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AN

ESSAY

ON THE

THEORY

OF

MONEY.

LONDON:

Printed for J. ALMON, oppoſite Burlington-Houſe, Piccadilly.

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TO THE

Right Honourable LORD NORTH.

MY LORD,

DESTITUTE as I am of parliamentary connections, I can neither oppoſe, nor ſupport your adminiſtration; and therefore, have not formed the leaſt expectations from your favour and protection: and the leſs ſo, as I am convinced, no Engliſh miniſter can confer an employment upon any man *merely* becauſe he deſerves it.

The good opinion I have of your Lordſhip's ability and integrity is my only motive for inſcribing the following Eſſay to you, being perſuaded, that if it contains any thing uſeful to the nation, you will adopt and promote it.

I am,

My LORD,

Your Lordſhip's

Moſt humble Servant,

THE AUTHOR.

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E R R A T A.

Page 5. line 5. After the word *poſſibly*, dele, *have*.
47. — 5. Read *Genzis Kan*.
56. — 9. After *informs*, r. *us*.
60. — 17. After *countries*, add, *till of late*.
127. — 2. After the word *was*, dele, *he*.
141. — 4. After *remit*, add, *it*.
Ibid. — 14. After *by*, r. *their*.
142. — 3. After *and*, add, *that*.

PREFACE.

THE doctrine of money and circulation has engaged the attention of many celebrated authors; it may therefore ſeem both unneceſſary and preſumptuous to write upon this ſubject. But to me the manner in which this important object has been diſcuſſed, does not appear either clear, juſt or general; inſomuch that the ſovereign, as well as the ſubject, are equally ignorant and embarraſſed, whenever the political influence of money comes to be conſidered. Wherefore I propoſe to point out its various effects upon the

induſtry, manners, and the different ſpecies of governments eſtabliſhed among mankind.

However abundant, fertile and rich a country may be, however eaſy the communication between its different parts, it can nouriſh only a ſmall number of inhabitants and animals, if they apply to agriculture alone; becauſe content with the mere neceſſaries of life, their attention will be extended no farther. Hunting, the care of their flocks, and an imperfect, and very limited, agriculture will be their only occupation; and as theſe require a great extent of ground, mankind will be ſeparated into very ſmall ſocieties, inſomuch that ſcarce a conſiderable village would, in this hypotheſis, be found upon the face of the globe; arts, manufactures and commerce, cannot

cannot without money take place, but in ſmall quantities, and of an imperfect quality. There would be neither ſovereign nor ſubject, becauſe every individual could by his own induſtry procure wherewith to ſatisfy his wants, and therefore could have no motive to ſubmit to the will and caprice of another; and the leſs ſo, as no one would be ſo much ſuperior in riches to others, as to be able to purchaſe their ſubmiſſion, nor any one ſo poor as to be obliged to ſell his liberty in order to procure the neceſſaries of life. In a ſoft climate and fruitful ſoil, the golden age, which the poets have ſo much vaunted, and an almoſt perfect equality would reign among mankind; the odious diſtinctions of maſter and ſlave would be baniſhed; age and virtue would be the only

titles of honour and reſpect. In ſuch circumſtances, ſocieties would be very limited, becauſe the difficulty of tranſporting the productions of the earth a great way, would be an inſurmountable obſtacle to their increaſe: Rivers, mountains, ſeas, foreſts, &c. would hinder them from communicating with each other, and conſequently prevent their forming an extenſive ſociety. Each ſmall village would form a ſeparate community, intirely unconnected with others, though only a few leagues diſtant; and the more ſo, as each finding within themſelves wherewith to ſatisfy their neceſſities, they could have no motive to ſeek at a diſtance any new connections; to which we may add, that man, as well as other animals, are particularly attached to their native ſoil; ſweet

ſweet and alluring habitude ties us to it, like a plant, which force alone can tear from its native bed. In this caſe, the whole earth would be occupied by ſmall ſocieties eſtabliſhed upon the rivers, and ſea coaſt. The ſoft and fruitful Aſia would be more peopled than the reſt of the globe; and the number of its inhabitants would diminiſh in proportion to their proximity to the poles, and to the line, becauſe the fertility of the ground (and conſequently the facility of ſubſiſting) depends upon heat and humidity; the extremes of the one and the other are equally pernicious to fecundity, conſequently near the line and the poles the inhabitants are few and ſlothful. Whenever a ſociety becomes numerous, the members muſt ſeparate, and occupy a greater extent of country, and

and the difficulty, as well as inutility of carrying their productions to their mother ſociety, will force them to form a new, and ſeparate community. Chance and curioſity, no doubt, firſt introduced the uſe of money, which by becoming an univerſal merchandiſe, and by facilitating the communication between mankind gave birth to all the arts, manufactures, ſciences, and forms of government, which we now ſee and admire in the different parts of the globe.

Some perſon having, by chance, found a precious ſtone, or piece of ſhining metal, and having carried it to his village, excited the curioſity of his neighbours, and their deſires to obtain it, among whom, one who enjoyed a ſuperfluity, gave a hen, or ſome other thing for it; animated

animated by this recompence, the perſon who found it, went in ſearch of others, and ſo by degrees precious ſtones, or pieces of metal, became an object of deſire and ſearch to all.

In proportion as their maſs increaſed, the primitive equality among mankind diminiſhed; induſtry and chance gave more to ſome than others; this diſproportion produced naturally an inequality of power, ſome were rich and potent, others poor and weak. This I think the true origin of that inequality and ſubordination which we ſee eſtabliſhed among mankind; for without the introduction of an Univerſal Merchandiſe, riches would conſiſt in numerous flocks alone, which could never give any man a ſufficient ſuperiority of power over others,

thers, to buy, or force their ſubmiſſion. In fact we ſee, that thoſe people, as well ancient as modern, who have not known the uſe of money, have been ſeparated into very ſmall and wandering ſocieties, without arts, manufactures, ſciences, or fixed forms of governments. The community was governed by the advice of the old men, rather than by fixed laws, or any eſtabliſhed authority.

Money which I call *Univerſal Merchandiſe*, becauſe it can, in all civilized nations, be exchanged for every ſpecies of productions, ſhould have the following qualities: 1ſt. It ſhould be rare, and uncommon; that a ſmall quantity of it may ſerve as an equivalent, to a much greater of any other production; and be eaſily tranſported from one country to another.

other. 2d, That it ſhould not wear or be eaſily counterfeited. 3d, That it be diviſible, in order to facilitate its uſe, for this reaſon metals are preferred to precious ſtones, which cannot be divided into proportionable parts.

The advantages, which ſocieties derived from the uſe of money, induced them to augment its courſe; for which reaſon they introduced the uſe of Banks, public notes, &c. ---The neceſſities of the ſtate, as well as of individuals, gave birth to borrowing and lending, which neceſſarily introduced the general uſe of public and private notes; and when their credit is good, are received as an equivalent for real money, and therefore produce the ſame effect having the ſame value, where ſuch private and public notes are

 eſtabliſhed:

eſtabliſhed: I ſhall call the one and the other by the general name of *Univerſal merchandize or general circulation.*

In the following Eſſay I will examine, 1ſt, The nature of public Banks and point out the advantages and diſadvantages of them. 2d, I will treat of circulation; and ſhew the nature of it and its effects upon national induſtry: the different ſpecies of government, arts, ſciences, and morals of a nation. 3d, Of the proportion between the quantity of circulation and the price of proviſions, labour, &c. 4th, Of the proportion between metals generally uſed, from whence the theory of coinage will be deduced. 5th, Of the proportion between the quantity of circulation and that of the taxes.

CHAPTER. I.

Of public BANKS.

A Public bank, is a place of depoſit for money, for which notes are iſſued, or bills, or draughts given, which have the ſame effect in commerce as money itſelf: ſo that the circulation is increaſed in proportion to the one, and the other; the inſtitution of banks, at leaſt the

increaſe of their funds, as with us, was owing to the neceſſity of the ſtate, which neceſſity neither ordinary or extraordinary taxes being capable of ſupplying, loans became neceſſary and the uſe of paper was therefore introduced in proportion to ſuch loans. By this means national induſtry rather increaſed than diminiſhed; if inſtead of loans, the ſtate had augmented the taxes in order to raiſe the ſum required, it is evident that induſtry in general, particularly manufactures and commerce muſt have greatly ſuffered as we ſhall ſhew hereafter, but by borrowing ſuch ſums, the circulation neceſſary to ſupport national induſtry being thereby increaſed, it ſuffered no detriment.

Banks may be conſidered under three diſtinct views. 1ſt, With regard

gard to the ſtate, inſomuch as thereby, it is enabled to raiſe great ſums without laying any other tax than what is neceſſary to pay the intereſt of ſuch ſums. 2d, With regard to national induſtry: and 3d, With regard to the form of goverment.

Suppoſing it was now neceſſary to raiſe ten millions extraordinary within the year, I believe it will be admited, that it would be impoſſible; no branch of the revenues, excepting the land-tax, will bear any conſiderable additional duty, at leaſt in any proportion to ten millions which we ſuppoſe required; conſequently ſuch a ſum could not be raiſed otherwiſe than by loans, the intereſt of which might eaſily be paid out of the ſinking fund, or by ſome additional duty on the articles of luxury and folly.

We

We cannot better illuſtrate the truth of our principles, than by ſuppoſing, that during the laſt war, England had no bank and conſequently muſt have raiſed the ſupplies within the year; and on the contrary, that France had raiſed the extraordinary ſums required by loans; the firſt raiſed during that period above ſixty millions extraordinary, of which at leaſt twenty were ſent abroad, and France raiſed and ſpent abroad a much greater ſum; it is generally agreed upon, that the quantity of ſpecie in England does not exceed thirty million, it is therefore evident that we could not have raiſed ſixty million extraordinary and ſpent twenty abroad, without the entire ruin of the nation. We muſt therefore have fallen a victim to the power of France, becauſe ſhe, by loans was enabled

enabled to raiſe the neceſſary ſums, to carry on the war without any conſiderable detriment to national induſtry which we, for want of ſuch loans, could not have poſſibly have done.

In the war of the ſucceſſion, Lewis XIV. raiſed by extraordinary loans, near an hundred and twenty millions ſterling, and yet, it was with the utmoſt difficulty that the monarchy was ſaved from deſtruction.

I therefore aſk, what would have happened, had he not borrowed that ſum, the tenth part of which could not poſſibly have been raiſed otherwiſe than by loans, and conſequently by introducing paper circulation?

In the preſent ſtate of Europe, when banks are generally eſtabliſhed,

ed, it is evident, that ſuch nations as have them not, cannot ſupport a foreign war for any conſiderable time, nor cultivate their manufactures, agriculture or commerce in any degree comparable with ſuch as have which is proved by the fact itſelf; Ruſſia, Poland, Turkey, Spain, and Portugal prove the truth of this aſſertion, I am perſuaded that the form of their government, and many other circumſtances concur to render thoſe nations ſlothful: but the want of circulation ariſing from thoſe circumſtances, is the immediate cauſe of it.

Whether it were beſt, that the uſe of the paper circulation ſhould be totally aboliſhed or not, is problematic, becauſe it is a queſtion if it is more uſeful, that nations ſhould have more or leſs induſtry, and be content

content with the common neceſſaries of life? which would certainly be the caſe if paper circulation was aboliſhed; for we ſhall ſhew in the following chapter, that induſtry in general, and particularly arts, manufactures, and foreign commerce depend upon the quantity of circulation, conſequently as paper makes at leaſt two thirds of it, national induſtry would diminiſh in that proportion.

The Dutch, who have ſcarce any production of their own, carry on a moſt extenſive trade, with their paper circulation only.

Spain has no bank, and the whole circulation is reduced to about 25 millions, of which about three, are raiſed annually for the uſe of the ſtate, I do not include in this ſum, what ſhe draws from her mines in

America which has nothing to do with the national induſtry. If inſtead of three millions, ten were to be raiſed it would be impoſſible to do it as the circulation is very ſmall: the lower claſs, which makes nine parts out of ten, can with difficulty pay their *quota* of the three millions, were they obliged to pay above three times that ſum, they would be reduced to miſery, and the whole national induſtry would be extinguiſhed.

I doubt therefore, whether in any nation, where there are no banks, it would be poſſible to increaſe the taxes, at leaſt in any great degree, without reducing it to poverty and miſery, ſuch nations therefore ſhould in my humble opinion, eſtabliſh banks, in order to increaſe the national induſtry even though they did not want

want any conſiderable ſum, by this means, the ſtate would readily find a reſource, whereas in their preſent ſituation they are always greatly embarraſſed to raiſe the moſt inconſiderable ſupply.

