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To Mr Emerson
from his friend the Ed

THE

INCREASE

OF

MANUFACTURES, COMMERCE, AND FINANCE,

WITH THE

EXTENSION OF CIVIL LIBERTY,

PROPOSED IN

REGULATIONS

FOR THE

INTEREST OF MONEY.

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THE

REGULATION

OF THE

INTEREST OF MONEY.

THE diſmemberment of America from the Britiſh empire has rouſed the public attention to thoſe reſources which yet remain to England. As a perſon who has embarraſſed his circumſtances by exceeding his income, or by engaging in projects beyond his abilities to accompliſh, endeavours to retrieve his affairs by leſſening his expences, or ſtriking into new paths of induſtry and leſs precarious adventure, ſo Great Britain naturally ſeeks, in her preſent ſituation, the means of retrenching the public expenditure, and of increaſing the public revenue.

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In the hope that this general turn towards political œconomy may procure, from his impartial countrymen, a candid hearing, the author has ventured to lay his plan before the public; and the readineſs which the preſent adminiſtration has uniformly manifeſted, to adopt every hint which might be improved, and matured into a harveſt of national advantage, encouraged the communication. Unpractiſed in compoſition, he is neither ambitious of literary fame, nor ſo preſumptuous as to imagine that he could, by his utmoſt efforts, gain the ſmalleſt applauſe, either by exhibiting obvious truths in an advantageous dreſs, or by expatiating upon truths, which, though not ſo obvious, had occurred to the minds, and been communicated to the world by other men. The plan here propoſed, as far as he knows, is new; and the object in view will, he truſts, apologize for his publicly ſuggeſting a trial, which may be made without loſs or danger.

Repeated and various obſervation has fully convinced him, that induſtry of every kind, with its unnumbered effects on private happineſs, would be moſt effectually excited, and moſt generally

generally diffuſed throughout every part of the Britiſh empire, by a new and proper regulation of the interest of money. To apply a part of the public revenue to the increaſe of that labour upon which it ultimately depends, would certainly be a wiſe policy, were it neceſſary. But, it is apprehended, that the regulation of the intereſt of money, according to the true principles of loans, would be attended with no public expence, but, on the contrary, would be a ſource of public revenue; in the firſt inſtance as an inſtitution; and, in the ſecond, as a promoter of general induſtry. Much more, therefore, if that really is the caſe, (which we ſhall endeavour to make appear) does it deſerve the public attention.

Mankind had, for ages, ſought for riches in the bowels of the earth, and turned up mountains for ſilver, gold, and precious ſtones; when, at laſt, time and experience, gradually operating on the human mind, diſcovered, that thus employed they were only miners to the few who employed their induſtry on better objects. Inſtead of improving to the utmoſt advantage the produce of the ſurface, they endeavoured to acquire trea-

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ſure, by penetrating into the interior parts of the earth. The treaſures, thus dug up, flowed, through innumerable channels, to thoſe ſpots where invincible neceſſity had bred up men to well-directed induſtry and labour.

In ancient times, the ſmall territory of Sidon, and the ſtill ſmaller Tyre, drew into their ports, the gold of Ophir from the eaſt, and of Spain from the weſt. Their various manufactures, their ſkill, particularly in ſhip-building, and their habits of navigation, poliſhed their manners at home, and gave them national reſpectability abroad. A Tyrian colony contended with Rome for the empire of the world. The wealth of Carthage, the fruit of induſtry, applied by the genius of the profound Hannibal, would have raviſhed from the Romans the palm of victory, had not a concatenation of circumſtances, which human foreſight could not prevent, fruſtrated the beſt concerted plans of military operation, ſupported by the richeſt ſtate in the world.

The ſmall iſland of Rhodes, rendered formidable through induſtry and commerce, withſtood the Roman arms during a period of many years, even

even while they had extended their authority over the hardy and warlike Gauls and Germans.

