of specie as are necessary for paying the balance of their trade. Now by buying specie, I do not suppose, that they bring any over to Ireland, in order to send it back to England; but that they send over goods to the value, which the English merchants pay in specie, or in English paper, to those who are creditors upon Ireland; for the value of their rents, &c.

Suppose then, for a farther illustration of some principles, that all the lands of Ireland belonged to Englishmen residing in their own country, and annually drawing from Ireland the income belonging

to them, what would the consequence be? As long as this portion of the produce of lands, which goes for rent, (and which, as we have said, is the fund provided for the subsistence of the free hands who purchase their own necessaries) could be bought and consumed by the Irish themselves, that is, in other words, while in Ireland there was a demand for this portion of the fruits, it would be paid for, either in coin, to the diminution of their specie, or in something which might be converted into money; that is, by the produce of their industry, and thus, by the means of trade, would come into the hands of the English proprietors, either in specie, or in any other form they judged proper.

That so soon as the demand for this portion of fruits came to fail, for want of money, or industry, in Ireland to purchase it, what remained on hand would be sent over to England in kind; or by the way of trade, be made to circulate with other nations (in beef, butter, tallow, &c.) who would give silver and gold for it, to the proprietors of the Irish lands. By such a diminution of demand in the country, for the fruits of the earth, the depopulation of Ireland would be implied; because they who consumed them formerly, consume them no more; that is to say, they either died, or left the country.

To conclude, a great part of the value of a country is its produce and manufactures; but it does not follow, as Mr. Belloni asserts, that these should as necessarily draw a proportional sum of the gold and silver of Europe into that country, as a shoal of small fishes draws water fowl, or as charity draws the poor, or as beauty draws admiration.

QUEST. 2. Can no rule be found to judge of the balance of trade from the state of specie, or at least to perceive the effects of that balance in augmenting or diminishing the mass of riches?

Could it be supposed that specie never circulated between nations, but in the way of trade, and in exchange for exportable commodities, this would be a rule.

In nations where the earth produces neither gold or silver, and where these metals are imported as the returns of industry only, the balance in their favour, from the introduction of specie, to this day, would be measured by the quantity of it which they possess. Here Mr. Belloni's opinion is just.

Farther, the consumption made by any nation for the same term of years, is equal to the whole natural produce and labour of the inhabitants for that time, *minus* the quantity of such produce and labour, as is, or has been equal in value to the actual national specie.

On the other hand, in nations where gold and silver are produced by the earth, the balance of trade against them, from the time these metals became the object of trade, to this day, may be estimated by the quantity of them which has been exported.

And farther, the consumption made by such nations, for the same term of years, is equal to the whole natural produce and labour of the inhabitants for that time, *plus* the quantity of such produce and labour, as is, or has been equal to the quantity of these metals exported.

These positions are by much too general to be laid down as principles, because trade is not concerned in every acquisition or alienation of specie; but they may serve, in the mean time, to illustrate the doctrine we have been considering, and even in many cases may be found pretty exact. For example,

If it be true, that in any nation of Europe, there be now just as much silver and gold as there was ten years ago, and if that nation during this period, has supported, without borrowing from strangers, an expensive war which may have cost it, I suppose, five millions, it is certain, that during this period, the home consumption must have been the value of five millions less than the natural produce, labour, and industry of the inhabitants; which sum of five millions must have come from abroad, in return for a like value

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of the production, labour, &c. remaining over and above their own consumption.

In this supposition, the national wealth (the metals) remains as before, the balance of it only is changed. How this change is performed, and what are its consequences, may be discovered by an application of the principles already laid down.

QUEST. 3. What were the effects of riches before the introduction of trade and industry?

I never can sufficiently recommend to my readers to compare circumstances, in the oeconomy of the antients, with that of modern times; because I see a multitude of new doctrines laid down, which, I think, never would have been broached, had such circumstances been properly attended to. I have endeavoured to shew, that the price of goods, but especially of articles of the first necessity, have little or no connection with the quantities of specie in a country. The slightest inspection into the state of circulation in different ages, will fortify our reasoning: but the general taste of dissipation which is daily gaining ground, makes people now begin to imagine, that wealth and circulation are synonymous terms; whereas nothing is more contrary both to reason and matter of fact. A slight review of this matter, in different ages, will set it in a clearer light than a more abstract reasoning can.

It is a question with me, whether the mines of Potosi and Brasil, have produced more riches to Spain and Portugal, within these two hundred years, than the treasures heaped up in Asia, Greece, and Egypt, after the death of Alexander, furnished to the Romans, during the two hundred years which followed the defeat of Perseus, and the conquest of Macedonia.

From the treasures mentioned by all the historians who have writ of the conquest of those kingdoms by the Romans, I do not think I am far from truth, when I compare the treasures of the frugal Greeks to the mines of the new world.

What

What effect, as to circulation, had the accumulation of these vast treasures? Not any to accelerate it, surely: and no person, the least conversant in antiquity, will pretend that the circulating specie in those times, bore as great a proportion to their treasures, as what is at present circulating among us, bears to the wealth of the most oeconomising Prince in Europe. If any one doubt of this particular, let him listen to Appian, who says, that the successors of Alexander, the possessors of those immense riches, lived with the greatest frugality. Those treasures were then, as I have said, a real addition to the value of their kingdoms; but had not the smallest influence upon prices. In those days of small circulation, the prices of every thing must have been vastly low, not from the great abundance of them, but because of the little demand; and as a proof of this, I cite the example of a country, which, within the space of fifty years, possessed in *specie* at one time, considerably beyond the worth of the land, houses, slaves, merchandize, natural produce, moveables, and ready money, at another. The example is mentioned by Mr. Hume, and I am surprized the consequence of it did not strike him. For if the money they possessed was greatly above the worth of all their property, moveable and immoveable, surely it never could be considered as a representation of their industry, which made so small a part of the whole. Athens possessed, before the Peloponnesian war, a treasure of ten thousand talents; and fifty years afterwards, all Athens, in the several articles above specified, did not amount to the value of six thousand. Hume's *Political Discourses upon the Balance of Trade*.

These treasures were spent in the war, and they had been laid up for no other purpose. Therefore I was in the right, when I observed above, Chap. 22. that war in ancient times, had the effect that industry has now: it was the only means of making wealth circulate. But peace producing a general stagnation of circulation, people returned to the ancient simplicity of their manners, and the prices of subsistence remained on the former footing; because there was

was no increase of appetite, or rising of demand upon any necessary article. So much for the state of wealth during the days of frugality.

The Romans subdued all those kingdoms of the Greeks, and drew their treasures to Rome. The republic went to destruction, and a succession of the most prodigal Princes ever known in history succeeded one another for about two hundred years. Those monstrous treasures were then thrown into circulation, and I must now give an idea of the effects produced by such a revolution.

I have already observed (Chap. 28.) that in consequence of the great prodigality of those times, the prices of superfluities rose to a monstrous height; while those of necessaries kept excessively low. The fact is indisputable, and any one who inclines to satisfy himself farther, may look into that valuable collection of examples of ancient luxury, wealth, and at the same time of simplicity, found in Mr. Wallace's *Dissertation upon the Numbers of Mankind in ancient and modern Times*, p. 132. et seq.

But how is it to be accounted for, that the prices of superfluities should stand so high, while necessaries were so low? The reason is plain, from the principles we have laid down. The circulation of money had no resemblance to that of modern times: fortunes were made by corruption, fraud, concussion, rapine, and penury; not by trade and industry. Seneca amassed in four years 2,400,000 pounds sterling. An augur was worth 3 millions sterling. M. Antony owed on the Ides of March, 322,916 pounds sterling, and paid it before the calends of April. We know of no such circulation. Every revolution was violent: the powerful were rapacious and prodigal, the weak were poor and lived in the greatest simplicity: consequently, the objects of the desires of the rich were immensely dear; and the necessaries for the poor were excessively cheap. This is a confirmation of the principles we have laid down in Chap. 28. that the price of subsistence must ever be in proportion to the faculties of the numerous classes of those who buy: that the price of every

every thing must be in proportion to the demand made for it; and that in every case, where the supply can naturally increase in proportion to the demand, there must be a determined proportion between the price of such articles and that of subsistence. Now in the examples given by Mr. Wallace, of such articles as were found at monstrous prices, we only find such as could not be increased according to demand: here is the enumeration of them. Large asses brought from Spain, peacocks, fine doves, mullets, lampreys, peaches, large asparagus, purple, wool, jewels, carpets, *vestes Byssine*, slaves skilled in the finer arts, pictures, statues, books, and rewards to those who taught the sciences. By casting a glance upon the catalogue, we may easily perceive that the extraordinary price must have proceeded from the impossibility of augmenting the supply in proportion to the demand; not from the abundance of the money, which had no effect in raising the price of necessaries. The cheapness again of these, did not proceed from vast plenty; but because the price must have remained in proportion to the faculties of the numerous poor; and because the augmentation of the wealth of the rich never could increase their consumption of any necessary article. Had the Roman empire been governed with order and tranquility, this taste of luxury, by precipitating money into the hands of the numerous classes, would, in time, have wrought the effects of multiplying the number of the industrious, by purging the lands; consequently, of increasing the demand for vendible subsistence; consequently, of raising the price of it. And on the other hand, the adequate proportion between services and rewards given by the public, would have checked the other branch of circulation which produced those monstrous fortunes, to wit, rapine and corruption: and industry receiving a regular encouragement, every article of extraordinary demand for delicate aliments, birds, fishes, fruits, &c. would have been supplied with sufficient abundance; and consequently, would have fallen in its price. But when either despotism or slavery were the

patrimonial inheritance of every one on coming into the world, we are not to expect to see the same principles operate, as in ages where the monarch and the peasant are born equally free to enjoy the provision made for them by their forefathers.

I shall now come nearer home, and examine a very remarkable difference between the oeconomy in practice some hundred years ago, and that of the present time, with regard to the method of levying men and money.

This change is a consequence of trade and industry, and as I have been preparing the way for the introduction of other matters which equally owe their existence to them, it may not be improper, in this last chapter, to point out the natural causes of this change in modern politics. When people consider effects only, without examining the causes which produce them, they commonly blame rashly, or fall into an idle admiration of fortune. It is only by tracing natural causes, that we come at the means of forming a solid judgment of the nature of every abuse, and of every advantage.

The general taste for the extension of industry, is what has brought such loads of money into circulation; not the discovery of America. We read of treasures in antient times which appear to rival the wealth of modern Europe. Appian, as cited by Mr. Hume, mentions a treasure of the Kings of Egypt, of near two hundred millions sterling; and says, that all the successors of Alexander were nearly as rich, and fully as frugal. Frugality then is compatible with the greatest wealth. Therefore the wealth of America, has not been the cause of European refinement; but the extension of civil liberty has obliged the possessors of treasures, which in all ages have been coveted by man, to open their repositories, in order to procure the service of those who formerly made a branch of the property of the most wealthy. This is the foundation of trade and industry.

Why, therefore, has trade and industry laid the foundation of taxes and standing armies, which appear so contrary to the one and the other?

I answer shortly, that very little change has been made as to things themselves by that revolution; but with respect to the order of things, the difference is great. Trade and industry cannot flourish without method and regularity; taxes and standing armies are only a systematical execution of the old plan, for preserving the power, safety, and independence of the nations of Europe.

Taxes are no more than the liquidation of those services which formerly were performed in kind. Standing armies are become necessary, that the call of the rich luxurious, who are insatiable in their demand for the service of the poor, may not be able to engross also the hands necessary for the defence of the state. Personal services were the taxes of former times. Let no man imagine, that ever any state could subsist without the contribution of its subjects. But a more authentic proof of this opinion is, that in the year 1443, while Charles the VIIth was engaged in the long war with the Kings of England, who disputed with him the monarchy of France, the services of the vassals of that kingdom (by the edict of Saumur of the 14th of September) were formally converted into the perpetual *Taille*; and this may be considered, as the foundation of the regular military force of the French nation. No body, in those days, imagined such an imposition to be oppressive or unjust: and if those who remain subject to it, appear under oppression at present, it is only because they continue in their ancient situation. Personal services are the heaviest of all impositions.

QUEST. 4. Why, therefore, are taxes so generally cried out against, why do they appear so new an invention, and why do people flatter themselves, that there is a possibility of putting an end to so general an oppression? I answer, because people commonly attend to words, and not to things. In former times, the great bulk of the inhabitants lived upon the lands, and were bound to personal

service. This kind of imposition was familiar, general, and equal; every class of the people was bound to services analogous to their rank in the state. The industrious who lived without any dependence upon the lands, and who did not enjoy the privileges of cities and corporations, were so few, that they were not an object of public attention. Farther, most privileges then known, were in consequence of land-property; consequently, those independent people were in a manner without protection, they were vassals to no body; consequently, had no body to interest themselves for them; consequently, were a prey to every one who had power, and no body was sorry to see a rich fellow, who had got plenty of ready money, and who seemed to do nothing for it, plundered by a lord who appeared in the service of his country. We see in the time of the croisades how odious all those money gatherers were; these were what we now call traders, it was principally in hatred to them, that the borrowing of money at interest was declared antichristian; because the Jews were principally in those days the merchants or the money lenders.

In the beginning of the sixteenth century, when Princes began to take a taste for magnificence, finding no body, almost, within their own country capable to supply them, they used to send to Flanders and Venice, the great trading states in those days, for many kinds of manufactures. This is the fountain of foreign trade in Europe. These two states perceiving the great benefit resulting to them from this new taste of dissipation, gave great encouragement to the industrious. Had they begun to impose high taxes upon them, they would have ruined all. Industry, then, was encouraged at first, and little loaded with any imposition. This is perfectly consistent with our doctrine. Some Princes, perceiving the daily diminution of their wealth, made efforts to restore this ancient simplicity, by forbidding this hurtful trade; others, such as Francis I. of France, and Henry VIII. of England, endeavoured all they could to establish industry in their own states. For this purpose, great privi-

Leges were granted to the industrious, who thereby increased daily. But this revolution naturally purged the lands, and by that operation diminished the number of personal service-men; or, as in France, where personal service was at an end, the number of those subject to the *taille*. I shall not trace this progress very minutely, but come directly to the period of extensive taxation. When industry was fairly established, and when nations began to be well clothed with the produce of their own soil, wrought up in a thousand different forms, by their own industrious subjects, Princes soon perceived their treasures to melt away, and saw plainly, that without a method of drawing back the money from this new class of inhabitants, the whole wealth of the state would come to center in their hands; but the means of coming at money was extremely difficult. The proprietors of the riches had no solid property in proportion; and their money was inaccessible. Some betook themselves to violence; and others to fraud: the one and the other produced the worst effects. The violence destroyed industry, and rendered the industrious miserable: for we have observed, that when inhabitants are once purged from off the lands, they have no resource left them but their industry; whereas let a peasant be robbed ever so often of his money, he still has the earth to maintain him. The fraudulent corrupted the great; the ministers of Princes became the terror of every man who had money; they enriched themselves by accepting of compositions, and the state remained constantly in want. At last, the scheme of proportional taxes took place: but for this purpose it was necessary to obtain the consent of the whole state; for no Prince's power extended so far, and they were not come to the time of being able to enlarge their prerogative. Such impositions, therefore, were first introduced in republics, and mixed governments. In monarchies they were established with more difficulty; because the great were equally affected by them with the small. But when long and expensive wars rendered supplies of money absolutely necessary, then were taxes consented

to; and the Prince who had not power enough to *establish* them, easily found means to *keep them up*, when once introduced.

From this progress we may easily discover the reason why taxes are cried out against. The system appears new, because we remember, in a manner, the doubling of the impositions, and we see them daily gaining ground; but we never reflect on the change of circumstances, and seldom attend to the consequences of that new species of circulation, which is carried on between the public and those employed by it. The state now pays for every service, because the people furnish it with money for this purpose.

If the blood therefore be let out, in modern times, at a thousand orifices of the body politic, there are just as many absorbtories (if I may be allowed such an expression) opened to receive it back. From this last circumstance I imply the perpetuity of taxes, while this system of political oeconomy prevails. We have not as yet seen an example of any state abolishing them, though many indeed have had such a scheme in view. But to resume my former comparison, I may suggest, that if all the orifices through which the blood issues, should be bound up, all the absorbtories which are fed with the returning blood, must be starved. But more of this in its proper place.

QUEST. 5. Why are standing armies a consequence of trade and industry?

In the first place, armies in all ages, past, present, and to come, have been, are, and will be calculated for offensive and defensive war; while therefore war subsists among men, armies in one way or other, will be necessary.

The advantage of regular armies has been known in all ages; and yet we find, that for many centuries they appeared in a manner discontinued; that is to say, we read neither of legions, nor of regiments, nor of any denomination of bodies of warlike men, kept up and exercised in time of peace, as was the custom while the Roman empire subsisted; and now, since trade has been established,

blished, we see the ancient Roman military oeconomy again revived. Let us therefore apply our principles, in order to account for this revolution also.

During the Roman empire, there was a very great flux of money into the coffers of the state, which proceeded more from rapine than from taxes. Consequently, it was an easy matter to keep up large bodies of regular forces.

With these they subdued the world, as I may call it, that is, all the polite nations then known; the Carthaginians, Greeks, and Asiatics. Had they remained satisfied, their empire might possibly have subsisted; because people who are rich, luxurious, and polite, are commonly peaceable. But nothing could satisfy their ambition: they conquered Gaul, and stretched the boundary of their empire from the streights of Gibraltar to the mouth of the Rhine. All was peaceable on that side, and in two or three centuries, both Spain and Gaul had adopted the spirit, language, and manners of the Roman people. But when they passed the Rhine, the Danube, and the Euphrates, they found mankind still less cultivated, and very little known. Their enemies fled before them, and left a territory which was not worth possessing. This of all barriers is the strongest. By carrying on war against such people, the match was very unequal; those nations had every thing to gain, and nothing to lose; the Romans had all to lose, and nothing to win. Those wars continued until the Barbarians learned the Roman discipline, and became warriors. It was the most profitable trade for them, as well as the only means of safety. That this was the plan of their oeconomy appears plainly from the form of government every where established by them. Where every free man was a soldier, there was no occasion for a regular militia.

Men are governed by prejudice more than by reason: to this I attribute the sudden change in the government of Europe. In place of one man governing the world, as was the case of the Emperors, the new spirit was, that all soldiers were equal, and a King was
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but *primus inter pares*. The sudden revolution had the effect of ruining every thing: learning, industry, politics, all went to wreck. One hundred years of barbarity must ruin the effects of a thousand centuries of politeness. This is the date of the annihilation of standing armies. A powerful Prince, such as Charles the Great, who acted in a high sphere, and who made the world his own, might, during his lifetime, establish the old oeconomy. But the general establishment of the feudal form of government, which, no doubt, was the best for preserving a great empire, filled with barbarity every where, joined with the weakness of that Prince's successors, introduced a new form less barbarous than the former, but equally compatible with a numerous standing militia. Every Baron became a sovereign, and his vassals were bred to arms; but as they were forced to attend the plough for subsistence, as well as the camp; wars were carried on consistently with agriculture. Certain months of the year were appropriated for war; others for peace. This was easily accomplished: war was constantly at the door; a campaign was finished in a week, because every man's nearest neighbour was commonly his worst enemy.

Europe remained in this general state of confusion for some centuries. Princes had, during that period, a most precarious authority, and when any nation chanced to be under the government of one who had talents to unite his subjects, he became so formidable that there was no possibility of resisting him. In those days, it was a hard matter to form an idea of a balance of power; because there was no rule to determine the force of nations. Under the Othos, Germany threatened Italy with chains; under Edward and Henry, England seemed on the road of adding all France to her monarchy; Ferdinand the catholic, laid the foundation of the Spanish greatness, and his successors bid fair for the universal monarchy of Europe. In our days, the acquisition of a small province, nay of a considerable town, is not to be made by conquest, without a general convention between all the powers of Europe, and those who are con-
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versant in foreign affairs, can estimate, in a minute, the force of Princes, by the troops they are able to maintain; nothing is so easy as to lay down, on a sheet of paper, a state of all the armed men in Europe. A Prince can hardly add a soldier to a company, but all the world is informed of it. Excepting the extent of their credit, and the talents of their generals and counsellors, every thing relative to power is become the object of computation. Hence the balance of power, formerly unknown, is now become familiar. So much is sufficient for the matter of fact; let us now examine why *trade and industry* have given rise to so regular a system of war.

The reason is, because in a state where those are introduced, every thing must be made regular, or all will go to wreck. The keeping up of large armies, is the remains of that turbulent spirit which animated royalty for so many centuries. All literature is filled with warlike sentiments, from the books of Moses to the news papers of this day. A young person cannot learn to read without imbibing the fire of war. But as nothing is so evident, from the consideration of the total revolution in the spirit of the people of Europe, as that war is inconsistent with the prosperity of a modern state, I sometimes allow my imagination to carry me so far as to believe the time is at hand when war will come to cease. But there is no such thing as predicting in political matters; general peace is a contingent consequence which a thousand accidents may prevent; and one among the rest is, that the whole plan of modern policy may be broken to pieces, before Princes come to discover that it is their interest to be quiet. The ambition of one, arms all the rest, and when once they are at the head of their armies, want of money only assembles a congress, not to make peace, but that the parties may have some years to gather new force.

It is not therefore trade and industry which have given birth to standing armies, they have only rendered war impossible without them. It is the ambition of Princes to extend their dominion, and
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even sometimes to extend their commerce, which gives occasion to war. And we see daily how difficult it becomes to provide troops for this purpose, from no other reason so much as from the progress of trade and industry. Those who have the money cannot have the men, those who have the men cannot have the money. Do we not see how the greatest monarchy in Europe, the Prince who has the most millions of subjects, cannot preserve the rank of power he has prescribed to himself (*his political-necessary for war*) without a body of above thirty thousand strangers, in the time of the most profound peace, and after the greatest reduction judged consistent with the safety of the country? These cost vastly more than national troops, and brave men of all countries are alike; so that the only reason for keeping up so large a body of foreigners, is to facilitate augmentations when occasion requires it; and not to spare the subjects who are willing to serve, but to spare agriculture and industry, after the superfluities of these have fallen in, to complete that body of troops which experience has determined to be proportioned to such superfluities.

From this short exposition let me deduce a principle. That since every state has occasion, according to the present system of Europe, for a certain number of armed men for their defence, the first care of a statesman, is, to discover to what number those of his subjects, who willingly prefer the conditions offered for military service to the occupations of industry, may amount. If he finds these exceed the number wanted for recruiting the army, it is a good reason to diminish the pay; until the encouragement comes upon a level with the supply demanded. If on the contrary, the number of volunteers falls below the standard required, he must examine the state of the balance of work and demand, before he can give any farther encouragement. If this balance stands even, he must take care that the pay given to soldiers be not carried so high, as to engage those of the lowest class of profitable industry to desert it.

What measures, therefore, can be fallen upon? There are two. Either to hire foreign troops, as many states do; and I suppose for good reasons, only because it is done. But I should prefer another method, which is to create a new class of inhabitants, appropriated for supplying the army, upon the principle above laid down; that he who feeds may have as many mouths as he pleases.

I would therefore fix the military pay at a rate below the profits of useful industry, and accept of such as should offer. For the augmentation of this class, I would receive all male children who should be given or exposed by their parents. These should be bred to every sort of labour for which the state has occasion, and their numbers might be carried to twenty per cent. above that which might be judged necessary in time of the hottest war. Out of this class only, the standing forces might be recruited: those who remained might be employed in every public service, such as working in arsenals, docks, highways, public buildings, &c. By taking care of the children of this whole class, their numbers would rise to whatever height might be judged necessary. The same spirit would be kept up; they might serve by turns, and all become disciplined. This is a good scheme, in many cases, and is an improvement upon the distribution of the inhabitants: the execution is gradual; therefore no sudden revolution is implied. But it is fit only for a state which can augment its numbers, without seeking for subsistence from without. It would spare the land and manufactures, and be a ready outlet for all supernumeraries in every class.

This subject shall be resumed in the fifth book, when we come to the application of the amount of taxes. At present it has found a place, only because the support of a national force has been ranked among the objects of attention of those statesmen who are at the head of rich and luxurious nations which have lost their foreign trade.

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QUEST. 6. What are the principles upon which the relative force of nations is to be estimated?

Without some limitations, no question can be more difficult to resolve than this; it must therefore be examined only in so far as it comes under the influence of certain principles. It is as impossible to estimate the real force of a nation, as it is to estimate that of any considerable quantity of gun-powder, and for the same reason. The nation cannot exert all its force at once, no more than the powder can be all inflamed at once, and the successive efforts of a small power, are never equally effectual with the momentous shock of a great one. In proportion, therefore, as the spirit of individuals is moved to concur with the public measure, a people become powerful; and as I know of no principle which can regulate such affections of the mind, we must throw them quite out of the question, and measure the power of nations by the quantity of men and money at a statesman's command, in consequence of the oeconomy he has established. Let me then suppose two nations, where the number of inhabitants, and weight of gold and silver are absolutely the same, military genius and discipline quite equal. From what has been said, we must determine that nation to be the strongest, which, without disturbing the oeconomy of their state, can raise the greatest proportion of men, and draw the greatest proportion of money into the public coffers.

When the number of inhabitants is given, the first thing to be known is the nature of the produce of the country, whether mostly in corn, wine, or pasture: the more the ground is laboured, and the more crops it yearly produces, the fewer free hands it will maintain in proportion to the whole, this computation must then proceed upon the principles laid down above, Book I. Chap. 8.

When once you come at the number of free hands, you must examine the state of luxury. Luxury is justly said to effeminate a nation, because the great multitude of hands taken up in supplying the instruments of it to the rich, diminishes greatly the num-

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ber of such as can be employed in war. If manufacturers and folks accustomed to a sedentary life, are at a certain age taken from trades, to compose armies, they will make bad soldiers; and the strength of a nation lies chiefly in the valour and strength of the soldiery. Luxury therefore effeminates a nation in general; but it does not follow from hence, that the most luxurious are the most effeminate, and most improper for war; on the contrary, they are found to be the bravest and most proper. The effeminacy and baseness of mind, in point of courage, are found in the sedentary multitude. The truth of this might be proved from many examples in ancient history, if the present situation of Europe left the smallest room to doubt of it.

The more therefore that luxury prevails in a country, the fewer good troops can be raised in it, and *vice versa*. But it is not sufficient to have men for war, the men must be enabled to subsist, and in the modern way of making war, their subsistence and other expences require large sums of money. We must then examine what proportion of the general wealth may be applied to this purpose.

If in any country the riches be found in few hands, the state will be poor; because the opulence of the public treasure depends greatly upon a right and proportional distribution of wealth among the inhabitants. Riches are only acquired three ways. First, gratuitously, as by succession, gift, or the like; secondly, by industry; and lastly, by penury. Those who are poor are seldom enriched gratuitously, never by penury, and always by industry; when a poor man grows rich in any state, he changes in so far the balance of wealth, for what is added to him is taken from another. When a spirit of industry prevails, the balance is always turning in favour of the industrious, and as it is a pretty general rule, that the rich are not the most laborious, so the balance is generally turning against them. This being the case, the more that industry prevails, the quicker will this revolution be brought on. By such revolutions, wealth becomes *equally distributed*; for, by being *equally distributed*, I do not

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mean, that every individual comes to have an *equal share*, but an equal chance, I may say a certainty, of becoming rich in proportion to his industry. Riches which are acquired by succession, or any other gratuitous means, do not in the least contribute to circulation; the owner, as has been said, only changes his name. Those made by penury or hoarding, instead of adding to, evidently diminish circulation. It is, therefore, by industry alone that wealth is made to circulate, and it is by its circulation only, that money is useful. When large sums are locked up, they produce nothing; they are therefore locked up not to be useful while they remain secreted; but that they may be useful when brought out in order to be alienated. In a state, therefore, where there are a few very rich and many very poor, there must be much money locked up; for without money none can be rich, and if it were not locked up it must fall into the hands of the poor. Why? Because the rich will not give it to the rich, gratuitously, nor will they labour to acquire it; either then the common people must be lazy and unwilling to work, or the rich must be so penurious and addicted to hoarding as to keep it out of the hands of the poor. In both which cases, if there be money in the country, it must be found in coffers.

From these positions it may be concluded, that wealth which produces nothing to its owner, cannot be supposed to produce any thing to the state: consequently, that state in which there is the quickest circulation of money, is, *ceteris paribus*, that in which the greatest proportion of the general wealth may be raised for the public service. This is all that is necessary to observe at present; when we have examined the nature of credit and taxes, and the principles upon which they may be levied in different countries, and under different forms of government, we shall discover more rules for estimating the force of different states.

The principles of industry have been so interwoven with those of trade, through all the chapters of this second book, that it is now proper, before we dismiss the subject, to examine a little into the

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nature of the first, considered more abstractedly, and more detached from its relation to the equivalent given for it, which is the proper characteristic of trade, and from which proceeds the intimate connection between them.

The object of our enquiry hitherto has been to discover the method of engaging a free people in the advancement of the one and the other, as a means of making their society live in ease, by reciprocally contributing to the relief of each others wants. Let us next examine some farther consequences. We are now to cast our eyes upon another view of this extensive landscape, where the personal advantages, immediately felt from this gentle band of mutual dependence, are not to fix our attention so much as the effects produced by industry upon the face of things, and manners of a people.

The better to transmit this idea, which I find a little dark, let me say that hitherto we have treated our subject, according to the principles which should direct a statesman, to advance trade and industry, by engaging the rich to give bread to the poor. Now we are to examine the consequences resulting from the execution of this plan; and compare the difference between a country which has been inhabited by a people abundantly provided for without industry and labour, and one occupied by another who have subsisted by these means: and farther, we are to examine industry as producing effects more or less hurtful to the simplicity of manners, and more or less permanent and beneficial, according as it has been directed towards different objects.

I can easily suppose a nation living in the greatest simplicity, even going naked, but abundantly fed, either with the spontaneous fruits of the earth, or by an agriculture proportioned to the wants of every one, and where very little alienation or exchange takes place. From this primitive life, as I may call it, the degrees of industry, like imperceptible shades, may be augmented; and the augmentation, as I apprehend, is to be measured, not so much by the

the degree of occupation which the inhabitants pursue, as by the quantity of permutation among them; because I think permutation implies superfluity of something.*

A people then lives in the utmost simplicity, when the earth is so far in common, as that none can acquire the property of it, but in virtue of his possession as the means of subsistence; and when every one is employed in providing necessaries for himself, and for those who belong to him. The moment any one has occasion for the

Our first parents, placed in Paradise, were fed from the hand of God, and freed by the constitution of their nature, from every uneasy animal desire. Since the fall, the whole human species have been employed in contriving and executing methods for relieving the wants which are the consequences of such desires.

Hence I conclude, that had the fall never taken place, the pursuits of man would have been totally different from what they are at present. May I be allowed to suppose, that in such a happy state, he might have been endowed with a faculty of transmitting his most complex ideas with the same perspicuity with which we now transmit those relating to geometry, numbers, colours, &c. From this I infer, there would have been no difference of sentiment, no dispute, no competitions between man and man. The progress in acquiring useful knowledge, the pleasure of communicating discoveries, would alone have provided a fund of happiness, as inexhaustible as knowledge itself.

Mankind, therefore, set out upon a system of living without labour, without industry, without wants, without dependence, without subordination; consequently, had they remained in that state, the lapse of time would have produced no change upon any thing, but the state of knowledge. Banished from Paradise, man began to plow the ground, consequently to change her surface: he built houses, made bridges, traced roads, and by degrees has come, in different ages, to please and gratify his inclinations, by numberless occupations and pursuits, constantly dictated to him by his wants; that is, by his imperfections, and by the desires which they inspire. When these are satisfied, his physical happiness is carried as far as possible; but as mankind seldom remain in a state of contentment, and that our nature constantly prompts us to add something new to our former enjoyments, so it naturally happens, that societies, once established, and living in peace, pass from one degree of refinement to another, that is to say, man daily becomes more laborious.

service

service of another, independent of him, he must have an equivalent to give. This equivalent must be something moveable, some fruit of the earth, pure or modified, superfluous, not necessary, not the earth itself, because this is the foundation of his subsistence; and he can never alienate what is essential to his being, in order to procure a superfluity. From this we may deduce a principle that the alienation of consumable commodities is a consequence of superfluity alone, as this again is the bane of simplicity. Consequently, he who would carry simplicity to the utmost length, ought to proscribe all alienation; consequently, all dependence among men; consequently, all subordination: every one ought to be entirely dependent upon his own labour, and nothing else.

Were man either restored to his primitive state of innocence, or reduced to a state of brutality; were his pursuits either purely spiritual, or did they extend no farther than to the gratification of his animal desires, and acquisition of his physical-necessary; such an oeconomy might be compatible with society. But as we stand in a middle state between the two, and have certain desires which partipate of the one and of the other, the gratification of which constitute what we have called our *political-necessary* (which we cannot procure to ourselves, because the very nature of it implies superiority and subordination, as well as a mutual dependence among men) a total obstruction to alienation becomes compatible with government, consequently with human society; and this being the case, all simplicity of manners is only relative. Our fathers looked upon the manners of their ancestors as simple, these again admired the simplicity of the patriarchs; and perhaps the time may come, when the manners of the eighteenth century may be called the noble simplicity of the antients.

As simplicity of manners is therefore relative, let us decide, that as long as superfluity does more good in providing for the poor, than hurt in corrupting the rich; so far it is to be approved of and no farther.

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Here it is urged, that since superfluity is only good, so far as it provides subsistence for the poor, why may not the pursuits of industry be turned towards objects which cannot corrupt the mind? Why, in place of fine clothes, elegant entertainments, magnificent furniture, carving, gildings, and embroidery, with all the splendor to be seen in palaces, gardens, operas, balls, and masquerades, processions, shews, horse-races, and diversions of every kind, why might not, I say, the multitudes which are employed in supplying these transitory gratifications of human weakness (not to call them by a worse name) be employed in making highways, bridges, canals, fountains, fortifications, harbours, public buildings, and a thousand other works, both useful to society, and of good example to succeeding generations? Such employments are eternal monuments of grandeur, they are of lasting utility, and are no more to be compared to the trifling industry of our days, than an Egyptian pyramid is to be compared with the luxury of Cleopatra, or the *via-appia* with the suppers of Heliogabalus. This was the taste in the virtuous days of antient simplicity: the greatness of a people appeared in the magnificence of useful works, and as virtue disappeared, a luxury resembling that of modern times took place. The aqueducts, common sewers, temples, highways, and burying places were the ornaments of consular Rome. The imperial grandeur of that city shone out in amphitheatres and baths; and the turpitude of manners (say the patrons of simplicity) which brought on the decline, ought to terrify those who make the apology of modern luxury and dissipation.

In order to set this question in a clear light, and to do justice both to the antients and moderns, let us once more enter into an examination of circumstances, and seek for effects in the causes which produce them. These are uniform in all ages; and if manners are different, the difference must be accounted for, without overturning the principles of reason and common sense.

QUEST. 7. In what manner, therefore, may a statesman establish industry, so as not to destroy simplicity, nor occasion a sudden revolution in the manners of his people, the great classes of which are supposed to live secure in ease and happiness; and, at the same time, so as to provide every one with necessaries who may be in want?

The observations we are going to make will point out the answer to this question: they will unfold still farther the political oeconomy of the antients, and explain how manners remained so pure from vicious luxury, notwithstanding the great and sumptuous works carried on, which strike us with so lofty an idea of their useful magnificence and noble simplicity. These observations will also confirm the justness of a distinction made, in the first chapter of this book, between labour and industry; by shewing that *labour* may ever be procured, even by force, at the expence of furnishing man with his physical-necessary, from which no superfluity can proceed: whereas industry cannot be established, but by an adequate equivalent, proportioned, not to the absolutely necessary, but to the reasonable desire of the industrious; which equivalent becomes afterwards the means of diffusing a luxurious disposition among all the classes of a people.

If a statesman finds certain individuals in want, he must either feed them, in which case he may employ them as he thinks fit; or he must give them a piece of land, as the means of feeding themselves. If he gives the land, he can require no equivalent for it, because a person who has nothing can give nothing but his labour; and if he be obliged to labour for his food, he cannot purchase with labour the earth itself, which is the object of it. If it be asked, whether a statesman does better to give the food, or to give the land? I think it will appear very evident, that the first is the better course, because he can then exact an equivalent; and since in either way the person is fed, the produce of his labour is always clear gain. But in order to give the food, he must have it to give; in which case, it must

either be a surplus-produce of public lands, or a contribution from the people. In both which cases, is implied a labour carried on beyond the personal wants of those who labour the ground. If this fund be applied in giving bread to those whom he employs in improving the soil of the country in general, it will have no immediate effect of destroying the simplicity of their manners; it will only extend the fund of their subsistence. If he employs them in making highways, aqueducts, common sewers, bridges, and the like; it will extend the correspondence between the different places of the country, and render living in cities more easy and agreeable: and these changes have an evident tendency towards destroying simplicity. But here let it be remarked, that the simplicity of individuals is not hurt by the industry carried on at the expence of the public. The superfluous food at the statesman's disposal, is given to people in necessity, who are employed in relieving *the wants of the public, not of private persons*. But if, in consequence of the roads made, any inhabitant shall incline to remove from place to place in a chariot, instead of riding on horseback, or walking, he must engage some body to make the machine: this is a farther extension to occupation, on the side of those who labour; but the consequence of the employment is very different, when considered with regard to the simplicity of manners. The reason is plain: the ingenuity here must be paid for; and this superfluity in the hands of the workman is a fund for his becoming luxurious.

Industry destroys simplicity of manners in him who gives an equivalent for an article of superfluity; and the equivalent given frequently gives rise to a subordinate species of luxury in the workman. When industry therefore meets with encouragement from individuals, who give an equivalent in order to satisfy growing desires, it is a proof that they are quitting the simplicity of their manners. In this case, the wants and desires of mankind prove the mother of industry, which was the supposition in the first

book; because, in fact, the industry of Europe is owing to this cause alone.

But the industry of antient times was very different, where the multitude of slaves ready to execute whatever was demanded, either by the state or by their masters, for the equivalent of simple maintenance only, prevented wealth from ever falling into the hands of industrious free men; and he who has no circulating equivalent to give for satisfying a desire of superfluity, must remain in his former simplicity. The labour therefore of those days producing no circulation, could not corrupt the manners of the people; because, remaining constantly poor, they never could increase their consumption of superfluity.

I must, in this place, insert the authority of an antient author, in order both to illustrate and to prove the justness of this representation of the political oeconomy of the antients.

There remains a discourse of Xenophon upon the improvement of the revenue of the state of Athens. Concerning the authenticity of this work, I have not the smallest doubt. It is a *chef d'oeuvre* of its kind, and from it more light is to be had, in relation to the subject we are here upon, than from any thing I have ever seen, antient or modern.

From this antient monument we learn the sentiments of the author with regard to the proper employment of the three principal classes of the Athenian people, viz. the citizens, the strangers, and the slaves. From the plan he lays down we plainly discover, that, in the state of Athens, (more renowned than any other of antiquity for the arts of luxury and refinement) it never entered into the imagination of any politician to introduce industry even among the lowest classes of the *citizens*; and Xenophon's plan was to reap all the benefits we at present enjoy from it, without producing any change upon the spirit of the Athenian people.

The state at this time was in use to impose taxes upon their confederate cities, in order to maintain their own common people, and

Xenophon's

Xenophon's intention in this discourse was, not to lay down a plan to make them maintain themselves by industry, but to improve the revenue of the state in such a manner as out of it to give every citizen a pension of three oboli a day, or three pence three farthings of our money.