It is true that public debts have ſeveral inconveniences, 1ſt, They increaſe the taxes and conſequently diminiſh the national induſtry. 2d, They raiſe the rate of intereſt; as to the firſt the price of merchandiſe is increaſed only in proportion to the taxes raiſed to pay the intereſt of the debt, and the national induſtry will be diminiſhed only in that proportion: becauſe the number of people that could, for example, buy ten horſes at the rate of 10l. a piece, could not buy them at the rate of 12l. which we ſuppoſe to be th price, in conſequence of the addi

 tional

tional tax, and ſo in all other articles, this will neceſſarily diminiſh the conſumption and conſequently the national induſtry, becauſe nobody will cultivate more than what he can diſpoſe of; this increaſe in the price of proviſions will have a bad effect upon foreign trade, wherein we can no longer oppoſe our competitors, with whom the price of proviſions, labour, &c. is lower than with us.

If, however, the general circulation is not already too great, the loſs occaſioned by the new tax will be more than compenſated by the additional circulation of the capital ſums borrowed: becauſe the national induſtry will increaſe in that proportion: whereas the price of proviſions will increaſe in proportion to the taxes levied to pay the

the intereſt of it. But if the general circulation is great, which may be known by the high price of proviſions, labour, &c. it follows that the leaſt additional tax will be attended with fatal conſequences, particularly if laid on the neceſſaries of life; it is for this reaſon that in all great towns we ſee the number of poor increaſe ſo prodigiouſly; we would therefore propoſe as a general maxim of finance that the rate of taxes ſhould be in an *inverſe ratio* to the conſumption of the commodity, becauſe the articles of luxury would raiſe a conſiderable revenue by their price, and the great conſumption of neceſſary productions would fully compenſate the lowneſs of the taxes impoſed upon them; conſequently there ſhould be little or no tax upon the common neceſ-

ſaries

ſaries of life, and the leſs ſo, as the land hath already paid it, and the rates ſhould raiſe upon each article in proportion, as it is leaſt wanted: we ſhall in a future chapter explain more fully the doctrine of taxes.

From what we have ſaid it is evident, that no extraordinary ſum can be raiſed in any country without the aid of banks. 2dly, that circulation and induſtry are greatly increaſed by the uſe of paper currency, which is proved by the ſtate of induſtry in thoſe countries where ſuch banks are not eſtabliſhed, as Spain, Portugal, Ruſſia and Turkey, where induſtry in general, arts and manufactures in particular are extremely limited.

It is objected, that banks increaſe the number of thoſe who live upon the intereſt

intereſt of their money, and conſequently that induſtry decreaſes in that proportion: to which I anſwer, That were there no banks, ſuch people would either lend money to foreigners, or be obliged to hoard it up, which would be a loſs to the nation. 2d, That their number is ſmall compared to that, of thoſe who are benefited by the circulation of their capital, which is lent out at a higher intereſt, than they receive for it. So that in fact nothing is loſt becauſe it is the ſame thing to the ſtate, whether the original proprietor or another perſon employs the money in buſineſs; whereas where there are no banks, great ſums of money would lay dormant and uſeleſs, or be lent abroad.

2d. It is ſaid that the facility of borrowing money, often induces Princes

Princes to undertake expenſive wars no way neceſſary. This proves only that one may apply the reſources of a nation to bad purpoſes, as a prodigal who borrows money to loſe it at gaming.

3d. They ſay it would be better for a Prince to form a treaſure, which would ſupply any extraordinary demand without levying a new tax; to which I anſwer, That a nation having no paper circulation hath but a very limited induſtry: ſo that if the Sovereign would hoard up a conſiderable ſum, in a few years the national induſtry would be extinguiſhed for want of the neceſſary funds to nouriſh and ſupport it. Let us ſuppoſe, for example, that Spain had no mines, and that the balance of trade was againſt her, it is evident, that long ſince, ſhe

ſhe would have been exhauſted, and reduced to the barbarous ſituation of thoſe nations, who do not know the uſe of money. If inſtead of paying ſuch ſums to ſtrangers, the king had hoarded them, it would have produced the ſame effect upon national induſtry. We muſt therefore conclude, that nothing can be more prejudicial to any government than to form a treaſure.

4th. It is ſaid, that it would be better to raiſe the ſum required by an extraordinary tax within the year. I have already ſhewn that it is impoſſible. If with difficulty we can raiſe what is ſufficient to pay the intereſt of ſuch extraordinary ſums, how can we raiſe an hundred times as much?

A celebrated author, whom I greatly eſteem and admire, ſays, that the

introduction of banks and paper circulation impoverishes a nation by the extraction of our metals; of which, England, says he, would have now a much greater quantity had paper circulation never been introduced: to which I answer, that money cannot go out of a kingdom, without receiving an equivalent, which is either consumed at home, or resold with advantage. In the first case, it is evident, we must cease to make use of such commodities, many of which are however absolutely necessary, particularly those we draw from the north for the use of our fleet; the silks and wool we draw from different parts of the world and for which we pay, partly with our own productions, and partly with ready money; we must therefore either send out our money, or cease

cease to buy such commodities, however necessary: at least four-fifths of the trade of Europe is carried on by means of paper circulation which enables the nations possessed of them, to export ready money where it is wanted; which could not be done if such paper circulation did not exist, this is so true that the few nations in Europe who possess paper circulation, carry on more foreign trade than the others, though these last are infinitely superior in the number of inhabitants, the quantity and quality of their productions, insomuch that I will venture to establish as an axiom, *That industry in general, and foreign and active commerce* in particular are in proportion to the quantity of paper circulation; this is verified by the state of Europe. A

nation without mines or banks, could not ſubſiſt in the neighbourhood of thoſe who have the one or the other. The Dutch do no employ in their commerce the twentieth part of their own productions; it is carried on entirely with ready money or paper. If the uſe of this laſt was any way obſtructed, it is evident that their ready money would be ſoon exhauſted, and they would become meer carriers. The Engliſh and Dutch do not employ the fourth part of their navigation in carrying their own productions, the remainder is employed in tranſporting thoſe of other countries, either as mere carriers, or as merchants; in the firſt caſe their gain is very moderate, but in the other very great; it is evident, that this cannot be done without ready money, and it is

is equally evident, that ſo much ready money could not be employed, unleſs it was in ſome meaſure replaced by paper circulation, which ſupplies its place, till what has been laid out in one country, returns by the ſale in another, which requires much time, not unfrequently years. It is with nations as with individuals, the more money a man has the greater will be the extent of his trade: he buys and ſells when it is moſt advantageous, and by his riches, is enabled to give more extenſive credit, and for a longer time: whereas a poor man, however induſtrious, can ſcarce get a livelyhood. What is verified in one individual is equally true of a whole nation. Was it poſſible for any one nation to produce the quantity and quality of merchandize neceſſary to ſuit

ſuit every other nation, then indeed it might without money trade with them all, but as this is impoſſible, we muſt buy from one nation, and ſell to another, which cannot be done without money and paper; we buy natural productions, and then work them up to ſell again with infinite advantage: we may venture to affirm, that nineteen parts out of twenty of the trade of Europe is carried on with paper, and if this was deſtroyed, induſtry would inſtantly diminiſh in proportion. In England, for example, not the tenth part of the coin is ever uſed in circulation: the whole trade is almoſt carried on with paper, nor can it be otherwiſe, for the tranſport of money is an invincible obſtacle to an extenſive trade at home, and more ſo abroad. The whole trade of Europe, two centuries

centuries ago, was not the tenth part of what it is now, and this difference we conceive, is entirely owing to the eſtabliſhment of banks; a great part of the Indian trade is carried on with ready money, which would have exhauſted the nation long ago if it had not been replaced with paper. Muſt we therefore renounce this trade, or be ruined? No; what we draw from thence, is either conſumed at home, and ſupplies the place of other commodites, or is reſold with advantage.

With regard to the nation, paper is of much greater uſe than real money; it is equally current in trade and is more eaſily tranſported: Suppoſing I live in Wales, and want to buy goods in London, it is evident, that it requires much time to ſend the money, whereas by ſending a bill

bill, my buſineſs is immediately done; induſtry will therefore increaſe in proportion to the facility of procuring an equivalent for it.

As banks are founded on credit, it is evident, that they cannot be eſtabliſhed in deſpotic governments; the fortunes of individuals are too precarious, and attended with too much danger to be produced: from whence we may eſtabliſh, that the exiſtence and advantages of banks are in proportion to national liberty, for which reaſon they are not eſtabliſhed at all in deſpotic governments; in monarchies they may be eſtabliſhed, but their credit will be leſs extenſive than in republics, and free governments, where they are of ſingular uſe and advantage; they promote circulation and induſtry, equalize the fortunes of individuals, and

and form opulent bodies of citizens, who oppoſe an invincible barrier to the deſpotiſm of kings and their miniſters; the more numerous ſuch bodies are, the more ſecure will be national liberty.

We will therefore conclude, that banks are the only reſource a ſtate has when any conſiderable ſupply is required; that they promote national induſtry, and national liberty.

It may be aſked, what ſhould be the proportion between the quantity of paper currency, and that of real money? I believe it is impoſſible to determine it exactly, we ſhall therefore only point out ſome rules, which may contribute to form ſome idea of it: 1ſt, If the paper currency is generally received without any diſcount, it ſhews that credit is good, and that the quantity of pa-

per currency is not too great. 2d, If you can always realize your notes, it is a ſign that there is money enough. 3d, If the price of proviſions is not ſo great as to diminiſh your exports, or home conſumption it proves that the quantity of circulation is not too great. In proportion therefore, as the contrary to what we have here eſtabliſhed, happens, we approach to a national bankruptcy, which would be followed by the ruin of all commerce and manufacture: the more induſtrious a nation is, the more general would be the calamity attending a bankruptcy. Free governments would be overturned, monarchies would ſuffer leſs, becauſe circulation and induſtry are there leſs extenſive; and beſides, the army ſupports government, as it happened in France after the

the death of Lewis XIV. In ſuch a city as London, every thing is to be dreaded from the deſpair of half a million of people reduced to want bread.

M. Monteſquieu will have it, that banks are proper only for a nation that makes commerce of œconomy, and by no means for ſuch as make commerce of luxury. With deference to this great man, I conceive that banks have nothing to do with the nature of the commerce carried on by a nation, their only and immediate effect is to increaſe circulation and induſtry, which ſurely ought to be promoted in every nation without exception. They would be equally uſeful in monarchies, and in republics, could they be eſtabliſhed upon a firm baſis. He ſeems to ſay, they are not proper for mo-

narchies, he ſhould have ſaid, they cannot in monarchies be eſtabliſhed upon a ſolid baſis; becauſe their credit will be always limited and precarious, where every thing depends upon the will of one perſon: for which reaſon, I do not believe there is one fund in France, where a man can realize his paper without a conſiderable diſcount, particularly in time of war.

CHAP.

CHAPTER II.

Of general CIRCULATION.

THE author, whom we firſt mentioned in the preceeding chapter, ſays, he never could comprehend the meaning of the word circulation; he might as well have ſaid, he did not underſtand the meaning of the word exchange: for in fact, they both have the ſame ſignification. In my opinion, no word can have a more clear or diſtinct ſenſe, than that of circulation, which we define, *The paſſage of a piece of money, or current paper from the poſſeſſion of one perſon, to that of another.*

From

From this definition it follows, 1ſt, That a piece of money cannot, ſpeaking of commerce, paſs from one perſon to another without receiving an equivalent: 2d, Conſequently, if it paſſes ſucceſſively thro' the hands of twenty different people, it proves evidently, that twenty pieces of induſtry have been given in exchange for it; the oftener therefore, ſuch a piece of money circulates the greater will be the induſtry and *vice verſa*.

CHAP.

CHAPTER III.

Population is in proportion to Circulation.

THE number of inhabitants will be in proportion to the facility of ſubſiſting: and the facility of ſubſiſting in proportion to that of exchanging one commodity for another: and this finally in proportion to the quantity of circulation either of money or of paper currency.

In order to illuſtrate the truth of this doctrine, we will ſuppoſe a nation deſtitute of all circulation; in this caſe we ſay, that the whole population will conſiſt only of hunters, ſhepherds and huſbandmen, each of which

which muſt find within himſelf, wherewith to ſubſiſt by mutually exchanging parts of their flocks and of the productions of the earth, and in order to clothe themſelves, each family would contain alſo ſhoemakers, taylors, &c. For ſuch claſſes of people could not in our ſuppoſition poſſibly exiſt; How, for example, could a ſhoemaker exchange a pair of ſhoes ſo as to procure twenty different things which he may want? How could the farmer diſpoſe of his horſe ſo as to procure the various things neceſſary for his family? what we have ſaid of theſe two, may be applied equally to every other caſe, which evidently proves that all the inhabitants of the earth would be reduced to the ſeveral claſſes abovementioned. From whence it follows that the number of people now employed

ployed in the various arts, manufactures, trade and navigation could not exiſt, conſequently we conclude, that the number of inhabitants will, *ceteris paribus*, be in proportion to the quantity of circulation. The hiſtory of mankind proves the truth of this concluſion, let us ſuppoſe, that London or Paris was inſtantly deprived of all circulation. I aſk, what would be the conſequence? I ſay, that thoſe, who now bring proviſions of every kind would ceaſe to do it, becauſe it would be impoſſible for them to exchange them for the productions of art, theſe therefore muſt inſtantly ſeparate, and become farmers in order to procure their ſubſiſtance. It is impoſſible to form the productions of art, labour, &c. in ſuch proportions as to make them exactly, nor even nearly

 equivalent

equivalent to the various articles an individual may want: How would you pay a labourer of any kind? From what we have ſaid, it ſeems evident, that the population of the antients was no way comparable to ours. The north of Europe, had, a few centuries ago, ſcarce any circulation, and therefore could nouriſh only few inhabitants, and theſe being employed in agriculture, feeding their flocks, &c. occupied neceſſarily a great extent of country and provided only for their own ſubſiſtance, whereas now, by the help of circulation, a prodigious number inhabit towns who are nouriſhed by the farmers. If all thoſe were to leave their reſpective profeſſions, and become farmers, it is certain they would for the moſt part periſh, for it cannot be ſuppoſed, the farmers

mers would feed them *gratis*, or ſupply them with the means to cultivate the ground.