On the decline of the Roman empire, an inundation of Barbarians bore down all oppoſition which could be made by the reſources of induſtry, and its concomitant art, or from the remains of valour and military diſcipline in the ancient world. But that inundation was ſo vaſt, as to overpower by numbers all human efforts for reſiſtance. And this, it may be remarked, is, perhaps, the only inſtance to be found in hiſtory, of nations enriched and fortified by induſtry and commerce, bending under the yoke of barbariſm and ſavage ſtrength. Nor was ſuperiority of numbers the only circumſtance which contributed to this victory. Had not the civilized nations been enervated, divided, and lulled in imaginary ſecurity, the Barbarians could not have prevailed againſt the ſuperior wealth and reſources of civilization*.

But,

* When Charles VIII. of France invaded Italy, he carried thither about 20,000 men: and Guiciardini ſays, that that country was not able to make ſuch another effort in ſeveral years. Lewis XIV. in time of war, kept in pay above 400,000 men, though he was

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But, when ſuch calamities had abated, and the troubled nations were beginning to find a melancholy repoſe under tyranny in the weſt, the ſuperior efficacy of induſtry and art ſhone forth again from the eaſt.

The Mahometans, conquerors of ſo many nations, derived not greater advantage from the vigour of religious enthuſiaſm, than from their excelling in art, and habits of patient labour. During the moſt flouriſhing periods of the Mooriſh empire in Africa, and in Spain, the Moors were diſtinguiſhed by their ſuperiority in the mechanic, as well as liberal arts, over all nations then in the world. And here the prerogatives of induſtry are illuſtrated in a moſt ſtriking manner. The Spaniards, after a ſeries of wars, prolonged with few intermiſſions for a ſpace of eight hundred years, baniſhed the induſtrious Moreſcoes and Jews, and gloried in the excluſive privilege of digging up the gold of Mexico and Peru. Theſe produced at firſt in the Spaniſh conquerors

was engaged in wars that laſted near thirty years; ſo vaſtly had France, in the ſpace that intervened between the reigns of thoſe two monarchs, increaſed in arts and commerce.

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that idleneſs and pride, which are the uſual reſult of wealth ſuddenly acquired by chance, or by any other means than real induſtry. But that gold which was ſo eaſily acquired at firſt, was ſoon a conqueſt of great difficulty. In no great ſpace of time, it coſt as much to dig the mine as the gold when dug was worth. Induſtry now became neceſſary; but, alas! it had fled. The curſes of the tortured Indians ſeemed to reſt on their miſtaken conquerors; and the evil brought on them recoiled on Spain, under the leſs dreadful forms of indolence, poverty and pride*. That gold found its way by a thouſand channels to their induſtrious neighbours; and the Dutch republic, ſcarcely exceeding in extent one of our largeſt Engliſh counties, triumphed, to the aſtoniſhment of the world, over an empire extending through half the globe.

* Mr. Hume's opinion, "That the arts and ſciences, when they come to perfection in any ſtate, from that moment naturally and neceſſarily decline, and ſeldom or never revive in that nation where they formerly flouriſhed," is fully verified in the Hiſtory of Spain and Italy. It may be obſerved, that theſe two nations ſeem to be placed beyond a poſſibility of advancing in improvement. England, France, and the other nations, but eſpecially Ruſſia, improve very faſt; while they, the fineſt countries in Europe, remain without any alteration.

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THE Venetian republic, too, would have aſtoniſhed the world in the ſame manner two centuries before, if the world had not then been incapable of aſtoniſhment, becauſe incapable of obſervation.

IN the preſent enlightened period, the rulers of nations begin to perceive, that the ſtrength and the glory of empires conſiſt not in extended, but in undivided dominion; in the poſſeſſion of territories compact, populous and induſtrious.