I shall not here go through every branch of his plan, nor point out the resources he had fallen upon to form a sufficient fund for that purpose; but he says, that in case of any deficiency in the domestic revenue of the state, people from all quarters, Princes and strangers of note, in all countries, would be proud of contributing towards it, for the honour of being recorded in the public monuments of Athens, and having their names transmitted to posterity as benefactors to the state in the execution of so grand a design.

In our days, such an idea would appear ridiculous; in the days of Xenophon, it was perfectly rational. At that time great quantities of gold and silver were found locked up in the coffers of the rich: this was in a great measure useless to them, in the common course of life, and was the more easily parted with from a sentiment of vanity or ostentation.

In our days, the largest income is commonly found too small for the current expence of the proprietor. From whence it happens, that presents, great expence at funerals and marriages, godfathers gifts, &c. so very familiar among ourselves, in former times, are daily going out of fashion. These are extraordinary and unforeseen expences which our ancestors were fond of; because they flattered their vanity, without diminishing the fund of their current expence: but as now we have no fall coffers to fly to, we find them excessively burthensome, and endeavour to retrench them as soon as we can, not from frugality, God knows, but in consequence of a change in our manners.

Besides providing this daily pension of three pence three farthings a day for every citizen of Athens, rich and poor, he proposed to build, at the public charge, many trading vessels, a great many inns

inns and houses of entertainment for all strangers in the sea ports, to erect shops, warehouses, exchanges, &c. the rents of which would increase the revenue, and add great beauty and magnificence to the city. In short, Xenophon recommends to the state to perform, by the hands of their slaves and strangers, what a free people in our days are constantly employed in doing in every country of industry. While the Athenian citizens continued to receive their daily pensions, proportioned to the value of their pure physical-necessary, their business being confined to their service in the army in time of war, their attendance in public assemblies, and the theatres in times of peace, clothed like a parcel of capucins, they, as became freemen, were taught to despise industrious labour, and to glory in the austerly and simplicity of their manners. The pomp and magnificence of the Persian Emperor's were a subject of ridicule in Greece, and a proof of their barbarity, and of the slavery of their subjects. From this plain representation of Xenophon's plan, I hope, the characteristic difference between ancient and modern oeconomy is manifest; and for such readers as take a particular delight in comparing the systems of simplicity and luxury, I recommend the perusal of this most valuable discourse.

Combining, therefore, all these circumstances, and comparing them with the contrast which is found as to every particular, in our times; I think it is but doing justice to the moderns, to allow, that the extensive luxury which daily diffuses itself through every class of a people, is more owing to the abolishing of slavery, the equal distribution of riches, and the circulation of an adequate equivalent for every service, than to any greater corruption of our manners, than what prevailed among the ancients.

In order to have industry directed towards the object of public utility, the public, not individuals, must have the equivalent to give. Must not the employment be adapted to the taste of him who purchases it? Now, in ancient times, most public works were performed either by slaves, or at the price of the pure physical-necessary

fary of free men. We find the price of a pyramid, recorded to us by Herodotus, in the quantity of turnips, onions, and garlic, consumed by the builders of it. Those who made the *via appia*, I apprehend, were just as poor when it was finished as the day it was begun; and this must always be the case, when the work requires no peculiar dexterity in the workmen. If, on the other hand, examples can be brought where workmen gained high wages, then the consequences must have been the same as in our days.

So long, therefore, as industry is not directed to such objects as require a particular address, which, by the principles laid down in the twenty first chapter, raise profits above the physical-necessary, the industrious never can become rich; and if they are paid in money, this money must return into the hands of those who feed them: and if no superfluity be found any where, but in the hands of the state, such industry may consume a surplus of subsistence, but never can draw one penny into circulation. This I apprehend to be a just application of our principles, to the state of industry under the Roman republic, and that species of industry which we call *labour*. We are not therefore to ascribe the taste for employment in those days to the virtue of the times. A man who had riches, and who spent them, spent them no doubt then, as at present, to gratify his desires; and if the simplicity of the times furnished no assistance to his own invention, in diversifying them, the consequence was, that the money was not spent, but locked up. I have heard many a man say, had I so much money I should not know how to spend it. The thing is certainly true; for people do not commonly take it into their head to lay it out for the public.

No body, I believe, will deny that money is better employed in building a house, or in producing something useful and permanent, than in providing articles of mere transitory superfluity. But what principle of politics can influence the taste of the proprietors of wealth? This being the case, a statesman is brought to a dilemma; either to allow industry to run into a channel little beneficial

ficial to the state, little permanent in its nature, or to deprive the poor of the advantage resulting from it. May I not farther suggest, that a statesman, who is at the head of a people, whose taste is directed towards a trifling species of expence, does very well to diminish the fund of their prodigality, by calling in, by means of taxes, a part of the circulating equivalent which they gave for it? When once he is enriched by these contributions, he comes to be in the same situation with ancient statesmen, with this difference, that they had their slaves at their command, whom they fed and provided for; and that he has the free, for the sake of an equivalent with which they feed and provide for themselves. He then can set public works on foot, and inspire, by his example, a taste for industry of a more rational kind, which may advance the public good, and procure a lasting benefit to the nation.

I have said above, that the acquisition of money, by the sale of industry to strangers, or in return for consumable commodities, was a way of augmenting the general worth of a nation. Now I say, that whoever can transform the most consumable commodities of a country into the most durable and most beneficial works, makes a high improvement. If therefore meat and drink, which are of all things the most consumable, can be turned into harbours, high roads, canals, and public buildings, is not the improvement inexpressible? This is in the power of every statesman to accomplish, who has subsistence at his disposal; and beyond the power of all those who have it not. There is no occasion for money to improve a country. All the magnificent buildings which ornament Italy, are a much more proper representation of a scanty subsistence, than of the gold and silver found in that country at the time they were erected. Let me now conclude with a few miscellaneous observations on what has been said.

OBSER. 1. When I admire the magnificence and grandeur of public works in any country, such as stupendous churches, amphitheatres, roads, dykes, canals; in a word, when I examine Holland, the

the greatest work perhaps ever done by man, I am never struck with the expence. I compare them with the numbers of men who have lived to perform them. When I see another country well inhabited, where no such works appear, the contrast suggests abundance of reflections.

As to the first, I conclude, that while these works were carried on, either slavery, or taxes must have been established; because it seldom happens, that a Prince will, out of his own patrimony, launch out into such expences, purely to serve the public. Public works are carried on by the public; and for this purpose, either the persons or purses of individuals, must be at its command. The first I call slavery; that is service: the second taxes; that is public contributions in money or in necessaries.

OBSER. 2. I farther conclude, that nothing is to be gathered from those works, which should engage us to entertain a high opinion of the wealth, or other species of magnificence in the people who executed them. All that can be determined positively concerning their oeconomy as to this particular, is, that at the time they were performed, agriculture must have been exercised as a trade, in order to furnish a surplus sufficient to maintain the workmen; or that subsistence must have come from abroad, either as a return for other species of industry, or gratuitously, that is, by rapine, tribute, &c.

OBSER. 3. That the consequence of such works, is, to make meat, drink, and necessaries circulate, from the hands of those who have a superfluity of them, into those who are employed to labour; or to oblige those who formerly worked for themselves only, to work also in part for others. To execute this, there must be a subordination: for who will increase his labour, voluntarily, in order to feed people who do not work for him, but for the public? This combination was neglected throughout the first book; because we there left mankind at liberty to follow the bent of their inclinations. This was necessary to give a right idea of the subject we then in-

tended to treat, and to point out the different effects of slavery and liberty; but now, that we have formed trading nations, and riveted a multitude of reciprocal dependencies, which tie the members together, there is less danger of introducing restraints; because the advantages which people find, from a well ordered society, make them put up the better with the inconveniencies of supporting and improving it. It is an universal principle, that instruction must be given with gentleness. A young horse is to be caressed when the saddle is first put upon his back: any thing that appears harsh, let it be ever so useful or necessary, must be suspended in the beginning, in order to captivate the inclination of the creature which we incline to instruct.

OBSER. 4. When a statesman knows the extent and quality of the territory of his country, so as to be able to estimate what numbers it may feed; he may lay down his plan of political oeconomy, and chalk out a distribution of inhabitants, as if the number were already compleat. It will depend upon his judgment alone; and upon the combination of circumstances, foreign and domestic, to distribute, and to employ the classes, at every period during this execution, in the best manner to advance agriculture, so as to bring all the lands to a thorough cultivation. A ruling principle here; is, to keep the husbandmen closely employed; that their surplus may be carried as high as possible; because this surplus is the main spring of all alienation and industry. The next thing is to make this surplus circulate; no man must eat of it for nothing. What a prodigious difference does a person find, when he considers two countries, equally great, equally fertile, equally cultivated, equally peopled, the one under the oeconomy here represented; the other, where every one is employed in feeding and providing for himself only.

A statesman, therefore, under such circumstances, should reason thus: I have a country which maintains a million of inhabitants, I suppose, and which is capable of maintaining as many more; I find

find every one employed in providing for himself, and considering the simplicity of their manners, a far less number will be sufficient to do all the work: the consequence is, that many are almost idle, while others, who have many children, are starving. Let me call my people together, and shew them the inconvenience of having no roads. He proposes that every one who chooses to work at those shall be fed and taken care of by the community, and his lands distributed to those who incline to take them. The advantage is felt, the people are engaged to work a little harder, so as to overtake the cultivations of the portions of those who have abandoned them. Upon this revolution, labour is increased, the soil continues cultivated as before, and the additional labour of the farmers appears in a fine high road. Is this any more than a method to engage one part of a people to labour, in order to maintain another?

OBSER. 5. Here I ask, whether it be not better to feed a man, in order to make him labour and be useful, than to feed him in order to make him live and digest his victuals? This last was the case of multitudes during the ages of antient slavery, as well as the consequence of ill directed modern charity. One and the other being equally well calculated for producing a simplicity of manners: and Horace has painted it to the life, when he says,

Nos numerus sumus; et fruges consumere nati.

This I have heard humorously translated, though nastily I confess; We add to the number of t-d-mills. A very just representation of many of the human species! to their shame be it spoken, as it equally casts a reflection on religion and on government.

Consistently with these principles, we find no great or public work carried on in countries of great liberty. Nothing of that kind is to be seen among the Tartars, or hunting Indians. These I call free nations, but not our European republics, where I have found just as much subordination and constraint as any where else.

I have, on several occasions, let drop some expressions with regard to charity, which I am sensible might be misinterpreted. It

will therefore be proper to make some apology, which no body can suspect of insincerity; because my reason for introducing it, is with a view to a farther illustration of my subject.

When I see a rich and magnificent monastery of begging friars, adorned with profusion of sculpture, a stupendous pile of building, stately towers, incrustations of marble, beautiful pavements; when I compare the execution and the expence of all these, with the faculties of a person of the largest fortune, I find there is no proportion between what the beggars have executed with the produce of private charities, and what any Lord has done with his overgrown estate. Nay monasteries there are which, had they been executed by Princes, would have been cited by historians, from generation to generation, as eternal monuments of the greatest prodigality and dissipation. Here then is an effect of charity, which I have heard condemned by many, and I think without much reason. What prostitution of riches! say they: how usefully might all this money have been employed, in establishing manufactures, building a navy, and in many other good purposes? Whereas I am so entirely taken up with the effects arising from the execution of the work, that I seldom give myself time to reflect upon its intention. The building of this monastery has fed the industrious poor, has encouraged the liberal arts, has improved the taste of the inhabitants, has opened the door to the curiosity of strangers: and when I examine my purse, I find that in place of having contributed to the building of it from a charitable disposition, my curiosity to see it has obliged me to contribute my proportion of the expence. I spend my money in that country, and so do other strangers, without bringing away any thing for it. No balance of trade is clearer than this. The miraculous tongue of St. Anthony of Padua, has brought more clear money into that city than the industry of a thousand weavers could have done: the charity given is not to the monks, but to the poor whom they employ. If young wits, therefore, make a jest of such

such a devotion; I ask, who ought to be laughed at, those who give, or those who receive money for the show?

In a country where such works are usually carried on, they cease in a great measure to be useful, whenever they are finished; and a new one should be set on foot directly, or what will become of those who are without work? It must not be concluded from this, that the usefulness of public works is not a principal consideration. The more a work is useful after it is done, so much the better; because it may then have the effect of giving bread to those who have not built it. But whether useful or not afterwards, it must be useful while it is going on; and many, who with pleasure will give a thousand pounds to adorn a church, would not give a shilling to build Westminster bridge, or the port of Rochefort; and the poor live equally by the execution of either. Expensive public works, are therefore a means of giving bread to the poor, of advancing industry, without hurting the simplicity of manners; which is an answer to the seventh question.

OBSER. 6. Great works found in one country, and none found in another, is no proof that the first have surpassed the second in labour and industry: the contrast only marks the different division of property, or taste of expence. Every undertaking marks a particular interest. Palaces are a representation of rich individuals; snug boxes, in the neighbourhood of cities, represent small but easy fortunes; hutts point out poverty; aqueducts, highways, &c. testify an opulent common good: and if these be found in a country where no vestige of private expence appears, I then must conclude, they have been executed by slaves, or by oppression; otherwise somebody, at least, would have gained by the execution; and his gains would appear in one species of expence or another.

OBSER. 7. In countries where fortunes have been unequally divided, where there have been few rich and many poor, it is common to find lasting monuments of labour; because great fortunes only are capable of producing them. As a proof of this let us

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compare the castles of antient times (I mean four or five hundred years ago) with the houses built of late. At that time fortunes were much more unequal than at present, and accordingly we find the habitations of the great in most countries not numerous, but of an extraordinary bulk and solidity. Now a building is never to be judged of by the money it cost, but by the labour it required. From the houses in a country I judge of the opulence of the great, and of the proportion of fortunes among the inhabitants. The taste in which these old castles are built, marks the power of those who built them, and, as their numbers are small, we may judge, from the nature of man, who loves imitation, that the only reason for it was, that there were few in a condition to build them. Why do we find in modern times a far less disproportion between the convenience with which every body is lodged, than formerly; but only because riches are more equally divided, from the operations of industry above described.

OBSER. 8. From this we may gather, that lasting monuments are no adequate measure of the industry of a country. The expence of a modern prince, in a splendid court, numerous armies, frequent journeys, magnificent banquets, operas, masquerades, tournaments, and shews, may give employment and bread to as many hands, as the taste of him who built the pyramid, and the smoke of the gun-powder at his reviews, or the flambeaus and wax lights at his entertainments, may be of as great use to posterity, as the shadow of the pyramid, which is the only visible effect produced by it; but the one remains for ever, the other leaves no vestige behind it. The very remaining of the work, however useless in itself, becomes useful, in so far as it is ornamental, inspires noble sentiments of emulation to succeeding princes, the effects of which will still be productive of the good consequences of keeping people employed. The expence of the other flatters the senses, and gives delight: there is no question of choice here. All useless expence

expence gratifies vanity only; accident alone makes one species permanent, another transitory.

Those who have money may be engaged to part with it in favour of the poor, but never forced to part with it, to the prejudice of their posterity. Inspire, if you can, a good and useful taste of expence; nothing so right; but never check the dissipation of ready money, with a view to preserve private fortunes. Leave such precautions to the prudence of every individual. Every man, no doubt, has as good a right to perpetuate and provide for his own posterity, as a state has to perpetuate the welfare of the whole community; it is the combination of every private interest which forms the common weal. From this I conclude, that, without the strongest reasons to the contrary, perpetual substitutions of property should be left as free to those who possess lands, as locking up inheritances should be permitted to those who have much money.

QUEST. 8. What are the principles which influence the establishment of mercantile companies; and what effects do these produce upon the interests of trade?

There is a close connection between the principles relating to companies, and those we have examined in the twenty third chapter, concerning corporations. The one and the other have excellent consequences, and both are equally liable to abuse. A right examination of principles is the best method to advance the first, and to prevent the latter.

The advantages of companies are chiefly two.

1. That by uniting the *stocks* of several merchants together, an enterprise far beyond the force of any one, becomes practicable to the community.
2. That by uniting the *interests* of several merchants, who direct their *foreign* commerce towards the same object, the competition between them *abroad* is taken away; and whatever is thus gained, is so much clear profit, not only to the company, but to the society of which they are members.

It is in consideration of the last circumstance, that companies for foreign commerce have a claim to extensive privileges. But no encouragement given to such associations should be carried farther than the public good necessarily requires it should be. The public may reward the ingenuity, industry and inventions of particular members, and support a private undertaking as far as is reasonable; but every encouragement given, ought to be at the expence of the whole community, not at that of particular denominations of inhabitants.

The disadvantages proceeding from companies are easily to be guessed at, from the very nature of the advantages we have been setting forth: and the relation between the one and the other will point out the remedies.

1. The weight of money in the hands of companies, and the public encouragement given them, crush the efforts of private adventurers, while their success inspires emulation, and a desire in every individual to carry on a trade equally profitable.

Here a statesman ought nicely to examine the advantages which the company reaps from the incorporation of their stock, and those which proceed from the public encouragement given to the undertaking; that with an impartial hand, he may make an equal distribution of public benefits. And when he finds it impossible to contribute to the advancement of the public good, by communicating the privileges of companies to private adventurers, he ought to facilitate the admittance of every person properly qualified into such associations.

2. The second disadvantage of companies, is, a concomitant of that benefit so sensibly felt by the state, from the union of their interest, while they purchase in foreign markets: the same union which, at the time of buying, secures the company from all competitions, proves equally disadvantageous to those who purchase from them at home. They are masters of their price, and can regulate their profits by the *height* of demand; whereas they ought

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to keep them constantly proportioned to the real value of the merchandize.

The advantages resulting from the union of many private stocks is common to all companies; but those we have mentioned to proceed from the union of their interest, is peculiar to those who carry on an exclusive trade in certain distant parts of the world. We have, in a former chapter, laid down the maxims which influence the conduct of a statesman in regulating the prices of merchandize, by watching over the balance of work and demand, and by preserving the principles of competition in their full activity. But here a case presents itself, where, upon one side of the contract, competition can have no effect, and where its introduction, by destroying the exclusive privilege of the company to trade in certain countries, is forbid for the sake of the public good.

What method, therefore, can be fallen upon to preserve the advantage which the nation reaps from the company's buying in foreign parts without being exposed to competition; and at the same time to prevent the disadvantage to which the individuals of the society are exposed at home, when they endeavour, in competition with one another, to purchase from a company, who, in virtue of the same exclusive privilege, are united in their interest, and become masters to demand what price they think fit.

It may be answered, that it cannot be said of companies as of private dealers, that they profit of every little circumstance of competition, to raise their price. Those have a fixed standard, and all the world buys from them at the same rate; so that retailers, who supply the consumption, have in one respect this notable advantage, that all buying at the same price, no one can undersell another; and the competition between them secures the public from exorbitant prices.

I agree that these advantages are felt, and that they are real; but still they prove no more than that the establishment of companies is not so hurtful to the interest of those who consume their goods,

as it would be could they profit to the utmost of their exclusive privilege in selling by retail. But it does not follow from this, that the profits upon such a trade do not rise (in consequence of their privilege) above the standard proper for making the whole commerce of a nation flourish. The very jealousy and dissatisfaction, conceived by other merchants, equally industrious and equally well deserving of the public, because of the great advantages enjoyed by those incorporated, under the protection of exclusive privileges, is a hurt to trade in general, is contrary to that principle of impartiality which should animate a good statesman, and should be prevented if possible. Let us therefore go to the bottom of this affair; and, by tracing the progress of such mercantile undertakings, as are proper objects for the foundation of companies, and which entitle them to demand and to obtain certain exclusive privileges, let us endeavour to find out a method by which a statesman may establish such societies, so as to have it in his power to lay their inland sales under certain regulations, capable to supply the want of competition; and to prevent the profits of exclusive trade from rising, considerably, above the level of *that* which is carried on without any such assistance from the public.

While the interest of companies is in few hands, the union of the members is more intimate, and their affairs are carried on with more secrecy. This is always the case in the infancy of such undertakings. But the want of experience frequently occasions considerable losses; and while this continues to be the case, no complaints are heard against such associations. Few pretend to rival their undertaking, and it becomes at first more commonly the object of raillery than of jealousy. During this period, the statesman should lay the foundation of his authority; he ought to spare no pains nor encouragement to support the undertaking; he ought to inquire into the capacity of those at the head of it; order their projects to be laid before him; and when he finds them reasonable, and well planned, he ought to take unforeseen losses upon himself.

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he is working for the public, not for the company; and the more care and expence he is at in setting the undertaking on foot, the more he has a right to direct the prosecution of it towards the general good. This kind of assistance given, entitles him to the inspection of their books; and from this, more than any thing, he will come at an exact knowledge of every circumstance relating to their trade. By this method of proceeding, there will be no complaints on the side of the adventurers, they will engage with cheerfulness, being made certain of the public assistance, in every reasonable undertaking; their stock becomes in a manner insured, individuals are encouraged to give them credit, and from creditors they will naturally become associates in the undertaking. So soon as the project comes to such a bearing as to draw jealousy, the bottom may be enlarged by opening the doors to new associates, in place of permitting the original proprietors to augment their stock with borrowed money; and thus the fund of the company may be increased in proportion to the employment found for it, and every one will be satisfied.

When things are conducted in this way, the authority of public inspection is no curb upon trade; the individuals who serve the company are cut off from the possibility of defrauding: no mysteries, no secrets, from which abuses arise, will be encouraged; trade will become honourable and secure, not fraudulent and precarious; because it will grow under the inspection of its protector, who only protects it for the public good.

Why do companies demand exclusive privileges, and why are they ever granted, but as a recompense to those who have been at great expence in acquiring a knowledge which has cost nothing to the state? And why do they exert their utmost efforts to conceal the secrets of their trade, and to be the only sharers in the profits of it, but to make the public refund tenfold the expence of their undertaking.

When companies are once firmly established, the next care of a statesman, is, to prevent the profits of their trade from rising above a certain standard. We speak at present of those only, who, by exclusive privileges, are exposed to no competition at their sales. One very good method to keep down prices, is, to lay companies under a necessity of increasing their stock as their trade can bear it, by the admission of new associates; for by increasing the company's stock, you increase, I suppose, the quantity of goods they dispose of, and consequently diminish the competition of those who demand of them: but as even this will not have the effect of reducing prices to the adequate value of the merchandize (a thing only to be done by competition) the statesman himself may interpose an extraordinary operation. He may support high profits to the company, upon all articles of luxury consumed at home, in favour of keeping down the prices of such goods as are either for exportation or manufacture.

This can only be done when he has companies to deal with; in every other case, the principles of competition, between different merchants, trading in the same goods, upon separate interests, makes the thing impossible. But where the interests of the sellers, which are the company, are united, and where there is no competition, they are masters of their price, according to the principles laid down in the seventh chapter. Now, provided the dividend upon the whole stock be a sufficient recompense both for the value of the fund, and the industry of those who are employed to turn it to account, the end is accomplished. Extraordinary profits upon any particuilar species of trade cast a discouragement upon all others.

We very frequently see that great trading companies become the means of establishing public credit; on which occasions, it is proper to distinguish between the trading stock of the company, which remains in their possession, and the actions, bonds, annuities, contracts, &c. which carry their name, and which have nothing but the name in common. The price of the first is constantly regulated by

by the profits upon the trade; the price of the other, by the current value of money.

Let me next observe the advantage which might result to a nation, from a prudent interposition of the statesman, in the regulation of a tariff of prices for such goods as are put to sale without any competition on the side of the sellers.

The principles we have laid down, direct us to proscribe, as much as possible, all foreign consumption, especially that of work; and to encourage as much as possible the exportation of it. Now, if what the India company of England, for example, sells to strangers, and exports for a return in money, is equal to the money she herself has formerly exported, the balance upon the India trade will stand even. But if the competition of the French and Dutch is found hurtful to the English company in her outward sales, may not the government of that nation lend a hand towards raising the profits of the company, upon tea, china, and japan wares, which are articles of superfluity consumed by the rich, in order to enable the company to afford her silk and cotton stuffs to strangers, at a more reasonable rate? These operations, I say, are practicable, where a company sells without competition, but are never to be undertaken, but when the state of its affairs are perfectly well known; because the prices of exportable goods might, perhaps, be kept up by abuse and mismanagement, and not by the superior advantages which other nations have in carrying on a like commerce. The only remedy against abuse is reformation. But how often do we see a people laid under contribution in order to support that evil!

Companies, we have said, owe their beginning to the difficulties to which an infant commerce is exposed: these difficulties once surmounted, and the company established upon a solid foundation, new objects of profit present themselves daily; so much, that the original institution is frequently eclipsed, by the accessory interests of the society. It is therefore the business of a statesman to take

care:

care that the exclusive privileges granted to a society, for a certain purpose, be not extended to other interests, nowise relative to that which set the society on foot, and gave it a name. And when exclusive privileges are given, a statesman should never fail to stipulate for himself, a particular privilege of inspection into all the affairs of the company, in order to be able to take measures which effectually prevent bad consequences to the general interest of the nation, or to that of particular classes.

Let this suffice at present, as to the privileges enjoyed by companies in foreign trade. Let me now examine the nature of such societies in general, in order to discover their influence on the mercantile interests of a nation; and how they tend to bring every branch of trade to perfection, when they are established and carried on under the eye of a wise administration.

Besides the advantages and disadvantages above mentioned, there are others found to follow the establishment of trading companies. The first proceed from *union*, that is, a common interest; the last from *disunion*, that is, from separate interests.

A common interest unites, and a separate interest disunites the members of every society; and did not the first preponderate among mankind, there would be no society at all. Those of the same nation may have a common interest relative to foreigners, and a separate interest relative to one another; those of the same profession may have a common interest relative to the object of their industry, and a separate interest relative to the carrying it on: the members of the same mercantile company may have the same interest in the dividend, and a separate interest in the administration of the fund which produces it. The children of the same family, nay even a man and his wife, though tied by the bonds of a common interest, may be disjoined by the effects of a separate one. Mankind are like loadstones, they draw by one pole, and repel by another. And a statesman, in order to cement his society, should know how to engage

engage every one, as far as possible, to turn his attracting pole towards the particular center of common good.

From this emblematical representation of human society, I infer, that it is dangerous to the common interest, to permit too close an union between the members of any subaltern society. When the members of these are bound together, as it were by every articulation, they in some measure become independent of the great body; when the union is less intimate, they admit of other connections, which cement them to the general mass*.

Companies ought to be permitted, consistently with these principles. Their mercantile interests alone ought to be united, in so far as union is required to carry on their undertaking with reasonable profits; but beyond this, every subaltern advantage by which the associates might profit, in consequence of their union, ought to be cut off; and the public should take care to support the interest of any private person against them, on all occasions, where they take advantage of their union to hurt the right of individuals. Let me illustrate this by an example. Several weavers, fishermen, or those of any other class of the industrious, unite their stocks, in order to overcome those difficulties to which single workmen are exposed; from a multiplication of expences, which might be saved by their association. This company makes a great demand for the materials necessary for carrying on their business. By this demand they attach to themselves a great many of the industrious not incorporated, who thereby get bread and employment. So far these find an advantage: but in proportion as the undertaking is extended, and the society becomes able to engross the whole, or a considerable part of such a manufacture, they destroy their competitors; and by forming a single interest, in the purchase of the materials requisite, and in the sale of their manufactures, they profit in the first case, by reducing the gains of their subaltern assistants below

* This was writ before the society of Jesuits was suppressed in France.

the proper standard; and in the second, they raise their own profits too far above what is necessary.

The method, therefore, to prevent such abuses, is, for a statesman to interpose; not by restraining the operations of the company, but by opposing the force of principles similar to those by which they profit, in such a manner as to render their unjust dealings ineffectual. If the weavers oppress the spinners, for instance, methods may be fallen upon, if not by incorporating the last, at least by uniting their interests, so as to prevent a hurtful competition among them. He may discourage too extensive companies, by establishing and supporting others, which may serve to preserve competition; and he may punish, severely, every transgression of the laws, tending to establish an arbitrary dependence on the company. In short, while such societies are forming, he ought to be their protector; and when they are formed, he ought to take those whom they might be apt to oppress under his protection.

In establishing companies for manufactures, it is a good expedient to employ, in such undertakings, none but those who have been bred to the different branches of their business. When people of fortune, ignorant and projecting, interest themselves in infant manufactures, with a view to become suddenly rich, they are so bent upon making vast profits, proportioned to their stock, that their hopes are generally disappointed, and the undertaking fails. Pains-taking people, bred to frugality, content themselves with smaller gains; but under the public protection, these will swell into a large sum, and the accumulation of small profits will form a new class of opulent people, who adopt, or rather retain the sentiments of frugality with which they were born.

Thus, for instance, in establishing fisheries, in place of private subscriptions from those who put in their money from public spirit, and partly with a view to draw an interest for it; or from those who are allured by the hopes of being great gainers in the end, (the last I call projectors) the public should be at the great expence requisite;

requisite; and coopers, sail-makers, rope-makers, ship-carpenters, net-makers; in short, every one useful to the undertaking, should be gratuitously taken in for a small share of the profits; and by their being lodged together in a building, or town, proper for carrying it on, every workman becomes an undertaker to the company, for the articles of his own work. No man concerned directly in the enterprize, should reside elsewhere than in the place: any one of the associates may undertake to furnish what cannot be manufactured at home at fixed prices. Thus the whole expence of the public in the support of the undertaking, may circulate through the hands of those who carry it on; and every one becomes a check upon another, for the sake of the dividend upon the general profits. One great advantage in carrying on undertakings in this manner, is, that although those concerned draw no profit at all upon the undertaking itself, they find their account in it, upon the several branches of their own industry. The herring trade was at first set on foot in Holland by a company of merchants, who failed; and their stock of buffes, stores, &c. being sold at an under value, were bought by private people, who had been instructed (at the expence of the company's miscarriage) in every part of the trade, and who carried it on with success. Had the company been set up at first in the manner here mentioned, their trade would never have suffered any check.

C H A P. XXXI.

Recapitulation of the Second Book.

HAVING paved the way in the first book, for a particular inquiry into the principles of modern political oeconomy; in the introduction to this, I shew that the ruling principle of the science, in all ages, has been to proceed upon the supposition that every one will act, in what regards the public, from a motive of private interest; and that the only public spirited sentiment any statesman has a right to exact of his subjects, is their strict obedience to the laws. The union of every private interest makes the common good: this it is the duty of a statesman to promote; this consequently ought to be the motive of all his actions; because the goodness of an action depends on the conformity between the motive and the duty of the agent. We can, therefore, no more subject the actions of a statesman to the laws of private morality, than we can judge of the dispensations of providence by what *we* think right and wrong*.

* From the want of attending duly to this distinction, some have been led into the blasphemy of imputing evil to the Supreme Being. There is no such thing as evil in the universe; all is good, all is absolutely perfect. The most flagitious actions tend to universal good: even these, in one respect, may be called the actions of God, as all that is done is done by him; but with respect to the *motive* which God had in doing them, it is pure in the most sublime degree; the action is impious and wicked, with respect only to the agent; and his wickedness does not proceed from the action itself, but from the want of conformity between his duty and his motive in acting. Now if the punishment of such a transgression (which is also considered as the action of the Supreme Being) enters into the system of general good, is it not a monstrous folly to call it unjust? We know the duties of man, we know the duties of governors, but we know not the duties of God, if we may be allowed to make use of so very improper an expression,

CHAP. I. In treating the principles of any science, many things must be blended together, at first, which in themselves are very different. In the first book I considered multiplication and agriculture as the same subject; in the second, trade and industry are represented as mutually depending on one another. To point out this relation, I give a definition of the one and the other, by which it appears, that to constitute trade, there must be a consumer, a manufacturer, and a merchant. To constitute their industry, there must be freedom in the industrious. His motive to work must be in order to procure for himself, by the means of trade, an equivalent, with which he may purchase every necessary, and remain with something over, as the reward of his diligence. Consequently, industry differs from labour, which may be forced, and which draws no other recompence, commonly, than bare subsistence. Here I take occasion to shew the hurtful effects of slavery on the progress of industry; from which I conclude, that its progress was in a great measure prevented by the subordination of classes under the feudal government; and that the dissolution of that system established it. Whether trade be the cause of industry, or industry the cause of trade, is a question of little importance, but the principle upon which both depend is a taste for superfluity in those who have an equivalent to give; this taste is what produces *demand*, and this again is the main spring of the whole operation.

CHAP. II. We have substituted throughout this book, the term *demand*, to express the idea we conveyed in the last by that of *wants*; and since the subject becomes more complex, and that we have many more relations to take in, I must make a recapitulation of all the different acceptations of this term *demand*.

expression, and it is for this reason only, that we cannot judge of the goodness of his providence. We must therefore take it for granted; and this is one object of what divines call *faith*, the belief of things not seen, when the disbelief of them would imply an absurdity.

Demand, in the first place, is always relative to *merchandise*; it is the buyer who demands; the seller offers to sale. 2. It is said to be *reciprocal*, when there is a double operation, that is, when the seller in the first, becomes the buyer in the second case; and then, taking the two operations in one view, we call those *demands* who have paid the highest price. 3. Demand is *simple*, or *compound*; *simple*, when there is no competition among the buyers; *compound*, when there is. 4. It is *great* or *small*, according to the *quantity* demanded. And 5. *high* or *low*, according to the *price* offered. The nature of a *gradual* increase of demand, is to encourage industry, by augmenting the supply; that of a *sudden* increase, is to make prices rise. This principle has not every where the same efficacy in producing these varieties: it is checked in its operations between merchants, who seek their profit; and it is accelerated among private people, who seek for subsistence, necessaries, or luxurious gratifications.

CHAP. III. I come next to deduce the origin of trade and industry, which I discover from the principles of the first book, where bartering of necessaries was understood to be trade; and I find that the progress of this is owing to the progress of multiplication and agriculture. When a people arrive at a moral impossibility of increasing in numbers, there is a stop put to the progress of barter. This grows into trade, by the introduction of a new want (money) which is the universal object of desire to all men. While the desires of man are regulated by their physical wants, they are circumscribed within certain limits. So soon as they form to themselves others of a political nature, then all bounds are broken down. The difficulty of adapting wants to wants, naturally introduces money, which is an adequate equivalent for every thing. This constitutes sale, which is a refinement on barter. Trade is only a step farther; it is a double sale, the merchant buys, not for himself, but for others. A merchant is a machine of a complex nature. Do you want, he supplies you; have you any superfluities, he relieves you of them; do you want some of the universal equivalent money, he gives it you,

by creating in you a credit in proportion to your circumstances. The introduction of so useful a machine, prompts every one to wish for the power of using it; and this is the reason why mankind extend their labour beyond the mere supply of their physical wants.

Trade therefore abridges the tedious operations of sale and barter, and brings to light many things highly important for individuals, who live by relieving the wants of others, to know. It marks the standard of *demand*, which is, in a manner, the voice of the statesman, conducting the operations of industry towards the relief of wants; and directing the circulation of subsistence towards the habitations of the necessitous.

CHAP. IV. The consequence of this, is to determine the value of commodities, and to mark the difference between *prime cost* and *selling prices*. The first depends upon the time employed, the expence of the workman, and the value of the materials. The second is the sum of these, added to the profit upon alienation. It is of consequence to distinguish exactly between these two constituent parts of price, the cost and the profit: the first is invariable after the first determination, but the second is constantly increasing, either from delay in selling off, or by the multiplicity of alienations; and the more exactly every circumstance with regard to the whole analysis of manufactures is examined, the easier it is for a statesman to correct every vice or abuse which tends to carry prices beyond the proper standard.

CHAP. V. Nothing tends to introduce an advantageous foreign trade more than low and determined prices. In the first place, it draws strangers to market. This we call *passive commerce*. Secondly, it gives merchants an opportunity to distribute the productions of their country with greater advantage among other nations, which is what we call *active foreign trade*. In this chapter, I trace the effects of the last species. I shew how merchants profit at first of the ignorance of their correspondents; how they engage them to become luxurious; how the competition between themselves, when profits

profits are high, make them betray one another; and how the most ignorant savages are taught to take advantage of the discovery; how this intercourse tends to unite the most distant nations, as well as to improve them; and how naturally their mutual interest leads them to endeavour to become serviceable to one another.

CHAP. VI. I next endeavour to shew the effects of trade upon those nations who are passive in the operation. Here I take an opportunity of bringing in a connection between the principles of trade, and those of agriculture, and I shew on what occasions passive trade may tend to advance the cultivation of lands, and when it cannot. Upon this, I build a principle, that when passive trade implies an augmentation of the domestic consumption of subsistence, in order to carry it on, then will agriculture be advanced by it, and not otherwise; and as the first is commonly the case, from this I conclude, that trade naturally has the effect of increasing the numbers of mankind in every country where it is established. I next trace the consequences of a growing taste for superfluity, among nations living in simplicity; and I shew how naturally it tends to promote industry among the lower classes, providing they be free; or to make them more laborious, supposing them to be slaves: from which I conclude, that where the advancement of refinement requires the head, that is, the ingenuity and invention of man; those who are free have the advantage; and where it requires hands, that is to say labour, that the advantage is on the side of the slaves: slavery, for example, might have made Holland; but liberty alone could have made the Dutch.

CHAP. VII. Having given a rough idea of trade in general, I come to a more accurate examination of the principles which a statesman must keep in view, in order to carry it to perfection, by rendering it a means of promoting ease and affluence at home, as well as power and superiority abroad. As a private person becomes easy in his circumstances in proportion to his industry, and so rises above the level of his fellows, in like manner, does an industrious nation become

become wealthy, and acquires a superiority over all her less industrious neighbours.

The principle which set trade on foot we have shewn to be *demand*, what supports it and carries it to its perfection is *competition*. These terms are often confounded, or at least so blended together as to produce ideas incorrect, dark, and often contradictory: for this reason I have judged an analysis of them necessary, comparing them together, and pointing out their relations, differences, and coincidences.

Demand and *competition* are both relative to buying and selling; but *demand* can only be applied to *buying*, and *competition* may be applied to *either*.

Demand marks an inclination to have, *competition* an emulation to obtain a preference.

Demand can exist without *competition*, but *competition* must constantly imply *demand*.

Demand is called *simple*, when there appears only one interest on the side of the buyers.

Competition is called *simple*, when it takes place on one side of the contract only, or when the emulation is at least much stronger on one side than on the other.

Demand is called *compound*, when more interests than one are found among those who desire to buy.

Competition is called *compound*, when an emulation is found to prevail on both sides of the contract at once.

Simple competition raises prices; *double competition* restrains them to the adequate value of the merchandize.

While *double competition* prevails, the balance of work and demand stands even, under a gentle vibration; *simple competition* destroys and overturns it.

The objects of *competition* frequently determine its force. Merchants buy in order to sell; consequently, their *competition* is in proportion to their views of profit. Hungry people buy to eat, and their

their *competition* is in proportion to their funds. The luxurious buy to gratify their desires, their *competition* is in proportion to these. Strong *competition* on one side, makes it diminish on the other; and when it becomes so strong as effectually to unite the interests on one side of the contract, then it becomes absolutely *simple*; this totally overturns the balance, and must in a short time destroy the divided interest.