The hiſtory of mankind proves the truth of our doctrine. Every country in Europe is peopled in proportion to the quantity of circulation. Let us compare England, Holland, and France, with Spain, Portugal, Denmark, Sweden, Ruſſia and Turky, and we ſhall find that the population of the firſt is infinitely ſuperior to that of the laſt; from whence we may juſtly conclude that the population is in proportion to the quantity of circulation; conſequently that Europe is now much more peopled than formerly, hence it is that Aſia has been, and always will be more peopled than moſt other countries: the fertility of the ſoil, the ſoftneſs of the climate, and the quan-

tity of metals enable many people to live in a ſmall ſpace, and population will decreaſe where theſe circumſtances are wanting; It follows therefore, that Ruſſia, Sweden, Denmark, and Poland, neither have been, nor ever can be peopled in the ſame degree, as England, Holland and Venice. There are now ten towns for one that was ten centuries ago; we are therefore ſurpriſed, how ſo many learned men could imagine that our population declines.

CHAP.

CHAPTER IV.

The induſtry of a nation, will be in proportion to the quantity of circulation.

INDUSTRY in general, and arts, manufactures, commerce, and navigation in particular, will be in an *inverſe ratio* to the ſpace, which a given number of men occupy: however rapid and ſwift the circulation of a piece of money may be, it requires time to paſs from one province to another; during this interval, exchanges muſt be made in nature, which being impoſſible in a great meaſure, it is evident, that every individual muſt remain ſatisfied with what he poſſeſſes, and conſequently

ſequently induſtry muſt ceaſe, a whole day would not be ſufficient for a man to diſpoſe of a horſe, cow, &c. in ſuch a manner as to procure the articles he may want. There are daily brought to London proviſions to an immenſe value, the tenth part of which is not taken in productions, nor one exchanged. It follows therefore, that if circulation was to ceaſe, the inhabitants muſt inſtantly ſeparate, and diſperſe; conſequently that part of national induſtry depends intirely on circulation, and agriculture in a great meaſure, becauſe the farmer cultivates his lands, and feeds his flocks in proportion, as he can diſpoſe of them, and as this will depend upon circulation, it is evident, that every ſpecies of induſtry will be in an *inverſe ratio* to the ſpace a given number of

of men occupy. Becauſe in this as in mechanics, the celerity of motion will be in that proportion; the more therefore mankind is deſperſed, the ſlower will be circulation, and the leſs will be their induſtry. Moreover, it is only by the means of circulation that you can unite in a ſmall ſpace, ſuch quantities of proviſions, merchandize, &c. as will maintain, and provide for a great number of people: it is for this reaſon, that all the arts, manufactures, &c. are incloſed in towns, and are carried to great perfection, whereas they diminiſh in proportion as mankind is diſperſed, inſomuch that one may affirm, there would not be upon the face of the earth, one ſingle town of a thouſand inhabitants if circulation ceaſed, in fact this is the caſe in every country which has no money,

money, as in North-America and the northern provinces of Ruſſia and Sweden, where the inhabitants are diſpereſd over an immenſe ſpace, in which there is not one conſiderable village. In all Siberia there is but one town of any note; and in both the Laplands not one; and in all North-America, excepting the European ſettlements there are not as many inhabitants as in the ſingle county of York; from what has been ſaid, it follows that extenſive empires have, in proportion, leſs induſtry than thoſe who are leſs ſo; compare Holland, with Ruſſia and Turky and you will find that the induſtry of the former though infinitely leſs populous and extenſive, is however much greater than the latter, the more mankind is contracted, the greater will be their wants, and the greater

greater will be their efforts to ſatisfy them, which will depend intirely upon circulation and the facility of exchanging their mutual productions; we ſhall therefore conclude that the induſtry of a nation is in proportion to the quantity of circulation; however, we muſt confeſs that this conſequence admits of an exception, which is, that the quantity of induſtry is limited, becauſe a given number of men can produce or conſume but a given quantity of induſtry; whereas circulation may increaſe *ad infinitum*. But we think it ſeldom happens that in any country whatever, induſtry has been carried to the utmoſt limits either in quantity or quality, and therefore we muſt adhere to the principles we have eſtabliſhed,

viz. induſtry and circulation will increaſe together.

Having ſhewn that mankind is induſtrious in proportion as they are contracted, it follows, that in order to promote arts, manufactures, &c. you muſt unite them, and facilitate the communication between them. The invention of poſts, paper-currency and navigation, have been the real cauſe, at leaſt the principal, one of European induſtry, which alone proves, that the antients deſtitute of theſe ſuccours, were in this reſpect, as well as in population infinitely inferior to us. Europe produces now twenty times more corn and cattle than it did ten centuries ago, which, we neceſſarily ſuppoſe, are conſumed. Although metals are a principal ſpring of commerce, paper-currency is much more

more ſo becauſe it can with greater facility be tranſported from one conntry to another, which in ſome meaſure contracts mankind and increaſes their wants and induſtry: for this reaſon the people who are ſituated upon the ſea coaſts, lakes and navigable rivers, are more induſtrious and rich than thoſe who inhabit the mountains and interior provinces of the continent. If Carthage, Athens, and Holland had been ſituated a hundred miles from the coaſt, probably they never would have formed a people, much leſs arrived to that degree of riches and power which juſtly excites our admiration. The Swiſs will never be rich; nor will they ever have arts or manufactures but in a very limited degree, being ſeparated by high and inacceſſible mountains,

the communication between the different people, is interrupted during a great part of the year, each village forms a tribe, and muſt find within itſelf wherewith to ſubſiſt, or periſh, as they can draw no ſuccours from their neighbours, though but a few miles diſtant: it is for this reaſon, as we have already obſerved, that great empires for want of an eaſy and ſpeedy communication between their different parts, have very little induſtry: and it will be in vain to attempt to inſpire them with a taſte for labour, when they can ſatisfy their wants by hunting, fiſhing, &c. ſloth and poverty will be in proportion to the extent of ground which a people occupy. Look at Spain, Ruſſia and Turky and you will ſee an immenſe country uncultivated; to what purpoſe has

has Ruſſia above twenty millions of ſubjects, the greateſt part of whom are diſperſed upon an immenſe ſpace of ſterile and uncultivated land without towns, villages, arts, or manufactures, and here and there only a few miſerable cottages, whoſe poſſeſſors can, with difficulty, procure wherewith to ſubſiſt, much leſs ſuperfluities, from which alone government can draw any advantage. While they continue thus diſperſed in a miſerable country, covered with ſnow, and deprived of light a great part of the year, it is impoſſible that the natural productions, or thoſe of art, can nouriſh a great number of people or animals, which can neither ſubſiſt, nor increaſe, but in proportion to the facility of providing themſelves with the neceſſaries of life. In the northern climates, as well

well as the near line, the earth is in general ſterile. The extremes of heat and cold are equally hurtful to vegetation; it is in vain therefore to expect induſtry and an increaſe of population from people in this ſituation. That great and immortal Empreſs of Ruſſia who makes it her glory to promote the happineſs and welfare of her ſubjects, will never ſucceed in her attempt while they are thus diſperſed, and ſeparated from each other; ſhe muſt contract them into a narrow ſpace, and fix them upon the coaſts of the Caſpian and Black ſeas, and upon the navigable rivers, which will facilitate the communication between them; from hence their wants will increaſe, and their induſtry, in order to ſatisfy them: all other means to enforce induſtry will be vain and fruitleſs

fruitleſs; laws and inſtitutions may, and ought to direct the actions of mankind, but cannot in any degree produce them. It is likewiſe in vain to expect induſtry where liberty and property are precarious; it is upon this principle that the great Empreſs we have mentioned, and who is juſtly the object of our reſpect and admiration, has ordered a code of laws, as the only means to promote arts and induſtry; but we humbly preſume to aſſure her Majeſty that without civil liberty there can be no induſtry, Slavery and commerce are incompatible.

CHAP.

CHAPTER V.

Of the abſolute force of a nation.

WE have ſaid *The abſolute force*, becauſe the relative force of a people, will depend upon their ſituation, quality of productions, and various other circumſtances compared with thoſe of the neighbouring nations. We have already ſhewn that circulation is in an *inverſe ratio* of the ſpace occupied by a given number of people, it is evident, that the force of a people will be in the ſame proportion becauſe the more they are united the greater will be the quantity of action; this propoſition is equally true in the moral and phyſical world; an army of

of an hundred thouſand men will conquer a nation conſiſting of millions; all the great conqueſts particularly thoſe of the Tartars under Ganzis Kan and other leaders were made by a handful of men, compared with the vanquiſhed nations; it is upon this principle that the Tyrians, the Athenians, the Carthaginians and the people of Marſeilles among the antients; the Engliſh and Dutch among the moderns, have made ſuch extraordinary efforts againſt the moſt powerful princes in the world; whereas great and extenſive empires have upon every occaſion made but a feeble and inconſiderable reſiſtance; the Perſians were conquered by thirty thouſand men, Ruſſia had like to have ſhared the ſame fate when attacked by Charles the Twelfth. Two or three battles

decide the fate of great empires because the whole force of the ſtate, is concentered in the army; if this is beat the ruin of the empire is inevitable, it is for this reaſon that the wars undertaken againſt great kingdoms are generally of ſhort duration, whereas thoſe among the Greeks and Europeans, whoſe ſtates are leſs extenſive, laſt ſeveral years. The ſubjects of a great empire are too poor and too much diſperſed to be collected for the ſupport of the ſtate when once thrown into confuſion. It was with infinite difficulty that the Romans vanquiſhed the Carthaginans, but they only appeared in Aſia, and made the conqueſt of it. It is objected that the poor have in general conquered the rich, I anſwer that the rich nations of antiquity were commonly occupied

pied in trade and commerce, which neceſſarily employed ſo many of the inhabitants, that few could be diſpoſed of in the defence of their country without exhauſting the very ſource of their power; moreover it is not generally true, nor is it poſſible that the poor can vanquiſh the rich, provided theſe do not occupy an extenſive country. The ſeveral people of antiquity we have already mentioned prove it; the Athenians and Tyrians defended their country with a vigour not to be found in the hiſtory of poorer nations, the Carthaginians when reduced to their walls did the ſame; and ſo have in general all the ſmall and rich republics of antiquity. What could a million of barbarians do againſt France or Germany? Nothing; fifty thouſand of our troops would diſperſe them like ſheep. When

the northern people over-ran the Roman empire, the extent of it was ſo great that it was not poſſible to collect ſuch a number of ſoldiers as were neceſſary to defend it equally on every part, ſo that they penetrated wherever they preſented themſelves; by this means the chain was broke, and the communication between the different provinces of the empire intercepted, ſo that they could not mutually ſuccour each other; we therefore conclude that the Aſiatic and Roman empires were vanquiſhed not becauſe they were too rich, but too extenſive. In very great kingdoms, the chief is only rich, and corrupted, the ſubjects muſt be miſerable; a nation is not rich when the prince has millions, on the contrary, it is ſo when he has nothing and the ſubjects a great deal; from the

the principles we have eſtabliſhed, we conclude that extenſive empires muſt continue to make conqueſts, becauſe the inſtant they ſtop they will find it impoſſible to preſerve them: a hundred thouſand men will eaſily add conqueſt to conqueſt, and by that means preſerve their frontiers, but if they are ſeparated they will be incapable of making any where a ſolid reſiſtance. The Turks have always been upon the decline, ſince they have abandoned the projects of conqueſt. A hundred thouſand Ruſſians, if no power interpoſes will eaſily put an end to the Ottoman empire; it is likewiſe upon theſe principles, as we conceive, that the French always begin their wars by marching into the enemy's country, by which means one conſiderable army ſuffices to defend

defend their own, whereas three times the number would not be ſufficient, if contracted within their own frontiers.

CHAP.

CHAPTER VI.

Liberty is in proportion to the equality, and deſpotiſm to the inequality of circulation.