EVERY maritime power endeavours to avail itſelf of its (natural) ſituation; even princes of inland countries, ſenſible of theſe advantages, haſten to bring down their produce, by means of roads, rivers and canals, to convenient ports and harbours. The efforts of the Empreſs of Ruſſia, for the promotion of commerce and general induſtry, are well known. The wiſe attention of the preſent Emperor of Germany, to the ſame objects, will juſtly raiſe him in the eye of poſterity, to a rank among the twelve Cæſars; and the Prince, whoſe political, as well as military character, far outſhines that of all his co-temporaries, expends a million of money annually, for the purpoſe of extending induſtry among five millions of

of ſubects. And this is wiſe, as well as generous policy; for it is as great wiſdom in ſtateſmen and princes to excite the induſtry of their ſubjects, by enlarging their capitals, as it is in private landholders to endeavour to people their eſtates, and enrich their tenants.

THUS, the extenſion of trade and induſtry has uniformly been found attended with proportionable power and conſequence.

ALTHOUGH the natural produce of the earth bears, on its firſt aſpect, the appearance of wealth, yet it is only the appearance, and not the reality. Wealth depends for its very exiſtence upon labour. The gifts of nature profuſely ſcattered over the earth and ocean, are gifts only to thoſe who know how to exert their dominion over them, to bring them home to man, and prepare them for the various purpoſes of human life. The fiſhes of the ſea, the fowls of the air, the beaſts of the field, are of no real value to man, until they are caught; nor being caught, until they are rendered docile by diſcipline, or rendered by art wholeſome and palatable ſuſtenance. From the toils of the hunter to the artificial ſauces

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of the kitchen, we trace an increafing gradation of labour. What is obferved of the animal tribes is alfo found true of inanimate fubftances. Gold in the mine is of no ufe, nor even the diamond that we occafionally ftumble upon, till they are touched by the hand of man. In thefe cafes, the value of the article fpecified confifts entirely in the act of collecting, arranging, and otherwife adapting them to our natural or artificial wants. This value, which confifts in labour only (or, in other words, the very articles themfelves) being transferred by fale to another perfon, become to him what is called CAPITAL. When that other perfon, on his part, beftows labour of any kind on the articles he has purchafed, he, too, by his labour, increafes their value; fo that their value, thus augmented, becomes an augmented capital in the hands of the perfon to whom it is next transferred. Thus, the original labour beftowed on the rude article of natural produce, is accumulated into a larger and larger ftock or capital, until it goes through all the ftages of value, to the laft, which is called the confumable ftate; when their value, on the whole, is eftimated by the labour of the laft poffeffor, added

ded to the money or capital advanced by him to the former labourers.

NATIONAL wealth, then, confifts in the value of the articles it produces. And the value of all property arifes from the degree of fkill and labour, and the capital or ftock requifite for their production. In other words, the wealth of any nation is compofed of the value of its capital, and the quantity of labour which that nation can be faid to poffefs.

THE rent of land makes part of the value of various forts of wealth. That, however, is not any part of their natural value. It is wholly artificial, and has no place in fine countries where population is but little advanced, and where the ground has not acquired a value, either from the fmallnefs of its quantity or its fcarcity, or from any labour previoufly employed in cultivating and preparing it. To the firft fettlers in any new country, America, for inftance, the rent of land made not any part of the value of the fruit of the field: but the cultivation of the field did. And as foon as fuch field paffes from the hands of the firft cultivator into thofe of any fecond perfon,

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the value, which at firſt conſiſted wholly in its cultivation, becomes rent. Thus, even the ground itſelf, the ſource from whence all wealth ſeems to flow, is itſelf of no value before it is cultivated by the hand of man: for, until it is ſo cultivated, it brings not any rent.

THE value of a loaf of bread conſiſts of the labour employed in making that loaf, and the uſe of the property which the man who made it was obliged to be poſſeſſed of before he made it. Hence it is evident, that without capital there could be no induſtry; for had not the maker of the loaf been able to buy flour, and to erect or to rent an oven, and alſo to furniſh the other neceſſary materials and tools, and farther alſo to ſupport himſelf while he labours, he could not have produced the loaf. The value of the flour, of the corn, and of every other material of which the loaf, or any other thing is compoſed, may be traced and enlarged in like manner. The farmer muſt have cattle to labour, ſeed to ſow, and bread to eat, while he raiſes the corn. Theſe are things that he muſt neceſſarily acquire, previouſly to his having been able to produce corn of his own. And this wealth, as has been already