CHAP. VIII. I next examine the relative terms of *expence*, *profit* and *loss*. The relations they bear, are often not expressed; which involves those who use them in ambiguities proper to be avoided. I therefore call expence *national*, when the national stock is diminished by it, in favour of other states; it is *public*, when the money proceeding from a national contribution is expended by the state within the country; and *private expence* is the laying out of money belonging to private people or private interests: this has no other effect than to promote domestic circulation. I farther distinguish between what we call *spending*, and what is called *advancing of money*; the first marks an intention to consume; the second marks a view to a subsequent alienation.

Profit is either *positive*, *relative*, or *compound*.

Positive, when some body gains and no body loses; *relative*, when some body gains exactly what is lost by another; and *compound*, when the gain of one implies a loss to another, but not equal to the full value of the gain. The same distinction may be applied to losses.

CHAP. IX. Having laid down the fundamental principles which influence the operations of trade and industry, I take a view of their political consequences, and of the effects resulting to a state, which has begun to subject her political oeconomy to the interests of commerce; and such a state I call a *trading nation*.

The first consequence is an augmentation of demand for the work of the people; because they begin now to supply strangers. If this augmentation is sudden, it will *raise* demand; if it be gradual,
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it will *increase* it. If prices rise upon one extensive branch of industry, they must rise upon all; because a competition for hands must take place: the farmer looks out for servants, and must dispute them with the loom; and the first must draw back his additional expence upon the sale of his articles of the first necessity. Upon this revolution, wo to those who cannot increase their fund of subsistence in proportion to the augmentation of their expence! Nothing is so agreeable as the gradual rise of profits upon industry, and nothing so melancholy as the stop, which is the necessary consequence of all augmentations. When prices rise high, the market is deserted, and other nations profit of this circumstance to obtain a preference. From hence I conclude, that the *rise* of demand is the forerunner of decay in trade; and the *augmentation* of it, the true foundation of lasting opulence. But as an augmentation of supply may imply an augmentation of inhabitants, the statesman must constantly keep subsistence in an easy proportion to the demand for it: on this the whole depends. Plentiful subsistence is the infallible means of keeping prices low; and sudden and violent revolutions in the value of it, must ruin industry, in spite of a combination of every other favourable circumstance. The reason is plain: that article alone, comprehends two thirds of the whole expence of all the lower classes, and their gains must be in proportion to their expence; but as the gains of those who work for exportation are fixed, in a trading nation, by the effects of foreign competition, if their subsistence is not kept at an equal standard, they must live precariously, or in a perpetual vicissitude between plenty and want. From this may be gathered the infinite importance of distinguishing, in every trading nation, where the prices of subsistence are liable to great and sudden variations, these who supply strangers from those who supply their countrymen. As also the inconceivable advantage which would result from such a police upon grain, as might keep the price of it within determined limits.

CHAP. X. This doctrine leads me naturally to consider the proportions between *demand* and *supply*, and for the better conveying my ideas, I have considered them as two quantities suspended in the scales of a political balance, which I call that of *work and demand*; preferring the word *work* to that of *supply*, because it is the interests of the workmen which chiefly come under our consideration.

When the *work* is proportioned to the *demand*, the balance vibrates under the influence of double competition; trade and industry flourish: but as the operation of natural causes must destroy this equilibrium, the hand of a statesman becomes constantly necessary to preserve it.

After representing the different ways in which the balance comes to be subverted (by the *positive* or *relative* preponderancy of either scale) I point out the consequences of this neglect in the statesman's administration. If the scale of *work* should preponderate, that is, if there be more work than demand, either the workmen enter into a hurtful competition, which reduces their profit below the proper standard and makes them starve; or a part of the goods lie upon their hands, to the discouragement of industry. If the scale of demand should preponderate, then either prices will rise and profits consolidate, which prepares the way for establishing foreign rivalry, or the demand will immediately cease, which marks a check given to the growth of industry.

Every subversion, therefore, of this balance, implies one of four inconveniencies, either the industrious starve one another; or a part of their work provided lies upon hand; or their profits rise and consolidate; or a part of the demand made, is not answered by them. These I call the immediate effects of the subversion of this balance. I next point out the farther consequences which they draw along with them, when the statesman is not on his guard to prevent them.

A statesman must be constantly attentive, and so soon as he perceives a too frequent tendency in any one of the scales to preponderate,

derate, he ought gently to load the opposite scale, but never except in cases of the greatest necessity, take any thing out of the heavy one. Thus when the scale of demand is found to preponderate, he ought to give encouragement to the establishment of new undertakings, for augmenting the supply, and for preserving prices at their former standard: when the scale of work is on the preponderating hand, then every expedient for increasing exportation must be employed, in order to prevent profits from falling below the price of subsistence.

CHAP. XI. I next examine how this equal balance comes at last to be destroyed.

1^{mo}. The constant increase of work implies an augmentation of numbers, and consequently of food; but the quantity of food depends on the extent and fertility of the soil: so soon therefore as the soil refuses to give more food, it must be sought for from abroad, and when the expence of procuring it rises above a certain standard, subsistence becomes dear; this raises the prices, the market is deserted; and the scale of work is made to preponderate, until the industrious enter into a hurtful competition and starve one another: here the application of public money becomes necessary.

2^{do}. When an idle people, abundantly fed, betake themselves to industry, they can afford, for a while, manufactures at the cheapest rate; because they do not *live* by their industry, but *amuse themselves* with it. Hence the cheapness of all sorts of country work, in former times, and of Nuns work in those we live in. But when the lands become purged of superfluous mouths, and when those purged off come to be obliged to live by their industry alone; then prices rise, and the market is deserted.

3^{tho}. When a statesman imprudently imposes taxes, in such a way as to oblige strangers to refund that part paid by the industrious who supply them; this also raises prices, and the market is deserted. Thus the operation of natural causes must bring every augmentation to a stop, unless the hand of a statesman be employed to

check their immediate bad effects. When subsistence becomes scarce, and the improvement of lands too expensive, he must make the public contribute towards the improvement of the soil: when the price of subsistence still rises, from farther augmentations, he must keep it down with public money: and when this operation becomes too extensive, he must content himself with effectuating a diminution of price upon that part of subsistence which is consumed by those who supply foreign markets.

CHAP. XII. Domestic vices alone are not sufficient to undo a trading nation; she must have rivals who are able to profit of them.

While her balance of *work* and *demand* is made to vibrate by alternate *augmentations*, she marches on triumphant, and has nothing to fear: when these come to a stop, she must learn how to stand still, by the help of alternate *augmentations* and *diminutions*, until the abuses in other nations shall enable her again to vibrate by *augmentations*. But so soon as a preponderancy of the scale of work is rectified, by retrenching the number of the industrious, and that the vibrations of the balance are carried on by alternate *diminutions*, in favour of supporting high profits upon industry, then all goes to wreck, and foreign nations, in spite of every disadvantage attending new undertakings, establish a successful rivalry: they take the bread out of the mouths of those who formerly served them; and profiting of the advantages formerly enjoyed by the traders, they make their own balance vibrate by augmentations, which sink the trade of the others by slow degrees, until it becomes extinct.

CHAP. XIII. The rivalry between nations, leads me to inquire how far the form of their government may be favourable or unfavourable to the competition between them. Here I am led into a digression concerning the origin of power and subordination among men, so far as it is rational and consistent with natural equity; and I conclude, that all *subordination* between man and man, in whatever relation they stand to one another, ought to be in proportion

portion to their *mutual dependence*. The degrees of which are as various as the shades of a colour. I divide them however into four. 1. That of slaves upon their masters. 2. That of children upon their parents. 3. That of labourers upon the proprietors of lands. 4. That of the free hands, employed in trades and manufactures, upon their customers. And ascending a moment beyond my sphere, I say, that the subordination of subjects to their sovereigns, in all free governments, extends no farther than to a punctual obedience to the laws. I then proceed to an examination of former principles, and from a confrontation of the politics of our ancestors with the modern system, I conclude, that the great political impediment to the progress of trade and industry, proceeds more from an arbitrary, irregular, and undetermined subordination between classes, and between individuals, than from differences in the regular and established form of their government, legislation, and execution or administration of the supreme authority. While laws only govern, it is of the less importance who makes them, or who puts them in execution.

CHAP. XIV. In this chapter I endeavour to amuse my reader with an application of our principles to the political oeconomy of the Lacedemonian commonwealth, where I shew, that trade and industry are not essential to security and happiness. By making an analysis of Lycurgus's plan, I shew that its perfection was entirely owing to the simplicity of the institution.

CHAP. XV. I come next to the application of general principles to particular modifications of trade.

The balance of work and demand promotes the *foreign* and *domestic* interests of a nation, equally. The *first*, by advancing her power and superiority abroad; the *last*, by keeping every one employed and subsisted at home. These interests are influenced by principles entirely different; and this opens a new combination highly proper to be attended to.

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In the first book, we considered the consumers and suppliers as members of the same society, and as having their interests blended together; but the moment that a question about foreign trade arises, they become entirely separated. Every country appears to be put under the direction of a particular statesman, and these must play against one another as if they were playing at chess. He who governs the consumers, must use his utmost endeavours to teach his people how to supply themselves. He who is at the head of the suppliers, must do what *he* can to render the efforts of the other ineffectual, by selling cheap, and by making it the immediate interest of the subjects of his rival to employ the suppliers preferably to his own countrymen. Here then are two plans, opposite and contrary, to be executed; and we endeavour to point out the principles which ought to influence the conduct of the respective undertakers, in every stage of their prosperity or decline. We lay down the methods of improving every favourable circumstance, so as to advance the end proposed, and shew how to season every unavoidable inconvenience with the best palliatives, when a perfect remedy becomes impracticable.

CHAP. XVI. In this chapter I continue the thread of my reasoning, in order to draw the attention of my readers to the difference between the principles of *foreign* and *domestic* commerce; and setting the latter apart for a subsequent examination, I enter upon an inquiry into the difference between those branches of foreign trade which make nations depend on one another *necessarily*, and those where the dependence is only *contingent*. The first may be reckoned upon, but the last being of a precarious nature, the preservation of them ought to be the particular care of the statesman.

The method to be followed for this purpose, is, to keep the price of every article of exportation at a standard, proportioned to the possibility of furnishing it; and never to allow it to rise higher, let the foreign demand afford ever so favourable an opportunity. The danger to be avoided, is not the high profits, but the *consolidation* of

them;

them; this consideration, therefore, must direct the statesman's conduct in this particular. On the other hand, he must take care that the great classes of the industrious, who supply foreign demand, and who, from political considerations, are reduced to the *minimum* of profits, be not by an accidental diminution of that foreign demand reduced below this necessary standard: he therefore must supply the want of foreign demand, by procuring a sale, in one way or other, for whatever part of this industry is found to lie upon hand; and if loss be incurred in this operation, it is better that it should fall on the whole community, who may be able to bear it, than on a single class, who must be crushed under the burthen.

CHAP. XVII. When manufacturers are found without employment, the first thing to be done is to inquire minutely into the cause of it. It may proceed from a rise in the price of subsistence, from a diminution of demand from abroad, or from new establishments of manufactures at home; for each of which the proper remedy must be applied. The complaints of manufacturers are not the infallible sign of a decaying trade; they complain most when their exorbitant profits are cut off. The complaints of the real sufferers, those who lose *the necessary*, are feeble, and seldom extend farther than the sphere of their own misery. The true symptoms of a decaying trade, is to be sought for in the mansions of the rich, where foreign consumption makes its first appearance. A statesman will judge of the decay of *that* trade *which supports and enriches the people*, more certainly from the *ease* of the industrious classes, than from their *distress*. Foreign nations will willingly give *bread* to those who serve them; but very seldom *any thing more*; and from hence I conclude, that the more manufacturers are at their ease, the more a statesman ought to be upon his guard to prevent this temporary advantage from bringing on both national poverty and private distress.

When home consumption begins to be supplied from abroad, and when foreigners desert the market, or refuse our merchandize

when we carry it to them, then we have an infallible proof of declining commerce; although the increase of home demand may immediately relieve every industrious person made idle, and even furnish them with better employment than ever, in supplying the luxury of their countrymen.

A statesman ought to be provided with remedies against every disease. When luxury is on the road of rooting out foreign trade, let him lie upon the catch to pick up every workman made idle from the caprice of fashions, in order to give him useful employment: he may set his own example in opposition to that of the more luxurious, and in proportion as he gains ground upon them, he must open every channel to carry off the manufactures of those he has set to work for the re-establishment of foreign trade. If, on the other hand, he himself be of a luxurious disposition, and that he inclines to encourage it, he ought to take care that the example of dissipation he gives, may not have the effect of diminishing the hands employed for supplying both home consumption and foreign demand. This is accomplished by preserving a plentiful subsistence in the country, and by keeping down the prices of every species of manufacture, by gradually augmenting the hands employed, in proportion to the augmentation of demand; thus his luxury will increase his numbers, without hurting his foreign trade: the great art, therefore, is to adapt administration to circumstances, and to regulate it according to invariable principles.

CHAP. XVIII. But as a statesman is not always the architect of that oeconomy by which his people must be governed, he should know how to remove inconveniencies as well as to prevent them; because he is answerable, in a great measure, for the consequences of the faults of those who have gone before him. Thus when his predecessors have allowed the operation of natural causes to raise prices, and to destroy foreign trade, he must descend into the most minute analysis of every circumstance relating to industry, in order to pluck up by the root the real cause of such augmentations.

Mistaken

Mistaken remedies, applied in a disease not rightly understood, produce frequently the most fatal consequences.

If a statesman, for instance, should apply the remedy against *consolidated profits*, by multiplying the hands employed in a manufacture, at a time when high prices proceed only from the dearth of living, by this simple mistake he will ruin all: those who really gain no more than a physical-necessary, will then enter into a hurtful competition, and starve one another. But if instead of multiplying hands he augments subsistence, prices will fall; and then by keeping hands rightly proportioned to demand, they will naturally and gradually come down to the lowest standard; and exportation will go on prosperously.

I consider *consolidated profits*, and *high prices of subsistence*, as vices in a state, within the compass of a statesman's care to redress. But there is a third cause of high prices, (that is relatively high, when compared with those in other countries) which will equally ruin foreign trade, in spite of all precautions.

This happens when other nations have learned to profit of their superior natural advantages. I have shewn how vices at home enable foreigners to become our rivals; but without this assistance, every nation well governed, will be able to profit of its own natural superiority, in spite of the best management on the other side. The only remedy in such a case, is, for the nation whose trade begins to decline, in consequence of the natural superiority of other nations, to adhere closely to her *frugality*; to leave no stone unturned to inspire a luxurious taste in her rivals; and to wait with patience until the unwary beginners shall, from that cause, fall into the inconveniencies of dear living, and consolidated profits. Besides this expedient, there are others which depend on a judicious application of public money: an irresistible engine in trade, capable of ruining the commerce of any other nation; (not supporting it by similar operations) and of carrying on exportation, in spite of great natural disadvantages. But these principles are reserved

for the fifth book, when we come to treat of the application of taxes.

Having pointed out the methods of preserving a foreign trade already established, I next examine how those nations which have been contributing inadvertently to the exaltation of others more industrious, by carrying on with them a trade hurtful to themselves, may put a stop to the exhausting of their own treasures; may learn to supply themselves with every thing necessary; and may be taught to profit of their own natural advantages, so as to become the rivals of those who have perhaps reduced them to poverty; and even to recover, not only their former rank, but to lay the foundation of a political oeconomy capable of raising them to the level of the most flourishing states.

I conclude my chapter, by calling for the attention of my reader to the wide difference there is between *theory*, where all the vices to be corrected appear clear and uncompounded; and *practice*, where they are often difficult to be discovered, and so complicated with one another, that it is hardly possible to apply any remedy which will not be productive of very great inconveniencies. Were the remedies for abuse as easily applied as theory seems to suggest, they would quickly be corrected every where.

Let theorists, therefore, beware of trusting to their science, when in matters of administration, they either advise those who are disposed blindly to follow them; or when they undertake to meddle in it themselves. An old practitioner feels difficulties which he cannot reduce to principles, nor render intelligible to every body; and the theorist who boldly undertakes to remedy every evil, and who foresees none on the opposite side, will most probably miscarry, and then give a very rational account for his ill success. A good theorist, therefore, may be excellent in deliberation, but without a long and confirmed practice, he will ever make a blundering statesman in practice.

CHAP.

CHAP. XIX. Having treated of the fundamental principles of trade and industry; having explained the doctrine of *demand* and *competition*; the theory of *prices*, with the causes of their *rise and fall*; the difference between *prime cost* and *profits*; the *consolidation* of these; and the effects of such *consolidation* in any branch of manufacture; I set my subject in a new light, and present it to my readers under a more extended view. Having, as I may say, studied the map of every province, we are now to look at that of the whole country. Here the principal rivers and cities are marked; but all brooks, villages, &c. are suppressed. This is no more than a short recapitulation of what has been gone through already. Trade, considered in this view, divides itself into three districts, or into three stages of life, as it were, *infancy*, *manhood*, and *old age*.

During the *infancy* of trade, the statesman should lay the foundation of *industry*. He ought to multiply wants, encourage the supply of them; in short, pursue the principles of the first book, with this addition, that he must exclude all importation of foreign work. While luxury tends only to banish idleness, to give bread to those who are in want, and to advance dexterity, it is productive of the best effects.

When a people have fairly taken a laborious turn, when sloth is despised, and dexterity carried to perfection, then the statesman must endeavour to remove the incumbrances which must have proceeded from the execution of the first part of his plan. The sea-folding must be taken away when the fabric is completed. These incumbrances are high prices, at which he has been obliged to wink, while he was inspiring a taste for industry in the advancement of agriculture and of manufactures; but now that he intends to supply foreign markets, he must multiply hands; set them in competition; bring down the price both of subsistence and work; and when the luxury of his people render this difficult, he must attack the manners of the rich, and give a check to the domestic consumption.

S i f 2

consumption of superfluity, in order to have the more hands for the supply of strangers.

The last stage of trade is by far the most brilliant; when, upon the extinction of foreign trade, the wealth acquired comes to circulate at home. The variety of new principles which arise upon this revolution, makes the subject of what remains to be examined in the succeeding chapters.

CHAP. XX. Before I enter upon the principles of inland commerce, I prepare the way, by a short dissertation upon the term luxury. I endeavour to analyse the word to the bottom, to discover, and to range in order, every idea which can be conveyed by it. In this way I vindicate the definition I have given of it (which is the consumption of superfluity) and shew that luxury, as I recommend it, is free from the imputation either of being vicious or abusive.

I distinguish, therefore, between *luxury*, *sensuality*, and *excess*, three terms often confounded, but conveying very different ideas. A person may consume great quantities of superfluity from a principle of ostentation, or even with a political view to encourage industry; him I call *luxurious*. *Sensuality* may be indulged in a cottage, as well as in a palace; and excess is purely relative to circumstances. *Luxury*, therefore, as well as *sensuality*, or any other passion, may be carried to *excess*, and so become vicious. Now *excess* in consumption is vicious in proportion as it affects our *moral*, *physical*, *domestic*, or *political* interests; that is to say, our *mind*, our *body*, our *private fortune*, or the *state*. When the consumption we make, does no harm in any of these respects, it may be called moderate and free from vice.

Our *moral* and *physical* interests are hurt by excess, in *eating*, *drinking*, *love*, and *ease*, or indolence; according as these gratifications do respectively affect the *mind*, or the *body*, or both.

Our *domestic* interest frequently obliges us to call that *excess*, which nature hardly finds *sufficient*; and, on other occasions, both *mind* and

and body go to destruction; by *excesses* which have contributed to amass the greatest fortunes.

The most direct *physical* inconvenience of excessive luxury, is, the loss of foreign trade. The more indirect follow as consequences of those already described; because they may render those employed in the service of the state, negligent and unfit; rapacious and corrupt, but these evils are more properly the *direct* effects of the imperfections of the mind; than consequences resulting *naturally* from excess in the consumption of superfluity. They ought, therefore, to be considered as secondary effects, since they may proceed from avarice as well as prodigality. The correcting of political vices resembles the weeding a bed of tender flowers, the roots are all blended together, and the leaves are almost alike. It is proper, therefore, to have both the discernment and dexterity of a good gardener for such an operation.

CHAP. XXI. From *luxury* I pass to the *physical-necessary*, which I define from the consumption implied by it: a man has his *physical-necessary* when *he is fed, clothed, and protected from harm*. But as these enjoyments, we find, do by no means satisfy his desires, I am led to establish another *necessary* which I call *political*. This I measure also by the consumption implied by it, to wit, that which is suitable to the *rank* of the person.

Rank again is determined by the *common opinion of men*, and this opinion is founded upon circumstances, which relate to the *birth*, *education*, or *habits* of the person. When common opinion has placed any one in a certain rank, he becomes entitled to enjoy certain articles of *physical-superfluity*, which enter into the competition of his *political-necessary*: thus, such as are raised above the level of the very lowest class of inhabitants, are entitled to have a Sunday's dress; the farmer has a better coat than a labouring servant; the priest of the parish must have a gown; the magistrate of a little town must have ruffles, perhaps silk stockings; a provost a velvet

coat, and a lord mayor a state coach; these and such like articles constitute what I call the *political-necessary*.

A man's rank sometimes obliges him to certain articles of expence, which may possibly affect even his *physical-necessary*. How frequently do we see people cover their shoulders, at the expence of their belly. The competition between the desires of our *mind*, and those which proceed from our *animal oeconomy* is so strong, that it is frequently hard to determine, whether the incapacity to supply our *physical wants*, proceeds from our having too far gratified our other desires, or from real poverty.

The lowest classes of a people, in a country of trade, must be restrained to their *physical-necessary*; but this restraint must be brought about, not by *oppression*, but by the effects of *competition* alone. While this is supported among people of the same class, it has the effect to reduce them all to the *physical-necessary*, and when it reduces them lower it is a vice, and ought to be checked. A peculiar ingenuity in some workmen of the same class, will raise them above this level; and the more they can raise themselves above competition, the greater will their gains be. By becoming masters in any art, they share the profits of those whom they employ; and thus rise in rank and fortune, provided their frugality concur with every other natural or acquired advantage. It is therefore a principle, *to encourage competition universally, until it has had the effect to reduce people of industry to the physical-necessary, and to prevent it ever from bringing them lower*: from this results the necessity of applying every expedient for relieving certain classes of the load of their children, if you incline they should breed; and of preventing taxes and other burthens from affecting them unequally.

CHAP. XXII. I now come to treat directly of inland commerce, as taking place upon the extinction of foreign trade, when all attempts to recover it are found to be vain. In such a situation, a wealthy nation is not to consider itself as undone: an able states-

man

man must know how to make his people happy in every situation. It is an universal principle of conduct, private and political, to look forward, and to improve the present from the experience of the past. One great inconvenience resulting from a foreign trade *already lost*, is, that there is no farther question of making any new acquisition of wealth, or of replacing one farthing of what at any time may be sent out of the country. But the greatest inconveniences are felt in the losing such a trade: these are numberless, when an able statesman is not at hand to prevent them.

That I may point them out in order, I make a short recapitulation of our principles: the slightest hint is sufficient to shew their force; and when my reader is sensible of a repetition, which he finds superfluous, let him reflect that this very circumstance is a proof of their exactness. In this science we must use our principles as a carpenter uses his foot-rule; there is nothing new to him in this instrument; but still he must have it in his hand, to be able to know any thing, with accuracy, concerning his work.

In this chapter I throw in a short dissertation upon the difference between antient and modern luxury. Their natures and effects are briefly insisted on. I point out the resemblance between the luxury of modern times, and that of the few great trading cities of antiquity; such as Tyre and Carthage; and I shew in what respect it differed from that luxury which proved the downfall of the empires of Asia and Rome.

When empires were once formed, they were ruined by luxury, and preserved by means of their wars: because these made their wealth circulate.

When the trading states took a military turn, and became ambitious of conquest, their ruin soon followed: because war destroyed the industry which made their greatness.

The cause of difference I find to proceed from this; that in the *monarchy*, the riches from which the luxury sprung was the effect of rapine; in the *other*, the effect of industry. The first gave no equivalent

equivalent for their wealth; the others did. Where no equivalent is given in the acquisition, all proportion is lost in the dissipation. The luxury of the robbers was monstrous and violent; that of the merchants, systematical and proportional. The luxury of the monarchies brought on neglect in public affairs: in the cities, it was this neglect which destroyed their luxury. The luxury of the monarchies had nothing to recommend it, but the gratification of the passions: the luxury of the others produced no harm, but from this very circumstance. From the contrast I have drawn, I establish the difference between antient and modern luxury. The first was violent; the last is systematical, and can be supported by industry and liberty only. A farther consequence is, that as rapine is incompatible with industry, so is arbitrary power: consequently, those absolute princes who establish industry in their country, in order to taste of the sweets of luxury and wealth, put insensibly a bridle in the mouths of their successors, who must, from this consideration alone, submit their government to a regular system of laws and political œconomy.

This is a better scheme for limiting the arbitrary power of Princes than all the rebellions that ever were contrived. Confusion establishes arbitrary power, and order destroys it.

CHAP. XXIII. When a nation, which has long dealt and enriched herself by a reciprocal commerce in manufactures with other nations, finds the balance of trade turn against her, it is her interest to put a total stop to it, and to remain as she is, rather than to persist habitually in a practice, which, by a change of circumstances, must have effects very opposite to those advantages which it produced formerly. Such a stop may be brought about by the means of duties and prohibitions, which a statesman can lay on importations, so soon as he perceives that they begin to preponderate with respect to the *exportations* of his own country.

I illustrate this principle by an examination of those which influence the establishment of incorporated cities and boroughs. I shew
how

how these may be considered as so many states, which domestic luxury, taxes, and the high price of living, have put out of a capacity to support a competition with strangers (that is with the open country) which here represents the rest of the world. I shew the reasonableness of such exclusive privileges, in favour of those who share the burthens peculiar to the community, in so far only as regards the supply of their own consumption; and I point out, by what methods any discouragements to industry may be prevented, as often as that industry has for its object the supplying the wants of those who are not included in the corporation.

From the long and constant practice of raising *taxes* within incorporated cities, I conclude, that *taxes* are a very natural consequence of luxury, and of the loss of foreign trade; and as Princes have taken the hint from the cities, to extend them universally, it is no wonder to see foreign trade put an end to, in consequence of such injudicious extensions.

CHAP. XXIV. I next proceed to the methods proper to be used, in the delicate operation of so great a revolution as that of degrading a people from their right of being considered as a trading nation.

If a statesman keeps a watchful eye over every article of importation; and examines minutely, the use every article imported is put to; he will easily discern, when it is proper to encourage, when to restrain, and when to prohibit.

In this examination, however, every relation must be taken in: because the importation of a foreign commodity affects many different interests, some within, some without the nation; some directly, others only consequentially. Nothing is so complex as the interests of trade. The importation of a commodity may first advance the interest of those at home, who furnish the commodities exported, of which the importation is the return. The importation may be useful for the advancement of manufactures, providing it consist in matter fit for them; yet if the whole manufac-

ture produced from it be for home-consumption, the national interest will, on the whole, be hurt by the importation. The importation of wines and brandies is a great saving upon subsistence, in northern countries, where liquors distilled from grain are made to supply the place of them. These and many other relations must be examined, before a statesman can pass sentence upon an article of importation. The inquiry made, and accounts ballanced on both sides, every hurtful article of importation should be cut off; and when this is done, if the consequence should prove a general stop to exportation, then is foreign trade decently interred, without any violent revolution; because the statesman is supposed to have proceeded gradually, and to have been all the while labouring to increase consumption at home, in proportion as the industrious have been forced to lie idle by the other operations.

When foreign trade is at an end, the number of inhabitants must be reduced to the proportion of home-subsistence, in case their former prosperity had carried them beyond it. The nation's wealth must be kept entire, and made to circulate, so as to provide subsistence and employment for every body.

CHAP. XXV. Let a nation be reduced ever so low in point of foreign commerce, she will always find a demand from abroad for the superfluities of her natural productions; which, if rightly conducted, will prove a means of advancing her national wealth.

If the exportation of subsistence should go forward, while many are found in want at home, a restraint laid upon exportation will not redress the inconvenience; because the wretched will still remain so, unless they are assisted and put in a capacity to dispute the subsistence of their own country with foreign nations. The principal cause of this phenomenon is the preponderancy of the scale of work at home. When home-demand does not fill up the void, of which we have spoken, a vicious competition takes place among those who work for a physical-necessary; the price of their labour falls

falls below the general standard of subsistence *abroad*; their portion is exported, and they are forced to starve.

A statesman, therefore, at the head of a luxurious people, must endeavour to keep his balance even; and if a subversion is necessary, it is far better it should happen by the preponderancy of the scale of demand. Here is my reason for preferring this alternative.

All subversions are bad, and are attended with bad consequences. If the scale of work preponderates, the industrious will starve, their subsistence will be exported; the nation gains by the balance, but appears in a manner to sell her inhabitants. If the scale of demand preponderates, luxury must increase, but the poor are fed at the expence of the rich, and the national stock of wealth stands as it was. Upon the cessation, therefore, of foreign trade, you must either lose your people, or encourage luxury.

The statesman having regulated the concerns of his outward commerce, must apply more closely than ever to his domestic concerns. I reduce the principal objects of his attention to three. 1. To regulate the progress of luxury according to the hands ready to supply the demand for it. 2. To circumscribe the bounds of it, that is, the multiplication of his people, to the proportion of the extent and fertility of the soil. And in the last place, to distribute his people into classes, according as circumstances (of which he is not master) may demand.

Here I point out the reasons why the progress of luxury does less hurt to a great kingdom than to a small state. Why sumptuary laws are good in an imperial town of Germany, and why they would be hurtful in London or Paris. Why the establishment of a standing army, in a country *fully peopled* and rich, should be accompanied with endeavours to diminish luxury, in order to prevent too great a preponderancy of the scale of demand, and the rising of prices, which would cut off the hopes of recovering a foreign trade.

Having briefly gone through the objects of the statesman's concern, I come to examine the natural consequences of this revolution upon the spirit, government, and manners of a people, who from industrious and frugal are become luxurious and polite.

The traders withdraw their stocks as trade decays, and lend it out at home to landed men, who thereby are enabled to become luxurious. This indemnifies the industrious for the loss of foreign demand. When the money, formerly employed in order to gain more, begins to circulate at home, for providing superfluities, and augmenting domestic consumption, the country appears daily to be growing more opulent; tradesmen and manufacturers, who were formerly confined to a physical necessity, are now easy in their circumstances; they increase their consumption; this accelerates circulation; an air of plenty and ease spreads over the face of the country; and the very consequences of their decline, are construed as invincible proofs of their growing prosperity.

Riches may be considered by a statesman in three different lights; as a mine when they are locked up; as an object of trade when they are employed in order to gain more; or as an object of luxury, and fund for taxation, when they are spent in the gratification of our political wants.

The general cast of mind and disposition of the inhabitants of every country (in so far as regards money) may, I think, be reduced to one or other of these three modifications. It is the business of a statesman to work upon the spirit of his people, so as to model their taste of expence by infensible degrees; and to bring it to be analogous to that principle which is most conducive to national prosperity. Hoarding in private people, can hardly ever be advantageous to a state; when the state hoards, the case is very different, as shall be shewn. While money is employed to gain more, it never can procure to the proprietor, either power or authority; but when, in the last case, it is employed for the gratification of our desires, in the hands of the ambitious, it acquires power; consequently,

sequently, may rival that influence which no person ought to enjoy, but he who is at the head of the state. This is the mother of faction, and the root from which all hurtful parties spring. It is by such means that governments (be they good or bad) are brought into anarchy. Private wealth corrupted, and at last destroyed the excellence of the Roman commonwealth; and private wealth alone established the liberty of Holland upon the ruins of Spanish tyranny. So soon therefore as the inhabitants of a country begin to employ their riches to gratify their inclinations, at the same time should a statesman begin to make himself rich, in order to preserve that superiority which is essential to him who sits at the head of every principle of action. And whenever this lies beyond his reach, the power he had will soon disappear; and the government will take a new form.

A statesman acquires wealth by imposing taxes upon his people: rapine is the tax of the despot; capitation, land tax, and others which affect persons, are those of the monarch; excises upon consumption are imposed by limited governments. The first lay all flat, the second affect growing wealth, the last accelerate dissipation. I conclude my chapter with some little historical illustrations concerning the power and influence of great men in a state, under different circumstances.

CHAP. XXVI. I next consider the nature of what I call the *balance of wealth*. The more circulation there is in a country, the more this object becomes important. While the greatest part of a nation's coin was locked up; or while it circulated by rapine and extortion, the effects discovered in modern times, where it circulates by industry, and as an adequate equivalent for services, were hardly perceived.

The specie, or circulating coin of a country, must be considered as a part of the national patrimony. This is constantly changing hands in a country of industry, and he who is proprietor of any part of it, is in so far a proprietor of the public stock.

With

With this species of property, every other may be acquired. When it is given as the price of land, such an exchange produces no alteration in the respective situation of the parties. An estate in land is neither better or worse than another in coin of the same value. If I purchase an annuity, or pay off my debts with the coin I have in my pocket, neither I or the person with whom I transact, make any change of situation in point of wealth.

But if I lay out my coin for consumable commodities for my own use, then so soon as any part of what I buy is consumed, I become poorer: for this operation annihilates, in a manner, as to me, the coin I had. This I call a vibration in the balance of wealth; I grow poorer, and he who produced the consumable commodity for my use, is so far richer: the balance, therefore, is turned against me, in his favour.

As many people, therefore, live by producing consumable commodities, one use of coin is to render inconsumable, as it were, that part of them which is superfluous to our own consumption. By this operation the superfluity passes into other hands who consume it, and the coin which the industrious receive in return purchases a supply for all their wants, in proportion as they choose to relieve them.

The vibration of the balance of wealth, therefore, is no more than the changes which are daily taking place, as to the relative proportion of riches between the individuals of a state: and as this vibration can only be produced when the coin any one possesses comes to disappear, without his retaining the possession of any real equivalent which he can alienate for the same value; it follows, that the balance is constantly turning in favour of those who either sell their effects, their service, or their work; and this balance they retain, in proportion as their gains exceed their own consumption. On the other hand, the balance is constantly turning against the idle consumers; because they are supposed to produce nothing; consequently, the whole of their consumption goes in diminution of their wealth.

Hitherto

Hitherto the question has only been about the balance of moveable wealth, that is coin; but the introduction of this, together with a taste for superfluity, has the effect of melting down *solid property* into what I call *symbolical money*.

When once this refinement upon the use of money takes place, we see houses, lands, jurisdictions, provinces, principalities, crowns, scepters and empires, thrown into circulation by means of the symbolical money called bank notes, transfer in bank stock, accounts, bonds, mortgages, alienations of domain, mortgage of taxes, and cessions made in definitive treaties.

As frugality and industry are in our days capable of amassing the greatest fortunes in solid property, so is dissipation, by the means of symbolical money, as certain an expedient for the annihilation of them. From this I conclude, that dissipation implies frugality, and frugality dissipation. In every country of great circulation, they balance and destroy one another; and since there is no such thing as equality of fortune to be preserved without proscribing alienation, that is circulation, the next best expedient for making people equal, I think, is to enrich them by turns.

I conclude my chapter by inquiring into the effects of national debts upon the vibration of this balance; and I conclude, from the principles laid down, that with respect to the collective interests of the state, that is, between the state itself, the creditors, and the people, there is no vibration of wealth produced by loans to the public. But that according as the money borrowed is spent in the country or abroad, in so far the balance is either made to vibrate between individuals at home, or to turn against the state in favour of foreign nations.

CHAP. XXVII. I next endeavour to shew how necessary a thing it is for a statesman to acquire a thorough knowledge of the nature and effects of circulation. By this he is able to judge, when the coin circulating in the country is sufficient for carrying on alienation; and when it is not, he is taught how to augment the quantity

ity of it, either by drawing it from the repositories as oft as he finds the inhabitants disposed to lock it up; or by substituting symbolical or paper money in place of it, when the metals are really wanting.

Here I observe, that the *circulating* or *current* money of any nation is constantly in proportion to the taste of dissipation in the rich, and application to industry in the poor.

When the dissipation of the rich, tends to call off the industrious from supplying the branches of exportation, then the statesman, in place of facilitating the melting down of solid property in favour of domestic circulation, by the easy introduction of symbolical money, should render this operation more difficult, permitting the lands to be loaded by entails, substitutions, trusts, settlements, and other inventions which may hurt the credit of young people, such as retarding the term of coming to full age, and others of a like nature.

On the other hand, while lands remain ill cultivated; while the numerous classes remain idle and poor; and while much money is found locked up, the very opposite administration is expedient: Every method then must be employed to facilitate and establish the credit of those who have solid property; such as the introduction of loans upon interest; the breaking entails upon estates; the facilitating the sale of them, in favour of the liquidation of all claims competent to the industrious, against the proprietors, even declaring the cause of creditors the favourable side in all ambiguous lawsuits; and, last of all, allowing arrestment of the person for moveable debts, which is supporting the interest of creditors as far, I think, as is possible, in any free nation. Every regulation becomes, in short, expedient, which can favour the industrious, accelerate circulation, and establish a credit to every one in proportion to his worth.

The more money becomes necessary for carrying on consumption, the more it is easy to levy taxes; the use of which is to advance the public

public good, by drawing from the rich, a fund sufficient to employ both the *deserving*, and the *poor*, in the service of the state; or to correct the bad consequences of domestic luxury as to foreign trade, by providing a fund for the payment of bounties upon exportation.

In imposing taxes, a statesman should attend to the nature of those branches of circulation where the balance is made to vibrate, in order to distinguish them from those where no vibration is implied. When a man buys an estate, it would be absurd to make him pay a tax of *cent per cent*: though you may safely make him pay at that rate, when he buys a pint of gin, or a pound of chocolate.

In taxes, again, upon consumption, a particular attention is to be had, not to confound those which are paid by people who consume to gratify their desires, with those which are paid by such as consume in order to produce; that is to say, those which affect the rich, with those which affect the industrious.

Further, a statesman must see with perspicuity how far the imposition of taxes may influence the prices of exportable goods; and in so far as prices are influenced by them, they must be refunded with interest, and even when that is not sufficient to support the foreign competition, premiums or bounties are to be thrown in, at the expence of new impositions upon domestic consumption.

As all augmentations must at last come to a stop, so must these expedients for the support of foreign trade against the influence of domestic abuse; but when trade comes to a stop, taxes may be increased; because the considerations in favour of exportation are removed. The statesman then must change his plan, and make use of the power and influence he acquires by an opulent exchequer, to root out the abuses which have dried up the spring from which his country used to receive a continual augmentation of wealth.

I conclude my chapter with this reflection: That under a wise administration, every vice in a state carries a proper antidote along with it.

If luxury extinguishes foreign trade it gives birth to taxation; and money in the hands of a good statesman is an irrefragable engine for correcting every abuse.

In treating of taxes, I frequently look no farther than my pen, when I raise my head and look about, I find the politics of my closet very different from those of the century in which I live. I agree that the difference is striking; but still reason is reason, and there is no impossibility in the supposition of its becoming practice.

CHAP. XXVIII. Prices imply alienation for money, and frequent and familiar alienations only can fix a standard.

The price of articles of the first necessity regulate, in a great measure, the price of every thing else. Now the frequent and familiar alienation of such articles implies industry, and a numerous class of free hands; because these only are the buyers. No alienation is implied in the consumption of necessaries, by those whose occupation it is to produce them for themselves. Did every one, therefore, supply himself with necessaries, there would be no alienation of them; consequently, no price fixed. From hence it follows, that the price of necessaries depends on the occupations of a people, and not on the quantity of their specie.