AN extenſive circulation will in a ſhort time become unequal, eſpecially in very civilized nations, where in general, hereditary ſucceſſions, and teſtaments take place, ſo that in a little time circulation will be unequally divided, and the more it is ſo, the fewer will be the number of the rich, and the greater that of the poor. That inequality of riches, neceſſarily produces an inequality of power. It is from this principle that republics, and free governments degenerate in proportion as they

they grow rich, and are finally overthrown, when the riches and power which ſhould be equally divided between all thoſe who form the legiſlative authority are concentered in few perſons only. In monarchies an inequality of circulation and power is a neceſſary conſequence of that ſpecies of government, becauſe the monarch alone having the power of levying taxes, and of employing ſuch as he pleaſes in all the different departments, it follows evidently, that none can be either rich or powerful but ſuch as are dependant upon, and connected with the court; hence that abject ſlavery, intrigue and diſſimulation which characterizes that claſs of men called, Courtiers; as they have no power nor ſcarce exiſtence but what is derived from the imperial nod. It is plain that in ſuch a con-

a conſtitution there is no man, nor body of men, who can, or will oppoſe the violence and tyranny of the monarch. In deſpotic governments the inequality of power and riches is extreme; the deſpot is the ſole poſſeſſor of every thing, inſomuch that all power and riches are annexed to perſonal employments which he can give and take away at will, and ſo reduce in an inſtant any ſubject to a non-exiſtence; it is upon this principle, that in ſuch governments there can be no hereditary honours and ſucceſſions, nor any general laws to ſecure the perſon and property of individuals. The exiſtence of the one and the other depend upon the precarious will of the tyrant, whoſe poiſoned breath taints and infects the ſource of induſtry, inſomuch that the traces of

it cannot be diſtinguiſhed in their extenſive and ſterile dominions. The progreſs of human affairs, ſeem to advance in the following manner, poverty produces induſtry, from whence riches flow and an inequality of fortunes, which produces deſpotiſm; from whence a general poverty enſues never to be over-come: hiſtory informs, that the poor republicks of antiquity preſerved their conſtitution longer than the others, as well againſt their fellow citizens as ſtrangers. It was upon theſe principles, that Lycurgus eſtabliſhed a general poverty, and conſequently, a general equality among the members of the republic, which preſerved it free from interior corruption and from the mighty efforts of powerful enemies for the ſpace of ſeven hundred years; nor was this famous republick at laſt over-

overthrown till the Aſiatic gold had corrupted the principles of the conſtitution. Athens on the contrary, forced by the ſterility and ſmallneſs of its territories, and invited by its ſituation on the coaſt, to trade and navigation, ſoon became rich, whence followed an inequality of riches, which produced faction and diſcord, and therefore was continually tore and weakened by theſe, and at laſt fell a victim to her enemies. Carthage enjoyed her liberty for a long time, becauſe the ſpirit of commerce maintained a certain equality and riches between the citizens. At length however this equality ceaſed and conſequently the whole power of the republic was concentered in a few of the principal families and every thing was governed by the caprice of the prevailing faction, ſo

that the principles of the conſtitution were deſtroyed, and even, had not the Romans interfered, ſome ambitious citizen aided by his faction, would have made himſelf maſter of the republic; as it happened to Rome, which from the time of Marius ceaſed to be free. England, being become rich, is continually expoſed to factions: its vaſt circulation has produced a great inequality of fortunes and with it a general corruption of manners. While few are rich, the number of the poor will be extreme, theſe will neceſſarily be depraved, thoſe not leſs ſo, with every addition of inſolence, vice and folly, which their riches enable them to gratify, till at length they are finally equally reduced to poverty, which renders them the proper inſtruments of tyranny and oppreſſion,

ſion, ready to ſacrifice the liberty of their fellow ſubjects. Had Holland been formed of one ſingle republic, and not of ſuch a complicated confederation, and had her dominions been more extenſive, the great quantity of circulation would long ſince have been concentered in few perſons who would eaſily have overturned the conſtitution. Before the diſcovery of America and the Golden Coaſt, all the ſtates of Europe were more or leſs free: armies were very ſmall and could be maintained and kept together, but for a few days only; ſcarce were they aſſembled when the want of money obliged the ſovereign to diſband them; arts and manufactures were almoſt unknown and conſequently agriculture had made little progreſs. The feudal ſyſtem prevailed in all the monarchies

monarchies of Europe, the reſt of its inhabitants were divided into ſmall republics excepting Venice, Florence, Genoa, and Piſa, whoſe ſituation enabled them to carry on, almoſt the whole commerce of Europe and Aſia: ſcarce did the gold and ſilver of America appear, when the feudal government began to decline and in a few years totally vaniſhed, ſo that at preſent there remain no traces of it, excepting in Ruſſia, Poland and ſome provinces of Germany whoſe ſituation made it impoſſible for the American gold to penetrate in great quantities, conſequently the ſovereigns of thoſe countries could not maintain ſufficient armies, to oppreſs their ſubjects; all the ſmall republics are vaniſhed, and without being a prophet, we may venture to foretell, that in leſs than a century

tury there will not be above ſeven or eight ſovereignties in all Europe where formerly there were above a thouſand; we will therefore conclude that liberty is in proportion to the equality of circulation; for where all are equally rich or equally poor, they muſt be equally powerful; on the contrary where one only is rich, the reſt muſt be ſlaves.

It follows, that thoſe people who do not know the uſe of money muſt be free, which truth is proved by the hiſtory of mankind, and *vice verſa*. Aſia, fertile in all the productions of the earth, and particularly in precious metals, exhibits the moſt ancient, and moſt extenſive empires in the world; it is from thence that the arts, ſciences, and conqueſts proceeded. As their circulation and con-

conſequently induſtry and population greatly increaſed, for the reaſon we have aſſigned, the inhabitants were obliged to extend themſelves in ſearch of new eſtabliſhments; being confined on the ſouth, and eaſt by the ſea, they advanced to the north and weſt, and forced all thoſe people they found in their progreſs either to ſubmit or quit their country, being too poor and diſperſed to make any reſiſtance; this we think the true cauſe of thoſe tranſmigrations which ſucceſſively overran and deſolated Europe, part of Africa, and the weſtern parts of Aſia. The hiſtory of that country during this period, would be very intereſting. The northern people originally poor and diſperſed into ſmall tribes, conſiſting of hunters, and

and paſtors, were, in quitting their country, forced to unite and ſeek out new ſettlements. Being thus united, they formed ſeveral immenſe bodies, too formidable to be oppoſed by the poor and diſperſed inhabitants; ſo that in a very ſhort time they over-ran all Europe; at length, the want of money to keep them united, forced them to ſtop and form colonies, or rather kingdoms, in the conquered countries, whoſe inhabitants for the moſt part were reduced to ſlavery, and attached to the lands. The ſeveral chiefs of northern tribes had diſtricts appropriated to them, and their followers, which we think was the origin of the feudal government and of military tenure; we may affirm, that wherever ſuch a conſtitution has been eſtabliſhed, the country has been

conquered; and that great part of the inhabitants, particularly the nobility, are of foreign extraction; in this ſpecies of government, when any enterprize was to be undertaken, it was neceſſary to conſult the ſeveral chiefs, without whoſe concurrence and aſſiſtance it could not be executed; as the whole force of the nation was in their hands, nothing could be done without them. Hence the origin of parliaments. As the vanquiſhed nations were divided into large diſtricts among the chiefs and their followers, they were too powerful to be controuled by the prince, whoſe revenues were very limited, having only his own particular domain to ſupport him. Hence aroſe thoſe continual wars between the barons; ſometimes among themſelves, and often

often againſt their prince. Hence thoſe civil wars, which for many years deſolated Europe, and deſtroyed every ſpecies of induſtry: at length the introduction of circulation ſupplied the ſovereign with the means to form, and maintain regular armies, and raiſed a third claſs of inhabitants, who by their induſtry had acquired riches and power, and by degrees, formed a barrier againſt the inſolence and tyranny of the nobles, as in England in particular. Hence a more regular and conſiſtent form of government was eſtabliſhed. In ſome countries liberty was fixed upon a permanent foundation, in others the armies were employed to ſubdue, equally the nobles, and the reſt of the ſubjects; upon this increaſe of circulation, the feudal government, as well

as the ſmaller principalities diſappeared in general, and they decline every where, in proportion to the quantity of circulation; for theſe reaſons there were but two empires in America when firſt diſcovered; that of Peru, and Mexico, whoſe rich productions and great quantity of metals, enabled their reſpective ſovereigns to maintain conſtantly conſiderable armies, with whom they extended their conqueſts. The remainder of that immenſe continent was chiefly inhabited by ſavages, diſperſed in ſmall tribes, occupied in hunting: the only regular governments beſides the two above mentioned, were the republic of Tlaſcala, between Vera Cruz and Mexico; and that of Arauca, between Lima and Quito, whoſe mountainous ſituation had enabled them

them to preſerve their liberty againſt the mighty power of the two empires we have mentioned. From all which we conclude, that whenever circulation becomes very great and unequal, deſpotiſm will neceſſarily follow, whatever may be the climate, becauſe one perſon may, by a thouſand accidents, be poſſeſſed of a ſufficient quantity of money to maintain armies, and force his fellow citizens to obedience and dependency; and for a contrary reaſon, where circulation is wanting, it will be impoſſible for any one perſon to poſſeſs the means ſufficient to make himſelf the maſter of others. We cannot therefore account for the infatuation of the celebrated Monteſquieu, who ſays, that climate alone is the cauſe of that difference, which we obſerve in the manners, cuſtoms, and

and governments of various nations. Our aſtoniſhment increaſes when we ſee that the direct contrary is in general true, inſomuch that the climate can have no other influence but to furniſh a greater or leſſer facility of ſubſiſting. Circulation alone will, for the reaſons we have adduced, form a deſpotic government under the poles. All Greece was free, ſo was Italy, Spain, France, England, Germany, and all the northern countries without exception; at preſent many are ſubject to the moſt deſpotic governments, and the reſt much leſs free than formerly, the climate is the ſame, whence then comes this change? from circulation, which already has in many countries, and no doubt will, in leſs than a century, reduce all the reſt to ſervitude.

If

If in a democracy, the quantity of circulation is great, and conſequently unequal, the principles of the conſtitution will ſoon be corrupted. The whole power of the ſtate will be centered in few perſons, whereas it ſhould be diſtributed equally, among all thoſe who partake of the legiſlative authority. This is the caſe with Geneva, where induſtry has produced a great and unequal circulation. The council of twenty-five has uſurped the whole authority of the ſtate, and has brought it ſeveral times on the brink of deſtruction: to which the French have greatly contributed by ſupporting the council againſt the inhabitants, and had they prevailed, they thought it would be eaſy according to the maxim of Machiavell ---*Few are corrupted by few*---to

open

open a communication over the lake of Geneva, into Savoy and Piedmont. Peace is now reſtored, but cannot laſt, unleſs ſome method be found to eſtabliſh a general, and equal circulation, it will ſoon degenerate into an ariſtocracy and oligarchy, and finally fall a victim to ſome powerful citizen, or foreign enemy, who will avail himſelf of their inteſtine quarrells, and ſubdue them: This has, and always will be the fate of democracies.

In an ariſtocracy, where circulation is become unequal, and conſequently ſome few families are grown too powerful, theſe muſt be employed in expenſive employments in order to reduce them to an equality with their fellow citizens. The Venetians adopt this maxim. The moſt honourable employments are leſs

leſs lucrative than the others; by which means, a certain equality is preſerved, and at the ſame time the poorer nobles are enabled to ſupport themſelves with proper dignity. The Oſtraciſm at Athens, was formed on this ſame principle; in general, we may eſtabliſh as a fundamental maxim, in a free government, that a perfect equality ſhould be preſerved among the different bodies, who form the legiſlative power: whenever we deviate from this principle the balance is loſt, and the conſtitution ſubverted. In every ſpecies of government, the good and prudent ſovereign will endeavour to promote a general circulation among his ſubjects, and prevent any of them from growing too powerful, becauſe the

national induſtry will depend upon it.

In England and Holland the quantity of circulation is probably too great, which enhances the price of proviſions, manufactures, &c. as we ſhall ſhew hereafter, and will in time diminiſh foreign conſumption. The Dutch have obviated, in a great meaſure, the evils which proceed from too great a circulation, and have kept the prices low compared with us. 1, They are very parſimonious. 2, They have accumulated prodigious ſums in the bank of Amſterdam, where it lies dormant, as if it did not exiſt. 3, They lend money to foreigners: and, 4, They export a great quantity of ſilver into Aſia, by which means they are ſtill enabled to carry on their foreign trade

trade at a cheap rate. Our luxury, on the contrary, increaſes daily as well as our debts and taxes, which neceſſarily raiſes the price of labour, and will finally ruin our foreign trade.

Though a great circulation muſt be attended with theſe conſequences, we think however, that in a poor country the ſovereign ſhould introduce paper-currency, though he may not want money, becauſe without a certain circulation, induſtry muſt be very limited. But in this caſe he muſt never aſſign the public funds to pay the intereſt, as many have done, becauſe the creditor will become a monopoliſt and a tyrant. The prince will be no longer maſter of his ſubjects, and in a ſhort time will find himſelf, without any national fund clear.