already obſerved, which is the conſequence of previous labour, is called CAPITAL. We therefore conclude, that the grandeur and power of nations, at leaſt in the preſent æra, depend upon their wealth. The wealth of nations depends on their induſtry and capital united; and that between induſtry and capital there is a natural and neceſſary connection. The true idea, then, of capital or ſtock, is ACCUMULATION OF PREVIOUS LABOUR. Upon the uſe of this accumulation the induſtry of a nation depends. From the nature of man, and the natural manner in which wealth is acquired, it runs into the hands of a number of individuals. This accumulation, in proceſs of time, but not at firſt, enables the wealthy few to aſſiſt the laborious many with capital to ſupport their induſtry, and, like every other commodity, acquires a value which is regulated by the quantities in which it is to be found, and the demand there is for it. As an emblem or ſign of wealth, whether of paſt or preſent labour, men have ſubſtituted MONEY. But money is not wealth itſelf; it is only the MEASURE of wealth, and only ſerves to compare different ſorts of wealth, as feet or inches ſerve to compare different dimenſions of ſolid bodies. All

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All property is eſtimated by the value it bears in the common ſtandard, MONEY. As all dimenſions are eſtimated by meaſures of feet or inches, or ſome general ſtandard. The real value of accumulated wealth, (which we ſhall henceforth call by the name of money or capital) that is, the price that will be paid for the uſe of it, is, taking the nation at large, regulated by the proportion of preſent induſtry to accumulated capital, and not either by the richneſs or poorneſs of any nation, as has been often aſſerted. To individuals it may poſſeſs very different values, in different circumſtances, as ſhall be made to appear hereafter. It becomes, therefore, not only advantageous, but neceſſary, to find out ſome means of lending it, according to its different values in different caſes.

THE moſt enlightened writers have conſidered a high rate of intereſt as the conſequence of a ſmall advance in trade and commerce: this, however, is not the caſe; money, like every other thing, bears a price proportioned to the quantity and the demand. It has generally happened, that poor ſtates have had a greater demand for money than they could ſupply, owing to the rate

rate at which their trade was increaſing. When a nation begins to grow rich, money begins to bear intereſt; and while it continues increaſing in riches, the intereſt is high, for the demand is continually increaſing, as well as the capital produced by former induſtry. When the nation has got at the higheſt pitch of commerce, the demand ceaſes to increaſe, but the capital ſtill continues to increaſe, till intereſt has ſunk conſiderably. When the nation begins to decay, there is more capital than can be conveniently engaged in trade, for there ſtill remains as large a capital as ſerved as a baſis for the former more extenſive demand. The intereſt ſinks lower and lower, the capital alſo diminiſhes; but as it is the conſequence, and not the cauſe of the decay of trade, it does not increaſe, either ſo ſoon or ſo faſt as the demand. Intereſt, therefore, ſinks very low at laſt. We have thus ſeen, that when the ſtate was proceeding towards wealth, intereſt was high, at its zenith it was not ſo high, though its wealth was greater, and that intereſt continued to ſink while the nation became poorer. As this is a point of conſiderable conſequence to be proved, it muſt be ſupported by real inſtances. Though the laws do not allow the effects to take place fully,

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fully, yet, in ſpite of all law, they do in ſome degree. In London, where the wealth is greater than any where in the kingdom, but where the trade is ſtill more above that of the other parts, money is moſt on demand, and would bear the higheſt intereſt, were it allowed. Money can be borrowed in Scotland, on good ſecurity, at three and an half, and four per cent. but no ſuch thing can be done in London, where five per cent. is the leaſt, and where people wiſh for liberty to give ſix, ſeven, eight, or ten per cent. it will readily be allowed, that Scotland is not ſo rich as London; but, in proportion to the trade they do carry on, they have more accumulated capital. They poſſeſs but little ſpirit for adventure, and ſeldom get much money in a ſhort ſpace of time.