The standard price of *subsistence* is in the compound proportion of the number of those who are obliged to buy, and of the demand found for their labour. Subsistence never can rise above the level of the faculties of the numerous classes of a people; because so soon as a price rises above the faculties of the buyer, his demand is withdrawn; and when the demand of a numerous class is withdrawn, subsistence is found in too great plenty for the rich, to bear a high price.

The more equal, therefore, the faculties of the industrious populace of any country are, the less distress will follow upon scarcity.

city, and those only, whose means cannot reach that standard price, run any risk of starving.

The faculties, therefore, of the *physical-necessarians* (as we have taken the liberty to call them) will, in countries of industry, determine the standard value of subsistence; and the value, in money, which they receive for their work, will determine the standard of those faculties; consequently, the price of subsistence must rise and fall according to the number of workmen, and demand for their work: that is to say, the price of subsistence must be in the compound proportion above mentioned.

Here I am led into an examination of the opinion of Messrs. De Montefquieu and Hume, who think that the price of every thing depends upon the *quantity of specie* in the country, which they consider as the representation of *every thing vendible*; as if these two quantities, the *commodities*, and the *specie*, were divided into aliquot parts, exactly proportioned to one another. I do my endeavour to investigate the meaning of these proportions, in order to shew in what respect they lead to error, in place of throwing light upon an intricate question: and then I propose another doctrine, which is, that nothing can determine the value of a vendible commodity, any where, but the *complicated operations of demand and competition*, which however frequently influenced by wealth, yet never can be regulated by it.

CHAP. XXIX. In this chapter I follow the succession of Mr. Hume's ideas, in his political discourses; and as he is led from his principles to believe, that there is no such thing as a wrong balance of trade against a nation, but on the contrary thinks that the nature of money resembles that of a fluid, which tends every where to a level. In pursuing the consequences of our former reasoning, I shew, that nothing is so easy, or more common than a right or a wrong balance of trade; and I observe, that what we mean by a balance, is not the bringing the fluid to a level, but either the accumulating or raising it in some countries, by the

means of national industry and frugality, which is a right balance; or the depressing it in others, by national luxury and dissipation, which is a wrong one. Thus the general doctrine of the *frug* can only take place, on the supposition that all nations are equally frugal and industrious; or rather, that they have an equal mixture of these and their opposite qualities, together with a reciprocal trade entirely laid open. When the ideas of different people are fairly exposed, every question comes to be resolved without disputation: vices in reasoning seldom take place but when terms are not rightly understood.

CHAP. XXX. As the intention of this inquiry is not to treat of population, agriculture, trade, industry, &c. as particular subjects, but as objects influencing the political œconomy of modern states, my end is answered, so soon as I find the general principles relating to each sufficiently deduced and ranged under general heads. The use, therefore, of a chapter of miscellaneous questions and observations, is to serve as an exercise on what is gone before; to introduce, without a direct connection, questions analogous to the subject of the book, or to give a further extension to such as I have treated, in the course of the chapters, with too much brevity.

In the first and second questions, I endeavour to shew, that the quantity of coin in any country, is no sufficient rule for judging of the state of her foreign trade; because money may be acquired and expended by operations nowise mercantile. A nation may borrow from foreigners more than the amount of the balance against her: she may pay away, in subsidies, and foreign wars, sums greatly beyond the value of a right balance on her trade. She may call in her specie, and trade with it abroad, while paper is made to circulate in its place at home: or she may lock it up in banks, where it never may appear. In short, the riches of a trading nation may resemble those of a trading man, who may be immensely rich, with very little specie in his possession.

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On the other hand, the riches of a prodigal nation may resemble those of a prodigal man; who may be full of money, borrowed from all hands, upon the credit of a large fund of solid property.

The third question concerns the effects of riches in those countries where trade and industry are little known. Under such circumstances, coin must be locked up, or virtue will go to wreck. Why? Because, if coin circulate where there is no industry, it must circulate for no adequate equivalent in work or service; that is, for the gratification of the passions, or in monstrous prodigality. Experience demonstrated the truth of this principle. While the Greek Monarchs of Asia and Egypt remained in possession of their vast treasures, virtue and simplicity stood their ground; when those riches were thrown into circulation, under the first Roman Emperors, we see the horrible consequences which ensued. What could produce such monsters, except a taste of dissipation, without national objects to discharge their wealth upon? All the money in the universe, thrown into the hands of an extravagant modern Prince, would not affect his morals; the taste of luxury would soon discharge him of it; and the consequence would be, to enrich those who gratified his desires, and that nearly in proportion to their services. But in ancient times, the violence of government stopped the progress of industry: the consequence of which was, that the few productions of it were sold for the most exorbitant prices, and the wealth accumulated by private people commonly occasioned their destruction; because rapine was the only expedient Princes had fallen upon to draw back money into their coffers.

Comparing the ancient with our modern œconomy, I find both are curious and entertaining. A contrast often makes us reflect upon circumstances which otherwise might escape our observation.

In the fourth and fifth questions, I apply the principles we have laid down, in order to discover why the establishment of trade and industry

industry has naturally given rise to an established system of taxation, and regular standing armies.

This leads me to compare circumstances relative to the oeconomy of Europe some centuries ago, when taxes were almost unknown, with the present times, when they are becoming daily more familiar; and I shew that they are, in a great part, paid in lieu of the personal service to which the subjects were formerly bound, and by the means of which states were supported; and if they are extended beyond this proportion, it is in consequence of a new circulation opened between the state and those who serve it: so that the effect of taxes, spent within a country well governed, is to draw money gratuitously from those who have a superfluity of it, in order to bestow it upon those who are willing and capable to advance the service of the state; that is, in other words, to oblige private people to lay out their money for the service of their country.

From the same principles, and from a very succinct historical deduction of the facts relating to the state of the militia of Europe, from the time of the Romans, I endeavour to shew, that standing armies in our days are become necessary, while Princes have the rage of making war; because, without keeping up such bodies of men in time of peace, the call of the luxurious would provide employment for them, which they would not choose to quit, when the will of their sovereign might command their attendance.

These questions lead me to inquire into the method of estimating the relative power of different states in making war.

Here I reduce power to the two principles of men and money; the men at the command of a state, are those who have a poor and precarious living, or at least a worse condition than that which the state can offer for their military service; consequently, the more a people are usefully employed, the less they are calculated for filling armies. From hence it is that luxury is said to render a

nation effeminate: a true proposition, when rightly understood, relatively to the industrious, not to the luxurious classes of the people.

The annual revenue of a state is in proportion to the circulation, because it is at the time of circulation only that national contributions can be levied with the fewest inconveniencies. Money which does not circulate is of no use to the proprietors, and consequently can be of no utility to the state.

Credit is in proportion to the capacity of paying the interest of money borrowed.

Having abundantly insisted on the advantages of industry in providing for the poor, I now come to consider its permanent effects, after the first end has been accomplished. If a thousand pounds are bestowed upon making a fire-work, a number of people are thereby employed, and gain a temporary livelihood: If the same sum is bestowed for making a canal for watering the fields of a province, a like number of people may reap the same benefit, and hitherto accounts stand even: but the fire-work played off, what remains, but the smoke and stink of the powder? Whereas the consequence of the canal is a perpetual fertility to a formerly barren soil. Here I enter again into an examination and confrontation of ancient and modern oeconomy. I shew, that the magnificence of the ancients had not the same tendency to destroy simplicity, as the luxury of modern times has; because they owed their magnificence to the slavery of the inferior classes of people, who got no return for their labour farther than bare subsistence. Whereas modern magnificence depends upon industry, which draws after it such a retribution in money, as soon enables those who at first contributed to the luxury of others, to call for the like services from an inferior class, who are entering on the course which the more wealthy abandon.

I conclude this chapter with an inquiry into the principles which ought to regulate the establishment of trading companies. Those principles

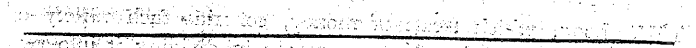
principles relate to the *advantages* and *disadvantages* which severally attend them. The principal advantage in common to all, proceeds from the union of private stocks; consequently, the statesman ought to protect companies so far only as this union promotes the end for which they were instituted: but whenever he finds that the strength of united stocks is made use of to oppress the unincorporated industrious, he ought to take these under his protection, by providing an outlet for *their* industry, by which he will frustrate any attempt of turning that into a monopoly, which was intended only to extend trade and industry.

The second advantage is peculiar to such companies as trade to foreign parts under exclusive privileges. By these a state reaps the benefit of keeping prices low in foreign markets; because the company is freed from the competition of their own countrymen. But the inconvenience resulting in consequence of this, is, that as the company *buys*, so they also *sell* without competition. The method, therefore, of preventing the bad consequence of this, is, for the state constantly to be at the great expence of every such settlement in favour of foreign trade; and to grant the exclusive privilege in favour of commerce in general, and not in the common way, as an indemnification to particular people for the expence of making the settlement, or from other political considerations. When an exclusive privilege is granted upon such principles, the state may retain a power of inspection into all their affairs, and may open the doors of the company to new subscribers, in proportion to the demand for the trade, in place of allowing the company to swell their stock with borrowed money. By such means frauds are prevented; a foundation is laid for several mercantile operations, which advance the prosperity of the state, without hurting the company; and jealousy is taken away, by preventing the too close connection between the members of it, when few in number, from degenerating into an oppressive and scandalous monopoly.

END OF THE SECOND BOOK.



AN
INQUIRY
INTO THE
PRINCIPLES OF POLITICAL OECONOMY.



BOOK III.
OF MONEY AND COIN.



PART I.
THE PRINCIPLES OF MONEY DEDUCED, AND
APPLIED TO THE COIN OF GREAT BRITAIN.



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ADVERTISEMENT.

THIS book, which treats of money, contains such variety of matter, that I have found an advantage in dividing it into two parts. In the first, the principles are deduced and applied principally to the domestic circumstances of Great Britain in the year 1760, when this book was written. In the second, the interests of foreign trade, and state of coin in the two great commercial nations with whom we are in correspondence are taken in.

Instead of a chapter of recapitulation at the end of the book, I found here that a full table of contents would give the reader a general view of the subject, and serve the purpose of recollection better.

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AN
INQUIRY
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PRINCIPLES OF POLITICAL OECONOMY.

BOOK III.
OF MONEY AND COIN.

PART I.
THE PRINCIPLES OF MONEY DEDUCED AND APPLIED
TO THE COIN OF GREAT BRITAIN.

INTRODUCTION.

IN an inquiry like this, where, at almost every step, we find it branching out into new relations, which lead to different chains of consequences, it is of use to have recourse to every expedient for connecting the whole together.

For this purpose, an introductory chapter at the beginning of a new subject seems necessary.

The reader will have observed that the last chapters of the preceding book (those I mean which treat of the vibration of the balance of wealth and of circulation) have been writ with a view to introduce the subject of money.

I thought it better to anticipate some principles by connecting them directly with those of trade, than to introduce this part of my subject as a new treatise.

The assistance our memory receives from such a distribution must compensate the inconvenience of a few repetitions.

I have, in the last chapters of the second book here referred to, had occasion to mention, and slightly to point out some essential differences between coin and paper money. I have shewn the great usefulness of the latter in supporting circulation.

Although, in giving the definition of paper money in the twenty sixth chapter of the second book, I mentioned credit as being a term synonymous with it; yet this was done only for the sake of simplifying our ideas: one of the best expedients for casting light upon an intricate subject. It is now requisite to point out the difference between them.

Symbolical or paper money is but a species of credit: it is no more than the measure by which credit is reckoned. Credit is the basis of all contracts between men: few can be so simultaneous as not to leave some performance, or prestation, as the civilians call it, on one side or other, at least for a short time, in suspense. He therefore who fulfils his part, gives credit to the party who only promises to fulfil, and according to the variety of contracts, the nature of the prestations, or performances, therein stipulated, and the security given for fulfilling what is not performed, credit assumes different forms, and communicates to us different ideas. Paper credit or symbolical money, on the other hand, is more simple. It is an obligation to pay the intrinsic value of certain denominations of money contained in the paper. Here then lies the difference between a payment made in intrinsic value, and another made in paper. He who pays in intrinsic value, puts the person to whom he pays in the real possession of what he owed; and this done, there is no more place for credit. He who pays in paper puts his creditor only in possession of another person's obligation to
make

make that value good to him: here credit is necessary even after the payment is made.

Some intrinsic value or other, therefore, must be found out to form the basis of paper money: for without that it is impossible to fix any determinate standard-worth for the denominations contained in the paper.

I have found no branch of my subject so difficult to reduce to principles, as the doctrine of money: this difficulty, however, has not deterred me from undertaking it. It is of great consequence to a statesman to understand it thoroughly; and it is of the last importance to trade and credit, that the money of a nation be kept stable and invariable.

To circumscribe combinations as much as the nature of this subject will admit, I have in the first part adhered to a deduction of general principles, taking by way of illustration, as I go along, the present state of the British currency.

In the second part, I shall examine the effects of turning coin into a manufacture, by superadding the price of fabrication to its value; and point out the consequences of this additional combination upon exchange, and the interest of trading nations.

C H A P. I.

Of Money of Account.

What money is. I. THE metals have so long performed the use of money, that money and coin are become almost synonymous, although in their principles they be quite different.

The first thing therefore to be done in treating of money, is, to separate two ideas, which, by being blended together, have very greatly contributed to throw a cloud upon the whole subject.

Definitions. Money, which I call of account, is no more than *an arbitrary scale of equal parts, invented for measuring the respective value of things vendible.*

Money of account, therefore, is quite a different thing from *money-coin*, which is *price*, and might exist, although there was no such thing in the world as any substance which could become an adequate and proportional equivalent, for every commodity.

The subject therefore of the first chapter shall be, 1. To point out the principles which determine the value of things; 2. The use of an invariable scale to measure their value; 3. How the invention of money of account is exactly adapted for measuring the value on the one hand, and measuring the price on the other; and 4. How it preserves itself invariable amidst all the fluctuations, not only of the value of things themselves, but of the metals which are commonly considered as the measures of their value.

Money, a scale for measuring value. 1^{mo}. Money of account, which I shall here call *money*, performs the same office with regard to the value of things, that degrees, minutes, seconds, &c. do with regard to angles, or as scales do to geographical maps, or to plans of any kind.

In all these inventions, there is constantly some denomination taken for the unit.

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In angles, it is the degree; in geography, it is the mile, or league; in plans, the foot, yard, or toise; in money, it is the *pound, livre, florin, &c.*

The degree has no determinate length, so neither has that part of the scale upon plans which marks the unit: the usefulness of all those inventions being solely confined to the marking of proportion.

Just so the unit in money can have no invariable determinate proportion to any part of value, that is to say, it cannot be fixed to any particular quantity of gold, silver, or any other commodity whatsoever.

The unit once fixed, we can by multiplying it, ascend to the greatest value; and when we descend below the subaltern divisions of this unit, we have the assistance of measures and weights, which render the operation easy. Thus in England, where a farthing is the lowest denomination of money, the grains of wheat are bought by measure, and cherries by the pound.

II. The value of things depend upon the general combination of many circumstances, which however may be reduced to four principal heads: Principles which determine the value of things.

1^{mo}. The abundance of the things to be valued.

2^{do}. The demand which mankind make for them.

3^{io}. The competition between the demanders; and

4^{to}. The extent of the faculties of the demanders. The function therefore of money is to publish and make known the value of things, as it is regulated by the combination of all these circumstances.

This proposition I think is self-evident, and it is susceptible of a thousand proofs; I shall only mention one. Prices not regulated by the quantity of money.

Were there a determinate proportion between certain quantities of gold and silver, and certain quantities of other things vendible, I do not see how prices could vary while the proportion of quantity to quantity between metals and things remained the same.

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But if the desires of men to possess any particular commodity and the competition between them to acquire it be capable to raise a thing, formerly of the lowest value, to any height, and if the absence of these circumstances can debase a thing formerly of great value, to the lowest rate, is it not evident, that the *price*, that is, the gold and silver people possess (even allowing that it may upon many occasions promote a competition among them) can never be the measure of their fancies or caprices, which are what constitutes the value of things.

Substances are valued either according to their weight, their superficial measure, the measure of their bulk, or by the piece. These may be considered as the four classes of vendible corporeal commodities.

All the species of each class according to their different qualities of goodness, may be reduced to a proportion of value. A pound of gold, of lead, of different grains, of different butters, or of what you will, valued by the pound, may at any precise time, be reduced to a scale of proportional values, which the wants, demands, competition and faculties of buyers and sellers, keep in a perpetual fluctuation.

As far therefore, as an increase of the metals and coin shall produce an increase of demand, and a greater competition than before, so far will that circumstance influence the rise of prices, and no farther.

The value of commodities therefore, depending upon a general combination of circumstances relative to themselves and to the fancies of men, their value ought to be considered as changing only with respect to one another; consequently, any thing which troubles or perplexes the ascertaining those changes of proportion by the means of a general, determinate and invariable scale, must be hurtful to trade and a clog upon alienation. This trouble and perplexity is the infallible consequence of every vice in the policy of money or of coin.

But by the relative proportion between commodities and the wants of mankind.

III. It

III. It may here be demanded what necessity there is to have recourse to such a metaphysical deduction upon so familiar a subject. Do we not see every where, that things are valued by silver and gold coin, and that there is no occasion to reject them at this time, in order to introduce an imaginary scale.

Necessity of distinguishing between money and price.

I answer, that nothing but necessity obliges me to introduce this imaginary scale, and that not with any intention to reject the service of the metals in performing the office of a measure, but as an assistance to our understanding for comprehending the doctrine of money, and for rightly distinguishing the ideas which are daily proposed to us by those who write and speak concerning its theory.

Could gold and silver coin exactly perform the office of money, it would be absurd to introduce any other measure of value; but there are moral and physical incapacities in the metals, which prevent their performing the function of a scale: and the common opinion being, that there are no such incapacities, makes it necessary to expose them in the clearest light, by shewing the exact difference between *price* (that is coin) considered as a measure, and *price* considered as an equivalent for value.

The inconsistencies which follow, when we depend blindly upon the infallibility of the metal's discharging this double office, tend to confound the whole system of our ideas concerning those matters.

The moral as well as physical incapacities inherent in the metals, which prevent their performing exactly the office of money, shall be afterwards pointed out. I must at present explain a little farther the nature of this ideal money.

IV. Money, strictly and philosophically speaking, is, as has been said, an ideal scale of equal parts. If it be demanded what ought to be the standard value of one part? I answer, by putting another question; What is the standard length of a degree, a minute, a second?

Money of account what and how conceived.

It has none, and there is no necessity of its having any other than what by convention mankind think fit to give it. But so soon

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as one part becomes determined, by the nature of a scale, all the rest must follow in proportion.

The first step being perfectly optional, people may adjust one or more of those parts to a precise quantity of the precious metals; and so soon as this is done, and that money becomes realized, as it were, in gold and silver, then it acquires a new definition; it then becomes the *price, as well as the measure of value.*

It does not follow from this adjusting the metals to the scale of value, that they themselves should therefore become the scale, as any one must readily perceive.

But in former times, before the introduction of commerce, when mankind had less occasion to measure value with a scrupulous exactness, the permanent nature of the metals rendered them sufficiently correct, both to serve as the scale, and as the price in every alienation. Since the introduction of commerce, nations have learned the importance of reducing their respective interests and debts, to the nicest equations of value; and this has pointed out the inconvenience of admitting the metals, as formerly, to serve both as the measure and the price in such operations.

Just so geographers and astronomers were long of opinion, that a degree of the equator was a determinate length to measure every degree of latitude upon the globe.

They then considered the earth as a sphere, and no great inconvenience was found to result from this supposition. But as accuracy made a progress, that measure was found to be incorrect. Degrees of latitude are now found to be of different lengths in different climates; and perhaps in time, it will be found that no two degrees of any great circle described upon the globe, are in a geometrical equality.

That money, therefore, which constantly preserves an equal value, which poses itself, as it were, in a just equilibrium between the fluctuating proportion of the value of things, is the only permanent and equal scale, by which value can be measured.

Of this kind of money, and of the possibility of establishing it, ^{Examples} we have two examples: the first, among one of the most know- ^{of it.} ing; the second, among one of the most ignorant nations of the world. The bank of Amsterdam presents us with the one, the coast of Angola with the other.

A florin banco has a more determinate value than a pound of fine gold, or silver; it is an unit which the invention of men, ^{infrustrated} in the arts of commerce, have found out.

This bank money stands invariable like a rock in the sea. ^{AC-Bank money.} According to this ideal standard are the prices of all things regulated; and very few people can tell exactly what it depends upon. The precious metals, with their intrinsic value, vary with regard to this common measure, like every other thing. A pound of gold, a pound of silver, a thousand guineas, a thousand crowns, a thousand piastres, or a thousand ducats, are sometimes worth more, sometimes worth less of this invariable standard; according as the proportion of the metals of which they are made vary between themselves.

No adulterations in the weight, fineness, or denominations of coin have any effect upon bank money. These currencies which the bank looks upon as merchandize, like every other thing, are either worth more or less bank money, according to the actual value of the metals they are made of. All is merchandize with respect to this standard; consequently, it stands unrivalled in the exercise of its function of a common measure.

The second example is found among the savages upon the Afri- ^{Angola} can coast of Angola, where there is no real money known. ^{money.} The inhabitants there reckon by *macoutes*; and in some places this denomination is subdivided into decimals, called pieces. One *macoute* is equal to ten pieces. This is just a scale of equal parts for estimating the trucks they make. If a sheep, e. g. be worth 10, an ox may be worth 40, and a handful of gold dust 1000.

Money of account, therefore, cannot be fixed to any material substance, the value of which may vary with respect to other things. The operations of trade, and the effects of an universal circulation of value, over the commercial world, can alone adjust the fluctuating value of all kinds of merchandize, to this invariable standard. This is a representation of the bank money of Amsterdam, which may at all times be most accurately specified in a determinate weight of silver and gold; but which can never be tied down to that precise weight for twenty-four hours, any more than to a barrel of herrings.

CHAP. II.

Of Artificial or Material money.

FROM the infancy of the world; at least as far back as our accounts of the transactions of mankind reach, we find they had adopted the precious metals, that is silver and gold, as the common measure of value, and as the adequate equivalent for every thing alienable.

The metals are admirably adapted for this purpose; they are perfectly homogeneous. When pure, their masses, or bulks, are exactly in proportion to their weights: No physical difference can be found between two pounds of gold, or silver, let them be the production of the mines of Europe, Asia, Africa, or America: They are perfectly malleable, fusible, and suffer the most exact division which human art is capable to give them: They are capable of being mixed with one another, as well as with metals of a baser, that is, of a less homogeneous nature, such as copper. By this mixture they spread themselves uniformly through the whole

mass of the composed lump, so that every atom of it becomes proportionally possessed of a share of this noble mixture; by which means the subdivision of the precious metals is rendered very extensive.

Their physical qualities are invariable; they lose nothing by keeping; they are solid and durable; and though their parts are separated by friction, like every other thing, yet still they are of the number of those which suffer least by it.

If money, therefore, can be made of any thing, that is, if the proportional value of things vendible can be measured by any thing material, it may be measured by the metals.

III. The two metals being pitched upon as the most proper substances for realizing the ideal scale of money, those who undertake the operation of adjusting a standard must constantly keep in their eye the nature and qualities of a scale, as well as the principles upon which it is formed.

Adjusting a standard, what?

The unit of the scale must constantly be the same, although realized in the metals, or the whole operation fails in the most essential part. This realizing the unit is like adjusting a pair of compasses to a geometrical scale, where the smallest deviation from the exact opening once given must occasion an incorrect measure. The metals, therefore, are to money what a pair of compasses is to a geometrical scale.

This operation of adjusting the metals to the money of account, implies an exact and determinate proportion of both metals to the money-unit, realized in all the species and denominations of coin, adjusted to that standard.

The smallest particle of either metal added to, or taken away from any coin, which represents certain determinate parts of the scale, overturns the whole system of material money. And if, notwithstanding such variation, these coins continue to bear the same denominations as before, this will as effectually destroy their usefulness in measuring the value of things, as it would overturn the

the usefulness of a pair of compasses, to suffer the opening to vary, after it is adjusted to the scale representing feet, toises, miles, or leagues, by which the distances upon the plan are to be measured.

Debasing and raising a standard, what.

III. Debasing the standard is a good term; because it conveys a clear and distinct idea. It is diminishing the weight of the pure metal contained in that denomination by which a nation reckons, and which we have called the money-unit. Raising the standard requires no farther definition, being the direct contrary.

The alteration of a standard, how to be discovered.

IV. Altering the standard (that is raising or debasing the value of the money-unit) is like altering the national measures or weights. This is best discovered by comparing the thing altered with things of the same nature which have suffered no alteration. Thus if the foot of measure was altered at once over all England, by adding to it, or taking from it, any proportional part of its standard length, the alteration would be best discovered, by comparing the new foot with that of Paris, or of any other country, which had suffered no alteration. Just so, if the pound sterling, which is the English unit, shall be found any how changed, and if the variation it has met with be difficult to ascertain, because of a complication of circumstances, the best way to discover it will be to compare the former and the present value of it with the money of other nations which has suffered no variation. This the course of exchange will perform with the greatest exactness.

Of alloy.

V. Artists pretend that the precious metals, when absolutely pure from any mixture, are not of sufficient hardness to constitute a solid and lasting coin. They are found also in the mines mixed with other metals of a baser nature, and the bringing them to a state of perfect purity occasions an unnecessary expence. To avoid therefore the inconvenience of employing them in all their purity, people have adopted the expedient of mixing them with a determinate proportion of other metals, which hurts neither their ductibility, malleability, beauty, or lustre. This metal is called alloy, and

and being considered only as a support to the principal metal, is accounted of no value in itself. So that eleven ounces of gold, when mixed with one ounce of silver, acquires, by that addition, no augmentation of value whatever.

This being the case, we shall, as much as possible, overlook the existence of alloy, in speaking of money, in order to render language less subject to ambiguity. I must except such cases, where the considering the mass of the compound metal, according to its weight, can be accompanied with no inconvenience.

CHAP. III.

Incapacities of the Metals to perform the office of an invariable measure of value.

WERE there but one species of such a substance as we have represented gold and silver to be: were there but one metal possessing the qualities of purity, divisibility, and durability; the inconveniences in the use of it for money would be fewer by far than they are found to be as matters stand. They vary in their relative value; to one another.

Such a metal might then, by an unlimited division into parts exactly equal, be made to serve as a tolerable steady and universal measure. But the rivalry between the metals, and the perfect equality which is found between all their physical qualities, so far as regards purity, and divisibility, render them so equally well adapted to serve as the common measure of value, that they are universally admitted to pass current as money.

What is the consequence of this? That the one measures the value of the other, as well as that of every other thing. Now the moment any measure begins to be measured by another, whose All measures ought to be invariable. proportion

proportion to it is not physically, perpetually, and invariably the same, all the usefulness of such a measure is lost. An example will make this plain.

A foot of measure is a determinate length. An English foot may be compared with the Paris foot, or with that of the Rhine; that is to say, it may be measured by them; and the proportion between their lengths may be expressed in numbers; which proportion will be the same perpetually. The measuring the one by the other will occasion no uncertainty; and we may speak of lengths by Paris feet, and be perfectly well understood by others who are used to measure by the English foot, or by the foot of the Rhine.

Consequences when they vary.

But suppose that a youth of twelve years old takes it into his head to measure from time to time, as he advances in age, by the length of his own foot, and that he divides this growing foot into inches and decimals: what can be learned from his account of measures? As he increases in years, his foot, inches, and subdivisions, will be gradually lengthening; and were every man to follow his example, and measure by his own foot, then the foot of a measure now established would totally cease to be of any utility.

This is just the case with the two metals. There is no determinate invariable proportion between their value; and the consequence of this is, that when they are both taken for measuring the value of other things, the things to be measured, like the lengths to be measured by the young man's foot, without changing their relative proportion between themselves, change however with respect to the denominations of both their measures. An example will make this plain.

Let us suppose an ox to be worth three thousand pounds weight of wheat, and the one and the other to be worth an ounce of gold, and the ounce of gold to be worth exactly fifteen ounces of silver: If the case should happen, that the proportional value between gold and silver should come to be as 14 is to 1, would not the ox, and

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consequently the wheat, be estimated at less in silver, and more in gold, than formerly? I ask farther, if it would be in the power of any state to prevent this variation in the measure of the value of oxen and wheat, without putting into the unit of their money less silver and more gold than formerly.

If therefore any particular state should fix the standard of the unit of their money to one species of the metals, while in fact ^{Defects of a Silver Standard.} both the one and the other are actually employed in measuring value; does not such a state resemble the young man, who measures all by his growing foot. For, if silver, for example, be retained as the standard, while it is gaining upon gold one fifteenth additional value; and if gold continues all the while to determine the value of things as well as silver, it is plain that, to all intents and purposes, this silver measure is lengthening daily, like the young man's foot, since the same weight of it must become every day equivalent to more and more of the same commodity; notwithstanding that we suppose the same proportion to subsist, without the least variation, between that commodity and every other species of things alienable.

After having exposed the matter in this light, I think it can ^{Arguments in favour of it.} hardly, with reason, be urged, that notwithstanding it be admitted that gold and silver may change their proportion of value with regard to one another, yet still this does not prevent silver from remaining the standard, without any inconvenience; for the following reasons.

1mo. Because, when it is considered as a standard, it never ought to be looked upon as changing its value with regard to gold; but that gold ought to be considered as changing its value with regard to silver.

2do. Because being the measure itself, it is absurd to consider it as the thing measured; that therefore it retains all the requisites of an invariable scale, since it measures all things according to the proportion they bear to itself, which physically never can vary. And,

310. That a person who has borrowed a certain weight of silver from another, is obliged to repay the same weight of silver he had borrowed; although at that time silver should be of greater value than when he borrowed it.

Answers to
these argu-
ments.

I answer to the first argument: That if in fact silver becomes of more or less value with respect to merchandize, with respect to gold, and with respect to bank money, by there being a greater or less demand for it than there was before; I cannot see how calling it a standard, can remove this inconvenience, which is inseparable from the nature of the thing; nor how we can change a *matter of fact*, by changing our *language*, and by saying, that merchandize, gold, and bank money, become of more value, or of less value, with respect to silver, in proportion as the demand for them is greater or less. This language we must use, although we know for certain that these things remain in the exact relative proportion of quantity and demand as before: And although it should evidently appear, that a demand for silver has raised the price of it, with respect to every thing it measured the day before.

If the yard in a mercer's shop should be subject to such revolutions, in consequence of the wood it was made of; and if in measuring a piece of stuff to a customer, which the mercer had bought by this yard the day before for 50 yards, he should find the piece measure but 40, it would not be easy to persuade him, I believe, that his piece was become shorter; but suppose he should have the curiosity to measure over again all the pieces in his shop, and that he should find exactly one fifth diminution upon the length of every one, would he not very rationally conclude that his yard was grown longer, and would he not run immediately to his neighbour's shop and compare it?

As to the second argument, I agree that silver may at all times very exactly measure the value of things with respect to itself; but this gives us no idea of an universal measure.

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I can measure the proportion of the length of things, with any rod or with any line, the length of which I know nothing about; but no body calls this measuring, because I cannot compare the things measured, with any other thing which I have not measured with the same rod or line, as I might easily do, had I measured with a foot, yard, or toise; consequently the intention of measuring in such a case is almost entirely lost.

To the third argument, I answer, that I subscribe very willingly to the truth of that proposition; providing that by silver is understood the bare metal, without attending to its additional quality of the universal standard measure of value. But if I borrow the silver not as bullion, but as coin (the common measure of value) then I say, that I overpay in giving back the same weight I had received. Is there any thing more familiar than such examples? I borrow 100 *l.* from my neighbour, he proposes to give so much of the value in grain; I accept. The price of grain rises about the term of payment; can I be obliged to repay an equal quantity of grain in payment of a proportional part of what I owe? By no means; because I did not receive the grain as any thing but as a species of money. But if I borrow some quarters of grain to be repaid in harvest, then I am obliged to restore grain for grain, because in that case I did not receive the grain as money, but as a commodity.

Buying and selling are purely conventional, and no man is obliged to give his merchandize at what may be supposed to be the proportion of its worth. The use, therefore, of an universal measure, is, to mark, not only the relative value of the things to which it is applied as a measure, but to discover in an instant the proportion between the value of those, and of every other commodity valued by a determinate measure in all the countries of the world.

Were pounds sterling, livres, florins, piastres, &c. which are all money of account, invariable in their values, what a facility would it produce in all conversions, what an assistance to trade! But as they are all limited or fixed to coins, and consequently vary from

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time

time to time, this example shews the utility of the invariable measure which we have described.

They have two values, one as coin, and one as metals.

There is another circumstance which incapacitates the metals from performing the office of money; the substance of which the coin is made, is a commodity, which rises and sinks in its value with respect to other commodities, according to the wants, competition, and caprices of mankind. The advantage, therefore, found in putting an intrinsic value into that substance which performs the function of money of account, is compensated by the instability of that intrinsic value; and the advantage obtained by the stability of paper, or symbolical money, is compensated by the defect it commonly has of not being at all times susceptible of realization into solid property, or intrinsic value.

In order, therefore, to render material money more perfect, this quality of metal, that is of a commodity, should be taken from it; and in order to render paper money more perfect, it ought to be made to circulate upon metallic or land security. The expedient with regard to the metals shall find a place in this inquiry (in the chapter of miscellaneous questions at the end of this book, article 4th). What regards the paper is foreign to our purpose, and belongs to the doctrine of credit.

Smaller inconveniences attending material money.

II. There are several smaller inconveniences accompanying the use of the metals, which we shall here shortly enumerate, reserving the discussion of all the consequences they draw along with them, until we come to consider the operations of trade and money, upon the complicated interests of mankind.

It wears in circulation.

1mo. No money made of gold or silver can circulate long, without losing of its weight, although it all along preserves the same denomination. This represents the contracting a pair of compasses which had been rightly adjusted to the scale. Such a defect must appear striking, when we reflect upon the principles (already laid down) which necessarily influence the fixing of a standard.

2do. Another

2do. Another inconveniencē proceeds from the fabrication of money. Supposing the faith of Princes who coin money to be inviolable, and the probity, as well as capacity, of those to whom they commit the inspection of the fineness of the metals to be sufficient, it is hardly possible for workmen to render every piece exactly of a proper weight, or to preserve the due proportion between pieces of different denominations; that is to say, to make every ten sixpences exactly of the same weight with every crown piece and every five shillings struck in a coinage. In proportion to such inaccuracies, the parts of the scale become unequal.

3to. Another inconveniencē, and far from being inconsiderable, flows from the expence requisite for the coining of money. This expence adds to its value as a manufacture, without adding any thing to its weight. I shall take notice, in the proper place, of the consequences which attend this inconvenience, even to nations where coinage is free.

4to. The last inconvenience I shall mention, is, that by fixing the money of account entirely to the coin, without having any independent common measure (to mark and control these deviations from mathematical exactness, which are either inseparable from the metals themselves, or from the fabrication of them) the whole measure of value, and all the relative interests of debtors and creditors, become at the disposal not only of workmen in the mint, of Jews who deal in money, of clippers and washers of coin, but they are also entirely at the mercy of Princes, who have the right of coinage, and who have frequently also the right of raising or debasing the standard of the coin, according as they find it most for their present and temporary interest.

Several of the inconveniences we have here enumerated, may appear trifling, and so they are found to be in countries where commerce is little known; but the operations of trade surpass in nicety the conceptions of any man but a merchant; and as a proof of this, it may be affirmed with truth, that one shilling can hardly lose a grain

... grain of its weight, either by fraud or circulation, without contributing by that circumstance, towards the diminution of the standard value of the money-unit, or pound sterling, over all England, as I hope to be able to shew both by reason and facts.

All and every one of these inconveniences to which coin is exposed, disappear in countries where the use of pure ideal money of account is properly established.

CHAP. IV.

Methods which may be proposed for lessening the several inconveniences to which material Money is liable.

IN this chapter, I shall point out the methods which may be proposed for lessening the inconveniences to which all coin is liable, in order thereby to make it resemble as much as possible the invariable scale of ideal money of account.

To propose the throwing out of coin altogether, because it is liable to inconveniences, and the reducing all to an ideal standard, is acting like the tyrant who adjusted every man's length to that of his own bed, cutting from the length of those who were taller than himself, and racking and stretching the limbs of such as he found to be of a lower stature. The use of theory in political matters is not only to discover the methods of removing all abuses, it must also lend its aid towards palliating inconveniences which are not easily cured.

The inconveniences from the variation in the relative value of the metals to one another, may in some measure be obviated by the following expedients.

1mo. By

Use of theory in political matters.

Five remedies against the effects of the variation between the value of the metals.

1mo. By considering one only as the standard, and leaving the other to seek its own value, like any other commodity.

2do. By considering one only as the standard, and fixing the value of the other from time to time by authority, according as the market price of the metals shall vary.

3do. By fixing the standard of the unit according to the mean proportion of the metals, attaching it to neither; regulating the coin accordingly; and upon every considerable variation in the proportion between them, either to make a new coinage, or to raise the denomination of one of the species, and lower it in the other, in order to preserve the unit exactly in the mean proportion between the gold and silver. This idea is dark, but it shall afterwards be sufficiently explained.

4to. To have two units, and two standards, one of gold, and one of silver, and to allow every body to stipulate in either.

5to. Or last of all, to oblige all debtors to pay one half in gold and one half in the silver standard.

I have here proposed the attaching the standard to one of the species, as a remedy against the effects of variation between the metals, because when that is done, the consequences are not so hurtful as when the unit is affixed to both, as I shall prove in its proper place.

The regulating the proportion of that metal which is considered as merchandize, to the other which is considered as the standard, upon every variation in the market price of bullion, as well as the other expedient of striking the unit according to the mean proportion, is an endless labour, and implies a necessity either of perpetually recoinage, or of introducing fractions of value into the current coin, which cannot fail to embarrass circulation.

The establishing two units, the one of gold, and the other of silver, does not render the unit of money any more invariable than before; all that can be said for this expedient, is, that money becomes thereby more determinate, and that people who enter into permanent contracts are, at least, apprised of the consequences of the varying of

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the proportion of the metals, and may regulate their interests accordingly.

The last expedient of making debtors pay half in gold and half in silver, would answer every inconvenience, providing all creditors were supposed to melt the money down upon receiving it, in order to sell it for bullion; but as that is not the case, it would be proper, together with this expedient, to be also very exact in observing the market proportion of the metals in the coin; because it cannot be supposed, that every small payment can be made in both species, and wherever this is omitted, every former inconvenience may take place.

Remedies against the other inconveniences. II. The other imperfections of coin have been already enumerated. They relate either to its wear, the want of exactness in the fabrication, the price of coinage, or the opportunity thereby afforded to Princes to adulterate and change the standard.

Against the wearing of the coin. *1^{mo}*. As to the first the best expedients are, 1. To strike the greatest part of the coin in large solid pieces, having as little surface as possible; consistently with beauty and ease of fabrication.

2. To order large sums (of silver at least) to circulate in bags of determinate sums, and determinate weights, all in pieces of the larger denominations.

3. To make all light coin whatsoever go by weight, upon the requisition of the person who is to receive it.

Against inaccuracy of coinage. *2^{do}*. As to the inaccuracy of the fabrication, there is no other remedy than a strict attention in government to a matter of so great consequence.