If there is little circulation in a country, the coin muſt be divided into ſmall parts, in order to facilitate the exchange between the ſubjects. Nothing can be more prejudicial to commerce in a poor country, than large coins, as the quadruple in Spain, the three pound twelves in Portugal, and the double ſouveraine in Auſtria; becauſe they can with difficulty be changed, ſo that very often a perſon cannot buy what he ſtands in need of, for want of ſmaller pieces.

CHAP.

CHAPTER VII.

Luxury, corruption of manners and national poverty are in proportion to the inequality of circulation.

A GREAT inequality of fortunes neceſſarily implies a national and general poverty. Some few, will have infinitely more than they want, while the remainder can have only what they procure by their induſtry, and as this is precarious, the leaſt accident, the leaſt interruption in trade, will reduce them to miſery. The few who are rich are naturally inclined, by the general principle of ſelf-love and vanity, to diſtinguiſh themſelves in the enjoyment of every ſpecies of ſuper-

ſuperfluities, while the poor, who has no property but his labour, will endeavour to apply it to the greateſt advantage, and conſequently prefers the arts of luxury to thoſe of neceſſity, becauſe the firſt are much more lucrative than the laſt. As it is impoſſible to give employment to every one, many will want bread, the women in particular; ſome out of neceſſity, but more from their natural propenſity to eaſe and voluptuouſneſs will give their whole attention to attract the eyes of the rich: hence luxury, corruption of manners, and general poverty, riſe gradually from democracies to deſpotiſm. It is true, that in the laſt, fear obliges the great to diſſemble, and confine their luxury within doors, but we may be aſſured, that this conſtraint,

ſtraint, ſo far from diminiſhing on the contrary increaſes it. Hence that great number of ſlaves of all kinds in deſpotic governments. In public the rich are not to be diſtinguiſhed from the poor: it is dangerous to excite the curioſity and attention of the deſpot; ſafety conſiſts in being apparently confounded with the vulgar: it is for this reaſon, that the manners and dreſs of the orientals have been the ſame without any variation for ſome thouſand years. In monarchies, where a certain degree of liberty prevails, the natural vanity of mankind, will make them exert it in dreſs, equipages, and exterior ſhew: hence the variation and changes which we obſerve in the faſhions, it is only by ſuch external

ternal ſigns that a man can diſtinguiſh himſelf. The great and ſublime is prohibited, they will therefore excell in trifles.

CHAP.

CHAPTER VIII.

Arts and ſciences are in a compound ratio *of the quantity of circulation and liberty.*

ARTS are the neceſſary conſequence, of luxury and riches, and exactly proportioned to them, as we have already proved; poor nations have never known them but in a limited degree. The ſciences require time, application, an eaſy fortune, and encouragement. Where circulation is great all theſe circumſtances concur to promote them. The rich out of real taſte or vanity protect and ſometimes ſupport men of letters, and ſo they become an object of luxury, but

never the cauſe of it, as the famous Rouſſeau will have it. The Spartans and Romans, 'till they became rich with the ſpoils of Aſia, had neither arts nor ſciences; nor the Swiſs, excepting in the rich cantons. As ſciences will depend upon circulation and liberty, it is evident, that in abſolute monarchies ſome branches will be more cultivated than others. The abſtract ſciences, and works of taſte, will arrive to great perfection, their ſtile will in general be correct and elegant, their compoſitions exact; but in free monarchies, where individuals enjoy a greater degree of liberty, they will excel not only in the abſtract ſciences, but in hiſtory and eloquence, their compoſitions will be leſs correct, but more vigorous; they will be diſtinguiſhed, rather by the energy

gy than by the harmony of their diction. The hiſtory of literature proves the truth of our principles. The French have no production to be compared with Clarendon, Hume, Robertſon, and the debates of our national aſſemblies.

CHAPTER IX.

The price of any merchandize whatever, is in an inverſe ratio *of its quantity, that is, the leſs there is of any commodity brought to market, the dearer it will be, and* vice verſa.

IF, for example, fifty buſhels of wheat only, are brought to market, and there is an abſolute call for a hundred, it is evident, the price will increaſe in that proportion.

Let us ſuppoſe, that the whole maſs of national productions, whether natural or artificial, be divided into a given number of parts, and likewiſe that the money and paper-currency be alſo divided into a given number

number of equal parts, ſo that one or more of theſe correſpond to one of thoſe. The number of the parts of money, or paper, which are to be given in exchange for any commodity is what we call the *price* of it; from this definition it follows, that by increaſing, or diminiſhing the quantity of the money and paper currency (which I ſhall hereafter denominate by the general term *circulation*,) or that of the commodities, the *price* or *ratio* between them will vary, in proportion to that increaſe or diminution, conſequently it is impoſſible to fix it, without prejudicing the buyer or ſeller.

Though the price of any commodity is in fact in a *compound ratio*, direct as the quantity of circulation, and *inverſe* of that of merchandize, yet

yet it may be ſimplified, and reduced to the expreſſion we have adopted, becauſe it is the ſame thing, whether you increaſe the circulation, or diminiſh the quantity of merchandize, or that you increaſe *this*, and diminiſh *that* ;

For example,

Let the circulation be expreſſed by C, and the quantity of merchandize by M, and the price or proportion between them by p ; we ſhall have the following equation, $\frac{C}{M}=p$.

Now if $\frac{C=10}{M=1}$, we ſhall have $p=10$, that is, ten portions of circulation will correſpond to each portion of M.

If as we have ſuppoſed $C=10$, is multiplied by ten, we ſhall have the following equation, *viz.*

C

$\frac{C=10\times10}{M}=p\times10=100$, that is, the price of M will increaſe ten times what it was before.

If on the contrary, C is diminiſhed to the tenth part of what it was, we ſhall have the following equation, $\frac{\frac{C=10}{10}}{M}=\frac{p}{10}=1$, that is, M will be worth only one part of C.

We ſhall have exactly the ſame equations, if M be multiplied or divided in the ſame proportions, C remaining the ſame.

Let M be divided by ten, we ſhall have $\frac{C=10}{\frac{M}{10}}=p\times10=10\times10=100$: p, being as we ſuppoſe, equal to ten.

Let M, on the contrary, be multiplied by ten, then, we ſhall have

C

$\frac{C=10}{M\times 10}=\frac{p}{10}=1$. that is, one part only of C correſponds to M, whoſe value is diminiſhed in proportion, as its quantity is increaſed; conſequently the price of M, will be in an *inverſe ratio* of its quantity, compared with that of circulation, we ſhall therefore include all the variations in the price of M, in the two following formularies.

Let the proportion between M and C, be p, and let the augmentation or diminution of M, be called y; then we ſhall have the following equations, *viz.*

$\frac{C}{M}=p$. $\frac{C}{M\times y}=\frac{p}{y}$. $\frac{C}{\frac{M}{y}}=p\times y$.

Many learned authors have pretended that it is not true, that the price of merchandize has increaſed in proportion to the increaſe of circulation,

culation, becauſe ſay they, This has increaſed above twenty times ſince the diſcovery of America, whereas the price of merchandize has not increaſed ten times ſince that period: to which I anſwer, that it is very true, but proves nothing at all; they ſhould have ſhewn, that there is now twenty times more circulation than induſtry and merchandize, which is by no means the caſe. If the quantity of circulation has been much increaſed, that of induſtry has alſo; moreover, a prodigious quantity of money has been exported out of Europe, and converted into plate, lace, &c. ſo that what remains is by no means equal to what has been drawn from America; for which reaſons, the price of merchandizes cannot be increaſed in proportion to the quantity of metals imported

into Europe, but in proportion to what actually circulates, there, including paper currency. The truth of our principles is demonſtrated by experience. In all capital towns the circulation is much greater than in the diſtant provinces, and for this very reaſon, every thing is dearer in proportion. The ſame thing happens, in comparing different nations with each other. In France the quantity of circulation compared to that of England is nearly one half, and we find that the price of proviſions, labour, &c. is alſo in that proportion. In Spain it is nearly the ſame, and would probably be more ſo, if for many reaſons, their induſtry did not fall ſhort of what otherwiſe it would be, which increaſes the price of labour, proviſions, &c.

Having

Having ſhewn that the price of merchandizes increaſes in proportion to circulation, it follows that in great towns the price may grow to ſuch a pitch, as to deſtroy induſtry, by diminiſhing our domeſtic and foreign conſumption, and particularly this laſt, becauſe foreigners, whoſe circulation is leſs than ours will be able to underſell us, which is the caſe between the French and us. The only method to remedy this evil would be, to diminiſh the taxes upon the articles of general conſumption, and by every means prevent the increaſe of the capital, and procure a more equal and general circulation; ſcarce any manfactures ſhould be carried on, in or near the capital, but as near as may be to the places where the materials are found, and

upon navigable rivers or near them. The collectors of the land tax, and other duties, ſhould not remit the money to London but ſhould pay it immediately to the regiments in the counties where they are quartered, and alſo to the public works at Portſmouth, Plymouth, &c. By this means, the money would remain in the country, and the expence of offices, remitting backwards and forwards, be ſaved. In France the cities make intereſt with the miniſtry to have troops quartered among them, in order to procure a greater circulation. Perhaps ſome method might be found to regulate the quartering of our troops upon a footing that would make it an advantage inſtead of a burthen upon the ſubject.

Among

Among the numberleſs evils, which the increaſe of the capital produces, the moſt fatal, no doubt, is the decreaſe of agriculture; arts and manufactures increaſe in proportion to the number of its inhabitants, which muſt be ſupplied from the country, hence the burials ſurpaſs the births yearly by ſome thouſands. The prodigious number of ſervants and horſes in and about London, conſume every thing within eighty or a hundred miles, which increaſes the price, as well for the carriage, as becauſe almoſt every article paſſes through a variety of hands, before it comes to market. It is ſaid, that the perſons now in London are maintained by the diſtant counties, and therefore conſume here what they would conſume there; this is true, but for the

reaſons

reaſons we have aſſigned, there is an immenſe difference between conſuming the proviſions at London, or on the ſpot. This evil might be diminiſhed had we a good inland navigation. At preſent the counties which lay very far from London, cannot poſſibly ſend their productions there, and therefore they will cultivate only what is neceſſary for their conſumption, and ſo, a bad harveſt will reduce them to famine. The farmer finds it more his intereſt to feed cattle than plow his ground, becauſe he can eaſily tranſport them wherever he pleaſes. The great increaſe of our arts, manufactures and navigation has greatly diminiſhed the population in the country, inſomuch that I am perſuaded a much leſs quantity of ground is tilled now than formerly, which

is

is the real reaſon why corn is grown ſo dear; and if London goes on increaſing as it has done, within theſe twenty years paſt, corn will become ſo dear, that in the end our manufactures will decline, and finally our foreign trade muſt be ruined. In ſhort I conclude, that we cannot diminiſh the price but by increaſing the quantity of proviſions, and diminiſhing the quantity of circulation, and this can be effected only by ſeparating the people, by far too numerous in London. I know it will be ſaid, that they will ſeparate of courſe when they can no longer ſubſiſt there; it is true, but it will be then too late, and our foreign trade will be ruined before that happens. The number of men-ſervants and of horſes, muſt be

diminiſhed;

diminiſhed; a high tax upon them, and upon wheel-carriages would produce this effect, and furniſh a great ſupply to government, at the expence of vanity and folly.

CHAP.

CHAPTER X.

The price of metals compared to each other, is in an inverſe ratio *of their reſpective quantities.*

LET us ſuppoſe that there are in England fourteen ounces of ſilver to one of gold. It is plain that this *ratio* of one to fourteen, may, by diminiſhing or increaſing either of the metals, change, and conſequently it is impoſſible to fix exactly the *ratio* between them: however, as in a few years this variation is not very conſiderable, for the greater facility of commerce it is neceſſary that the prince ſhould fix the value of the reſpective coins, and the more ſo, as it would be im-

poſſible for the people in general to prevent impoſitions, were metals given out by weight only. Moreover, where various metals are current, the prince could not fix the quantity of taxes without ſettling at the ſame time the *ratio* between ſuch metals, whether he receives them by weight, or by nominal quantities; if, for example, he orders a certain number of pounds weight of gold to be levied, it is evident he cannot receive it in ſilver, unleſs the *ratio* between them is fixed, and *vice verſa*. But if there is only one ſpecies of metals current, he then could receive it by weight; in this caſe, however, a coinage would be neceſſary, in order to aſcertain the weight of each piece. Even where a variety of metals are current, perhaps it would be more uſeful to diſtinguiſh each piece

piece by its weight, than by a particular denomination. Whether there is one or more ſpecies of metals current in a country, it is impoſſible to derive any great advantage from them, nor can they have an univerſal courſe unleſs their reſpective value is determined; conſequently coinage has been eſtabliſhed in every civilized nation, in order to determine preciſely the *ratio* between the reſpective metals, if however, this *ratio*, eſtabliſhed by public authority, is not founded upon the *real proportion* between ſuch metals, it is plain, that the one, or the other will be extracted by foreigners, or melted down by the ſubject.