Against the expence of coinage. *3^{io}*. The price of coinage principally affects the interest of nations with regard to foreign trade; consequently, trading states should endeavour, as nearly as possible, to observe the same regulations with their neighbours, in every thing which regards the coin. The consequence of this inconvenience to those within the society is unavoidable, and therefore no remedy can be proposed.

4^{to}. The

4^{to}. The establishment of public credit is the best security against all adulterations of the standard. No fundamental law can bind up a Prince's hands so effectually as his own interest. While a Prince lives within his income, he will have no occasion to adulterate the coin; when he exceeds it, he will (in a trading nation) have recourse to credit, and if once he establishes that, he must give over meddling with the standard of his coin, or he will get no body to lend him any more. The only Prince who can gain by adulterating of the standard, is he who seeks for extraordinary supplies out of a treasure already formed.

These are, briefly, the expedients to be put in practice by those governments which have the prosperity of their subjects at heart. The infinite variety of circumstances relating to every state can alone decide as to those which are respectively proper to be adopted by each. Our business at present is to point out the variations to which the value of the money-unit is exposed, from every disorder in the coin; and to shew that as far as the value of the unit shall appear affected by them, so far must material money in such a case be defective.

CHAP. V.

Variations to which the Value of the Money-unit is exposed from every disorder in the Coin.

I. **L**ET us suppose, at present, the only disorder to consist in a want of the due proportion between the gold and silver in the coin.

This proportion can only be established by the market price of the metals; because an augmentation and rise in the demand for gold How the market price of the metals is made to vary.

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gold or silver has the effect of augmenting the value of the metal demanded. Let us suppose that to-day one pound of gold may buy fifteen pounds of silver; if to-morrow there be a high demand for silver, a competition among merchants, to have silver for gold, will ensue, they will contend who shall get the silver at the rate of fifteen pounds for one of gold: this will raise the price of it, and in proportion to their views of profit, some will accept of less than the fifteen pounds. This is plainly a rise in the silver, more properly than a fall in the gold; because it is the competition for the silver which has occasioned the variation in the former proportion between the metals. Had the competition for gold carried the proportion above 1 to 15, I should then have said that the gold had risen.

The variation ought to be referred to the rising metal, and never to the sinking.

As it is, therefore, the *active demand* for either gold or silver which makes the price of the metals to vary, I think language would be more correct (in speaking concerning the metals only) never to mention the *sinking* of the price of either gold or silver. As to every other merchandize, the expression is very proper; because the diminishing of the price of one commodity, does not so essentially imply the rise of any other, as the sinking of one of the metals must imply the rising of the other, since they are the only measures of one another's worth. I would not be here understood to mean that the term *sinking* of the price of gold or silver is improper; all I say is, that the other being equally proper, and conveying with it the cause of the variation (to wit, the competition to acquire one metal preferably to the other) may be preferred, and this the rather, that from using these terms promiscuously (gold has *fallen*, in place of silver has *risen*), we are apt to believe, that the falling of the price of the metal, must proceed from some augmentation of the quantity of it; whereas it commonly proceeds from no other cause than a higher demand than formerly for the other.

Let us now suppose that a state having, with great exactness, examined the proportion of the metals in the market, and having

determined the precise quantity of each for realizing or representing the money-unit, shall execute a most exact coinage of gold and silver coin. As long as that proportion continues unvaried in the market, no inconvenience can result from that quarter, in making use of the metals for money of account.

But let us suppose the proportion to change; that the silver, for example, shall rise in its value with regard to gold; will it not follow, from that moment, that the unit realized in the silver, will become of more value than the unit realized in the gold coin?

How the money-unit of account is made to vary in its value from the variation of the metals. Consequences of this.

But as the law has ordered them to pass as equivalents for one another, and as debtors have always the option of paying in what legal coin they think fit, will they not all choose to pay in gold; and will not then the silver coin be melted down or exported, in order to be sold as bullion, above the value it bears when it circulates in coin? Will not this paying in gold also really diminish the value of the money-unit, since upon this variation every thing must sell for more gold than before, as we have already observed?

Consequently, merchandize which have not varied in their relative value to any other thing but to gold and silver, must be measured by the mean proportion of the metals, and the application of any other measure to them is altering the standard. If they are measured by the gold, the standard is debased; if by silver, it is raised, as shall presently be proved.

The true unit is the mean proportional between the value of the metals.

If to prevent the inconvenience of melting down the silver, the state shall give up affixing the value of their unit to both species at once, and shall fix it to one, leaving the other to seek its price as any other commodity, in that case no doubt the melting down of the coin will be prevented; but will ever this restore the value of the money-unit to its former standard? Would it, for example, in the foregoing supposition, raise the debased value of the money-unit in the gold coin, if that species were declared to be the standard? It would indeed render silver coin purely a merchandize, and by allowing it to seek its value, would certainly prevent it from

being melted down as before; because the pieces would rise conventionally in their denomination; or an *agio*, as it is called, would be taken in payments made in silver; but the gold would not, on that account, rise in its value, or begin to purchase any more merchandize than before. Were therefore the standard fixed to the gold, would not this be an arbitrary and a violent revolution in the value of the money-unit, and a debasement of the standard?

If, on the other hand, the state should fix the standard to the silver, which we suppose to have risen in its value, would that ever sink the advanced value which the silver coin had gained above the worth of the former standard unit, and would not this be a violent and an arbitrary revolution in the value of the money-unit, and a raising of the standard?

The only expedient, therefore, as has been said, is in such a case to fix the numerary unit to neither of the metals, but to contrive a way to make it fluctuate in a mean proportion between them; which is in effect the introduction of a pure ideal money of account. This shall be farther explained as we go along.

I have only one observation to make in this place, to wit, that the regulation of fixing the unit by the mean proportion, ought to take place at the instant the standard unit is affixed with exactness both to the gold and silver. If it be introduced long after the market proportion between the metals has deviated from the proportion established in the coin, and if the new regulation is made to have a retrospect, with regard to the acquitting of permanent contracts entered into, while the value of the money-unit had attached itself to the lowest currency, in consequence of the principle above laid down, then the restoring the money-unit to that standard where it ought to have remained (to wit, to the mean proportion) is an injury to all debtors who have contracted since the time that the proportion of the metals began to vary.

This is clear from the former reasoning. The moment the market price of the metals differs from that in the coin, every one

The unit to be attached to the mean proportion, upon a new coinage, not after the metals have varied.

who has payments to make pays in that species which is the highest rated in the coin; consequently, he who lends, lends in that species. If after the contract, therefore, the unit is carried up to the mean proportion, this must be a loss to him who had borrowed.

From this we may perceive why, in the first article of the preceding chapter, it was said, that there was less inconvenience from the varying of the proportion of the metals, where the standard is fixed to one of them, than when it is fixed to both. In the first case, it is at least uncertain whether the *standard* or the *merchandize-species* is to rise; consequently it is uncertain whether the debtors or the creditors are to gain by a variation. If the *standard* species should rise, the creditors will gain; if the *merchandize-species* rises, the debtors will gain; but when the unit is attached to both species, then the creditors never can gain, let the metals vary as they will: if silver rises, then debtors will pay in gold; if gold rises, debtors will pay in silver. But whether the unit be attached to one or to both species, the infallible consequence of a variation is, that one half of the difference is either gained or lost by debtors and creditors. The invariable unit is constantly the mean proportional between the two measures.

I intended to have postponed the entering upon what concerns the interests of debtors and creditors in all variations of the coin, until I came to treat particularly of that matter; but as it is a thing of the greatest consequence to be attended to, in every proposal for altering or regulating the coin of a nation, it will, perhaps, upon that account, bear a repetition.

II. To render our ideas as distinct as possible, we must keep them simple. Let us now suppose that the metals are perfectly well proportioned in the coin, but that the coin is worn by use.

If this be the case, we must either suppose it to be all equally worn, or unequally worn.

If all be equally worn, I think it needs no demonstration to prove, that the money-unit which was attached to the coin, when

It is better to affix the unit to one than to both metals.

Variation to which the money-unit is exposed, from the wearing of the coin.

weighty,

weighty, (drawing its value from the metals contained in it) must naturally diminish in its value in proportion as the metals are rubbed away.

If the coin be unequally worn, the money-unit will be variously realized, or represented; that is to say, it will be of different values, according to the weight of the pieces.

The consequence of this is the same as in the disorder of the proportion of the metals: debtors will choose to pay in the light pieces, and the heavy will be melted down. In proportion, therefore, to this disorder, will the value of the unit gradually descend. This was the great disorder in England in 1695; while the standard of the pound sterling was affixed to the silver only, the gold being left to seek its own value.

Variations to which the money-unit is exposed, from the inaccuracy in the fabrication of the money.

III. Since the invention of the money wheel, the inaccuracy in the fabrication is greatly prevented. Formerly, when money was coined with the hammer, the mint-masters weighed the coin delivered by the workmen, *in cumulo*, by the pound troy weight, without attending very exactly to the proportion of the pieces. At present exactness is more necessary, and every piece must be weighed by itself.

It is of very great consequence that all the pieces and denominations of coin be in exact proportion to that of their current value, which is always relative to the money-unit of account. When any inequality happens there, it is easy to perceive how all the pieces which are above the proportion of their just weight, will be immediately picked up, and melted down, and none but the light ones will remain in circulation.

This, from the principles already laid down, must proportionally diminish the value of the money-unit.

From what has been observed concerning the deviations in the coin from the proportion in the market price of the metals, and from the legal weight, we may lay down this undoubted principle, *That the value of the money-unit of account is not to be sought for in the sta-*

tutes

tutes and regulations of the mint, but in the actual intrinsic value of that currency in which all obligations are acquitted, and all accounts are kept.

IV. As I have at present principally in view to lay down certain principles with regard to money, which I intend afterwards to apply to the state of the British coin; and as these principles are here restricted to the effects which every variation in the coin has upon the value of the unit of money in account, I shall in this place only observe, as to the imposition of coinage.

Variations to which the money-unit is exposed, from the imposition of coinage.

That coin being necessary in every country where the money-unit is attached to the metals, it must be procured by those who are obliged to acquit their obligations in material money.

If, therefore, the state shall oblige every one who carries the metals to the mint to pay the coinage, the coin they receive must be valued, not only at the price the metals bear in the market, when they are sold as bullion, (or mere metal, of no farther value than as a physical substance) but also at the additional value these metals receive in being rendered useful for purchasing commodities, and acquitting obligations. This additional value is the price of coinage.

If, therefore, in a country where coinage is free, as in England, this coinage shall come to be imposed, the money-unit continuing to be affixed as before to the same quantity of the metals, ought to rise in its value; that is, ought to become equal to a greater quantity of every sort of merchandize than before; consequently, as the rough metals of which the coin is made are merchandize, like every other thing, the same number of money-units realized, or represented in the coin, ought to purchase more of the metals than before: That is to say, *that in every country where coinage is imposed, bullion must be cheaper than coin.*

This proposition would be liable to no exception, were it true that no debt could be exacted but in the nation's coin; because in that case, the creditor would be constantly obliged to receive it at its full value.

But

Exception from this rule.

But when nations owe to one another, the party debtor must pay the party creditor in *his* coin: the debtor, therefore, is obliged to sell his own coin for what he can get for it, and with that he must buy of the coin of his creditor's country, and with this he must pay him.

Let us, to avoid abstract reasoning, take an example: and we cannot choose a better than that of England and France. In England, coinage is free, in France it costs $8\frac{2}{3}$ per cent. as shall be made out in its proper place.

France owes England 1000 £ sterling. In paying the bullion contained in this sum, either in gold or silver, in the market of London, the debt is paid; because the bringing of it costs nothing. Here France acquits her debt cheaper than by sending her own coin as bullion; because the bullion she sends is not worth an equal weight of her coin.

England owes France 20,000 livres. In paying the bullion contained in this sum, England is not quit; she must also pay France $8\frac{2}{3}$ per cent. in order to put it into coin.

I reserve the farther examination of all the intricate consequences of this principle, until I come to the application of it, in the Second part.

V. The operation of raising and debasing the coin is performed in three ways.

- 1^{mo}, By augmenting or diminishing the weight of the coin.
- 2^{do}, By augmenting or diminishing the proportion of alloy in the coin.
- 3^{tio}, By augmenting or diminishing the proportion between the money (coin) and the money of account, as if every sixpence were called a shilling, and every twenty sixpences a pound sterling.

The French call this increasing or diminishing the *numeraire value*: and as I think it is a better term than that of raising or sinking the denomination, I shall take the liberty now and then to employ it.

These

Variation to which the money-unit is exposed, by the arbitrary operations of Princes in raising and debasing the coin.

These three operations may be reduced to one, and expressed by one term: they all imply the augmenting or diminishing the weight of the pure metals in the money-unit of account.

It would require a separate treatise, to investigate all the artifices which have been contrived, to make mankind lose sight of the principles of money, in order to palliate and make this power, in the sovereign of changing the value of the coin, appear reasonable. But these artifices seem to be at an end, and Princes now perceive that the only scheme to get money when occasion requires, is to preserve their credit, and to allow the coin, by which that credit is reckoned to remain in a stable condition. There are still, however, examples of such operations to be met with; for which reason I shall subjoin, towards the end of this book, a particular inquiry into the interest of Princes with regard to the altering the value of their coin, which is a synonymous term with that of altering the value of the unit of money.

CHAP. VI.

How the Variations in the intrinsic value of the unit of Money must affect all the domestic Interests of a Nation.

WE have briefly pointed out the effects of the imperfections of the metals in producing a variation in the value of the unit of account, we must now point out the consequences of this variation.

If the changing the content of the bushel by which grain is measured, would affect the interest of those who are obliged to pay, or who are intitled to receive, a certain number of bushels of grain for the rent of lands; in the same manner must every varia-

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How this variation affects the interests of debtors and creditors.

tion in the value of the unit of account affect all persons who, in permanent contracts, are obliged to make payments, or who are intitled to receive sums of money stipulated in multiples or in fractions of that money-unit.

Every variation, therefore, upon the intrinsic value of the money-unit, has the effect of benefitting the class of creditors, at the expense of debtors, or *vice versa*.

This consequence is deduced from an obvious principle. Money is more or less valuable in proportion as it can purchase more or less of every kind of merchandize. Now without entering a-new into the causes of the rise and fall of prices, it is agreed upon all hands, I suppose, that whether an augmentation of the general mass of money in circulation has the effect of raising prices in general, or not, any augmentation of the quantity of the metals appointed to be put into the money-unit, must at least augment the value of that money-unit, and make it purchase more of any commodity than before; that is to say, if 113 grains of fine gold, the present weight of a pound sterling in gold, can buy 113 pounds of flour; were the pound sterling raised to 114 grains of the same metal, it would buy 114 pounds of flour; consequently, were the pound sterling augmented by one grain of gold, every miller who paid a rent of ten pounds a year, would be obliged to sell 1140 pounds of his flour, in order to procure 10 pounds to pay his rent, in place of 1130 pounds of flour which he sold formerly to procure the same sum; consequently by this innovation, the miller must lose yearly ten pounds of flour, which his master consequently must gain. From this example, I think it is plain, that every augmentation of metals put into the pound sterling, either of silver or gold, must imply an advantage to the whole class of creditors who are paid in pounds sterling, and consequently, must be a proportional loss to all debtors who must pay by the same denomination.

I should

I should not have been so particular in giving a proof of so plain a proposition, had it not escaped the penetration of the great Mr. Locke. A mistake of Mr. Locke.

In 1695 there was a proposal made to the government of England, to diminish the value of the pound sterling by 20 per cent. by making a new coinage of all the silver, and by making every shilling lighter than before. The author of this project (Mr. Lowndes) having given his scheme to the public, was answered by Mr. Locke, That this debasing the value of the money-unit was essentially defrauding all the landed interest of 20 per cent. of their rents. Lowndes replied, that silver was augmented 20 per cent. in its value, and that therefore the pound sterling, though reduced 20 per cent. in its weight of pure silver, was still as valuable as before. This proposition Mr. Locke exploded with the most solid reasoning, and indeed nothing could be more absurd, than to affirm, that silver had risen in value with respect to itself. But though Mr. Locke felt that all the landed interest, and all those who were creditors in permanent contracts, must lose 20 per cent. by Mr. Lowndes's scheme, yet he did not perceive (which is very wonderful) that the debtors in these contracts must gain. This led him to advance a very extraordinary proposition, which abundantly proves that the interests of debtors and creditors, which are now become of the utmost consequence to be considered attentively by modern statesmen, were then but little attended to, and still less understood.

We find in the 46th page of Mr. Locke's *Farther Considerations concerning the raising the value of Money*, that Mr. Lowndes had affirmed in support of his scheme, that this new money would pay as much debt, and buy as many commodities as the then money which was one fifth heavier. Then adds Mr. Locke, "What he says of debts is true; but yet I would have it well considered by our English gentlemen, that though creditors will lose $\frac{1}{5}$ of their principal and use, and landlords will lose $\frac{1}{5}$ of their income, yet the debtors and tenants will not get it. It may be asked; who will get it? Those;

B b b 2

"I say,

"I say, and those only, who have great sums of weighty money (whereof one sees not a piece now in payments) hoarded up by them, will get it. To these, by the proposed change of our money, will be an increase of $\frac{1}{3}$ added to their riches, paid out of the pockets of the rest of the nation."

If the authority of any man could prevail, where reason is dark, it would be that of Mr. Locke; and had any other person than Mr. Locke advanced such a doctrine, I should have taken no notice of it.

Here that great man, through inadvertency, at once gives up the argument in favour of his antagonist, after he had refuted him in the most solid manner: for if a man, who at that time had hoarded heavy money, was to gain $\frac{1}{3}$ upon its being coined into pieces $\frac{1}{3}$ lighter, Mr. Locke must agree with Mr. Lowndes, that a light piece was as much worth as a heavy one.

Those who had heavy money at that time locked up in their coffers, would gain no doubt, *provided they were debtors*; because having, I shall suppose, borrowed 4000 *l.* sterling in heavy money, and having it augmented to 5000 *l.* by Mr. Lowndes's plan, they might pay their debt of 4000 *l.* and retain one thousand clear profit for themselves. But supposing them to have no debts, which way could they possibly gain by having heavy money, since the 5000 *l.* after the coinage, would have bought no more land, nor more of any commodities, than 4000 *l.* would have done before the coinage.

We may therefore safely conclude, that every *diminution* of the metals contained in the money-unit, must imply a loss to all creditors; and that in proportion to that loss, those who are debtors must gain.

That on the contrary, whatever *augmentation* is made of the money-unit, such augmentation must be hurtful to debtors, and proportionally advantageous to creditors.

In the preceding chapters, I have laid down, with as much distinctness as I am capable of, the most general principles which in-

fluence the doctrine of money, and to those I think every other may be applied.

The combination, however, of these principles with one another, occasions a surprizing variety of problems, relating to money, coin, and bullion, which are difficult to resolve, only by the difficulty there is found in applying them to the rule.

In order therefore to render this inquiry more useful, I shall now apply the principles I have laid down, to the state of the British coin, and to the resolution of every question which shall occur during the examination of the disorder into which it has fallen. A deviation from the standard weight of the coin, and proportion of the metals (small if compared with what was common in former ages) has introduced very great obstructions in the circulation of the two species, and presents very great inconveniences when there is any question of removing them by a new regulation of the mint.

The most distinct method of treating such matters, is, to consider all coin as reduced to the weight of the pure metals; and to avoid the perplexity of different denominations of weights, I shall examine all by the troy grain.

The interests I intend to combine in this matter not being confined to those of England alone, I have entred into the most accurate calculation possible, with regard to the coin of those nations which I shall have occasion to mention, and to compare with that of England. These I have reduced to a general table which is inserted at the end of this volume. The reader may have recourse to it upon every occasion where mention is made of the conversion of money into grains of silver and gold, and thereby form to himself a far better idea of many things than I could otherwise have given him.

CHAP. VII.

Of the disorder in the British Coin, so far as it occasions the melting down or the exporting of the Specie.

Defects in the British coin.

THE defects in the British coin are three.
 1^{mo}. The proportion between the gold and silver in it is found to be as 1 to 15 $\frac{1}{2}$, whereas the market price may be supposed to be nearly as 1 to 14 $\frac{1}{2}$.

2^{do}. Great part of the current money is worn and light.

3^{io}. From the second defect proceeds the third, to wit, that there are several currencies in circulation which pass for the same value, without being of the same weight.

4^{to}. From all these defects results the last and greatest inconvenience, to wit, that some innovation must be made, in order to set matters on a right footing.

I shall take no notice of the inaccuracies of fabrication, because these are inseparable from the imperfections of human art, and as long as they are not very considerable, no profit can be made in discovering them, and therefore no bad consequence can result from them.

Of the standard of the English coin and money-unit.

The English, besides the unit of their money which they call the pound sterling, have also the unit of their weight for weighing the precious metals.

This is called the pound troy, and consists of 12 ounces, every ounce of 20 penny weight, and every penny weight of 24 grains. The pound troy, therefore, consists of 240 penny weight, and 5760 grains.

The fineness of the silver is reckoned by the number of ounces and penny weights of the pure metals in the pound troy of the composed

composed mass; or in other words, the pound troy, which contains 5760 grains of standard silver, contains 5328 grains of fine silver, and 432 grains of copper, called alloy.

Thus standard silver is 11 ounces 2 penny weights of fine silver in the pound troy, to 18 penny weights copper, or 111 parts fine silver to 9 parts alloy.

Standard gold is 11 ounces fine to one ounce silver or copper employed for alloy, which together make the pound troy; consequently, the pound troy of standard gold, contains 5280 grains fine, and 480 grains alloy, which alloy is reckoned of no value.

This pound of standard silver is ordered, by statute of the 43^d of Elizabeth, to be coined into 62 shillings, 20 of which make the pound sterling; consequently the 20 shillings contain 1718.7 grains of fine silver, and 1858.06 standard silver.

The pound troy of standard gold, $\frac{22}{22}$ fine, is ordered by an act of King Charles II. to be cut into 44 $\frac{1}{2}$ guineas; that is to say, every guinea contains 129.43 grains of standard gold, and 118.644 grains of fine gold, and the pound sterling, which is $\frac{10}{13}$ of the guinea, contains 112.994, which we may state at 113 grains of fine gold, as has been said.

The coinage in England is entirely defrayed at the expence of the state. The mint price for the metals is the very same with the price of the coin. Whoever carries to the mint an ounce of standard silver, receives for it in silver coin 5 s. 2 d. or 62 d. whoever carries an ounce of standard gold receives in gold coin 3 l. 17 s. 10 d. the one and the other making exactly an ounce of the same fineness with the bullion. Coin, therefore, can have no value in the market above bullion; consequently, no loss can be incurred by those who melt it down.

When the guinea was first struck, the government (not inclining to fix the pound sterling to the gold coin of the nation) fixed the guinea at 20 shillings, (which was then below its proportion to the silver).

silver) leaving it to seek its own price above that value, according to the course of the market.

By this regulation no harm was done to the English silver standard; because the guinea, or 118.644 grains fine gold being worth more, at that time, than 20 shillings, or 1718.7 grains fine silver, no debtor would pay with gold at its standard value, and whatever it was received for above that price was purely conventional.

Accordingly guineas sought their own price until the year 1728, that they were fixed a-new, not below their value as at first, but at what was then reckoned their exact value, according to the proportion of the metals, to wit, at 21 shillings, and at this they were ordered to pass current in all payments.

This operation had the effect of making the gold a standard as well as the silver. Debtors then paid indifferently in gold as well as in silver, because both were supposed to be of the same intrinsic as well as current value; in which case no inconvenience could follow upon this regulation. But, in time, silver came to be more demanded; the making of plate began to prevail more than formerly, and the exportation of silver to the East Indies increasing yearly, made the demand for it greater; or perhaps brought its quantity to be proportionally less than before. This changed the proportion of the metals, and by slow degrees they have come from that of 1 to 15.2 (the proportion they were supposed to have when the guineas were fixed and made a lawful money at 21 shillings) to that of 14.5 the present *supposed* proportion.

The consequence of this has been, that the same guinea which was worth 1804.6 grains fine silver, at the time it was fixed at 21 shillings, is now worth no more than 1719.9 grains of fine silver according to the proportion of 14.5 to 1.

Consequently, debtors, who have always the option of the legal species in paying their debts, will pay pounds sterling no more in silver but in gold; and as the gold pounds they pay in, are not intrinsically worth the silver pounds they paid in formerly, according to

The standard not attached to the gold coin, till the year 1728.

Consequence of this regulation to debasement the standard.

That debtors will not pay in silver but in gold.

to the statute of Elizabeth, it follows that the pound sterling in silver is really no more the standard, since no body will pay at that rate, and since no body can be compelled to do it.

Besides this want of proportion between the metals, the silver coined before the reign of George I. is now become light by circulation; and the guineas coined by all the Princes since Charles II. pass by tale, though many of them are considerably diminished in their weight.

Let us now examine what profit the want of proportion, and the want of weight in the coin can afford to the money jobbers, in melting it down or exporting it.

Did every body consider coin only as the measure for reckoning value, without attending to its value as a metal, the deviations of gold and silver coin from perfect exactness either as to proportion or weight, would occasion little inconvenience.

Great numbers indeed, in every modern society, consider coin in no other light, than that of money of account, and have great difficulty to comprehend what difference any one can find between a light shilling and a heavy one; or what inconvenience there can possibly result from a guinea's being some grains of fine gold too light to be worth 21 shillings standard weight. And did every one think in the same way, there would be no occasion for coin of the precious metals at all; leather, copper, iron, or paper, would keep the reckoning as well as gold and silver.

But although there be many who look no farther than at the stamp on the coin, there are others whose sole business it is to examine its intrinsic worth as a commodity, and to profit of every irregularity in the weight and proportion of metals.

By the very institution of coinage, it is implied, that every piece of the same metal, and same denomination with regard to the money-unit, shall pass current for the same value.

It is, therefore, the employment of those money jobbers, as I shall call them, to examine, with a scrupulous exactness, the pre-

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That some people consider coin a money of account.

others consider it as a metal.

cise weight of every piece of coin which comes into their hands.

Operations of money jobbers when the coin deviates from the market proportion of the metals, or from the legal weight. They melt down when the metals in it are wrong proportion- ad.

The first object of their attention, is, the price of the metals in the market: a jobber finds, at present, that with 14.5 pounds of fine silver bullion, he can buy one pound of fine gold bullion.

He therefore buys up with gold coin, all the new silver as fast as it is coined, of which he can get at the rate of 15.2 pounds for one in gold; these 15.2 pounds silver coin he melts down into bullion, and converts that back into gold bullion, giving at the rate of only 14.5 pounds for one.

By this operation he remains with the value of $\frac{7}{8}$ of one pound weight of silver bullion clear profit upon the $15\frac{1}{2}$ pounds he bought; which $\frac{7}{8}$ is really lost by the man who inadvertently coined silver at the mint, and gave it to the money jobber for his gold. Thus the state loses the expence of the coinage, and the public the convenience of change for their guineas.

And when the coin is of unequal weight.

But here it may be asked, Why should the money jobber melt down the silver coin, can he not buy gold with it as well without melting it down? I answer, he cannot; because when it is in coin, he cannot avail himself of its being new and weighty. Coin goes by tale, not by weight; therefore, were he to come to market with his new silver coin, gold bullion being sold at the mint price I shall suppose, viz. at 3*l.* 17*s.* 10*d.* sterling money per ounce, he would be obliged to pay the price of what he bought with heavy money, which he can equally do with light.

He therefore melts down the new silver coin, and sells it for bullion, at so many pence an ounce, the price of which bullion is, in the English market, always above the price of silver at the mint, for the reasons now to be given.

Why silver bullion is dearer than coin.

When you sell standard silver bullion at the mint, you are paid in weighty money; that is, you receive for your bullion the very same weight in standard coin; the coinage costs nothing; but when

when you sell bullion in the market, you are paid in worn out silver, in gold, in bank notes, in short, in every species of lawful current money. Now all these payments have some defect: the silver you are paid with is worn and light; the gold you are paid with is over-rated, and perhaps also light; and the bank notes must have the same value with the specie with which the bank pays them; that is, with light silver or over-rated gold.

It is for these reasons, that silver bullion, which is bought by the mint at 5*s.* 2*d.* per ounce of heavy silver money, may be bought at market at 65 pence * the ounce in light silver, over-rated gold, or bank notes, which is the same thing.

Farther, we have seen how the imposition of coinage has the effect of raising coin above the value of bullion, by adding a value to it which it had not as a metal.

Because that species has risen in the market price as bullion, and not as coin.

Just so when the unit is once affixed to certain determined quantities of both metals, if one of the metals should afterwards rise in value in the market, the coin made of that metal must lose a part of its value as coin, although it retains it as a metal. Consequently, as in the first case, it acquired an additional value by being coined, it must now acquire an additional value by being melted down. From this we may conclude, that when the standard is affixed to both the metals in the coin, and when the proportion of that value is not made to follow the price of the market, that species which rises in the market is melted down, and the bullion is sold for a price as much exceeding the mint price, as the metal has risen in its value.

If, therefore, in England the price of silver bullion is found to be at 65 pence the ounce, while at the mint it is rated at 62; this proves that silver has risen $\frac{3}{8}$ above the proportion observed in the coin, and that all coin of standard weight may consequently be

* The price of silver is constantly varying in the London market; I therefore take 65 pence per ounce as a mean price, the less to perplex calculations, which here are all hypothetical.

melted down with a profit of $\frac{1}{4}$. But as there are several other circumstances to be attended to, which regulate and influence the price of bullion, we shall here pass them in review the better to discover the nature of this disorder in the English coin, and the advantages which money jobbers may draw from it.

What regulates the price of bullion. The price of bullion, like that of every other merchandize, is regulated by the value of the money it is paid with.

If bullion, therefore, sells in England for 65 pence an ounce, paid in silver coin; it must sell for 65 shillings the pound troy; that is to say, the shillings it is commonly paid with, do not exceed the weight of $\frac{1}{4}$ of a pound troy: for if the 65 shillings with which the pound of bullion is paid weighed more than a pound troy, it would be a shorter and better way for him who wants bullion, to melt down the shillings and make use of the metal, than to go to market with them in order to get less.

We may, therefore, be very certain, that no man will buy silver bullion at 65 pence an ounce, with any shilling which weighs above $\frac{1}{4}$ of a pound troy.

We have gone upon the supposition that the ordinary price of bullion in the English market is 65 pence *per* ounce. This has been done upon the authority of some late writers on this subject †: it is now proper to point out the causes which may make it deviate from that value.

The intrinsic value of the currency. I. It may vary and certainly will vary in the price according as the currency is better or worse. When the expences of a war, or a wrong balance of trade, have carried off a great many heavy guineas, it is natural that bullion should rise; because then it will be paid for more commonly in light gold and silver; that is to say, with pounds sterling, below the value of 113 grains fine gold, the worth of the pound sterling in new guineas.

† This was writ in Germany, *anno* 1759, when I was not well informed of certain facts, and it is not worth while to make any alterations, as it is only a supposition.

II. This

II. This wrong balance of trade, or a demand for bullion abroad, becoming very great, may occasion a scarcity of the metals in the market, as well as a scarcity of the coin; consequently, an advanced price must be given for it in proportion to the greatness and height of the demand. In this case, both the specie and the bullion must be bought with paper. But I must observe, that the rise in the price of bullion proceeds from the demand for the metals, and the competition between merchants to procure them, and not because the paper given as the price is at all of inferior value to the specie. The least discredit of this kind would not tend to diminish the value of the paper; it would annihilate it at once. Therefore, since the metals must be had, and that the paper cannot supply the want of them when they are to be exported, the price rises in proportion to the difficulties in finding metals elsewhere than in the English market.

III. A sudden call for bullion, for the making of plate. A goldsmith can well afford to give 67 pence for an ounce of silver, that is to say, he can afford to give one pound of gold for 14 pounds of silver, and perhaps for less, notwithstanding that what he gives be more than the ordinary proportion between the metals, because he indemnifies himself amply by the price of his workmanship: just as a tavern-keeper will pay any price for a fine fish, because, like the goldsmith, he buys for other people.

IV. The mint price has as great an effect in bringing down the price of bullion, as exchange has in raising it. In countries where the metals in the coin are justly proportioned, where all the currencies are of legal weight, and where coinage is imposed, the operations of trade make the price of bullion constantly to fluctuate between the value of the coin and the mint price of the metals. This shall afterwards be sufficiently explained, in the second part.

Now let us suppose that the current price of silver bullion in the market is 65 pence the ounce, paid in lawful money, no matter of what

Exchange raises, and the mint price brings down bullion.
Continuation of the operations of money-jobbers.

Their rule for melting the coin.

what weight, or of what metal. Upon this the money-jobber falls to work. All shillings which are above $\frac{1}{4}$ of a pound troy, he throws into his melting pot, and sells them as bullion, for 65 *d.* per ounce; all those which are below that weight he carries to market, and buys bullion with them, at 65 pence *per* ounce.

What is the consequence of this?

That those who sell the bullion, finding the shillings which the money-jobber pays with perhaps not above $\frac{1}{4}$ of a pound troy, they on their side raise the price of their bullion to 66 pence the ounce.

This makes new work for the money-jobber; for he must always gain. He now weighs all shillings as they come to hand; and as formerly he threw into his melting-pot those only which were worth more than $\frac{1}{4}$ of a pound troy, he now throws in all that are in value above $\frac{1}{4}$. He then sells the melted shillings at 66 pence the ounce, and buys bullion with the light ones at the same price.

This is the consequence of ever permitting any species of coin to pass by the authority of the stamp, without controlling it at the same time by the weight: and this is the manner in which money-jobbers gain by the currency of light money.

The pence in guineas equal to the pence of shillings of 65 in the pound troy.

It is no argument against this exposition of the matter to say, that silver bullion is seldom bought with silver coin; because the pence in new guineas are worth no more than the pence of shillings of 65 in the pound troy: that is to say, that 240 pence contained in $\frac{1}{4}$ of a new guinea, and 240 pence contained in 20 shillings of 65 to the pound troy, differ no more in the intrinsic value than 0.88 of a grain of fine silver upon the whole, which is a mere trifle*.

When guineas may be melted down with profit.

Whenever, therefore, shillings come below the weight of $\frac{1}{4}$ of a pound troy, then there is an advantage in changing them for new guineas: and when that is the case, the new guineas will be melted

* See table, English coins, N^o. 6, & 7.

melted down, and profit will be found in selling them for bullion, upon the principles we have just been explaining.

It would be very tedious to enumerate all the fraudulent operations which are occasioned by this defect of proportion between the metals in the coin, and by the unequal weight of coins carrying the same denomination.

We have already given a specimen of the domestic operations of the money-jobbers; but these are not the most prejudicial to national concerns. The jobbers may be supposed to be Englishmen; and in that case the profit they make remains at home; but whenever there is a call for bullion to pay the balance of trade, it is evident that this will be paid in silver coin, never in gold, if heavy silver can be got; and this again carries away the silver coin, and renders it at home so rare, that great inconveniencies are found for want of the lesser denominations of it. The loss, however, here is confined to an inconvenience; because the balance of trade being a debt which must be paid, I don't consider the exportation of the silver for that purpose as any consequence of the disorder of the coin. But besides this exportation which is necessary, there are others which are arbitrary, and which are made only with a view to profit of the wrong proportion.

When the money-jobbers find difficulty in carrying on the traffic we have described, in the English market, because of the competition among themselves, they carry the silver coin out of the country, and sell it abroad for gold, upon the same principles that the East India company send silver to China, in order to purchase gold.

It may be demanded, what hurt this trade can do to England, since those who export silver bring back the same value in gold? I answer, that were this trade carried on by natives, there would be no loss; because they would bring home gold for the whole intrinsic value of the silver. But if we suppose foreigners sending over gold to be coined at the English mint, and changing that gold into

This hurtful, when done by foreigners.

into English silver coin, and then carrying off this coin, I think it is plain that they must gain the difference, as well as the money-jobbers. But it may be answered, that having given gold for silver at the rate of the mint, they have given value for what they have received. Very right; but so did Sir Hans Sloane, when he paid five guineas for an overgrown toad: he got value for his money; but it was value only to himself. Just so, whenever the English government shall be obliged to restore the proportion of the metals, (as they must do) this operation will annihilate that imaginary value which they have hitherto set upon gold; which imagination is the only thing which renders the exchange of their silver against the foreign gold equal.

But it is farther objected, that foreigners cannot carry off the heavy silver; because there is none to carry off. Very true; but then I say they have carried off a great quantity already: or if the English Jews have been too sharp to allow such a profit to fall to strangers, (which may or may not have been the case) then I say that this disorder is an effectual stop to any more coinage of silver for circulation.

C H A P. VIII.

Of the disorder in the British coin, so far as it affects the value of the pound sterling currency.

Two legal pounds sterling in England.

FROM what has been said, it is evident, that there must be found in England two legal pounds sterling, of different values; the one worth 113 grains of fine gold, the other worth 1718.7 grains of fine silver. I call them different; because these two portions of the precious metals are of different values all over Europe.

But

But besides these two different pounds sterling, which the change in the proportion of the metals have created, the other defects of the circulating coin produce similar effects. The guineas coined by all the Princes since K. Charles II. have been of the same standard weight and fineness, 44½ in a pound troy of standard gold; fine: these have been constantly wearing ever since they have been coined; and in proportion to their wearing they are of less value.

If, therefore, the new guineas are below the value of a pound sterling in silver, standard weight, the old must be of less value still. Here then is another currency, that is, another pound sterling; or indeed more properly speaking, there are as many different pounds sterling as there are guineas of different weights. This is not all; the money-jobbers having carried off all the weighty silver, that which is worn with use, and reduced even below the standard of gold, forms one currency more, and totally destroys all determinate proportion between the money-unit and the currencies which are supposed to represent it.

It may be asked, how, at this rate, any silver at all has remained in England? I answer, that the few weighty shillings which still remain in circulation, have marvellously escaped the hands of the money-jobbers; and as for the rest, the rubbing and wearing of these pieces has done what the state might have done; that is to say, it has reduced them to their due proportion with the lightest gold.

The disorder, therefore, of the English coin has rendered the standard of a pound sterling quite uncertain. To say that it is 1718.7 grains of fine silver, is quite ideal. Who are paid in such pounds? To say that it is 113 grains of pure gold, may also not be true; because there are many currencies worse than the new guineas.

What then is the consequence of all this disorder? What effect has it upon the current value of a pound sterling? And which way can the value of that be determined?

VOL. I.

D d d

The

Determined by the operations of trade.

The operations of trade bring value to an equation, notwithstanding the greatest irregularities possible, and so in fact a pound sterling has acquired a determinate value over all the world by the means of foreign exchange. This is a kind of ideal scale for measuring the British coin, although it has not all the properties of that described above.

To the mean value of all the currencies.

Exchange considers the pound sterling as a value determined according to the combination of the values of all the different currencies, in proportion as payments are made in the one or the other; and as debtors generally take care to pay in the worst species they can, it consequently follows, that the value of the pound sterling should fall to that of the lowest currency.

Were there a sufficient quantity of worn gold and silver to acquit all bills of exchange, the pound sterling would come down to the value of them; but if the new gold be also necessary for that purpose, the value of it must be proportionally greater.

All these combinations are liquidated and compensated with one another, by the operations of trade and exchange: and the pound sterling, which is so different in itself, becomes thereby, in the eyes of commerce, a determinate unit, subject however to variations, from which it never can be exempted.

Here is then the proof of what was said in the end of the first chapter, that the wearing of one shilling had the effect of contributing towards the diminution of the value of the pound sterling every where; a proposition which, at first sight, has the air of a paradox, though, when it is understood, nothing is more consistent with the ruling principles of commerce.

Exchange a good measure for the value of a pound sterling.

Exchange, therefore, in my humble opinion, is one of the best measures for valuing a pound sterling, present currency. Here occurs a question.

Does the great quantity of paper money in England tend to diminish the value of the pound sterling?

I answer

I answer (according to my weak conceptions) in the negative. Paper money is just as good as gold or silver money, and no better. The variation of the standard, we have already said, and I think proved, must influence the interests of debtors and creditors proportionally every where. From this it follows, that all augmentation of the value of the money-unit in the specie must hurt the debtors in the paper money; and all diminutions on the other hand must hurt the creditors in the paper money, as well as every where else. The payments, therefore, made in paper money, never can contribute to the regulation of the standard of the pound sterling; it is the specie received in liquidation of that paper money which alone can contribute to mark the value of the British unit; because it is affixed to nothing else.

The use of paper money not hurtful in debasing the standard.

From this we may draw a principle, That in countries where the money-unit is entirely affixed to the coin, the actual value of it is not according to the legal standard of that coin, but according to the mean proportion of the actual worth of those currencies in which debts are paid.

The pound sterling not regulated by statute, but by the mean value of the current money.

From this we see the reason why the exchange between England and all the trading towns in Europe has long appeared to unfavourable. People calculate the real par, upon the supposition that a pound sterling is worth 1718.7 grains troy of fine silver, when in fact the currency is not perhaps worth 1638, the value of a new guinea in silver, at the market proportion of 1. to 14.5; that is to say, the currency is but 95.3. per cent. of the silver standard of the 43d of Elizabeth. No wonder then if the exchange be thought unfavourable.

Why exchange appears so commonly against England.

From the principle we have just laid down, we may gather a confirmation of what we advanced concerning the cause of the advanced price of bullion in the English market.

How the market price of bullion marks the value of the pound sterling.

When people buy bullion with current money at a determinate price, that operation, in conjunction with the course of exchange, ought naturally to mark the actual value of the pound sterling with great exactness.

D d d d 2

If

Shillings at present weigh no more than $\frac{65}{7}$ of a pound troy.

If therefore the price of standard bullion in the English market, when no demand is found for the exportation of the metals, that is to say, when paper is found for paper upon exchange, and when merchants, versed in these matters, judge exchange (that is remittances) to be at par, if then, I say, silver bullion cannot be bought at a lower price than 65 pence the ounce, it is evident that this bullion might be bought with 65 pence in shillings; of which 65 might be coined out of the pound troy English standard silver; since 65 pence per ounce implies 65 shillings for the 12 ounces or pound troy.

This plainly shews how standard silver bullion should sell for 65 pence the ounce, in a country where the ounce of standard silver in the coin is worth no more than 62; and were the market price of bullion to stand uniformly at 65 per ounce, that would shew the value of the pound sterling to be tolerably fixed. All the heavy silver coin is now carried off*; because it was intrinsically worth more than the gold it passed for in currency. The silver therefore which remains, is worn down to the market proportion of the metals, as has been said, that is to say, 20 shillings in silver currency are worth 113 grains of fine gold, at the proportion of 1 to 14.5 between gold and silver. Now,

as 1 is to 14.5, so is 113 to 1638.
 for the 20 shillings current weigh but 1638 grains fine silver, instead of 1718.7, which they ought to do according to the standard.

Now let us speak of standard silver, since we are examining how far the English coin must be worn by use.

The pound troy contains 5760 grains. This, according to the standard, is coined into 62 shillings; consequently, every shilling ought to weigh 92.9 grains. Of such shillings it is impossible that ever standard bullion should sell at above 62 pence per ounce. If therefore such bullion sells for 65 pence, the shillings with which it

and are worn 4.29 troy grains light of their standard weight.

* This was writ during last war.

is

is bought must weigh no more than 88.64 grains standard silver; that is, they must lose 4.29 grains, and are reduced to $\frac{65}{7}$ of a pound troy.

But it is not necessary that bullion be bought with shillings; no stipulation of price is ever made farther, than at so many pence sterling per ounce. Does not this virtually determine the value of such currency with regard to all the currencies in Europe? Did a Spaniard, a Frenchman, or a Dutchman, know the exact quantity of silver bullion which can be bought in the London market for a pound sterling, would he inform himself any farther as to the intrinsic value of that money-unit; would he not understand the value of it far better from that circumstance than by the course of any exchange, since exchange does not mark the intrinsic value of money, but only the value of that money transported from one place to another.

The price of bullion, therefore, when it is not influenced by extraordinary demand (such as for the payment of a balance of trade, or for making an extraordinary provision of plate) but when it stands at what every body knows to be meant by the common market price, is a very tolerable measure of the value of the actual money-standard in any country.

If it be therefore true, that a pound sterling cannot purchase above 1638 grains of fine silver bullion, it will require not a little logic to prove that it is really, or has been for these many years, worth any more; notwithstanding that the standard weight of it in England is regulated by the laws of the kingdom at 1718.7 grains of fine silver.

A pound sterling worth at present no more than 1638 grains troy fine silver, according to the price of bullion; and according to the course of exchange.

If to this valuation of the pound sterling drawn from the price of bullion, we add the other drawn from the course of exchange; and if by this we find, that when paper is found for paper upon exchange, a pound sterling cannot purchase above 1638 grains of fine silver in any country in Europe, upon these two authorities, I think,

we

we may very safely conclude (as to the matter of fact at least) that the pound sterling is not worth more, either in London or in any other trading city, and if this be the case, it is just worth 20 shillings of 65 to the pound troy.

If therefore the mint were to coin shillings at that rate, and pay for silver bullion at the market price, that is, at the rate of 65 pence *per* ounce in those new coined shillings, they would be in proportion to the gold: silver would be carried to the mint equally with gold, and would be as little subject to be exported or melted down.

It may be inquired in this place, how far the coining the pound troy into 65 shillings is contrary to the laws of England?

The moment a state pronounces a certain quantity of gold to be worth a certain quantity of silver, and orders these respective quantities of each metal to be received as equivalents of each other, and as lawful money in payments, that moment gold is made a standard as much as silver. If therefore too small a quantity of gold be ordered or permitted to be considered as an equivalent for the unit, the silver standard is from that moment debased; or indeed more properly speaking, all silver money is from that moment proscribed; for who, from that time, will ever pay in silver, when he can pay cheaper in gold? Gold, therefore, by such a law is made the standard, and all declarations to the contrary are against the matter of fact.

Were the King, therefore, to coin silver at 65 shillings in the pound, it is demonstration *that by such an act* he would commit no adulteration upon the standard: the adulteration is already committed. The standard has descended to where it is, by slow degrees, and by the operation of political causes only, and nothing prevents it from falling lower, but the standard of the gold coin. Let guineas be now left to seek their value as they did formerly, and let light silver continue to go by sale, we shall see the guineas up at 30 shillings in 20 years time, as was the case in 1695.

It is as absurd to say that the standard of Queen Elizabeth has not been debased by enacting, that the English unit shall be acquitted with 113 grains of fine gold, as it would be to affirm that it would not be debased from what it is at present, by enacting, That a pound of butter should every where be received in payment for a pound sterling; although the pound sterling should continue to consist of 3 ounces, 17 penny weights, and 10 grains of standard silver, according to the statute of the 43 Elizabeth. I believe in that case most debtors would pay in butter; and silver would, as at present, acquire a conventional value as a metal, but would be looked upon no longer as a standard, or as money.

If therefore, by the law of England, a pound sterling must consist of 1718.7 grains troy of fine silver; by the law of England also, 113 grains of gold must be of the same value; but no law can establish that proportion; consequently, in which ever way a reformation be brought about, some law must be reversed; consequently, expediency, and not compliance with law, must be the motive in reforming the abuse.

From what has been said, it is not at all surprising that the pound sterling should in fact be reduced nearly to the value of the gold. Whether it ought to be kept at that value is another question; and shall be examined in its proper place. All that we here decide, is, that coining the pound troy into 65 shillings would restore the proportion of the metals, and render both species common in circulation. But restoring the weight and proportion of the coin is not the difficulty, as I conjecture, which prevents a reformation of the English coinage.

I have dwelt longer, perhaps, than what was necessary upon this estimation of the present value of the pound sterling, and in setting the matter in different lights, have been forced into repetitions: The importance of that point in the present inquiry must plead my excuse.

Proof that the standard has been debased by law.

and is at present reduced to the value of the gold.

shillings coined at 65 in the pound troy, would be in proportion with the gold,

which shews that the standard has been debased,

and that the preferring it where it is, is no new debasement.

CHAP. IX.

Historical account of the Variations of the British Coin.

Purport of this treatise not to dictate, but to inquire

THE whole purport of this part of my inquiry, is, to examine and investigate the principles relating to money; to range them in order, and to render them easily applicable to any combination of circumstances which may occur. If I have applied my reasoning to the state of the British coin, it has been with no intention to erect myself as a judge of the interests of that nation, or with a design to point out to them what measure is the most expedient to be followed. I am a stranger to the true state of the question, and I reason only upon suppositions, not from exact information; upon this footing I intend to proceed.

I shall take a view of every scheme which I think may be proposed as a remedy against the disorder, and examine all the consequences which can result from each, according to the influence of the different principles under which they fall. Circumstances hid from me will nevertheless work their full effect, and may render the best deduced principles quite delusive, when, without attending to them, we pretend to draw conclusions.

how the disorder in the coin may be remedied without inconveniences,

We have examined the nature of the disorder of the coin of Great Britain, and such it certainly is, as demands some reformation. A nation so justly renowned for knowledge, so thoroughly versed in the arts of commerce, and so expert in every matter of calculation, cannot be supposed to be at any loss for a method to remove the cause of the disorder. The question is not, therefore, how to fix the standard, how to restore the proportion between the metals in the coin, nor how to render all the current money of its just weight. But the question is, how to execute this without incurring greater inconveniences than those at present felt.

If the smallest change should be made upon the present value of the pound sterling, the operation is arbitrary; and those who either advise it or execute it, would be answerable for every consequence. If the consequences should prove salutary to the nation, the projector will meet with applause; but if they should be attended with injustice, he will merit blame; if with perplexity and confusion, he may very possibly never see himself approved of.

The present disorder has proceeded from neglect on the part of government; a neglect however which admits of an apology, for reasons afterwards to be assigned. When an abuse creeps in by degrees, no particular person can be charged with it: when it is to be corrected, some person or other must undertake the work; and few are found who incline to be volunteers in the service of the public, upon an occasion where the interest of the nation is not clear and evident.

The best way therefore to accomplish such a work, is, to put it into the hands of the nation itself. When the people are fully instructed in the matter, when the state of the question is laid before them in a clear light, and stripped of all money-jargon, they will see the natural consequences of every innovation; and when they have well considered of them, they may resolve whether they will keep the pound sterling they have, or whether they will take another.

The question to be determined, is, what the weight of the pound sterling now is, and what it ought to be. If it be made different from what it is at present, that operation must be conducted with justice and impartiality. If a new standard is to be pitched upon, the choice is quite arbitrary, as has been said; and were any weight to be preferred to another, the best of any, no doubt, would be the pound troy of standard silver. This was the pound sterling for many ages, and the most that can be said for Queen Elizabeth's act, is, that it is the last deliberate adulteration by law of the English coin.

The next question is, how to conduct that operation so as to do justice to every man in the nation in contracts already entered into; how to do justice to the creditors of Great Britain; how to do justice to Great Britain with respect to her creditors; how to do all this, I say, and at the same time to make an innovation upon the present state of the coin.

Debasing the standard is odious in the opinion of every mortal; and it seems also to be the opinion of many, that every regulation which shall not carry the value of a pound sterling, to the value of the silver appointed to enter into it by the statute of Queen Elizabeth, is a debasing of it from what it is at present.

In order to cast more light upon the historical part of the English coinage, I shall here lay together some short observations upon the state of that question from the reformation to the present time.

Henry VIII. and Edward VI. during the violent convulsions of the reformation, so sophisticated the fineness of the coin, and so curtailed the weight of it, that all proportion of value was lost.

This run the whole nation into inextricable confusion, and forced the ministers of the young King Edward, in 1552, to restore the purity of the metals, and to raise the weight of the coin in the pound sterling, from 220 grains troy of fine silver, to which it was then debased, to 1884. Mary reduced it to 1880 grains, at which it stood during her reign. From this Elizabeth raised it in the second year of her reign to 1888 grains; and in the 43d she passed the famous statute by which it was debased to 1718.7, the present legal silver standard.

During the reign of James I. trade began to take root in England; and this pointed out the necessity of preserving the standard of their money invariable. The confusions occasioned by the former adulterations left a strong impression on the minds of the English nation in the succeeding reigns, a statute which had been preserved without alteration for many years acquired in time great authority, and the standard continued constantly attached to the silver. Gold was occasionally coined; but

People imagine the present standard is the same with that of Queen Elizabeth.

Debasements of the standard during the reformation. Raised by Edward VI.

Debated by Elizabeth.

Supported by her successors.

circulated only under a conventional value, and was not made a legal money. The interests of trade at last required a more extensive circulation, and King Charles II. when he first coined guineas, determined a value for their currency, in order to compass that end: but very well observing that without fixing the gold at a price below its true proportion to the silver, there was no possibility of preventing it from becoming also a standard for the pound sterling; and thereby introducing a confusion, the guinea was valued no higher than 20 shillings, and allowed to find its own value above that price.

The guinea accordingly fluctuated in its value; sometimes at 22 shillings, which marks the proportion of the metals at 1 to 15.84, sometimes at 21s. 6d. which marks the proportion at 1 to 15.6, at last at 21 shillings, which marks the proportion as 1 to 15.2, and now it is worth no more than its original statute value, to wit, 20 shillings, which marks the proportion as 1 to 14.5. These conversions are formed upon the supposition, that in all the variations the shillings are of the statute weight, and that the guinea circulated according to the market proportion of the metals; two circumstances which are by no means to be depended on.

About the time of the revolution, silver money had begun to be coined with the wheel, or fly-press, (which prevented the frauds to which coin was formerly exposed from clipping and washing) and then the custom of weighing the current money went into disuse. But as at that time there were still great quantities of the hammered money remaining, the clippers profited of the inattention of the public, and fell to work with the hammered money. The consequence of this was, that those who were obliged to pay, paid in clipped money; the value of the pound sterling fell to the rate of the then currency; all weighty coin was locked up or melted down; the guineas rose to 30 shillings, and 100l. sterling, which in silver ought to weigh above 32 pounds troy, did not commonly exceed one half.

until it was debased by the clipping after the revolution.

The kingdom at this time was involved in a war, and was annually obliged to borrow large sums, paid in those pounds sterling currency, which were worth no more than $\frac{1}{3}$ of a guinea, or 12 shillings of such currency as the present of 65 to the pound troy. This is evident, since the guinea was then worth 30 shillings, or $1 \frac{1}{2}$ pound sterling; and that at present it is worth 21 shillings of 65 to the pound troy.

Lowndes's scheme refuted by Locke, the standard raised to that of Elizabeth, and the consequences of that measure.

Lowndes contended strongly for having the pound sterling reduced 20 per cent. Locke insisted upon the old standard of Queen Elizabeth: the latter carried his point. A new coinage was made in 1695, and the government acquitted a great part of the debts they had contracted from the revolution (which had been paid them at the value of between ten and fourteen shillings present currency) at the rate of 20 shillings of the standard of Queen Elizabeth. This is the matter of fact: whether this was doing justice to the nation, I leave every man to determine. It must not however be believed that there was no reason for this extraordinary step. By the raising of the standard, the state gained considerably upon the score of taxes, as well as the creditors upon their capitals and interest; and the nation, which was the principal loser, was pleased; because their standard was not debased: thus all the three parties were satisfied.

Upon this coinage in 1695, the coin was once more set upon a solid footing: all money was of weight, and the pound was rightly attached to the silver standard. Upon that footing it remained, until the guinea was made a legal coin, and fixed at its then supposed intrinsic worth: here is the era of the present confusion.

Silver has been rising from the beginning of this century.

From the beginning of this century, silver has been rising in its price. In 1709, the French found it as 1 to 15, in the great coinage, by edict of the month of May; and so early as 1726, they found the proportion to be nearly as 1 to 14, and fixed their coinage accordingly.

The English standard has been debased by law, since 1726.

We may therefore conclude, that from 1726, at least, if not several years before, a pound sterling ought to have been worth at least

least 18 grains troy of fine gold, according to the proportion of the silver standard; and yet from the inattention of government, it has constantly been suffered to be acquitted with 113. Has not this been a plain debasement of the standard for near 40 years, which we can ascertain? If it is at this time restored to where it was, will not that be raising it from what it is at present?

We have seen, from a deduction of the plainest principles, the utter impossibility of keeping an unit, which ought to be invariable, attached at once to the two metals, which are constantly varying between themselves. To this the state has not attended, nor has it probably been sufficiently informed of it, by those who were most capable, but least interested to point out the consequences.

The trading interest chiefly to be blamed for this neglect. Debasement of the standard chiefly affects permanent contracts.

The variations of the standard affect chiefly those who are engaged in permanent contracts, which is not the case of trading men: the obligations they contract are in a perpetual fluctuation, and by the assistance of their pen, they avoid the inconveniences which other people, who do not calculate, are liable to.

The rising of the value of silver has been all along advantageous to this class; and it would be still more advantageous to them were government to allow guineas at this time to seek their own value, as we shall observe in its proper place. Every thing which tends gradually and insensibly to debase the value of the money unit, and promote confusion, is advantageous to merchants. When this debasement proceeds by slow degrees, it is not to be discovered but by foreign exchange; because at home there is no invariable standard for money, as there is for every other kind of measure. This shall be proved.

The unit therefore being solely attached to the coin, must vary as it does.

Now the value of the coin has varied imperceptibly; and this is the reason why people imagine that such variations or debasements of the standard are not of great consequence. The greatest mistake any person can labour under! By this imperceptible debasement

and prevents prices from rising as they should do. prices

prices do not rise as they ought to do; the ignorant, and those who do not perceive the gradual diminution, keep to the same nominal prices as formerly, and the merchants profit in the mean time: Is not this sacrificing the interest of all the people of England to that of the trading part of it?

The competition between the merchants betrays the secret to the multitude from time to time; but they ascribe the appearances to a wrong cause; they think every thing is growing dearer, whereas the reason is, that price (i. e. coin) is growing lighter: and as this disorder is always going on, the merchants, being the first informed of the progress of the decline of the value of the coin, must constantly be in the way to profit of the ignorance of those who have not the opportunity of measuring the value of the coin they receive by any standard measure.

This being the case, it is no wonder that the trading part of the nation has not informed government of a disorder which has brought, by slow degrees, the pound sterling to about 95 per cent. of its former value. This is a short review of the vicissitudes of the English coin from the reformation to this day: and it is at the same time an apology for the neglect of the British administration in a matter of so great consequence.

CHAP. X.

Of the disorder of the British Coin, so far as it affects the Circulation of Gold and Silver Coin; and of the Consequences of reducing Guineas to Twenty Shillings.

I MUST now take notice of the inconveniences which this disorder has occasioned to the public, and of the consequences which might follow upon adopting the remedy proposed* for re-

* By Mr. Harris, in his *Essay on Money and Coins*,

moving

moving it, to wit, by fixing the currency of guineas at 20 shillings, without recoining the silver at the standard of Elizabeth.

The great inconvenience felt by the public is the scarcity of silver coin, occasioned by the disproportion of the metals. No mortal will ever, as matters stand, carry silver to be coined; that which is worn by circulation, is not sufficient, even for changing gold, much less for all those small payments which, in the course of business, are absolutely necessary. This being the case, all considerable payments must be made in guineas; and as there are great numbers of these already become light by use, all the weighty are picked up, and either exported, or perhaps frequently melted down: so that, in general, the current specie of England is not sufficient for the occasions of the nation.

The great scarcity of silver coin in England, being evidently occasioned by the disproportion between the metals in the coin, it has been proposed to remedy that disorder all at once, by crying down the value of guineas to 20 shillings, without making a new coinage, or taking any measures for preventing the horrid consequences which would follow upon such a step, as matters stand at present. Whoever inclines to read all that may be said in favour of this operation, may consult Mr. Harris's *Essay upon Money and Coins*, Part II. p. 84. et seq.

My intention is not to refute the sentiments of particular people, but to trace out the principles I have laid down, and to apply them to the removing such objections as I think either plausible in themselves, or which may appear plausible to people who do not thoroughly understand those matters.

I shall then, in the first place, examine what consequence this bringing down the legal currency of guineas to 20 shillings would have upon common voluntary circulation; that is to say, buying and selling, abstracting from unvoluntary circulation which takes place when people are about to pay, or acquire obligations; two things

things totally different in themselves, and which ought carefully to be set asunder.

will make coin disappear altogether.

The consequences of reducing guineas to 20 shillings, without a re-coinage of the silver, will be, 1. To fix the standard of the pound sterling to the mean proportion of the worn out silver money in present currency. 2. To make the light guineas, which are below the value of 20 old shillings, to pass by tale for pounds sterling; though intrinsically not worth the new guineas. 3. To occasion the melting down of all the new guineas. And 4. When once the coin is brought to consist of nothing but old unequal pieces, to occasion the heaviest of these to be melted down in their turn, until at last coin must disappear altogether.

If to supply specie, government shall send silver or gold to be coined at the mint at the legal standard, the moment it appears, the old shillings and the light gold will buy it up, and it will be thrown into the melting pot. This will stop even the melting down of the more weighty pieces of the old specie; because (by this trade) they will become more valuable; since in currency they will be an equivalent for the new specie of full standard weight. No private person surely will carry either of the metals to the mint, because there they would receive but 62 shillings or 44 $\frac{1}{2}$ guineas for their troy pound of the respective metals, whereas in the market they will get a greater number of old shillings and guineas to buy, weight for weight, which will serve the same purpose in circulation.

How light shillings are bought by weight.

Let not my reader laugh at the scheme of buying old shillings at the market by weight. The thing is done every day. For whether I sell my silver bullion for 65 shillings *per* pound (paid in shillings, guineas, or bank-notes) or buy old shillings weight for weight, it is quite the same thing. The reason why people do not sell the old shillings by the pound, is only because they are not all of the same weight, although they be all of the same value in circulation; but they sell their bullion, as it were, against old worn shillings reduced

duced to a mean proportion of value; which sale of bullion is virtually buying old shillings at market by weight. A man, therefore, who can with a pound of silver bullion buy the value of 65 old shillings, will certainly never employ it to buy 62 heavy ones from the mint, which are no where worth more, except in the melting pot. The same is true of the gold.

I have endeavoured to shew by the plainest arguments, that no silver coin, the value of which is above the value of any other currency within the kingdom, can remain in circulation, or can escape the money-jobber and the melting pot: I think this is a point pretty well agreed on all hands; because it is the argument made use of against those who propose to introduce shillings of base metal into circulation, as an expedient for procuring change for the gold: a scheme so entirely repugnant to all the principles of money, that I have taken no notice of it.

Consequences as to circulation with merchants and bankers.

If, therefore, it be true, that the shillings are really worth no more than $\frac{2}{3}$ of a guinea, what effect would the law, reducing guineas to 20 shillings, have as to merchants? Guineas would pass, as before with every banker in London for 21 shillings, and 21 shillings for a guinea.

That guineas would still pass current for 21 shillings.

But as we suppose no new coinage set on foot, and that the light silver would continue to pass current by tale, as at present, what security would there be for the pound sterling not falling every year lower? The standard would then be entirely affixed to the old silver; and no man would pay in guineas at 20 shillings, any more than he will now pay in silver of standard weight. The only expedient then to obtain coin would be; to allow guineas to seek their own value. Upon this they would rise to 21 shillings, which is their intrinsic worth. In this case, would not the shillings, by becoming lighter, become of less value in proportion to the guinea? Was not this the case 1695? Did not this abuse raise the price of guineas, and proportionally debase the worth of the pound sterling?

That the standard would be affixed to the light silver, as it was in 1695.

That merchants would gain by it;

As every thing, therefore, which gradually debases the standard, must be advantageous to those who can avail themselves of it, for the making gold a merchandize, while the bulk of the nation has no standard to measure it with, must be advantageous to those who have a sure one, to wit, the foreign exchange.

debtors would be ruined.

Besides the evident tendency such a measure would have to debase the standard, below the present value, it would be accompanied with the most ruinous consequences to all the class of debtors. I shall beg leave to state an example. A person is debtor, I shall suppose, for a great sum, 100,000 *l.* his creditor demands payment. He offers guineas at the current and conventional value of 21 shillings, the creditor refuses the offer; he offers bank notes, refused: it is no excuse to say that 100,000 *l.* of silver coin cannot be picked up; he who owes must find it. The creditor tells him that the mint is open. Here the debtor is obliged either to part with his guineas at 20 shillings value, or to carry silver, which costs him 65 shillings the pound troy, to the mint, and to pay it to his creditor at the rate of 62. There would be still some consolation, if, from such a hard necessity, the state were to be provided with weighty coin; but that is not the consequence. The creditor is no sooner paid in silver, than he throws his coin into the melting pot, and then sends the bullion to market to be sold at 65 pence the ounce in bank notes.

Consequences as to the bank.

He next goes to the bank, and demands payment of his notes. It is not to be supposed that there is old worn silver enough there to pay all the notes in circulation. The bank must be in the same situation with every debtor, it must send silver to the mint; not as perhaps at present to be afterwards exported, or to furnish work for the mint and then to be melted down again, but to acquit the notes which it had issued in lieu of light silver, or guineas at 21 shillings. The creditor melts down his new silver again, sells it as bullion for bank notes as before, and returns upon the bank with a new demand.

It is the same thing as to this last supposition, whether the guineas be left as merchandize to seek their value, or be fixed at 20 shillings; for no man upon earth will give a heavy guinea for 20 shillings present currency; and if debtors were obliged to pay at that rate, the hardship would be exactly the same as in the foregoing supposition; for the difference in paying with heavy silver or with good guineas at 20 shillings, is no more than that of 1718.7 to 1719.9; a guinea, which weighs 118½ grains fine gold, being worth 1719.9 grains of fine silver, according to the proportion of 1 to 14½; and a pound sterling, according to statute, is worth no more than 1718.7 grains of the same metal.

We may therefore conclude, that the scheme of reducing guineas to 20 shillings must proceed upon the supposition of a new coinage of all the silver: without this, the same confusion as to the coin would remain as formerly; a new disproportion of the metals would take place; no body would pay in gold, as at present no body will pay in silver.

CHAP. XI.

Method of restoring the Money-unit to the Standard of Elisabeth, and the Consequences of that Revolution.

I COME now to the proposal of restoring the standard to that of the statute of Elisabeth, which is in other words the same with what has been proposed in bringing down the guineas to 20 shillings; only that it implies a new coinage of all the silver specie and of all the old gold. Nothing is more easy than to execute this reformation.

I. The first step is to order all coin, gold and silver, coined preceding a certain year, to pass by weight only.

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II. To

Reducing guineas to 20 shillings, is the same as making them a commodity.

How to fix the pound sterling at the standard of Queen Elisabeth.

II. To preserve the mint price of silver as formerly, at 5*s.* 2*d.* the ounce, and to fix that of gold at 3*l.* 14*s.* 2*d.*

III. To order the pound troy standard silver to be coined as formerly, into 62 shillings; and the pound of gold into 44*½* guineas.

IV. And last of all, to order these guineas to pass for 20 shillings.

Thus the standard is restored to the value of the silver by the statute of Elizabeth, the metals are put at within a mere trifle of the proportion of 1 to 14*½*: all the coin in the kingdom is brought to standard weight: no profit will be found in melting or exporting one species preferably to another: exchange will answer, when at par, to the real par (when rightly calculated) of either silver or gold, with nations, such as France, who observe the same proportions: and the pound sterling will remain attached to both the gold and silver, as before.

The consequences of this reformation will be, that the pound sterling will be raised from 1638 grains fine silver (the value of the present worn silver currency) to 1718.7; and from 113 grains fine gold (the present gold currency) to 118.644; that is to say, the value of the pound sterling will be raised upon both species 4.9 per cent. above the value of the present. This all creditors will gain, and all debtors will lose. From the day of the regulation, the exchange upon all the places in Europe will rise 4.9 per cent. in favour of England, and every man who is abroad, and who draws for the rents of his estate, will yearly gain 4.9 per cent. upon his draughts or remittances made to him. Whether prices in England will fall in proportion I do not know; one thing is pretty certain, that every article bought for foreign exportation will fall; for this good reason, that merchants will not be the dupe of this innovation, nor will they buy with heavy money at the same rate they were in use to buy with light. Justice will be done to all gentlemen whose ancestors let their lands in the reign of Queen Elizabeth, or at any time since, when gold and silver were at the proportion of 1 to 14*½*, and when the silver coin was at its standard weight.

weight. All taxes imposed by pounds, shillings, and pence, will be raised; all those imposed at so much per cent. of the value will stand the same, but will appear to sink in the denomination; that is, they will produce as much value, but fewer pounds, shillings, and pence, than before. The nation will lose 4.9 per cent. upon the whole capital and interest of the public debts: this the creditors will gain. The bank will gain in its quality of creditor upon the public, and will lose (together with all the bankers in England) 4.9 per cent. upon all their circulating paper. All annuitants, landlords, and creditors of every denomination, whose contracts are under 30 years standing, will gain. All debtors, mortgagors, tenants, whose contracts are of a fresher date, will lose. All merchandize whatsoever ought to fall 4.9 per cent. in its value; and every farthing any thing falls less in its price is lost to the consumers.

These are some of the most evident consequences which must result from this plan of reformation, and the nation is the best judge how far they will contribute to her advantage.

Either this reasoning is just, or all the principles I have laid down are false from the beginning.

A wise nation, I apprehend, is actuated by a spirit of justice. Every class, every denomination of inhabitants is equally entitled to the protection of a good government. Whatever step of administration can profit one set of men, to the detriment of another, is ill combined: whatever step can do justice to one set of men who have wrongfully suffered loss, to the detriment of another who have unjustly gained, is well combined. Upon these principles it is impossible to approve of the operation we have described. It is a political hodge-podge: it is, as it were, throwing all the interests of Great Britain into a bag, and drawing them as in a lottery.

We must, therefore, enter into a more particular examination of those opposite and jarring interests; we must inquire into the interests.

terests which have suffered, and which continue to suffer, from the actual debasement of the standard, and into those which must suffer upon a restitution of it according to the plan proposed. When we are informed concerning the sufferers, we shall easily perceive who must be the gainers.

Those who suffer by the debasement of the standard,

Those who suffer by the debasement of the standard, are
1^{mo}. Every person who is creditor in a contract entered into before the debasement of the standard.

2^{do}. In proportion as the disorder in the coin continues, and as the currency becomes lighter, every man who sells to merchants is a loser.

In a trading nation such as England, it is not possible that any currency can long sustain itself by virtue of the stamp, at a higher value than its intrinsic worth. Whoever therefore, from a habit of selling any particular merchandize, continues to consider a currency which is daily becoming lighter as remaining at the same value, is deceived in his dealings by every man who is instructed in the matter of fact.

ought only to benefit by the restitution;

Those, I think, are the only persons who are really losers by the debasement of the standard, and who have a right to be redressed.

I must not omit however, to mention another set of people infinitely more considerable than both, who think fit to rank themselves in this class, without having the smallest pretension to enter into it.

These are such who would be gainers, were the government of England to restore the standard upon the supposition that justice required it, without giving themselves the trouble to examine into the merits of that important question.

and not the whole class of creditors,

Of this class are all the public creditors, all enjoying any salary, pension, or pay whatsoever for personal service; all annuitants, landlords, &c. In short, every man in the kingdom, so far as he is a creditor upon any public or private interest.

But

But to this class I must beg leave to put a question: What title has any person to receive in payment one grain of silver or gold more than he had stipulated from his debtor at the time of contracting, because the government of Great Britain thinks proper to make a new regulation with respect to their coin? If it be true that every man has a right to complain of the *debasement* of the standard so far as he is thereby defrauded of that weight of the fine metals which he was entitled to receive, surely every man has a right to complain of the *rising* of the standard, who thereby becomes obliged to repay more weight of the fine metals than ever he received value for.

In justice and in common sense, the raising of the standard of the coin ought never to be allowed to benefit any person but those who have been unjustly sufferers by the debasement of it, nor ought it ever to be prejudicial to any person but to such as by the debasement have been unjustly gainers.

In every contract where neither of the parties can produce any palpable loss sustained by the former debasement of the standard, the alteration ought to have no manner of effect. All debts of whatever kind, ought to be liable to a fair conversion, as much as those contracted in guilders, florins, livres, &c. when they come to be paid in pounds sterling. The old and the new standards are not the same, because they carry the same denominations of value, any more than a piastre is a pound, because they begin with the same letter.

whose claim ought to be liable to a conversion,

All the world must agree that the standard of queen Elizabeth is debased, and that a pound sterling is no longer worth 1718.7 grains troy fine silver. Every body must also agree that were the standard restored, merchandize of every kind ought to fall in value.

If therefore, after the restitution, a person who has merchandize to buy, shall have the privilege to proportion his price according to the change of money, why should another who is a debtor be in a worse situation? Why should permanent contracts be obligatory according

according to justice and impartiality.

ording to language, and momentary contracts, such as sale, be obligatory according to things?

Two people hire each a servant, the one stipulates to pay twenty guineas wages, the other stipulates twenty-one pounds sterling: the standard is in a short time after restored in the manner we have been describing; can any thing be more absurd, than that he who stipulated the twenty guineas, shall be quit after the restitution, on paying the twenty guineas as before, and that he who stipulated the twenty-one pounds sterling, shall be obliged to pay twenty-one guineas?

What pretension therefore can any man who is possessed of a salary, an annuity, or of a bond or other security for a sum due to him by another, have to be paid the same number of pounds sterling stipulated at first, when the pound comes to be increased in its intrinsic value 5 per cent. above the value it had when the obligation was contracted?

C H A P. XII.

Objections stated against the Principles laid down in this Inquiry, and Answers to them.

I Hope it will be remarked, that I do not pretend that the coining the pound troy standard silver into 65 shillings, or the making a new coinage upon the old footing of 62, reducing the guineas to 20 shillings, and then allowing conversions from the old to the new standard at a deduction of 5 per cent. upon permanent contracts formerly entered into, is not a manifest debasement of the value of the pound sterling, from what it was while affixed to the silver according

ording to the statute of Elizabeth. All I pretend to allege is, that neither of these operations (which are nearly the same thing) would be a debasement of the present value of the pound sterling, or of what it has been worth for these thirty years past at least.

But as this opinion is by no means generally adopted, I must now do justice to its adversaries; and set before the reader the several objections which may be opposed to it.

OBJECTION I. That the force of habit is so strong in uniting the ideas of value to the denominations of coin, that a pound sterling, whether it be raised or no, will always carry along with it the same measure of value: that merchandize will not sink in price according to the due proportion of the rise: that if conversions are suffered, the confusion will be endless; and that in the main, the diminution thereby operated upon the *numeraary*, will turn out a real diminution upon the *intrinsic* value.

That a pound will always be considered as a pound.

OBJ. II. That the disorder in the proportion of the coin, and the wearing and lightness of the currency are not a real debasement of the standard. That the money-unit preserves its intrinsic value, in virtue of the statute of Elizabeth which establishes it. That it is false to allege that the English standard is solely affixed to the coin, or that it has no invariable measure to be compared with. That the pound sterling is really fixed to that statute not to the coin; and therefore that no variation of the coin, but only a variation of that statute, can change the standard.

That the standard is not debased at present, being affixed to the statute not to the coin.

OBJ. III. That the pound sterling is still virtually, and in many respects worth the silver statute of Elizabeth, although traders in bills of exchange, and jobbers in the metals may make it appear otherwise. That consequently a new regulation either by the coinage of silver at 65 shillings in the pound troy, or by admitting deductions of 5 per cent. upon the old standard, on pretence that a pound sterling is worth no more at present than 1638 grains of fine silver, is not preserving the standard at what it has been these thirty years, but really a debasement of it from the present value.

That the pound sterling is virtually worth 1718.7 grains fine silver.

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OBJ. IV.

That these principles imply a progressive debasement of the standard every new coinage. Obj. IV. That if the rubbing and wearing of the coin be said to debase the standard in spite of all statutes, and if every new coinage is to be regulated by the weight of the former grown light, in order to support the actual value of the money-unit, it is plain, that in time that unit must be reduced to nothing.

That the same argument holds for debasing the standard measures of weights, capacity, &c. Obj. V. That were the measures in common use, by wear and by fraudulent practices, rendered less than the standard measures kept in the exchequer, it would appear manifestly absurd, for that reason, to diminish these standard measures. That for the same reason, while the statute of Elizabeth subsists, it would be equally absurd to diminish the silver standard of the pound sterling.

That the wearing of the coin falls on them who possess it at the crying down, but does not debase the standard. Obj. VI. That debasing the standard by law is violently invading every man's property; that when the coin is debased by circulation, the loss only falls upon him who happens to be in possession of any part of it at the time it is cried down.

That inland dealings, not the price of bullion, or course of exchange, regulate the standard. Obj. VII. That although merchants and money-jobbers may consider the value of a pound sterling according to its weight of silver or of gold; and although exchange and the price of bullion may make it appear to be at present of no greater value than 113 grains of fine gold, and 1638 grains of fine silver; yet still in inland dealings it is worth its standard weight, to wit, 1718.7 grains of silver; because the inhabitants of England never consider their money by its weight, but by tale. The currency by tale regards the standard, as currency by weight regards the coins themselves.

That the quantity of money which goes abroad, or even the quantity of foreign dealings, is so inconsiderable, when compared with domestic circulation, that the value foreigners put upon English money can but very little affect the value of it in the country.

That public currency supports the value of the coin. Obj. VIII. That the coin, though light, being received by the King in all the public offices for its value, keeps up that value to the standard, notwithstanding its being under the weight.

That this scheme is the same with that of Lowndes. Obj. IX. That the scheme proposed is the same with that proposed by Lowndes in 1695, so fully refuted by Mr. Locke, and rejected by the decision of the nation on a parallel occasion.

In

In order to leave nothing unsaid which can tend to set this matter in a clear light, I shall briefly give an answer to all these objections, in the most distinct manner I am capable of. I have gathered them from every quarter, particularly from Mr. Harris. I have endeavoured to state them in all their force, and I shall answer them with candor, according to the principles laid down, and according to uncontroverted matters of fact.

ANSWER TO OBJECTION I. Here I reply, that no habit any people can contract, is strong enough to blind them with regard to their interest. Nothing is so familiar in many countries, as to raise and sink arbitrarily the numerary value of the several denominations of coins; but no sooner is the change made, than it becomes familiar, even to the children of twelve and fourteen years old; and any person who has had occasion to travel, must have been astonished at the acuteness of the common people in their knowledge of the value of coins. The habit of uniting ideas to old pounds sterling will, upon a restitution of the standard only, be found in the heads of sellers and creditors; buyers and debtors will very quickly learn to profit of a deduction of 5 per cent. provided they are legally authorized to do it. It will greatly depend upon government to oblige commodities to follow the just proportion of their worth, by making conversions of the taxes, new regulations of assize, for bread, beer, &c. and by putting into the hands of the people convenient tables for that purpose. When the thing is once understood, the execution will be easy.