Let us ſuppoſe, for example, that the quantity of gold in a guinea, is to the quantity of ſilver in one and

twenty ſhillings, as one to fifteen, and that the *ratio* between gold and ſilver in bullion, is as one to fourteen, it is evident, that the public by coining ſilver would loſe above ſix *per cent.* beſides the expences of the Mint, and ſo in proportion as the real *ratio* between gold and ſilver differs from that eſtabliſhed by public authority.

If on the contrary, the real *ratio* between gold and ſilver, in bullion, be as one to ſixteen, and that between gold and ſilver coin, only as one to fifteen, it is plain, that in coining gold the public will loſe above ſix *per cent.* becauſe you buy gold at the rate of ſixteen ounces of ſilver for one of gold; and then, as we have ſuppoſed, you give it out in coin, at the rate of fifteen ounces for each ounce of gold: as in

in the firſt caſe, you buy ſilver at the rate of fourteen ounces for one of gold, and then give it out in coin, at the rate of fifteen ounces according to our ſuppoſition. In the firſt caſe, all the coined ſilver would be extracted and melted down, becauſe in the market, as we ſuppoſe, a man can have only fourteen ounces of ſilver for an ounce of gold, whereas by buying the ſilver coin he can have fifteen. In the ſecond caſe, the ſame thing will happen to the gold coin, becauſe in the market he muſt give ſixteen ounces of ſilver for one of gold; whereas in coin he gives only fifteen. In the firſt caſe gold will be over-rated ſix *per cent.* and in the ſecond, ſilver in the ſame proportion nearly. In the firſt, according to our ſuppoſition, as fifteen

fifteen to fourteen, and in the ſecond, as ſixteen to fifteen.

From this ſource ariſes the adulteration of the coins. In the firſt caſe, ſays a man, I can for fourteen ounces of ſilver, in bullion, buy one of gold, it is therefore worth my while to melt down the gold and recoin it, becauſe I ſhall receive fifteen ounces of ſilver in coin for it, he is at the ſame time induced to add a few grains more alloy to increaſe his gain, hence gold coin is oftener adulterated in England, than the ſilver. In the ſecond caſe the ſilver coin will be adulterated, becauſe he can buy ſixteen ounces for one of gold in bullion, whereas he gives it out, coined, at the rate of fifteen ounces, as we have ſuppoſed.

Hence

Hence it follows, that if the *ratio* between the reſpective coins is different from that which there is between the metals in bullion, the one or the other of the ſpecies will be melted down, or extracted by foreigners; if, for example, the *ratio* between the gold and ſilver, is in general in Holland, as one to fourteen; while it is in England, as one to fifteen, it is evident, that the Dutch will get above ſix *per cent.* in exchanging their gold for our ſilver, and ſo in proportion, as ſilver is dearer with them than with us. This, with the increaſe of plate, and our exportations to China, is the reaſon of the great ſcarcity of ſilver in England.

It is true that the Dutch give gold in exchange for our ſilver, which in a little time would augment

ment the price of gold with them, and diminiſh that of ſilver, and ſo put them upon a level with us, and the more ſo as by bringing their gold to England and drawing our ſilver out of it, the firſt would become cheaper, and the other dearer, which I believe is the caſe, comparing our bullion to theirs: but while the coin is kept up in the ſame proportion as formerly, it is plain, that the increaſe of gold, and the decreaſe of ſilver only augments the evil; for, in proportion as ſilver in bullion grows dearer, and gold cheaper, the more of the former will be melted down, and extracted: the principles we have here eſtabliſhed may be reduced to the common formularies adopted in the preceding chapters.

Let

Let the ſilver be expreſſed by S, and gold by G, and let the *ratio* between them, be expreſſed by p; then we ſhall have, 1, $\frac{S}{G}=p$. 2, $\frac{S}{yG}=\frac{p}{y}$. 3, $\frac{S}{\frac{G}{y}}=p$; the variation in the gold being expreſſed by y.

Let the *ratio* between the gold and ſilver coin, in England, be expreſſed by $\frac{S}{G}=p$, in Holland by r, and in France by x.

It is plain that when p is $+$ or $-$ than r, or x, our gold or ſilver will be extracted, by one or the other of thoſe two nations, particularly if that difference is conſiderable.

CHAPTER XI.

Of COINAGE.

THE principles we have eſtabliſhed in the preceding chapter, lead us naturally to conſider the doctrine of coinage; which I ſhall define,---*The fixing, by public authority, a nominal proportion between the current coin*;---as, for example, that a guinea ſhould be worth one and twenty ſhillings, and one ſhilling equal to twelve pence.

I have called it a nominal proportion, becauſe in fact, it ſeldom is exactly the ſame as metals in bullion bear to each other; all ſovereigns add

add a certain quantity of alloy, in order to defray the expences of the mint; to prevent the coin from wearing too ſoon; and ſometimes to raiſe an extraordinary revenue. It were to be wiſhed that all princes would agree to fix the ſame proportion between their reſpective coins, becauſe it would greatly contribute to facilitate trade between different nations, and prevent the coins being extracted by foreigners, or melted down by the ſubject. When the quantity of alloy is very conſiderable, many bad conſequences will neceſſarily follow, particularly adulteration of that ſpecies which is debaſed. During the laſt war the King of Pruſſia debaſed gold and ſilver coin above fifty *per cent.* which in fact was a momentary reſource, raiſed at the expence of thoſe who

received ſuch coin directly from the treaſury; for the merchants loſt nothing; on the contrary, they raiſed the price of their goods above fifty *per cent.* as he refuſed to receive his own coin in payments, and continued to coin for ſome years, he augmented greatly his revenue, but it was at the expence of Saxony and his own country, where the money was ſpent. His majeſty thought it would be more prudent to debaſe the coin than to raiſe contributions equal to that ſum; it was, however, attended with infinite loſs to the people, becauſe all the good coin was extracted, or melted down and debaſed by the Jews, as well as by his majeſty, and it will be many years before thoſe countries can recover themſelves. It is ſaid, that the French gain eight *per cent.* by their

their ſilver coinage, I am ſurpriſed there is any ſilver left in the kingdom; it cannot be conceived that a man ſhould carry his bullion to the mint, and ſell it at a loſs of eight *per cent.* when by coining it himſelf he could get that money without any detriment to the public, and conſidering the ſcarcity of ſilver both in Holland and England, he could ſell his bullion there at a much greater price than he can get at home; I am therefore aſtoniſhed our Jews do not buy ſilver in France, when the profits are ſo great: poſſibly the mint pays the ſilver bullion with gold coin, and that the proportion between theſe, is ſuch, as to indemnify the loſs ariſing from the ſale of ſilver: in this, and indeed, in every other caſe, it is impoſſible to form any opinion, unleſs we

we knew the proportion between the gold and ſilver in coin, and in bullion; whatever the quantity of alloy may be, there will be ſo much loſs to the ſubject: I would therefore add ſo much alloy only as is neceſſary to harden the coin, and the expences defrayed by the government; we have already ſaid, that the doctrine of coinage depends intirely upon the real *ratio* between the metals in bullion; if there was but one ſpecies current, and the prince added a very conſiderable quantity of alloy, we think no man would carry his bullion to the mint, and the nation would in a ſhort time be deprived of all its metal; if on the contrary, there are ſeveral ſpecies of metals current, then there will ariſe two caſes, 1, Either a proportional quantity of alloy is added to each,

or,

or, 2, it is not. In the firſt caſe, ſuppoſing the alloy to be equal to five *per cent.* it is evident, that the nominal *ratio* will be proportional to the real *ratio*, and both ſpecies will be extracted, and ſold to thoſe nations, who will give more than what the mint does, becauſe five *per cent.* is a ſufficient profit to induce men to run the riſk of coining ſecretly, or ſending the metals abroad; it is therefore neceſſary that the quantity of alloy ſhould be ſo ſmall, as to prevent it. If on the contrary the quantity of alloy is not proportionally diſtributed, as, that in the ſilver coin it ſhould be five *per cent.* and in gold eight; it is clear that the nominal *ratio*, is no longer the ſame as the real *ratio*, and that the gold coin is over-rated in propotion as eight is to five, or

three

three *per cent.* nearly; and the ſilver under-rated in that proportion, conſequently it will be melted down and extracted by foreigners.

Suppoſing as in England we have three ſpecies of metals current, you cannot over-rate one ſpecies without diminiſhing the value of the other two, in the ſame proportion.

Let the real *ratio* between the current metals be the ſame as the nominal, that is, a guinea be equal to one and twenty ſhillings, and one ſhilling equal to twelve pence. If out of the quantity of the ſilver now divided into twenty ſhillings, one and twenty were to be made, it is evident, gold and copper coin, would loſe five *per cent.* and that the prince would loſe by theſe, what he gains by the ſilver. Moreover, he

he would only gain once in paying out the new ſilver coin, becauſe he muſt receive it again at the ſame value, ſo that upon the whole, this change in the coin produces great inconveniences, and no real advantage; for the quantity of ſilver in the mint is never ſo conſiderable as to furniſh any great ſum by debaſing it: and if the prince buys ſilver bullion to new coin it, he muſt pay for it in gold, by which he will loſe, what he may gain by the other. If inſtead of debaſing the ſilver coin, the quantity now in a ſhilling be increaſed one fourth, for example, it is evident, gold and copper coin will gain in that proportion, ſuppoſing the nominal *ratio* continues the ſame. It would ſeem therefore, that no change ſhould ever be made in the current

coin, and moſt authors, who have wrote upon this ſubject are of that opinion. If we attend only as theſe gentlemen have done to the *ratio*, which coins have to each other, without comparing them with that which metals have in bullion, they are in the right, becauſe it is indifferent what *ratio*, a guinea has to a certain number of ſhillings. If there was no bullion it would be the ſame thing, in trade, whether it paſſes for twenty or thirty ſhillings; but when coin is compared to bullion, it will appear, that no change can be made in any one ſpecies without affecting all the others. Indeed no idea can be formed of coin, otherwiſe than by conſidering the proportion it has with bullion: According to the principles

principles we have eſtabliſhed; the increaſe of ſilver, for example, will diminiſh its value, and therefore changes the *ratio* between it and gold in the ſame manner, as if it were debaſed by adding a greater quantity of alloy. Let us ſuppoſe that the real *ratio* as well as nominal *ratio* between gold and ſilver be as one to ten, it is evident, that this *ratio* will be changed either by increaſing or diminiſhing the quantity of ſilver in bullion, or nominally, by ordering a given quantity of gold to be worth more or leſs than ten times the quantity of ſilver: in both caſes the public would be equally affected, which the authors who have wrote upon this matter do not ſeem to have underſtood; they conſidered only the bad effects of changing the nominal proportion between the

reſpective coins, without reflecting that the real proportion is equally changed by the increaſe or decreaſe of one of the ſpecies in bullion, and that this change in the real proportion will neceſſarily affect the public, in the ſame manner, as if the nominal *ratio* had been changed by debaſing one ſpecies of the current coin. As the whole doctrine of coinage depends upon fixing the *ratio* between the coins, and comparing it, with that which the metals bear to each other we will illuſtrate this principle, by the following examples.

Let the *ratio* between the coins be equal to that between the metals in bullion, and be as 1 : 14.

Whatever the quantity of alloy may be, is of no conſequence to the public, in receiving the one or the other,

other, excepting at the mint, where, in ſelling his gold or ſilver a man muſt loſe an equivalent to the quanity of alloy; if this is very great, the coin will be adulterated, and no bullion brought to the mint, for the reaſon we have already adduced, but no advantage or loſs, can be made either by the ſubject or foreigners, in receiving one coin preferable to another, becauſe an ounce of gold in coin, bears the ſame proportion to a given quantity of ſilver coin, as theſe metals have in bullion, and conſequently you can buy no more bullion with one ſpecies of coin than with another. If this *ratio* of 1 : 14, be changed by an increaſe of bullion, and become as 1 : 15, and the *ratio* between the coins continues, as 1 : 14; it is evident, that the gold coin is under-rated, and

and the ſilver over-rated $\frac{1}{15}$, or above ſix *per cent.* conſequently your gold coin will be extracted. The ſame thing will happen, if you fix the nominal *ratio* between the coins as 1 : 13. The real *ratio* between the metals in bullion continuing the ſame, the gold coin will be under-rated, and the ſilver over-rated $\frac{1}{13}$, which is near eight *per cent.* conſequently in this, as in the preceding caſe your gold coin will be melted down and extracted by foreigners.

If the real *ratio* between metals in bullion, be as 1 : 14, and you make the nominal *ratio* between the coins, as 1 : 15, it is evident, that that the gold coin is over-rated, and

and the ſilver under-rated $\frac{1}{15}$, conſequently the ſilver coin will be melted down, and extracted. The ſame thing will happen if the quantity of ſilver decreaſes, or that of gold increaſes, ſo that the real proportion between them in bullion, is as 1 : 13, while the nominal *ratio* between thoſe metals coined, is as 1 : 14, it is evident, that the gold coin will be over-rated, and the ſilver under-rated $\frac{1}{13}$, conſequently the ſilver coin will be melted and extracted, which is the caſe in England.