ANSW. II. Could it be made out that the standard of the pound sterling is affixed to the statute of Elizabeth, and not to the coin, this objection would be invincible. But were the matter so, the payment of all obligations might be exacted by weight of silver; because the statute regulates nothing else. A man owes me a thousand pounds, he makes me a legal offer of silver or gold coin to the current value, were the standard affixed to that statute, I should have the privilege to refuse both the current species, if light or ill proportioned,

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proportioned, and demand of him to weigh me down 1718700 grains of fine silver, or 1838060 grains weight of the nation's silver coin.

As this is not the case, the standard is not affixed to the statute of Elizabeth; consequently, not affixed to an invariable measure; consequently, must vary according as the coin varies, to which alone it is by law attached.

ANSW. III. That if it is said, that the pound sterling is in any case of the value of 1718.7 grains of fine silver, I am entitled to ask who can force any man in Great Britain to pay him at that rate? But if it be true on the contrary, that there is not any pound sterling due within that kingdom which may not be legally acquitted with 113 grains of fine gold, or with 1638 grains of fine silver, then I am authorized to state the present value of the pound sterling at that rate. If this be the case, then the addition of one grain of silver or of gold more, in a new coinage, necessarily implies a raising of the standard.

ANSW. IV. This objection lies against the rubbing of the coin, not against the regulation of the mint. I have frequently observed, that it is the rubbing of the coin which of itself debases the standard, in spite of the statute as it stands, but not in spite of what it might be.

There is no doubt, that as long as any nation permits her current coin to pass below the standard weight, by virtue of the stamp, she by that neglect, opens a door to the debasement of the standard, and totally disappoints that part of the statute which regulates the weight; consequently the act of making a new coinage afterwards, at the then debased value, is not of itself a new debasement.

The new coinage, in that case, is a temporary interruption put to the circulation of coin unequally worn, which is what occasions, more than any thing, the progressive debasement of the standard; but it is no new debasement in itself, nor is it any preservative against debasements for the future.

If

If it be not provided by statute, that debtors shall make good the weight of the coin with which they pay, in one way or other, of necessity the state must either go on regularly debasing her standard every new coinage, or be obliged to raise it by jerks, to the detriment of all the debtors who have contracted during the preceding debasement.

ANSW. V. The comparison between the standard weights in the exchequer, with the standard of the pound sterling, is not just. If a merchant offers me grain, bullion, or cloth, by a measure which is not of the legal content, weight, or length, I may refuse it. I have even an action against him for fraudulent dealing, in case I shall have unwarily accepted of the merchandize. But I cannot reclaim (as has been said) the measure of the money-unit according to the statute.

Now let me suppose, that for 40 years no access could be got to the standard measures of the exchequer, that during this time all the measures of the nation should be debased; that notwithstanding this, the landlords over all England should continue to stipulate their rents in grain, by the debased bushel of their respective counties: if after 40 years of such confusion, the exchequer should be opened, and all measures fitted to the standards, would it not be a horrid piece of injustice not to allow both landlords and farmers who had entered into leases within the 40 years, the liberty of converting their rents from the *debased* to the *standard* bushel.

ANSW. VI. This objection proceeds entirely on the supposition, that it is the *altering the statutes*, and not the *rubbing of the coin*, or the *changing the proportion of the market price of the metals* which debases the standard.

Were that proposition true, the consequence drawn from it would be true also; to wit, that the loss by the wearing of the coin remains entirely suspended until the worn coin is all at once cried down. But if I can prove, that the wearing of the coin does not fall upon the person in whose hands it is found when cried down,

except

except only so far as it happens to be below the mean weight of the whole currency, or so far as the person is a debtor, and unjustly obliged, by an arbitrary law, to pay what he had received in light, with heavy coin. If this, I say, be true, I hope it will follow, that there is not the least force in this objection. This consequence is plain.

It is certain, that by the wearing of the coin there is a loss incurred by somebody; if it be proved that it is not incurred by the person in whose hands the light coin is found when cried down, it must follow, that it has already fallen proportionally upon those who, in the mean time, have been considering it as of the standard value, while it has been really below it.

Here follows the proof of this proposition.

I shall suppose the silver coin of Great Britain is actually so worn as to be *5 per cent.* lighter than its standard weight at a medium: If at that time the silver is ordered to be re-coined of the standard weight, I say the currency, after the coinage, will be *5 per cent.* better than before. Ought not then all merchandize to fall *5 per cent.* in value upon this revolution.

Two men (A) and (B) have, the day before the calling in of the light specie, each a thousand pounds sterling of it in tale; (A) goes to market and buys corn with his thousand pounds, (B) keeps his coin, and next day is obliged to carry it to the mint, where he sells it at *5 per cent.* discount; that is, for nine hundred and fifty pounds of new heavy silver coin. (B) after this operation goes to market; and finding grain fallen in the price *5 per cent.* he with his nine hundred and fifty pounds, buys just as much as (A) had bought the day before with his thousand pounds. I ask what loss (B) has suffered in carrying his silver to the mint?

But if we suppose the thousand pounds in silver tale money, which (B) had, to be worn more than at the rate of *5 per cent.* then he would lose all the difference; because the price of things would fall only according to the general proportion of the rise upon the value

value of the currency: but on the other hand, he would gain upon the supposition that his thousand pounds should happen to be less worn than the *5 per cent.*

Can any thing, therefore, be more absurd, than to appoint by law, that one, who shall at this time happen to be indebted for a thousand pounds, shall be obliged to pay this thousand pounds in heavy money, when he had borrowed it in light.

We have seen how (B) in buying corn with nine hundred and fifty pounds of the new coin, got as much as (A) had got the day before with his thousand. But suppose they had both bought grain the day before the crying down of the coin, (A) with his money, (B) with a note payable next day, how absurd must any law be, which should oblige (B), for one day's credit, to pay at the rate of *5 per cent.* increase of price; and this because of the accident of calling in of the money: an event he could neither foresee or prevent.

We may, therefore, conclude, that while the coin of a nation is upon the decline from the standard value of the unit (as it ought to be preserved by some invariable measure) those only through whose hands it circulates, lose upon what they have, in proportion to the debasement of the standard, while the coin remains in their hands.

ANSW. VII. It has been said, and I think proved, that in a trading nation, such as England is, nothing can long support the value of the money-unit (while affixed entirely to the coin, and while coinage is free) above the intrinsic value of the metals contained in it. I must now shew how the operations of foreign trade have the effect of regulating the value of the currency, in the hands even of those who consider coin merely as money of account; who give it and receive it by tale; and who never attend to the circumstances of weight, or proportion between the metals.

The price of commodities, in a trading nation, is not settled by private convention, but by market prices. Foreign markets regulate

late the price of grain, which regulates, in a great measure, that of every other thing; and the price of grain is regulated by the value which other nations pay for the pound sterling, by which the grain is bought. If, therefore, the lightness of the coin debases the value of the pound sterling in foreign markets, it must, for the same reason, raise the price of the grain bought with these pounds sterling; because the value of the pound sterling has no influence upon the value of grain abroad. The domestic competition between the merchants in the buying of the grain at home, informs the farmers of its value abroad; and they, without combination of circumstances, esteem it and sell it for inland consumption, at a value proportioned to what it bears in foreign markets; that is to say, proportioned to the actual value of the coin. Thus English farmers, although in buying and selling they do not attend to the weight of the coin, regulate their prices exactly as if they did.

I ask, What is meant by this expression, *that the lightness of the coins is no ways considered in any of our internal dealings with one another. Currency by tale refers only to the legal standard, as currency by weight doth to the coins themselves?* (Essay upon money, Part 2d, p. 79.) Will a person who considers his light shilling as a standard coin, buy more with it than if he considered it by its weight? Will any man in England sell cheaper to a porter, who never considered his shilling farther than to look at the King's head, than he would to a Jew, who has had his shilling in a scale, and who knows to the fraction of a grain what it weighs? Which way, therefore, (in a trading nation) can money possibly be worth more than its weight? I comprehend very well how one shilling may be better than another to a money-jobber; but I cannot conceive how any shilling whatever, which passes by tale, be it light or weighty, can ever be worth more than according to the mean weight of the present currency. People, therefore, who know nothing of the value of money, may lose by giving away their heavy coin; but I cannot see how ever they can gain in their inland dealings, or how they can ever circulate

ulate their light coin for more than the value of the present currency.

We may, therefore, lay down the following principles: *1^{mo}*, That, in a trading nation such as Great Britain, where coinage is free, the value of tale-money is exactly in proportion to the mean weight of the whole currency. *2^{do}*, That the money-unit being only affixed to the coin, is exactly in proportion to its weight. *3^{to}*, That when the intrinsic value of all the coin is not in the exact proportion of its diminution, the operations of trade will strike the average, or mean proportional. *4^{to}*, That when this is done, those who pay by tale, in coin which is worth more than the mean proportion, are really losers; and those who pay by tale in coin below that value, are really gainers, whether they know it or not.

ANSW. VIII. The authority given to coin, by its being every where received in the King's offices, is entirely confined to its currency, and not to its value. The consequence of its being received at the exchequer according to tale, makes coin which is not worth a pound sterling pass as if it were so. This debases the value of the pound, but gives no additional value to the coin. Is not this, debasing the standard by authority, since it may oblige a creditor who lent 100 £. to accept of $\frac{2}{3}$ of the value, as a legal payment.

The pounds sterling paid into the exchequer are no better, nor will they buy more of any commodity, than the worst pound sterling that ever came out of the hands of a money-jobber; and therefore contribute nothing to keep up the value of the coin. Merchants who know the value of coin, are those who regulate prices; and the public sale of one hundredth, nay of one thousandth part of a commodity sold by retail through all the nation, is sufficient to regulate the price of it every where. If this be true, to suppose that a pound sterling being regulated by statute, can add any thing to its value; or that my right is left unviolated, when I have been every day, for these forty years giving my pound for

what I ought to buy for 19 shillings of Queen Elizabeth's standard, is as ideal a representation of the value of right as any thing I have ever heard.

If it be said, that this right implies a title to be indemnified by a reformation, or a restitution of the standard, for the loss I have sustained by the gradual debasement of it: I reply, that a state must examine the nature of my claim, and do me justice, without all doubt; but it does not follow as a consequence, that because a creditor in an old contract has been a loser by his debtor, that therefore all the creditors in the nation should share in the benefit of his restitution, at the expence of debtors, from whom they have suffered no loss.

ANSW. IX. I own the scheme proposed is pretty much the same with that proposed by Mr. Lowndes; and I must here give a satisfactory answer how a project so solidly refuted in 1695, can possibly be eligible in 1760.

First then, I say, that the question was not then understood. Mr. Lowndes put it upon a wrong issue, and supported his argument upon wrong principles. He insisted, that his scheme implied no debasement of the former standard. He ascribed the rise of the price of bullion to the rise of the intrinsic value of silver, and not to the lightness of the coin with which it was bought. He always supposed, that the stamp, and not the substance, made the currency. A light shilling and a heavy one were both shillings, according to him. He proposed reducing the weight of the silver coin 20 per cent. below the standard of Elizabeth, because he was ashamed to propose more; but a reduction of 33 per cent. or rather 50, would hardly have brought the pound sterling to the mean value of the silver currency at that time.

Mr. Locke, on the other hand, supposed the whole dispute to rest upon one point, to wit, Whether or not Mr. Lowndes's scheme implied a debasement of the standard? He reasoned upon sound principles, and with good sense; but he did not turn his attention

to

That the scheme is similar to, tho' not the same with that of Lowndes.

Lowndes reasoned upon wrong principles;

Locke attended to supporting the standard, without attending to the consequences.

to the only object which fixes ours at present, to wit, the interests of those who are engaged in permanent contracts.

Mr. Lowndes's great argument for reducing the standard was, that silver bullion was risen to 6 s. 5 d. per ounce, (*that is, that it might have been bought with 77 pence of shillings of $\frac{7}{77}$ part of a pound troy*) and therefore he was of opinion, that the pound troy should be coined into 77 shillings; which was diminishing the value of the pound sterling about 20 per cent. or $\frac{1}{5}$. Mr. Locke answered him very well, that the 77 pence were paid in clipped money, and that those 77 pence were not in weight above 62 pence standard coin. This answer is quite satisfactory. But I ask, whether Mr. Locke would have been of opinion that any man who had borrowed 1000 l. sterling in this clipped money, ought to have been obliged, upon a reformation of the standard, to pay back 1000 l. sterling in standard weight? These gentlemen, Mr. Lowndes and Mr. Locke, examined very slightly the influence which altering the standard might have upon the interest of debtors and creditors; which is the only consideration that makes the reformation difficult to adjust at present. So great an influence in every political matter has the change of circumstances! Credit then was little known; consequently the mass of debts in England was small: now it is universally established, and the mass of debts active and passive is very great, and forms a very considerable interest in Great Britain.

In those days the landed interest, and the interest of the crown, were only attended to: Trade at that time was almost at a stop, and had been ruined by a piratical war. The evil was past a remedy, consistent with justice. Credit was very low, and daily declining, and demanded an instant reformation of the coin. Restoring the standard was the most favourable, both for the landed interest and the exchequer; and so it was gone into. The nation, and every debtor, was robbed by their creditors; but they did not perceive it; and what we do not see, seems to do us no harm. The

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question,

question, therefore, is very different: circumstances must constantly be examined, and according to these every political question must be decided.

I have already observed, how the introduction of milled coin had the effect of introducing the clipping of that part which had been coined with the hammer. Guineas, at the revolution, (if I am well informed) passed for 21 shillings and sixpence. Gold was then to silver, over all Europe, rather above the proportion of 1 to 15, as appears by the famous regulation in 1692, called the convention of Leipzick, when the German coinage was settled; and it appears also by the proportion observed in France; and in Spain it was still higher, being as 1 to 16. At this rate we may be certain, that at the revolution the English silver was standard weight; because the guinea being left to seek its own price above 20 shillings, the statute value, did not rise above 21 shillings 6 pence, which marks the proportion to have been as 15:6 is to 1. The guinea, therefore, would not have failed to have risen higher, had the silver coin been light.

From 1692 to 1695, that is, in *three years time*, (Locke's *Farther Considerations*, p. 74.) the progress of clipping went on with such rapidity, that guineas rose from 21 shillings 6 pence, to 30 shillings; and according to a very sensible letter which lies before me, signed G. D. and printed in 1695, intitled, *A Letter from an English merchant at Amsterdam, to his friend in London*, I find there was at that time no determinate value at all for the pound sterling: so great was the difference of the currencies! As a proof, he says, that 100 pounds sterling in silver, which ought to weigh 32 pounds troy, weighed then commonly between 14 and 18. At which rate guineas were very cheap at 30 shillings: they were worth above 40 shillings: and Davenant says, that five millions then borrowed by the state did not produce the value of two millions and a half.

It would be foreign to the present purpose to enter into a particular disquisition, in order to shew the difference between the political

Political circumstances are greatly changed.

litical state of England then, and at present: let it suffice to remark in general,

I. That there was then no possibility of determining what the current value of a pound sterling was. It varied every month, and was daily declining. At present it is nearly of the same standard as it has been for many years.

II. The money-unit then had nothing to preserve it at any determinate value. The silver, to which it was affixed, was clipped three times in a year, while the gold sought its value as a commodity. At present the gold cannot vary: the guinea is fixed, and must pass for 21 shillings, let the silver be ever so light; and this gives a determinate value to the pound sterling.

III. In 1695, the whole disorder had been coming on with rapidity; at present it has advanced with imperceptible steps: consequently,

IV. At that time the number of permanent contracts which stretched beyond the era of the debasement of the standard, were many; at present they are few.

V. In 1695, a money'd interest was hardly known. The rich had their money in their chests; now they have it in their pocket-book.

VI. The difference between the currency and the legal standard in 1695, was one half: at present it is one twentieth.

VII. The debts of the nation did not then exceed 12 millions: now they exceed 140 †.

VIII. Many sums then had been borrowed on assignments of certain branches of the excise, the amount of which was uncertain, and deficiencies (which in such cases are unavoidable) were not made good to the creditors. At present all is paid in determinate sums of pounds sterling.

IX. And lastly, the question was not understood. Locke and Lowndes *felt*, but did not *see* distinctly, wherein the difference of

† In 1766.

their sentiments consisted: and those who only *feel* never describe with perspicuity.

It was then generally imagined that a *pound* could never be more than a *pound*; but at present people know how to reckon coin by grains, and see clearly that 1718 is more than 1638.

For these reasons I apprehend, that a scheme, similar to that proposed by Mr. Lowndes, may now be mentioned without offence; that the people of Great Britain are just now as good judges of what is for their interest, as they were in 1695. And if the decision of a former parliament is alledged in favour of the old standard, I answer, that such arguments are only good, when people are disposed to pay a greater deference to the sentiments of their fathers than their own; which I am apt to believe is not the case at present.

Reconciliation of the two opinions.

If these answers are found satisfactory, we may conclude, that in whatever way the disorder of the British coin is removed, the change ought to be made in such a manner as neither to benefit or to prejudice any, but such as have lost or gained by the debasement of the standard. Lest, however, that these answers should be perplexing only, without drawing conviction along with them; (which in matters of dispute is frequently the case) I shall say something farther upon this subject, with a view to reconcile two opinions; which are perhaps more opposite in appearance than in reality.

I have already apprized the reader, that I pretend to reason only upon principles, not upon exact information of facts. Circumstances which are hid from me, will nevertheless work their full effect, and may render the best deduced principles delusive, when, without attending to them, we pretend to draw conclusions.

Now, such circumstances in the present case there must certainly be; otherwise every body in England would agree, that the standard is at present actually debased, and that the restitution of it would effectually be raising it from what it has been for these

many years. Upon this supposition, the consequences we have drawn must be allowed by every body to be just and natural.

Nothing, I think, is more certain, than that all men would be of the same opinion upon every proposition, were such propositions well understood, and did all parties make the application of them to the same object, and in the same sense.

If this be true, let me try to give a reason how it happens that there are different sentiments in England upon the method of restoring the standard.

I. First then, the question is not understood; and the principal thing which obscures people's ideas concerning it, is their constantly attending to the denominations of the money of account, instead of attending to the denominations of the coin. These two things are universally confounded. A pound sterling is always a pound sterling, no doubt; but the grains of silver which compose one pound sterling are not the same in number with those which compose every pound sterling. Now, the moment money is realized in the metals, and that the standard measure of value is affixed to them, let them be worn or not, it is very evident that nothing but the grains of the metal in the several pieces can represent the scale by which the coin becomes a measure of value. Whenever, therefore, people lose sight of this undoubted truth, and begin to measure by the denominations of the ideal money of account, without examining whether that value be exactly realized or not, it is just the same thing as if they were to measure a length upon a plan without adjusting their compasses to the scale, and upon a bare supposition that the opening they had, by accident might answer to the length they were to measure.

II. The state, in every country almost, is negligent in instructing the people of the consequences of every variation in the coin; and likewise negligent in providing against the inconveniences which result from all changes in those matters. It is not to be supposed that the common people can exactly comprehend the consequences of

of making a pound sometimes consist of more silver and sometimes of less. When the pieces are heavy however, they weigh them in their hand, and say *this is good money*; but when they find that they must give as much in tale of this good money to pay their debts, as if it had been light, they *feel* a regret, but they do not *see* the injustice of such a regulation.

Farther, when people find that upon a reformation of the coin they are still obliged to acquit their obligations with the same denominations as before, is it not very natural for sellers to insist upon having the former prices for all sorts of commodities. This is the reason why the universal experience of France (which nation has been more accustomed to variations in their coin, than England) proves that merchandize does not immediately rise and fall according to the variations of the coin. But the operations of foreign trade, which are immediately felt and profited of by the trading part of the nation, insensibly affect the dealings of the body of the people, and produce, after a certain time, those effects, which ought to have followed immediately upon the innovation.

Now it is very certain that the principles we have been laying down will not, in practice, answer, unless the state should lend a hand; both by instructing their subjects in the nature of the change intended, and by interposing their authority to see justice done among them.

Those who oppose the doctrine we have been laying down, go upon the supposition that the law ought to order all obligations to be acquitted according to their denomination after the reformation of the standard. I go upon the supposition that it is just they should be acquitted according to the intrinsic value. Where then lies the difference between our sentiments? We are of the same opinion, as to the main question: for were it true that prices were not to sink 5 per cent. after the reformation, I should be the last man to propose, that debtors ought to be allowed conversions in paying with the new standard; and I suppose that those who support the con-

trary

Principles will not operate their effect without the assistance of the state.

When people understand one another, they soon agree.

trary sentiment would be just as little inclined to oppose a conversion, upon the supposition that ninety five pounds, after the supposed reformation, were to be equivalent, to all intents and purposes, to a hundred at present.

III. The clearest and the best reasoners I have met with upon this subject, are apt upon some occasions to confound the two species of circulation which we have endeavoured carefully to distinguish; to wit, the involuntary which takes place in acquitting *contracts already made*, with the voluntary which takes place in common sales. As an example of this, and as a means of reconciling opinions, and not with any intention of entering upon refutations, I shall here extract a passage from Mr. Harris upon coins, Part II. p. 96. and insert in Italics what I think will explain the difference between our sentiments.

"You affirm (says he) that if the rate of a guinea be reduced one shilling, there would be a loss of the one and twentieth part upon all the guineas in the nation;" (*yes, as often as debtors might be obliged to give them to their creditors for pounds sterling*) "but that there would be no loss at all upon guineas, if they were ordered to pass for twenty one shillings, having in them no more silver than there is at present in twenty standard shillings." (*no, certainly; because the debtor would pay his debt with the same number of guineas which he had borrowed.*) "Strange, very strange indeed, that there should be such magic in the word shilling, and the number twenty one, as to make the same thing, only calling it by different names, have such different effects! It is scarce necessary to take any farther notice of such a mere jingle of words; but out of tenderness to these young logicians, but more out of regard to those who may be deceived by them, if any such there can be, I shall endeavour to shew, that our scheme is more favourable to them than their own.

"It is self-evident that the nation would not lose one farthing upon all the gold it exported, by a reduction of the mint price of VOL. I. I i i gold:

Permanent contracts are confounded with sale in this dispute.

“gold: for this reduction would not in the least debase the intrinsic quality of the gold, and every guinea that went into foreign parts, would fetch there as much afterwards, as it doth at present.”

What I have put in Italics clears up the opinion which the author endeavours to refute. He seems much surprized to find magic concealed under the word *shilling*, and *twenty one*, whereas there are no words more magical in all the jargon of astrology than in these, and in every term relating to the denominations of money of account. Is it not very magical, that the same quantity of silver at present found in twenty one light shillings, being coined into twenty standard shillings, should only acquit a pound sterling of debt, and that were it coined again into twenty one shillings, it would acquit one pound one shilling of debt? Nay more, were it coined into a hundred shillings, it would acquit a debt of five pounds.

The doctrine, therefore, which the author endeavours to combat in this place, is not so ridiculous as it appeared to him; but he has not, in this place, attended to the difference between paying what one owes, and buying merchandize in the course of foreign trade: Let me illustrate this by an example.

I come to my creditor with a guinea, and I say, I owe you twenty one shillings; there you have them. No, says my creditor, that piece is but twenty, by the new regulation; I must have one shilling more. There is no reasoning here, the denomination of the coin must decide between us, not the weight, nor the intrinsic value of what I had borrowed. But I go to a shop to buy a hat, the hatter asks twenty shillings; I offer him a guinea and demand a shilling to be returned; says the hatter, That guinea is worth but twenty shillings: Very well, say I, if my piece of gold is worth no more than 20 shillings, your hat was, yesterday, worth a shilling less than it, and, consequently, to day is worth no more than 19 shillings.

In the last example, magic has no effect, and to such cases Mr. Harris has only attended in the passage cited; but in the first, the magical word of a statute, is capable to undo one half of the nation; although their ruin does not imply the exportation of a shilling out of the kingdom, or any benefit to foreigners, unless they be creditors to Great Britain.

IV. The sentiments which the people of England generally form upon this subject, are directed by those of the higher classes. These are all of the class of creditors, and very naturally retain sentiments analogous to their own interest. I am far from insinuating any thing here to the prejudice of this class; all I mean is, that upon an obscure point, people lean naturally to that side which favours themselves, especially when the nation's interest, and the interest of justice, do not evidently declare against it.

The interest of creditors is always the predominant, and determines the opinion of a nation.

I call the higher classes of a people creditors; because they live upon a fortune already made, and draw their income from permanent contracts: and those are the debtors, who are bound on the opposite side of such contracts. Besides these two interests, there is another which can never be at the mercy of any arbitrary regulation as to money: those, to wit, who live upon their industry, and who enter into no contract but that of sale: they regulate their prices according to the intrinsic value of the coin at the time; whereas the others who are engaged in permanent contracts, must regulate their's according to the words of their contract, and the interpretation which the law puts upon those words. Every man, therefore, whose fortune is already made, either in land, money, or salary, has an interest in seeing the standard raised, and those who are bound in permanent contracts with them, are those only who can be hurt by it.

Farther, the higher classes in Great Britain have always the penning of the law. Is it then surprizing, to find the interest of creditors constantly attended to, in new regulations of the standard? When Princes arbitrarily debase the standard, they debase it be-

cause at such a time they are virtually in the class of debtors: their expence then exceeds their income. On the contrary, when wars come to cease, and when their expences are reduced within the compass of their revenue, they raise the standard: because they become then of the class of creditors.

This principle is a key to all the mystery of the raising and sinking of the numerary value of the French coin in former times; before public credit was established among them.

Now let us apply this reasoning to the present case.

Since in all changes upon the coin we find (of late) the interest of creditors constantly attended to in Great Britain, is it not very natural for people to reason upon the supposition that there is no injustice in raising the standard; and is it not natural to suppose that government will act upon the same principles in their future regulations of the standard, as upon the last occasion in 1695? Every one, therefore, whose fortune is made, finds it his interest to have the standard brought back to what it was formerly; and he does not perceive the injury such a regulation would do to his debtors. On the other hand, the merchants see plainly that if this standard should be restored upon an imaginary principle of justice, the prices of commodities will not fall as they ought to do, and as foreign trade requires they should; they are therefore against raising the standard, because it will be a prejudice to trade, a clog upon exportation, and therefore a loss to themselves.

This, I think, very naturally accounts for the difference of opinion among the people of England, upon a matter of very general concern, and nothing is so easy as to reconcile all those interests by doing justice to every one, and injustice to none.

As an illustration of this subject, I shall cite a recent example of a change made in the circulation of Dutch ducats, executed by that wise nation; seemingly in direct opposition to the principles here laid down, and exactly consistent with those we are endeavouring to explode.

Application of principles to the change lately made by the Dutch with respect to their coin.

The:

The States General lately called down all the light ducats, and ordered them to go by weight, as bullion, without making any allowance to such as might suffer by it.

This regulation, and a new coinage of ducats, had the immediate effect of raising the value of that species of current money; consequently, it may be said, that debtors by that regulation have been proportionally hurt, by an act of one of the wisest governments in Europe, if our principles are admitted to be just. But before this conclusion can be drawn, circumstances must be examined.

Ducats in Holland are the *price*, not the *measure* of value, having no fixed legal denomination. The current silver coin is what the state, and all the mercantile interest attend to: and in proportion as this current silver coin or bank species is become light, the agio upon that currency has risen. The agio then, in combination with every currency, furnishes an invariable measure for value, as well as the bank money of Amsterdam; and to that every one attends who regards his interest.

The state, therefore, by this arbitrary measure, or sudden revolution on the ducats, did not hurt any debtor; because debtors never were obliged to give ducats in payment.

Will any one say that the Dutch silver currency, now that the agio is high, is of equal value in inland dealings as formerly when it was low; and must not the same argument hold with respect to the currency of Great Britain, although no such thing as agio be there known? Or will it be said, that because the Dutch, who have an invariable measure of value independent of their coin, make an arbitrary operation upon their currency, which is only price; that therefore the English, who have no invariable measure of value independent of their coin, may make a similar operation upon theirs?

Thus it is that circumstances influence our decisions upon all political matters; and principles well deduced do not cease to be true, although they appear contradictory to experience, in cases where

All decisions in political questions depend upon circumstances.

where every circumstance is not exactly known. For this reason, I shall be very far from deciding as to the part proper to be taken by the British government; I go no farther than to point out plain principles; it is the business of statesmen to apply them according to circumstances.

C H A P. XIII.

In what Sense the Standard may be said to have been debased by Law, and in what Sense it may be said to have suffered a gradual Debasement by the Operation of political Causes.

These propositions appear contradictory. IN the course of this inquiry, the standard has been represented sometimes as having been debased by law, above thirty years ago, to 113 grains fine gold, at which it remains at present, and sometimes as having gradually declined for these many years.

These propositions are true, though they appear inconsistent, or at least inaccurate; and they must now be set in a clear light.

I have had no opportunity of tracing the progress of the variations as to the price of the metals in the English market from the beginning of this century; and to supply the want of exact observation, I have gone upon the following suppositions: 1. That while the guineas were left to find their own value (being regulated by the law below their worth, and not being considered as a lawful money) they naturally would fix themselves according to the market proportion of the metals. 2. That, at the time the standard was affixed to the guineas in conjunction with the silver, and both were made lawful money, the value of the guineas was exactly inquired into and regulated at their precise value.

From

From these circumstances I conclude, that after this affixing the standard to both species, the least variation in the proportion of the metals must have had the effect of *throwing the standard* (as I may call it) upon that metal which was the least valuable in the coin; and since it is certain, that for thirty years backward, at least, gold coin of equal denomination has been less valuable than silver, payments have been made, commonly, in gold, under the sanction of law, while the silver has been melted down or exported; for these reasons, I have frequently represented the standard as long ago debased by law to the value of 113 grains fine gold; and I believe I have advanced nothing but the truth.

Here we may conclude, that it is impossible for any law to keep the standard attached both to the gold and the silver coin at once, without preserving constantly the market proportion of the metals at par, with the numerary value of the coins. The rise of silver for one week in the London market is a cause of the silver being melted; and during that week, all payments will be made in gold. If the week following, gold should rise above the proportion fixed in the coin, gold coin would be melted, and payments would be made in silver.

I do not, at present, consider the small circulation either among the nobility, or among the commons; but I attend to the great circulation among bankers, who have all the specie in their hands once in a year; and I say, that the payments they make must influence those of all others. Every gentleman pays with the money his banker gives him; did the bank of England find its interest in paying in silver, would it not soon become plentiful in circulation, and would not payments begin to be made in it preferably to gold?

The standard, therefore, has been debased by law by being affixed to the gold, of which metal the pound sterling has uniformly, for these thirty years past, been worth 113 grains, in new guineas.

But

But I have also said, that the standard has been gradually diminishing; consequently it might be objected, that if a pound sterling was, thirty years ago, equal to 113 grains of gold, if it has been ever since at that standard, and if it be to-day 113 grains of gold, it cannot be said to have been gradually diminishing. The answer is evident, when we reflect upon our principles.

The standard gradually debased, by the rising of the silver.

The standard affixed to the gold has been diminishing, because these 113 grains of gold have been diminishing in their value with regard to the silver. When the guinea, in 1728, was fixed at 21 shillings, the pound sterling was fixed thereby at 113 grains fine gold, as has been said; consequently, if that weight of gold was then worth 1718.7 fine silver, there was no debasement made by that statute: but in consequence of that statute, the debasement must take place the moment the silver rose in its value.

I am not authorized, by any fact, to advance, that at the time the guineas were brought down from 21 shillings 6 pence to 21 shillings, the metals in the coin were not put at the exact proportion they then bore in the English market. The great Sir Isaac Newton was the person consulted in that matter, and to criticise his decision without plain evidence, would be rash. All I shall say is, that in France the proportion then was 1 to 14 $\frac{1}{2}$, although according to the English statute it was regulated as 1 to 15.21.

The proportion of the metals, in 1728, supposed to have been as 15.21 is to 1.

Let us therefore suppose, that in 1728, the metals were at the proportion of 1 to 15.21; and that 113 grains of fine gold were really worth 1718.7 grains of fine silver.

By what progression the silver standard has been debased.

But the silver having risen, the standard, for this reason, has been thrown upon the gold, and has constantly remained at 113 grains (that is, in new guineas;) and as the metals have varied from the proportion of 1 to 15.21, to that of 1 to 14.5, by the same steps has the value of the pound sterling, in silver, changed from 1718.7; to 1638.5; which 1638.5 is to 113 as 14.5 is to 1: and were the proportion between gold and silver to come by slow degrees to the Chinese proportion of 1 to 10, the pound sterling would still remain

remain at 113 grains of fine gold, as it has been since the year 1728; but the silver coin would either be melted down, or so rubbed away, as to make a pound sterling of it weigh no more than 1130 grains of fine silver, so as to bring it to the proportion of 10 to 1, together with the metals.

Does not this evidently shew the defect of fixing the standard either to one or to both the species?

As a farther illustration of this matter, which, because of its importance, cannot, I think, be too often repeated, I shall shew, in a very few words, how far people are mistaken, when they imagine that by reducing the guineas to 20 shillings, and re-coining the silver according to the plan proposed, the standard of the pound sterling will be brought to that of Elizabeth.

When Elizabeth fixed the standard of the pound sterling at 1718.7 grains of fine silver, the proportion of the metals, according to the table in the essay of money and coins above cited, was as 10.995 to 1; consequently that pound paid in gold was, in 1601, equal to 137.6 grains fine gold.

Had, therefore, by accident, the standard been then fixed to the gold, in place of the silver, and had the silver ever since been considered as a commodity, the pound sterling at present would be worth 137.6 grains of fine gold, and consequently worth 2285.3 grains fine silver, at the proportion of 14.5 to 1; whereas, having been fixed to the silver, it has been kept at the old standard of 1718.7; and consequently is worth no more than 118.3 grains of fine gold.

Now supposing that in the year 1601, three different payments of a pound sterling had been made, and locked up in a chest till this day; let us inquire what would be the value of each at present, were they to be melted down, and sold as bullion in the English market. The first payments I shall suppose to have been made in silver, to the value of 1718.7 grains fine silver, which make of standard silver 1858.06 grains; this sold at the rate of

The standard of Elizabeth for the pound sterling, was 1718.7 grains fine silver, and 157.6 grains gold, both fine.

The gold standard of her pound worth, at present, 2285.3 grains fine silver.

65 pence an ounce, the present supposed value of silver, at the rate of the gold, when full weight, makes £ 1 0 11 $\frac{1}{2}$. The second payment I shall suppose to have been made in gold, to the value of 157.6 grains fine gold, which makes of standard gold 171.9 grains, this at the mint price of gold, that is, £ 3 17 10 $\frac{1}{2}$ the ounce, makes of present sterling, £ 1 7 10 $\frac{1}{2}$.

The third payment I suppose to have been made, one half in gold, one half in silver, which makes 859.36 grains fine silver, and 78.8 grains of fine gold, which, at the above conversions, makes for the silver £ 0 10 5 $\frac{1}{2}$ And for the gold £ 0 13 11 $\frac{1}{2}$

Together £ 1 4 5 $\frac{1}{2}$

Here we have three different pounds sterling, produced purely by the variation in the proportion of the metals, although in 1601, they must have been absolutely the same. Which of the three, therefore, is the standard of Elizabeth? Is it not evident, that it can be no other than according to the value of that pound which was paid, half in gold, and half in silver? And is it not also plain, that this is the exact arithmetical mean proportional between the gold and the silver? Let the silver and the gold pounds be added together, they make £ 2 8 10 $\frac{1}{2}$; the half of which is the value of that pound which was paid half in gold, and half in silver; to wit, £ 1 4 5 $\frac{1}{2}$; of the present gold currency, reckoning standard silver at 65 pence per ounce, and gold at the mint price. To realize this value exactly in gold and silver, while the proportion remains as 1 to 14.5, it would be proper to put into the pound sterling 2001.9 grains troy fine silver, and 138.64 grains of fine gold. These quantities of the metals would answer exactly to the value of £ 1 4 10 $\frac{1}{2}$, the mean proportional above mentioned.

Here then is the standard of Elizabeth: if it has any excellence in it above all others, it might be preferred.

One worth
£ 1 0 11 $\frac{1}{2}$
present cur-
rency.

Another
worth
£ 1 7 10 $\frac{1}{2}$

And a third
worth
£ 1 4 5 $\frac{1}{2}$

The last is
the true
standard of
Elizabeth
for the
pound ster-
ling, and
worth at
present 2002
grains fine
silver, and
138 ditto
gold.

It must however be observed, that it will remain the standard only whilst the proportion of 1 to 14.5, upon which it has been established, shall remain unvaried between the metals; and it will vary from where it might be at present settled, in the same manner as it has varied at all times from the year 1601, to wit, according to the vicissitudes which shall happen in the proportion of the metals. But at every period of time, and in all different varieties of proportion between gold and silver, no problem is more easily resolved than that of the mean proportional between the gold and silver, the moment one knows the proportion of the metals at the time; as shall be demonstrated in a following chapter.

During the whole seventeenth century, gold rose in its value; or to express this as the French writers do, the proportion of the metals was increasing, from that of 1 to 10.905, to that of 1 to 13; and in Spain it got up to that of 1 to 16. The standard, therefore, being fixed by Elizabeth to the silver, was then attached to that metal which was the least sought for; and who knows whether the mercantile interest at that time, and in the succeeding reigns, did not find it their interest to keep it attached to the silver, for the same reason they now wish it attached to the gold?

Since the beginning of this century the metals have taken a different turn, and now the proportion is diminishing; that is to say, the value of silver is rising; the consequence of which is, that the mercantile interest would gladly have the standard fixed to the gold; because in this case, (the proportion of the metals being upon the diminishing hand) the standard of the pound will gradually diminish, and trading men will thereby gain, according to the principles above laid down.

From what has been said, the reader may reconcile me with myself, when I sometimes have spoken of the standard of the pound sterling, as having been debased by law thirty years ago; to 113 grains of gold; and when, upon other occasions, I have represented it as having descended by degrees to where it is at present.

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Had I involved my reasoning in all the distinctions which I have now explained, I should have lost my way, and perplexed my subject, instead of throwing light upon it. I shall hereafter examine how these circumstances may be attended to in a new regulation of the mint.

Providing the subject be well understood, men of capacity will be found to execute this great operation according to justice, in spite of the most perplexing combinations.

Let me here recapitulate a few positions, which we may now have occasion to apply.

Some positions recapitulated.

I. The standard is debased by being fixed by statute to 113 grains of fine gold, not by the act of fixing it, but by the rising of the silver since that time, which the statute could not prevent: and gold being now the metal the least sought for, is become the standard of the pound sterling, and regulates its value so, that no silver coin, which is above the proportion of the gold, can remain in currency.

II. That according as the proportion of the metals shall diminish from what it is at present, the standard will still fall lower with respect to silver, but will remain fixed with respect to gold, at 113 grains.

III. That the true value of the pound sterling will always be found in the mean proportion between 113 grains fine gold, and 1638.5 grains fine silver.

IV. That if light guineas are allowed to pass current, the standard will fall below the 113 grains, and the price of gold bullion will rise above £ 3 17 10. in the English market.

V. That upon calling in the light guineas afterwards, a hurt will be done to all those who have contracted during their currency.

CHAP.

C H A P. XIV.

Circumstances to be attended to in a new Regulation of the British Coin.

I THINK I have sufficiently laid open all the principles which can influence a new regulation of the British standard, as far as a change may influence either the value of the money-unit, or the interests within the state.

As to the first, it has been said above, that if, by the future regulation, any change whatsoever shall be made upon the value of the money-unit, as it stands at present, the adopting any other whatsoever is a thing purely arbitrary.

To people who do not understand the nature of such operations, it may have an air of justice to support the unit at what is commonly believed to be the standard of Queen Elizabeth, to wit, 1718.5 grains of fine silver. The adoption of the standard of Queen Elizabeth has an air of justice.

The regulating the standard of both silver and gold to $\frac{1}{12}$ fine, and the pound sterling to four ounces standard silver, as it stood during the reign of Queen Mary I. has also its advantages, as Mr. Harris has observed. It makes the crown piece to weigh just one ounce, the shilling four penny weight, and the penny eight grains; consequently, were the new statute to bear, that the weight of the coin should regulate its currency upon certain occasions, the having the pieces adjusted to certain aliquot parts of weight, would make weighing easy, and would accustom the common people to judge of the value of money by its weight, and not by the stamp. Advantages of that of Mary I.

In that case, there might be a conveniency in striking the gold coins of the same weight with the silver; because the proportion

of

of their values would then constantly be the same with the proportion of the metals. The gold crowns would be worth at present, 3*l.* 12*s.* 6*d.* the half crowns 1*l.* 16*s.* 3*d.* the gold shillings 14*s.* and 6*d.* and the half 7*s.* and 3*d.* This was antiently the practice in the Spanish mints.

I have, in one place, mentioned the *pound troy* as the best weight of all for the pound sterling; and so it would be, were the pound sterling, by its nature, susceptible of being fixed to any determinate quantity of the metals. But what I there suggested was only thrown out to shew, that the choice of any other value than the present is a matter of no consequence, when all interests within doors are properly taken care of, and when confusion and perplexity are avoided in making the alteration.

Conversions
necessary in
every case.

The interests within the state can, I think, be nowise perfectly protected but by permitting conversions of value from the old to the new standard, whatever it be, and by regulating the footing of such conversions by act of parliament, according to circumstances. The intention of this chapter is to point out some circumstances to which it would be proper to attend; and to propose a scheme of establishing a new standard, which might perhaps render conversions and regulations less necessary.

Schemes are here proposed, not to be adopted, but as a means of setting this important matter in different lights, and thereby, perhaps, of furnishing hints to some superior genius, who may form a plan liable to fewer inconveniences than any I can devise.

Every in-
terest within
the state to
be examin-
ed.

For this purpose, I shall examine those interests which will chiefly merit the attention of government, when they form a regulation for the future acquitting of permanent contracts already entered into. Such as may be contracted afterwards will naturally follow the new standard.

Landed in-
terest exa-
mined.

The landed interest is, no doubt, the most considerable in the nation. Let us therefore examine, in the first place, what regulations it may be proper to make, in order to do justice to this great class,

class, with respect to the land-tax on one hand, and with respect to their lessees on the other.

The valuation of the lands of England was made many years ago, and reasonably ought to be supported at the real value of the pound sterling at that time, according to the principles already laid down. The general valuation, therefore, of the whole kingdom will rise according to this scheme. This will be considered as an injustice; and no doubt it would be so, if, for the future, the land tax be imposed as heretofore, without attending to this circumstance; but as that imposition is annual, as it is laid on by the landed interest itself, who compose the parliament, it is to be supposed that this great class will, at least, take care of their own interest.

Were the valuation of the lands to be stated according to the valuation of the pound sterling of 1718.7 grains of silver, which is commonly supposed to be the standard of Elizabeth, there would be no great injury done: this would raise the valuation only 5 *per cent.* and the land tax in proportion.

There is no class of inhabitants in all England so much at their ease, and so free from taxes, as the class of farmers. By living in the country, and by consuming the fruits of the earth without their suffering any alienation, they avoid the effect of many excises, which, by those who live in corporations, are felt upon many articles of their consumption, as well as on those which are immediately loaded with these impositions. For this reason it will not, perhaps, appear unreasonable, if the additional 5 *per cent.* on the land tax were thrown upon this class, and not upon the landlords.

With respect to leases, it may be observed, that we have gone upon the supposition that the pound sterling, in the year 1728, was worth 1718.7 grains of fine silver, and 113 grains of fine gold.

There would, I think, be no injustice done the lessees of all the lands in the kingdom, were their rents to be fixed at the mean pro-

portion

portion of these values. We have observed how the pound sterling has been gradually diminishing in its worth from that time, by the gradual rise of the silver. This mean proportion, therefore, will nearly answer to what the value of the pound sterling was seventeen years ago; that is to say, in 1743; supposing the rise of the silver to have been uniform: and seventeen years, I apprehend, is not much above the mean proportion of the time elapsed of all the leases entered into with the landed interest of England.

It may be farther alleged in favour of the landlords, that the gradual debasement of the standard has been more prejudicial to their interest in letting their lands, than to the farmers in disposing of the fruits of them. Proprietors cannot so easily raise their rents upon new leases, as farmers can raise the prices of their grain, according to the debasement of the value of the currency. We have shewn how the operations of trade communicate their influence to country markets; but as the cause of the rise of prices is not rightly understood, by country people, and as it is commonly ascribed rather to accident than to any thing permanent, it is easy to perceive how such a circumstance must be prejudicial to the landed interest. These combinations are too complicated to fall under any calculation, and nothing but the wisdom and penetration of the legislature is capable of estimating them at their just value.

The pound sterling, thus regulated at the mean proportion of its worth, as it stands at present, and as it stood in 1728, may be realized in 1678.6 grains of fine silver, and 115.76 grains fine gold; which is 2.4 *per cent.* above the value of the present currency. No injury, therefore, would be done to lessors, and no unreasonable gain, would accrue to the landed interest, in appointing conventions of all land rents at 2.4 *per cent.* above the value of the present currency.

Without a thorough knowledge of every circumstance relating to Great Britain, it is impossible to lay down any plan. It is sufficient

cient, here, briefly to point out the principles upon which it must be regulated.

The next interest to be considered is that of the nation's creditors. The right regulation of their concerns will have a considerable influence in establishing public credit upon a solid basis, by making it appear to all the world, that no political operation upon the money of Great Britain can in any respect either benefit or prejudice the interest of those who lend their money upon the faith of the nation. The regulating also the interest of so great a body, will serve as a rule for all creditors who are in the same circumstances, and will, upon other accounts, be productive of greater advantages to the nation in time coming, as we shall presently make appear.

In 1749, a new regulation was made with the public creditors, when the interest of the whole redeemable national debt was reduced to 3 *per cent.* This circumstance infinitely facilitates the matter, with respect to this class, since, by this innovation of all former contracts, the whole national debt may be considered as contracted at, or posterior to the 25th of December 1749.

Were the state by any arbitrary operation upon money (which every reformation must be) to diminish the value of the pound sterling, in which the parliament at that time, bound the nation to acquit those capitals and the interest upon them, would not all Europe say, that the British parliament had defrauded their creditors? If therefore the operation proposed to be performed should have a contrary tendency, to wit, to augment the value of the pound sterling, with which the parliament at that time bound the nation to acquit those capitals and interests, must not all Europe also agree, that the British parliament had defrauded the nation?

This convention with the antient creditors of the state, who, in consequence of the debasement of the standard, might have justly claimed an indemnification for the loss upon their capitals, lent at a time when the pound sterling was at the value of the heavy silver,

removes all cause of complaint from that quarter. There was in the year 1749, an innovation in all their contracts, and they are now to be considered as creditors only from the 23th of December of that year.

I shall now give a sketch of a regulation which may be made, not only for the national creditors at present, but in all times to come, which, by setting money upon a solid footing, may be an advantage both to the nation, to the creditors, and to credit in general.

Let the value of the pound sterling be inquired into during one year preceding and one posterior to the transaction of the month of December 1749. The great sums borrowed and paid back by the nation, during that period, will furnish data sufficient for that calculation. Let this value of the pound be specified in troy grains of fine silver and fine gold bullion, without mentioning any denomination of money according to the exact proportion of the metals at that time. And let this pound be called the *pound of national credit*.

This first operation being determined, let it be enacted, that the pound sterling, by which the state is to borrow for the future, and that in which the creditors are to be paid, shall be the exact mean proportion between the quantities of gold and silver above specified, according to the actual proportion of the metals at the time such payments shall be made; or that the sums shall be borrowed or acquitted, one half in gold and one half in silver, at the respective requisitions of the creditors or of the state, when borrowing. All debts contracted posterior to 1749, may be made liable to conversions.

The consequence of this regulation will be the insensible establishment of a bank-money, the usefulness of which has been explained. Nothing would be more difficult to establish by a positive revolution than such an invariable measure, and nothing will be found so easy as to let it establish itself by its own advantages. This bank-money will be liable to much fewer inconveniences than
that

that of Amsterdam. There the persons transacting must be upon the spot, here, the sterling currency may, every quarter of a year, be adjusted by the exchequer to this invariable standard, for the benefit of all debtors and creditors, who incline to profit of the stability of this measure of value.

This scheme is liable to no inconvenience from the variation of the metals, let them be ever so frequent, or hard to be determined; because upon every occasion where there is the smallest doubt as to the actual proportion, the option competent to creditors to be paid half in silver and half in gold will remove.

Such a regulation will also have this good effect, that it will give the nation more just ideas of the nature of money, and consequently of the influence it ought to have upon prices.

If the value of the pound sterling shall be found to have been by accident less in December 1749, than it is at present; or if at present (upon the account of the war, and the exportation of the more weighty coin) the currency be found below what has commonly been since 1749, in justice to the creditors, and to prevent all complaints, the nation may grant them the mean proportion of the value of the pound sterling from 1749 to 1760; or any other which may to parliament appear reasonable.

This regulation must appear equitable in the eyes of all Europe, and the strongest proof of it will be, that it will not produce the smallest effect prejudicial to the interest of the foreign creditors. The course of exchange with regard to them will stand precisely as before.

A Dutch, French, or German creditor, will receive the same value for his interest in the English stocks as heretofore. This must silence all clamours at home, being the most convincing proof, that the new regulation of the coin will have made no alteration upon the real value of any man's property, let him be debtor or creditor.

The interest of every other denomination of creditors, whose contracts are of a fresh date, may be regulated upon the same principles.

principles. But where debts are of an old standing, justice demands, that attention be had to the value of money at the time of contracting. Nothing but the stability of the English coin, when compared with that of other nations, can make such a proposal appear extraordinary. Nothing is better known in France than this stipulation added to obligations, *argent au cours de ce jour*, that is to say, that the sum shall be repaid in coin of the same intrinsic value with what has been lent. Why should such a clause be thought reasonable for guarding people against arbitrary operations upon the numerary value of the coin, and not be found just upon every occasion where the numerary value of it is found to be changed, let the cause be what it will.

Interest of
trade exam-
ined.

The next interest we shall examine is that of trade, when men have attained the age of twenty one, they have no more occasion for guardians. This may be applied to traders: they can parry with their pen, every inconvenience which may result to other people from the changes upon money, provided only the laws permit them to do themselves justice with respect to their engagements. This class demands no more than a right to convert all reciprocal obligations, into denominations of coin of the same intrinsic value with those they have contracted in.

The next interest is that of buyers and sellers; that is, of manufacturers, with regard to consumers, and of servants, with respect to those who hire their personal service.

Interest of
buyers and
sellers exam-
ined.

The interest of this class requires a most particular attention. They must, literally speaking, be put to school, and taught the first principles of their trade, which is buying and selling. They must learn to judge of price by the grains of silver and gold they receive. They are children of a mercantile mother, however warlike the father's disposition may be. If it be the interest of the state that their bodies be rendered robust and active, it is no less the interest of the state, that their minds be instructed in the first principle of the trade they exercise.

For

For this purpose, tables of conversion from the old standard to the new must be made, and ordered to be put up in every market, in every shop. All duties, all excises, must be converted in the same manner. Uniformity must be made to appear every where. The smallest deviation from this will be a stumbling block to the multitude.

Not only the interest of the individuals of the class we are at present considering, demands the nation's care and attention in this particular; but the prosperity of trade and the well being of the nation, are also deeply interested in the execution.

The whole delicacy of the intricate combinations of commerce, depends upon a just and equable vibration of prices, according as circumstances demand it. The more therefore the industrious classes are instructed in the principles which influence prices, the more easily will the machine move. A workman then learns to sink his price without regret, and can raise it without avidity. When principles are not understood, prices cannot gently fall, they must be pulled down; and merchants dare not suffer them to rise, for fear of abuse, even although the perfection of an infant manufacture should require it.

The last interest I shall examine is that of the bank of England, which naturally must regulate that of every other.

Interest of
the bank
examined.

Had this great company followed the example of other banks, and established a bank-money of an invariable standard, as the measure of all their debts and credits, they would not have been liable to any inconvenience upon a variation of the standard.

I am not sufficiently versed in English affairs to be able to sift out every reason which that company may have had to neglect a thing which other companies have found of such importance.

An attention to the circumstances of the time of its institution, and to others relative to the principles of English government with regard to money, may help us to guess at what other people, who have access to be informed, may discover with certainty.

The

The bank of England was projected about the year 1694, at a time when the current money of the nation was in the greatest disorder, and government in the greatest distress, both for money and for credit. Commerce was then at a very low ebb, and the only, or at least the most profitable trade of any, was jobbing in coin, and carrying backwards and forwards the precious metals from Holland to England. Merchants profited also greatly from the effects which the utter disorder of the coin produced upon the price of merchandize.

At such a juncture the resolution was taken to make a new coinage, and upon the prospect of this, a company was found, who, for an exclusive charter to hold a bank for 13 years, willingly lent the government upwards of a million sterling at 8 per cent. (in light money I suppose) with a prospect of being repaid both interest and capital in heavy. This was not all: part of the money lent, was to be applied for the establishment of the bank, and no less than 4000 pounds a year was allowed to the company, above the full interest, for defraying the charge of management.

Under such circumstances the introduction of bank-money was very superfluous, and would have been very impolitic. That invention is calculated against the raising of the standard; but here the bank profited of that rise in its quality of creditor for the money lent, and took care not to commence debtor by circulating their paper, until the effect of the new regulation took place in 1695. That is after the general recoinage of all the clipped silver.

From that time till now, the bank of England has been the basis of the nation's credit; and with great reason, has been constantly under the most intimate protection of every minister.

The value of the pound sterling, as we have seen, has been declining ever since the year 1601, the standard being fixed to silver during all that century, while the gold was constantly rising. No sooner had the proportion taken another turn, and silver begun to rise, than the government of England threw the standard, virtually,
upon

upon the gold, by regulating the value of the guineas at the exact proportion of the market, whether at the instigation of the bank, or not, I shall not pretend to determine. By these operations, however, the company has constantly been a gainer (in its quality of debtor) upon all the paper in circulation; and therefore has lost nothing by not having established a bank-money.

The interest of this great company being established upon the principles we have endeavoured to explain, it is very evident that the government of England never will take any step in the reformation of the coin, which in its consequences can prove hurtful to the bank. Such a step would be contrary both to justice and to common sense. To make a regulation which, by raising the standard, will prove beneficial to the public creditors, to the prejudice of the bank (which I may call the public debtor) would be an operation upon public credit, like that of a person who is at great pains to support his house by props upon all sides, and who at the same time blows up the foundation of it with gun-powder.

We may therefore conclude, that with regard to the bank of England, as well as every other private banker, the notes which are constantly payable upon demand, must be made liable to a conversion at the actual value of the pound sterling at the time of the new regulation.

That the bank will gain by this, is very certain; but the circulation of their notes is so swift that it would be absurd to allow to the then possessors of them, that indemnification, which naturally should be shared by all those through whose hands they have passed, in proportion to the debasement of the standard during the time of their respective possession.

Having now shortly examined the several interests within the state, according to that combination of circumstances, which, with some information, I can form to myself, I must again observe, that other circumstances, to which I am a stranger, will nevertheless operate their effects. These must be carefully examined, and
strictly

strictly attended to; before the proper regulation can be established.

My reasoning has proceeded entirely upon the supposition that the reformation of the standard implies a change upon the intrinsic value of the unit of money of account, and that strict justice is to be done to every one, so as to render the change neither profitable or hurtful to any, but such as have been unjustly gainers or losers by the former disorder in the coin.

Inconveniences attending all innovations.

No quality in a statesman is more amiable or more admirable, than justice and impartiality in every step which can affect the complicated interests of the people he governs. Such however is the nature of human society, that the inconveniences resulting from every innovation, do frequently more than overbalance all the advantages which are obtained from the closest attention to material and distributive justice upon such occasions. For this reason, innovations are to be avoided as much as possible, especially when by their nature they must be sudden.

Argument for preserving the standard at the present value.

Were the pound sterling preserved at its present value, it would, no doubt, be a plain adulteration of the former standard, and yet I do not know if it would be a more unpopular measure than another which might restore it, and at the same time do justice to every interest within the state; because I apprehend that the greatest hurt done to most people, with regard to their pecuniary interest, consists in the change. Every one *feels* a sudden change, but those only who reflect and who combine, *perceive* the consequences of a gradual one.

That every change must either hurt the bank or the public creditors.

Besides these considerations which are in common to all states, the government of Great Britain has one peculiar to itself. The interest of the bank, and that of the creditors, are diametrically opposite: every thing which raises the standard hurts the bank, every thing which can sink it, hurts the creditors: and upon the right management of the one and the other, depends the solidity of public credit. For these reasons I am apt to believe, that, without the

most

most certain prospect of conducting a restitution of the standard to the general advantage, as well as approbation of the nation, no minister will ever undertake so dangerous an operation.

I shall now propose an expedient which may remove at least some of the inconveniences which would result from so extensive an undertaking as that of regulating the respective interests in Great Britain by a positive law, upon a change in the value of their money of account. A more easy method of making a change upon the standard.

Suppose then, that before any change is made in the coin, government should enter into a transaction with the public creditors, and ascertain a permanent value for the pound sterling for the future, specified in a determined proportion of the fine metals in common bullion, without any regard to money of account, or to any coin whatever.

This preliminary step being taken, let the intended alteration of the standard be proclaimed a certain time before it is to commence. Let the nature of the change be clearly explained, and let all such as are engaged in contracts which are dissolvable at will upon the prestations stipulated, be acquitted between the parties, or innovated as they shall think proper, with certification, that posterior to a certain day, the stipulations formerly entered into, shall be binding according to the denominations of the money of account in the new standard.

As to permanent contracts, which cannot at once be fulfilled and dissolved, such as leases, the parliament may either prescribe the methods and terms of conversion; or a liberty may be given to the parties to annul the contract, upon the debtor's refusing to perform his agreement according to the new standard. Contracts, on the other hand, might remain stable, with respect to creditors who would be satisfied with payments made on the footing of the old standard. If the rise intended should not be very considerable, no great injustice can follow such a regulation.

VOL. I.

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Annuities.

Annuities are now thoroughly understood, and the value of them is brought to so nice a calculation, that nothing will be easier than to regulate these upon the footing of the value paid for them, or of the subject affected by them. If by the regulation land-rents are made to rise in denomination, the annuities charged upon them, ought to rise in proportion; if in intrinsic value, the annuity should remain as it was.

CHAP. XV.

Regulations which the Principles of this Inquiry point out as expedient to be made by a new Statute for regulating the British Coin.

LET us now examine what regulations it may be proper to make by a new statute concerning the coin of Great Britain, in order to preserve always the same exact value of the pound sterling realized in gold and in silver; in spite of all the incapacities inherent in the metals to perform the functions of an invariable scale or measure of value.

I shall not pretend to determine the precise standard which government may prefer as the best to be chosen for the value of a pound sterling in all future times; but let it be what it will, the first point is to determine the exact number of grains of fine gold and fine silver which are to compose it, according to the then proportion of the metals in the London market.

1. Regulation, as to the standard.

2. As to the weight.

3. Mint price.

2. To determine the proportion of these metals with the pound troy, and in regard that the standard of gold and silver is different, let the mint price of both metals be regulated according to the pound troy fine.

3. To fix the mint price within certain limits: that is to say, to leave to the King and Council, by proclamation, to carry the mint price

price of bullion up to the value of the coin, as is the present regulation, or to sink it to *per cent.* below that price, according as government shall incline to impose a duty upon coinage.

4. To order that silver and gold coin shall be struck of such denominations as the King shall think fit to appoint; in which the proportion of the metals above determined, shall be constantly observed through every denomination of the coin, until necessity shall make a new general coinage unavoidable.

5. To have the number of grains of the fine metal in every piece marked upon the exergue, or upon the legend of the coin, in place of some initial letters of titles, which not one person in a thousand can decypher; and to make the coin of as compact a form as possible, diminishing the surface of it as much as is consistent with beauty.

6. That it shall be lawful for all contracting parties to stipulate their payments either in gold or silver coin, or to leave the option of the species to one of the parties.

7. That where no particular stipulation is made, creditors shall have power to demand payment, half in one species, half in the other; and when the sum cannot fall equally into gold and silver coins, the fractions to be paid in silver.

8. That in buying and selling, when no particular species has been stipulated, and when no act in writing has intervened, the option of the species shall be competent to the buyer.

9. That all sums paid or received by the King's receivers, or by bankers, shall be delivered by weight, if demanded.

10. That all money which shall be found under the legal weight, from whatever cause it may proceed, may be rejected in every payment whatsoever; or if offered in payment of a debt above a certain sum, may be taken according to its weight, at the then mint price, in the option of the creditor.

11. That no penalty shall be incurred by those who melt down or export the nation's coin; but that washing, clipping, or diminishing

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4. Denominations.

5. Marking the weight on the coin.

6. Liberty to stipulate payment in gold or silver.

7. Creditors may demand payment half in gold and half in silver.

8. Regulations as to sale.

9. Ditto, as to payments to and from banks, &c.

10. All coin to be of full weight when paid away.

11. Liberty to melt and export coin, but death to clip or wash.

nishing the weight of any part of it shall be deemed felony; as much as any other theft, if the person so degrading the coin shall afterwards make it circulate for lawful money.

To prevent the inconveniences proceeding from the variation in the proportion between the metals, it may be provided,

12. Rule for changing the mint price of the metals. 12. That upon every variation of proportion in the market price of the metals, the price of both shall be changed, according to the following rule.

Let the price of the pound troy fine gold in the coin be called G.

Let the price of ditto in the silver be called S.

Let the new proportion between the market price of the metals be called P.

Then state this formula:

$\frac{G}{2P} + \frac{S}{2} =$ to a pound troy fine silver, in sterling currency.

$\frac{S}{2} \times P + \frac{G}{2} =$ to a pound troy fine gold, in sterling currency.

This will be a rule for the mint, to keep the price of the metals constantly at par with the price of the market; and coinage may be imposed as has been described, by fixing the mint price of them at a certain rate below the value of the fine metals in the coin.

13. When to change the mint price. 13. As long as the variation of the market price of the metals shall not carry the price of the rising metal so high as the advanced price of the coin above the bullion, no alteration need be made on the denomination of either species.

14. Rule for changing the denomination of the coins. 14. So soon as the variation of the market price of the metals shall give a value to the rising species, above the difference between the coin and the bullion; then the King shall alter the denominations of all the coin, silver and gold, adding to the coins of the rising metal exactly what is taken from those of the other. An example will make this plain.

Let us suppose that the coinage has been made according to the proportion of 14.5 to 1; that 20 shillings, or 4 crown pieces, shall

contain, in fine silver, 14.5 times as many grains as the guinea, or the gold pound, shall contain grains of fine gold. Let the new proportion of the metals be supposed to be 14 to 1. In that case, the 20 shillings, or the 4 crowns, will contain $\frac{1}{5}$ more value than the guinea. Now since there is no question of making a new general coinage upon every variation, in order to adjust the proportion of the metals in the weight of the coins, that proportion must be adjusted by changing their respective denominations according to this formula.

Let the 20 shillings, or 4 crowns, in coin, be called S. Let the guinea be called G. Let the difference between the old proportion and the new, which is $\frac{1}{5}$, be called P. Then say,

$S - \frac{P}{2} =$ a pound sterling, and $G + \frac{P}{2} =$ a pound sterling.

By this it appears that all the silver coin must be raised in its denomination $\frac{1}{10}$, and all the gold coin must be lowered in its denomination $\frac{1}{10}$; yet still $S + G$, will be equal to two pounds sterling, as before, whether they be considered according to the old, or according to the new denominations.

But it may be observed, that the imposition of coinage rendering the value of the coin greater than the value of the bullion, that circumstance gives a certain latitude in fixing the new denominations of the coin, so as to avoid minute fractions. For providing the deviation from the exact proportion shall fall within the advanced price of the coin, no advantage can be taken by melting down one species preferably to another; since, in either case, the loss incurred by melting the coin must be greater than the profit made upon selling the bullion. The mint price of the metals, however, may be fixed exactly, that is, within the value of a farthing upon a pound of fine silver or gold. This is easily reckoned at the mint; although upon every piece in common circulation the fractions of farthings would be inconvenient.

15. How contracts are to be formally fulfilled, after a change. 15. That notwithstanding of the temporary variations made upon the denomination of the gold and silver coins, all contracts

in the deno-
minations
has taken
place.

formally entered into, and all stipulations in pounds, shillings, and pence, may continue to be acquitted according to the old denominations of the coins, paying one half in gold, and one half in silver; unless in the case where a particular species has been stipulated; in which case, the sums must be paid according to the new regulation made upon the denomination of that species, to the end that neither profit or loss may result to any of the parties.

16. The weight of the several coins never to be changed, except upon a general recoinage of one denomination at least.

16. That notwithstanding the alterations on the mint price of the metals, and in the denomination of the coins, no change shall be made upon the weight of the particular pieces of the latter, except in the case of a general recoinage of one denomination at least: that is to say, the mint must not coin new guineas, crowns, &c. of a different weight from those already in currency, although by so doing the fractions might be avoided. This would occasion confusion, and the remedy would cease to be of any use upon a new change in the proportion of the metals. But it may be found convenient, for removing the small fractions in shillings and sixpences, to recoin such denominations all together, and to put them to their integer numbers, of twelve; and of six pence, without changing in any respect their proportion of value to all other denominations of the coin: this will be no great expence, when the bulk of the silver coin is put into 5 shilling pieces.

How this will preserve the same value to the pound sterling at all times, and how fractions in the denominations of coin may be avoided.

By this method of changing the denominations of the coin, there never can result any alteration in the value of the pound sterling: and although fractions of value may now and then be introduced, in order to prevent the abuses to which the coin would otherwise be exposed, by the artifice of those who melt it down, yet still the inconvenience of such fractions may be avoided in paying, according to the old denominations, in both species, by equal parts. This will also prove demonstratively that no change is thereby made in the true value of the national unit of money.

17. Small coins to be current only

17. That it be ordered that shillings and sixpences shall only be current for twenty years, and all other coins, both gold and silver,

silver, for forty years, or more. For ascertaining which term, there may be marked, upon the exergue of the coin, the last year of their currency, in place of the date of their fabrication. This term elapsed, or the date effaced, that they shall have no more currency whatsoever; and when offered in payment, may be received as bullion at the actual price of the mint, or refused, at the option of the creditor.

18. That no foreign coin shall have any legal currency, except as bullion at the mint price.

By these or the like regulations may be prevented, 1^{mo}, The melting or exporting of the coin in general. 2^{do}, The melting or exporting one species, in order to sell it as bullion, at an advanced price. 3^{to}, The profit in acquitting obligations preferably in one species to another. 4^{to}, The degradation of the standard, by the wearing of the coin, or by a change in the proportion between the metals. 5^{to}, The circulation of the coin below the legal weight. 6^{to}, The profit that other nations reap by paying their debts more cheaply to Great Britain than Great Britain can pay hers to them.

And the great advantage of it is, that it is an uniform plan, and may serve as a perpetual regulation, compatible with all kinds of denominations of coins, variations in the proportion of the metals, and with the imposition of a duty upon coinage; or with the preferring it free; and farther, that it may in time be adopted by other nations, who will find the advantage of having their money of account preserved perpetually at the same value, with respect to the denominations of all foreign money of account established on the same principles.

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A TABLE OF COINS,

Shewing the Quantity of Fine Metal contained in them.

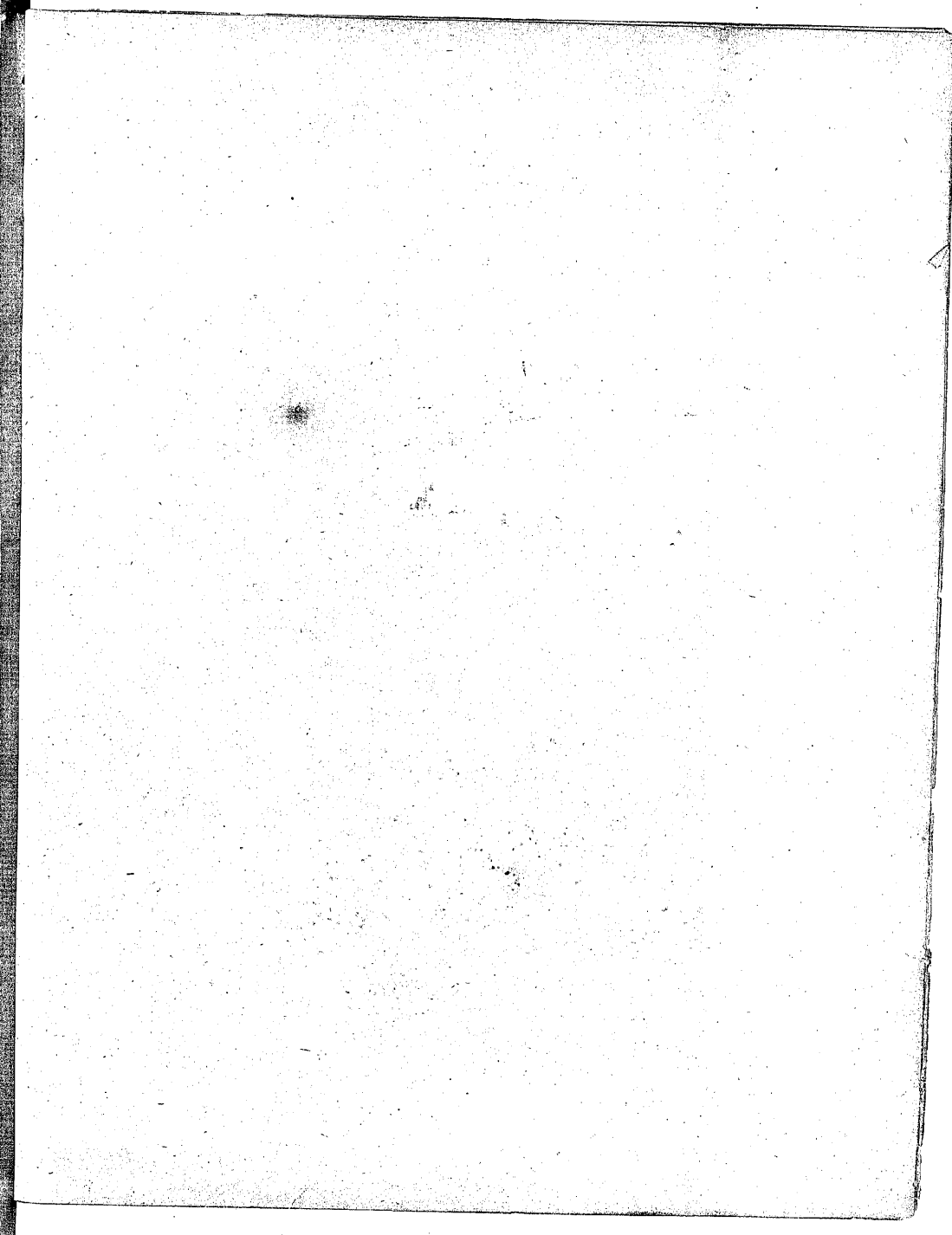
The number of grains of fine metal in every coin is sought for in the regulations of the mint of the country where it is coined, and is expressed in the grains in use in that mint: from that weight it is converted into those of other countries, according to the following proportions:

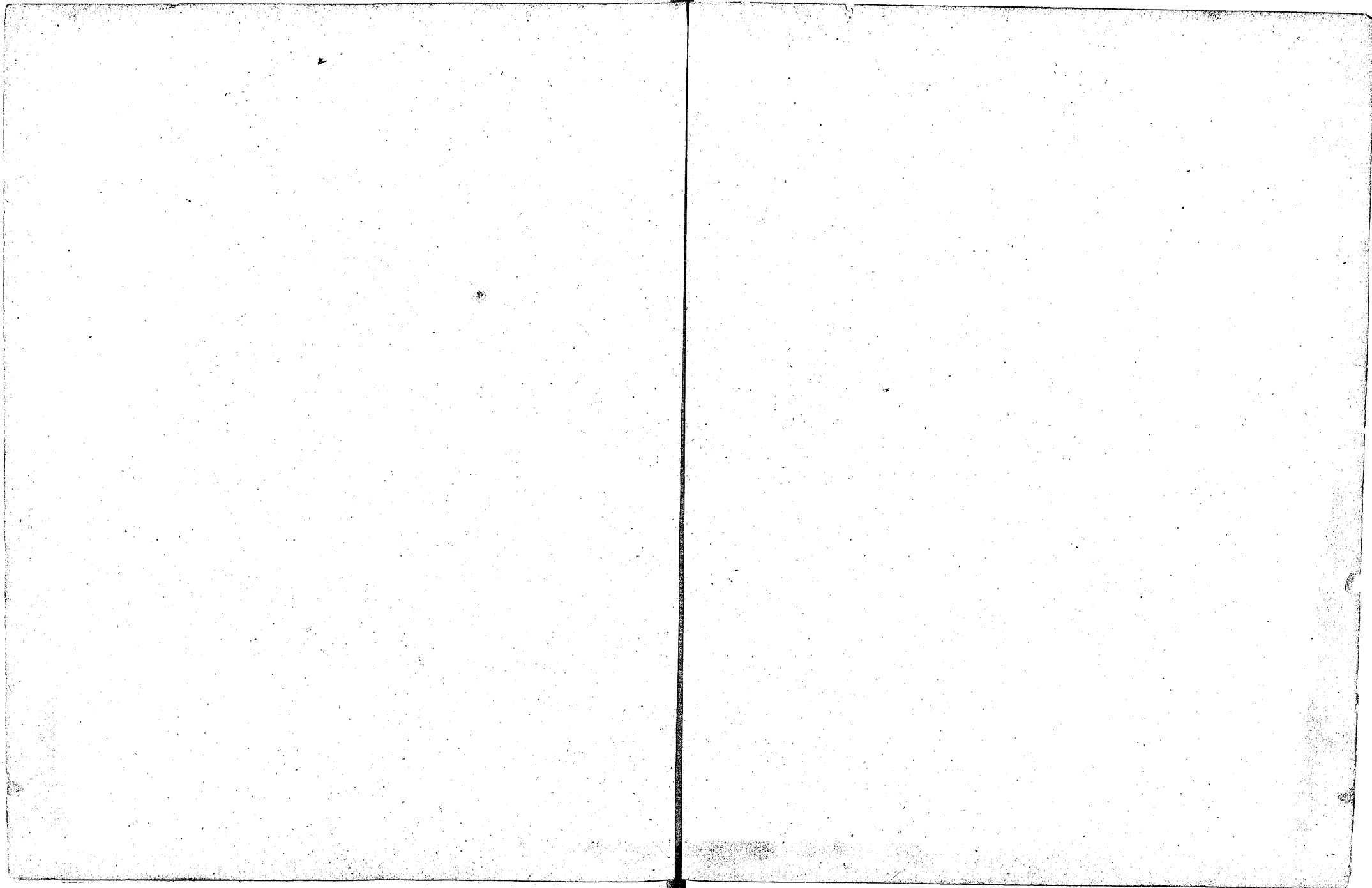
3840 Troy-grains, 4676.35 Paris-grains, 5192.8 Holland-aces or grains, and 4649.66 Colonia-grains, are supposed to be equal weights; and the coins in the table are converted according to those proportions.

		Gold Coins.				Silver Coins.			
		Troy.	Paris.	Colonia.	Holland.	Troy.	Paris.	Colonia.	Holland.
Table of Coins, reduced to Grains of fine Metal, according to the Troy, Paris, Colonia, and Holland-weights.									
English Coins.	1 A Guinea by statute	118.651	144.46	143.65	160.45				
	2 A Crown by statute					429.68	523.2	520.2	581.
	3 A Shilling by statute					85.935	104.65	104.	116.2
	4 A Silver Pound sterling by statute 1601					1718.7	2093.	2080.8	2324.1
	5 A Gold Pound sterling by statute 1728	113.	137.61	136.8	152.8				
	6 A Silver Pound sterling in currency $\frac{3}{4}$ lib. troy					1639.38	1995.4	1984.7	2216.
	7 A Silver Pound sterl. at the proportion of gold to silver as 1 to 14 $\frac{1}{2}$	113.	137.61	136.8	152.8	1638.5	1993.3	1983.7	2215.7
	8 A Gold Pound sterling at the same proportion of 1 to 14 $\frac{1}{2}$	118.4	144.18	143.34	160.11	1718.7	2093.	2080.8	2324.1
	9 A Pound sterling at the mean proportion in gold and in silver	115.769	140.98	140.16	156.55	1678.6	2044.2	2032.2	2259.9
	10 A Shilling current $\frac{1}{2}$ of a pound troy					81.661	93.8	99.	110.82
	11 A Guinea in silver, or 21 shillings standard weight					1804.6	2197.6	2182.8	2440.3
	12 A Guinea at the proportion of 1 to 14 $\frac{1}{2}$ worth in silver					1720.4	2095.1	2082.8	2326.4
	13 A Pound troy, or 12 ounces English weight	5760.	7019.2	6973.5	7789.2				
French Coins.	1 A Louis d'or	113.27	137.94	137.13	153.17				
	2 A Crown of six livres					409.94	499.22	496.3	554.3
	3 A Crown of three ditto					204.97	249.51	248.15	277.1
	4 A Livre					68.34	83.23	82.74	92.42
	5 A Louis d'or, or 24 livres in silver					1639.7	1996.9	1985.2	2217.4
	6 A Marc of Paris weight, fine gold or silver	3783.87	4608.	4581.1	5116.9	3783.87	4608.	4581.1	5116.9
	7 A Marc of gold coin effective weight, in fine	3393.3	4138.5	4114.3	4593.4				
	8 A Marc of silver coin effective weight, in fine					3402.3	4143.4	4119.2	4600.9
German Coins.	1 A Carolin legal weight	115.45	140.6	139.78	156.12				
	2 A Ducat of the Empire ditto	52.8	64.37	64.	71.48				
	3 A Florin of Convention					179.73	218.87	217.6	243.
	4 A Dollar of Convention					269.59	328.31	326.4	364.5
	5 A Dollar of Exchange, the Carolin = 9 flor. 42 kreutzers	17.85	21.74	21.615	24.14				
	6 A Florin current $\frac{1}{2}$ of a Carolin	10.54	12.84	12.77	14.26				
	7 A Carolin in Silver at the proportion of 1 to 14 $\frac{1}{2}$					1674.	2038.6	2026.8	2253.8
Dutch Coins.	1 A Dutch Ducat	51.76	63.	62.67	70.				
	2 A Florin in silver					148.	180.3	179.2	200.21

[The Binder is desired to place this TABLE at the End of Vol. I. and not to cut off the Margin, but to fold it.]

Faint, illegible text, possibly bleed-through from the reverse side of the page. The text is arranged in several paragraphs and is difficult to decipher due to low contrast and noise.





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