From whence it follows, that the variation which happens either in the bullion or in the coins, produces exactly the ſame bad conſequences to the public, which the authors

authors who have wrote upon this ſubject did not comprehend, and therefore exclaimed againſt every alteration in the coin, as if it were the only cauſe of ſuch evils.

Whenever therefore the difference between the nominal and the real *ratio* is conſiderable a nation muſt ſuffer in that proportion; ſuppoſing that by debaſing the gold or ſilver coin, the diſproportion became very conſiderable, would a new coinage be neceſſary? all the authors ſay yes; Suppoſing that the ſame diſproportion aroſe from the increaſe of one ſpecies of bullion, it would be equally prejudicial to the public, and yet they will not admit of a new coinage; I aſk, Why? Let them anſwer if they can. If, in the firſt caſe it is neceſſary, it is equally ſo in the ſecond; the evil is the ſame

though

though it proceeds from a different cauſe, the ſame remedy muſt be applied.

We muſt now examine upon what principle a new coinage muſt be regulated. As the evil proceeds from a great diſproportion between the *ratio* in coins, and that in bullion, no matter whether it ariſes from debaſing the coin, or from the increaſe or decreaſe of one ſpecies of bullion: it is plain, that the only method to prevent it, is to make the nominal and real *ratios* equal, not only compared to what they bear to each other in your own country, but likewiſe, to what it is in the neighbouring nations, and as theſe may differ, a medium muſt be found; ſo that it is not worth while for them to melt it down, or extract our coin.

Having ſhewn the neceſſity of changing the nominal *ratio* between our reſpective coins, and fixing it upon a par with the real *ratio* between the metals in bullion; we muſt now indicate the methods of doing it, with as little loſs and inconveniencies poſſible to the public.

Let us ſuppoſe that the real *ratio* between gold and ſilver in bullion, compared to that between the gold in a guinea, and the ſilver in coin, be as one guinea is to twenty ſhillings, it is evident, that while it paſſes for one and twenty ſhillings, it is over-rated five *per cent.* which is a ſufficient profit to induce people to melt down the ſilver, or extract it; to prevent which, we muſt fix a nominal *ratio* upon a par with the

the real, and reduce the price of the guinea to twenty ſhillings.

This may be done in three different manners: 1, By an act of parliament, ordering the guinea to be worth only twenty ſhillings. 2, By a new coinage of ſilver, and dividing the quantity of ſilver, now in twenty ſhillings, ſo as to make one and twenty, letting the guinea paſs as uſual for one and twenty ſhillings. 3, By new coining the gold, and adding five *per cent.* to it. Either of theſe methods will reduce our nominal *ratio* upon a par with the real *ratio* between the reſpective metals in bullion, and ſo prevent the extraction of ſilver coin.

Which ever method is adopted, it is plain gold coin will loſe five *per cent.* which ought to be indem-

nified by the public; for which purpoſe a time muſt be given to the poſſeſſors of gold coin to bring it to the mint or bank, where it muſt be received at the preſent value. Care muſt be taken to pay the value in bank notes and ſilver, otherwiſe the ſame coin will be brought in ſeveral times ſucceſſively. During this time the bank muſt pay as little gold as poſſible to the public, and when the time is nearly expired, the bank muſt be indemnified for what gold it has in poſſeſſion. Six months would be ſufficient to call in all the gold coin; that which falls ſhort in weight, may be received by the weight, or by its nominal value: in this laſt caſe the expence to the public will be greater.

The

The firſt method we have propoſed, is I think the beſt, becauſe it ſaves expence and trouble, and is attended with no other inconvenience but what ariſes from a change in the denomination people are accuſtomed to.

The ſecond method is attended with expence, but has the advantage of increaſing the circulation of ſilver coin, which is much wanted in England. If this method is adopted, the old ſilver coin muſt be called in, and received at its preſent value, for a limited time, which being expired, it muſt be received by weight only. This method has been adopted by the Venetians and Dutch not many years ago, without any ſenſible detriment to the public, as the quantity of ſilver is much greater than that of gold,

gold, a new coinage of the former will be expenſive, which however will be amply compenſated, by calling in the coins, which have been clipped and want weight, and prevent its being melted, or extracted, until ſuch time as the increaſe or decreaſe of that metal changes the real *ratio* between it and gold, ſo conſiderably as to require a new coinage of the one or other, which probably may not happen in a century.

If the third method is adopted, and five *per cent.* added to the gold coin, care muſt be taken to diſtinguiſh the new coin by ſome peculiar mark, otherwiſe the new guinea lately coined, cannot be diſtinguiſhed from the new coin, and the public will be impoſed upon. The poſſeſſors of gold will bring it to the mint, for they can no where elſe change it with the

ſame advantage: in this caſe it is evident the quantity of gold coin will be diminiſhed five *per cent.* and the ſilver increaſed relatively in that proportion, and the value of it abſolutely, which will prevent its being extracted. In this laſt method, no indemnification is required, becauſe it is included in the additional five *per cent.* which we have ſuppoſed in the new coinage of gold.

Much more might be ſaid upon this important ſubject, what we have offered is, however, we think ſufficient to prove the neceſſity of a new coinage, and that it will not be attended with thoſe bad conſequences, which Mr. Locke, and other learned men have imagined.

CHAP.

CHAPTER XII.

Of the Intereſt of MONEY.

THE primitive fathers of Chriſtianity, regarded the lending of money, as a capital ſin; it muſt be confeſſed, that they were little acquainted with the policy and intereſt of ſociety; for they might with equal reaſon, have thought it a ſin to pay for what we buy, becauſe in fact *intereſt* is only the price we give for the uſe of the capital ſum, as we do for the rent of a houſe, lands, &c.

The lending of money is, moreover, one of the greateſt promoters of circulation and induſtry; if a man poſſeſſing a ſum of money, which

which he cannot himſelf employ in trade, or otherwiſe, was he to keep it by him, it would be loſt to himſelf and to ſociety, as much as if it had never been extracted from the mines: whereas by lending it at a moderate intereſt, he is enabled to live upon that intereſt, and the borrowers employ it with advantage, by which, national induſtry is increaſed: wherefore we conclude, that the lending money at intereſt, is both juſt and uſeful.

We define intereſt,----*The price which is given by the borrower for the uſe of a certain ſum, for a certain time.*

It follows from this definition, that the intereſt will be in a *compound ratio*, direct as the number of borrowers; and *inverſe* as the number of lenders; that is,

the greater the number of borrowers, compared with that of the lenders, the higher will be the rate of intereſt, and *vice verſa*. It is plain that the more money is to be lent, and the fewer the borrowers, the lower with be the intereſt: and the leſs money to be lent and the more the borrowers, the higher will be the intereſt; as the quantity of money to be lent will be in proportion to that of circulation, we ſay that the rate of intereſt will be in an *inverſe ratio* to the quantity of circulation.

Let therefore the lenders be denominated C, the borrowers B, the common intereſt I, and the variation in the quantity of money to be lent, or circulation y; then we ſhall have the following formularies

laries: 1, $\frac{B}{C}=I$. 2, $\frac{B}{C\times y}=\frac{I}{y}$. 3, $\frac{B}{\frac{C}{y}}=I\times y$; as y is variable, it follows:

COROLLARY 1.

That it is impoſſible to fix the quantity of intereſt without prejudicing either the borrower, or the lender, in the ſame manner as in the buying of any commodity in the market.

COROLLARY 2.

If the intereſt is low, it proves that the quantity of circulation is great.

COROLLARY 3.

Induſtry in general, and agriculture in particular, will increaſe in proportion as intereſt is low; becauſe thoſe who cannot, by common intereſt, procure a ſufficient fund

fund to live upon, will apply their money to more advantage, in arts, commerce, agriculture, &c.

COROLLARY 4.

When intereſt is low, the price of lands will increaſe.

COROLLARY 5.

By diminiſhing the intereſt of the public funds, agriculture and manufactures will be promoted.

COROLLARY 6.

When intereſt is low, it proves that all ſpecies of induſtry is in great perfection; and that they do not want a fund to carry them on, otherwiſe it would be worth while to borrow at a higher intereſt.

COROLLARY 7.

As the rate of intereſt is an *inverſe ratio* of the general circulation, and *this*, as we have ſhewn, is in proportion to

to civil liberty, it follows, that the rate of intereſt is in that proportion; conſequently.

COROLLARY 8.

The rate of intereſt will always be lower in republics, than in monarchies or deſpotick governments: and in fact we ſee it riſe gradually from Holland to Turky, and you may judge of the nature of a government, in a great meaſure, by the rate of intereſt.

COROLLARY 9.

From the preceeding conſequences we may conclude, that it is highly advantageous to government, to diminiſh as much as poſſible the rate of intereſt of the public debts; becauſe the creditors will be obliged to apply themſelves to ſome ſpecies of induſtry: this will augment its quantity

quantity and conſequently diminiſh the price; if the creditors will not draw out their money, it proves that the quantity of induſtry is arrived nearly to its height. After the laſt war the Empreſs of Germany reduced conſiderably the rate of intereſt; which immediately raiſed the price of every kind of production, lands, &c. which neceſſarily increaſed the national induſtry in that proportion.

CHAP.

CHAPTER XIII.

Of bills of exchange, and of the balance of trade.

A BILL of exchange, may be defined,--The nominal tranſport of a given ſum of money from one country to another: which anſwers the ſame purpoſe, as if it was actually ſent in ſpecie or bullion.

From this definition it follows, that a bill of exchange neceſſarily ſuppoſes two perſons, *viz.* the drawer, who offers to pay a certain ſum of money in a given country, and the perſon, in whoſe favour it is drawn, who wants to pay that money in the country propoſed, which ſum he muſt ſend in ſpecie or bullion; if he

he cannot get a bill of exchange: the price of ſuch bills will be in a compound *ratio* direct, as the number of perſons who want them, and *inverſe* of thoſe who give them; that is, the fewer bills there are, compared to the call for them, the dearer they will be, and conſequently the price of ſuch bills; as in every other caſe will be in an *inverſe ratio* of their quantity, or number: which may be exemplified by the following formularies.

Let the number of thoſe who give bills be called D, and that of the perſons who take or buy them, be denominated by B, and let y expreſs the increaſe or decreaſe of D; then we ſhall have, 1, $\frac{B}{D} = 1$.

2,

2, $\frac{B}{D \times y} = \frac{1}{y}$. 3, $\frac{B}{\frac{D}{y}} = 1 \times y$.

In the firſt caſe, it is plain, there are as many bills, as perſons who want them, as much money to be remitted to Portugal, for example, as to be drawn from thence, conſequently the exchange will be at *par*.

In the ſecond caſe, there are more bills than perſons who want them, their price will therefore decreaſe, and will be below *par*.

In the third caſe, there are fewer bills than are wanted, their price therefore will increaſe, and they will be above *par*.

The ſtate of trade between any two nations will be in proportion to the courſe of exchange. If the courſe of exchange is generally at *par*, it is plain, that there is as much

money to be remitted into Portugal, for example, as to be drawn from thence; if on the contrary, they are below *par*, it ſhews that more money is to be drawn from thence than to be ſent thither, conſequently the balance will be againſt Portugal; and finally, if the courſe of exchange is above *par*, it follows, that leſs money is to be drawn from thence than to be ſent, conſequently that the balance will be in favour of Portugal.

As all Europe forms a chain, of which each nation is a link, it is evident that you cannot touch one without affecting all the others more or leſs: In order to underſtand the doctrine of exchange you muſt not only be acquainted with the balance of trade and with the *ratio* between the reſpective coins of two nations, but

but likewiſe with the general balance, and with the proportion between the metals of all the trading nations; for example, let us ſuppoſe, that the balance between England and Portugal is in favour of the firſt; that the balance between England and Holland is in favour of the laſt; and finally that the balance between Holland and Portugal is in favour of this laſt: it is evident, that the Engliſh cannot pay the balance to Holland, otherwiſe than by ſending it in money or bullion, or by ſending bills upon Portugal, becauſe as we ſuppoſe the balance being in favour of the Dutch, there will be more perſons who want bills for Holland than there are who give them, conſequently ſuch bills will be dear in proportion to their ſcarcity and to

that balance. In the ſecond place the balance between England and Portugal being, as we ſuppoſe, in favour of the former, there will be more bills upon Portugal than perſons who want them, therefore their price will decreaſe in that proportion, conſequently the Engliſh by paying the balance due to the Dutch, with a bill upon Portugal, ſaves doubly, 1, The extraordinary price he muſt pay for a bill directly upon Holland. 2, What he muſt loſe by giving a bill directly upon Portugal, and the Dutchman will for the ſame reaſon gain equally becauſe the general balance being between England and Holland in his favour, he would loſe by drawing upon the former, and being againſt him as we ſuppoſe with Portugal, he will find it

it difficult to procure bills at home for that country, and conſequently he muſt pay dear for them.

As the balance and proportion of metals change continually, it is evident, that the price of bills of exchange will daily vary.

If the courſe of exchange is generally againſt a country, that is to ſay, If the bills drawn from England upon Portugal are cheap, it is a certain mark that the general balance of trade is in favour of England, and *vice verſa*; it is for this reaſon that the bills upon Portugal are below *par*, and thoſe upon Holland above *par*.

From what we have ſaid, the reaſons for drawing upon one country preferable to another, will eaſily occur.

COR-

COROLLARY 1.

It follows, that if upon an average of ten or twelve years, the price of exchange is low in any country with regard to another, the balance of trade muſt be in favour of the former, unleſs ſome particular reaſons concur, as with regard to Holland and England; for it being ſuppoſed that the former have conſiderable ſums in our funds, the intereſt of which may be ſo great that though the balance of trade be in our favour, yet we muſt be obliged to remit more than that balance comes to, in order to pay the intereſt, which will neceſſarily increaſe the price of bills in that proportion.

COR-

COROLLARY 2.

It follows likewiſe, that if the balance is greatly againſt us, the price of bills will be ſo high that we muſt be obliged to remit in ſpecie or bullion, which would in a ſhort time extract all our metals, unleſs replaced by a balance in our favour from Spain and Portugal, and that theſe two nations having a general balance againſt them, would have been ruined long ago, by remitting their metals to pay it, unleſs it was replaced by the mines. In caſe of a war with theſe powers, a fleet in the gulph of Mexico, and another upon the coaſt of Brazil, would ſoon reduce them to the utmoſt diſtreſs.

COR.

COROLLARY 3.

Having proved that the price of bills of exchange is in an *inverſe ratio* of their number, and this is in proportion to the balance of trade between any two nations, it follows that when the price is high the balance muſt be againſt the nation which draws ſuch bills. We are therefore ſurprized that ſo many learned men, who have wrote upon this ſubject ſhould affirm that the high price of bills is not a proof that the balance is in favour of the nation on which the bills are drawn, and that their low price does not prove that the balance is in favour of the nation by whom they are drawn.

It muſt be obſerved, we mean only that the courſe of exchange for

for a given number of years in time of peace, will determine in whoſe favour the general balance is: for in time of war, extraordinary ſums muſt be remitted, which have nothing to do with the balance of trade, though they will greatly enhance the value of bills, inſomuch that you cannot get them, and muſt remit the money in ſpecie or bullion; which the Spaniards and Portugueze are always forced to do in time of peace, becauſe the balance of trade is againſt them.

CHAPTER XIV.

Of TAXES.

THE celebrated Monteſquieu ſays, that taxes increaſe in proportion to the liberty of the conſtitution, and conſequently, that they are higher in republics than in monarchies, and deſpotic governments.

The nature of a government, in our opinion, has nothing to do with the rate of taxes, otherwiſe than by increaſing or diminiſhing national induſtry and circulation, by which alone the high or low rates of taxes can be meaſured: it is not the abſolute ſum which a man pays, but the proportion *that ſum*

ſum bears to what he poſſeſſes, which makes it heavy or eaſy: though in republics in general, the ſubject pays more, abſolutely ſpeaking, than in monarchies, yet compared with the whole of what they poſſeſs, it is much leſs, as we ſhall ſhew hereafter. An Engliſhman pays *abſolutely* more than a Frenchman, but comparatively to his means, not half ſo much: taxes therefore are high or low, compared to the quantity of circulation, and by no means, directly at leaſt, depend upon the form of government.

CHAPTER XV.

Concluſion, and recapitulation of the principles eſtabliſhed in the preceding chapters.

1ſt. WE ſay, that money and public notes are an univerſal merchandize, whoſe value is in an *inverſe ratio* of its quantity.

2d, That the price of labour, merchandize, &c. is in a *compound ratio*, direct as the quantity of general circulation, and *inverſe* as the quantity of ſuch labour, merchandize, &c.

3d, That metals compared to each other are likewiſe in an *inverſe ratio* of their quantity, conſequently their reſpective value is variable; from

from whence it follows, that when the proportion between gold and ſilver coin is conſiderably different from that which theſe metals have in bullion, the one or the other of the coins will be melted, or extracted. To prevent which, you muſt eſtabliſh the *ratio* between the coins, upon a *par* with that between the metals in bullion.

4th, That the intereſt of money is in an *inverſe ratio* of the quantity of circulation: that is, the more money there is to be lent, the lower will be the intereſt, and *vice verſa*.

5th, That the price of bills of exchange is in an *inverſe ratio* of their quantity, and that the balance of trade will be in proportion, as the bills of exchange are cheap.

6th,

6th, That the induſtry of a nation is in proportion to the quantity of circulation.

7th, That the abſolute force of a nation is in a *compound ratio* of the number of people, and of the quantity and quality of their induſtry.

8th, That the liberty of a nation is in proportion to the equality, and deſpotiſm to the inequality of circulation.

9th, That every nation originally poor, is more or leſs free.

10th, That if there was no money or ſome equivalent, all the inhabitants of the earth would be free.

Theſe principles enable us to compare the induſtry, force, price of merchandize, taxes, and circulation of different nations, as will appear

appear by the following table. Though private circulation by notes of hand and otherwiſe is no doubt very great, but as it is impoſſible to aſcertain the amount of it, we muſt imagine that it is in proportion to the general circulation, by which we mean the quantity of money as well as public notes which circulate; it is generally ſuppoſed, that in England the firſt amounts to near thirty millions ſterling, and public the debts to one hundred and thirty, ſo that the general circulation may be computed at one hundred and ſixty millions, and it is upon this principle that we compare different nations with each other.

For the better underſtanding of the following table, we ſay, That the general induſtry of a nation is in

proportion

proportion to the general circulation, and therefore dividing this by the number of people we ſhall have the particular induſtry and quantity of circulationof each individual. As the price of merchandize is likewiſe in proportion to the quantity of circulation, it follows that the price of any particular merchandize will be in proportion to the particular circulation of each individual.

Taxes are a certain portion of money raiſed upon the general circulation and are in proportion to that circulation and to the number of people who pay them. In order to know who pays moſt, divide the general circulation by the quantity of taxes, the different quotients will ſhew the proportion of taxes between the different nations.

We

We have ſaid that the *abſolute* force of a nation is in proportion to the quantity of taxes and the number of inhabitants. I have calculated that force in proportion to the taxes commonly raiſed, rather than upon the general circulation, becauſe the quality of the national induſtry, though in proportion to the general circulation, may be ſuch as not to admit of any great increaſe of taxes, whereas if they bear them for a certain number of years; it proves that induſtry does not diminiſh, therefore the force of a nation muſt be calculated in proportion to the taxes.

We might no doubt have wrote a large volume upon this ſubject had we choſe to enumerate the numberleſs conſequences which may be deduced from the preceeding princi-

 ples;

ples; however, what we have ſaid appears, ſufficient to demonſtrate the truth, and general influence of them. If this eſſay ſhould meet with the approbation of the public, the author may be induced to treat the ſubject, in a more general and extenſive manner, ſo as to render it more uſeful.

Many celebrated authors have wrote upon the ſubject, yet no one uſeful conſequence can be deduced from their labours, they have loſt much of their time in vain and idle inquiries about ancient coins which is equally uſeleſs, as if they had wrote upon medals without confronting them with hiſtory and chronology, ſo their inquiries about coin, without examining its influence upon government, induſtry, arts and ſciences is a matter of pure ſpeculation.

ſpeculation. It is for this reaſon that the doctrine of money, the moſt important of any, is now as little underſtood, as it was a thouſand years ago.

The vague definition which they adopted greatly contributed to embarraſs the ſubject: ſometimes they call it a merchandize, and ſometimes a *ſign*.

It is always a merchandize no way different from others, but by the univerſality of its courſe and influence; we therefore define it an univerſal merchandize or general circulation; this definition being admitted, the principles we have eſtabliſhed, flow naturally and ſcarce require a demonſtration. No author that I know of has ſhewn that it is money alone which produces extenſive induſtry, forms and changes

continually the face of human affairs: that money can fix deſpotiſm in the pooreſt countries, and that without it the inhabitants of the rich and fruitful Aſia would ſtill be free, and that there would be neither deſpotiſm, nor monarchy, nor even a numerous nation upon the whole globe. All travellers affirm that thoſe countries, who have no money, have few inhabitants, and theſe divided into ſmall tribes of hunters and ſhepherds, without arts, manufactures, ſciences, &c.

There are now in England more cattle of every kind than there was twenty centuries ago in the half of Europe; there is now more induſtry in France and England than there was then in all Europe, conſequently the population of theſe countries

countries and of Europe in general is greater than it was formerly. This reaſon alone weighs more than all the learned arguments produced to prove the contrary.

TABLE

	Population	Circulation	Industry	Price of merchandize	Taxes	Absolute force	Comparison of taxes
England	8,000,000	160,000,000	$\frac{160}{8}=20$	$\frac{160}{8}=20$	10,000,000	$8+10=18$	$\frac{160}{10}=16=\frac{1}{16}$ nearly.
France	16,000,000	150,000,000	$\frac{150}{16}=9\frac{6}{16}$	$\frac{150}{16}=9\frac{6}{16}$	18,000,000	$16+18=34$	$\frac{150}{18}=8\frac{1}{3}=\frac{1}{8}$
Spain	7,500,000	25,000,000	$\frac{25}{7\frac{1}{2}}=\frac{1}{3}$	$\frac{25}{7\frac{1}{2}}=3\frac{1}{3}$	3,000,000	$7\frac{1}{2}+3=10\frac{1}{2}$	$\frac{25}{3}=8\frac{1}{3}=\frac{1}{8}$
Portugal	2,000,000	15,000,000	$\frac{15}{2}=7\frac{1}{2}$	$\frac{25}{2}=7\frac{1}{2}$	2,000,000	$2+2=4$	$\frac{15}{2}=7\frac{1}{2}=\frac{1}{7\frac{1}{2}}$

For

For the explanation of the foregoing table we muſt obſerve, that the population of the different nations, is ſuppoſed to be nearly as we have marked it. That the circulation in money and public funds are alſo, what we have ſet down. That national induſtry is in proportion to the total circulation, and conſequently, proportionable to private and public circulation, but it being impoſſible to aſcertain the firſt, and perſuaded that it is in proportion to the laſt, we have taken this for a *data* to ſerve as a baſis for our calculation. By dividing the public circulation by the population we ſhall have the particular circulation and induſtry of each individual, which will mark the proportion, between them; and this is what we call the price of each part of particular

ticular induſtry, which muſt be in proportion to the particular circulation; It follows, that the induſtry of England in quantity and quality is to that of the other nations, as 20 to $9\frac{6}{16}$, $3\frac{1}{3}$, $7\frac{1}{2}$: the price of merchandize, labour, &c. will be in the ſame proportion, we muſt however obſerve, that in the capitals the circulation is nearly equal, and therefore there will be no very great difference in the price of merchandize, labour, &c. but comparing the prices in the different provinces, experience proves that our calculation is juſt, and that the price of every thing is, in general, in England double to what it is in France, and ſo in the proportion we have marked in other countries. The taxes of every denomination are likewiſe nearly what we have put them.

We

We have ſaid that the abſolute force of a nation is in proportion to the number of inhabitants, and the quantity of taxes. England, therefore, is ſtrong compared to other nations in the proportion we have put it in the table; though an Engliſhman pays more *abſolutely*, than the ſubjects of the other nations, yet *relatively*, not half ſo much, for he pays only $\frac{1}{16}$, whereas the others pay one eighth of what they poſſeſs. We therefore conclude, contrary to the opinion of Mr. Monteſquieu, that in free governments, the ſubject pays *relatively* much leſs than in abſolute monarchies, and deſpotic governments, and that taxes gradually riſe in proportion to deſpotiſm, becauſe general circulation decreaſes in

 that

that proportion. A Ducat of Capitation in Turky is an immenſe ſum for a poor man, who has not perhaps another in the world. Monteſquieu was deceived by ſeeing that in Turky, and other deſpotic governments, the taxes and duties were low, compared to what they are in England and Holland; he ſhould have conſidered, what proportion theſe taxes and duties bear with the riches of individuals; not what they pay, but what remains after they have paid.

N. B. As Spain draws yearly, directly or indirectly, about three millions from America, independent of national induſtry; this ſum muſt be added to the three raiſed by domeſtic taxes, at leaſt, in time of peace; becauſe in time of war it is

precarious.

precarious. The price of proviſions, labour, &c. in Spain, will therefore, be $6\frac{1}{2}$, and the abſolute force $13\frac{1}{2}$, and not $3\frac{1}{2}$, and $10\frac{1}{2}$, as is marked in the table.

The ſame thing muſt be ſaid of Portugal, which draws about a million from America, conſequently the price of labour and merchandize will be $8\frac{1}{2}$, and the abſolute force 5.

F I N I S.