In Jamaica, as well as in the Eaſt-Indies, where fortunes are ſtill more ſuddenly acquired than in London, though under very different circumſtances, money bears about ten or twelve per cent. intereſt. This cannot proceed from a real ſcarcity or want of pieces of money in both theſe places; for, in the Weſt-Indies, common labour is dearer than in England; and, in the

the Eaſt-Indies, not near ſo dear. The accumulated capital is withdrawn from theſe, but chiefly from the laſt-mentioned country, by the numerous adventurers who go there, and therefore it bears a ſmall proportion to the demand for money, for the purpoſe of carrying on trade. The proportion of the demand, and of the money to ſupply that demand, will then be univerſally found to be the principle that regulates the natural rate of intereſt, when the law does not interfere.

It is not in the power of any nation, by any act of the legiſlature, at once either to increaſe its capital or its induſtry. But it is poſſible to direct them both into the moſt productive channels. But as this maxim has been controverted by very reſpectable names, it is proper to endeavour briefly to illuſtrate it. Dr. Smith, and other writers on finance, are of opinion, that money finds its own way into the proper channels, with greater readineſs and effect, than would reſult from the application of the greateſt human ſagacity. That money will naturally flow into its proper channels, as water deſcends from the higher grounds and rocks, and finds its natural

level, is certainly true. But as it is poſſible, by means of ſluices and reſervoirs, to collect the waters of the heavens, which would be otherwiſe loſt, and to introduce them by canals and rills, where their fertilizing power is moſt wanted; ſo it is alſo poſſible for the legiſlative power of a nation to give ſuch a direction to its currency, as ſhall in the moſt effectual manner produce the various fruits of induſtry and art. But if ſuch a direction is not given, pernicious conſequences would infallibly enſue. Money is ſo deſireable an object of attainment, that many would be tempted to purchaſe it at too dear a rate. There is a power of faſcination in the paſſion of hope, which leads men to indulge the moſt extravagant expectations. And when we conſider that deſigning men know how to avail themſelves, in a thouſand ways, of the credulity of others, it is not to be wondered at, that enlightened legiſlatures have found the neceſſity of enacting ſome laws for regulating the intereſt of money. If the legiſlature did not interfere, men, actuated by ſomething like the infatuation of gameſters, would ruſh headlong on to their own ruin. But of this, and other particulars relative to the ſame head, we ſhall ſay ſomething in a ſubſequent chapter.

chapter. Taking for granted, then, now, what ſhall be afterwards proved, that the legiſlature MUST interfere, for the regulation of intereſt, in ſome manner or other; and alſo that ſuch interferences cannot poſſibly be a matter of indifference, but that it muſt either do good or harm, we may ſafely conclude, that it ought to be directed with the greateſt caution, prudence, and attention to the greateſt poſſible good, and the avoiding the leaſt poſſible evils. That is, it is of extreme conſequence, that the legiſlature ſhould frame ſome ſuch regulations, as, by forming ſome collected power at the heart, might force the circulation through every vein of the kingdom.

As the magnitude of taxes is only a relative idea; or, in other words, as taxes are great or ſmall, juſt as they are compared with the revenue or income of thoſe who pay them, every extenſion of commerce leſſens taxes, with regard to their comparative greatneſs. Suppoſe the income of a merchant to be 100l. a year, and that he pays 10l. taxes: if, by an extenſion of commerce, he doubles his yearly income, he might then pay double taxes with greater eaſe than he

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paid the original tax, becauſe his other expences (if he does not chuſe to increaſe them) remaining ſtationary, his income is 180l. inſtead of 90l. Nay, he might pay four times the firſt tax, and ſtill be a gainer. The ſtateſman, therefore, is doubly intereſted in every thing that relates to the increaſe of trade; the increaſe of the wealth of the nation being one object, and the leſſening or alleviating the burthen of taxes to individuals being another: the mode, too, that has been adopted, for defraying the extraordinary expences of this nation, ſuch as wars, is ſuch as continually increaſes its taxes. It is therefore abſolutely neceſſary, that the reſources for paying taxes be as much increaſed as poſſible: and a right application of capital is the only way to increaſe it; except by that gradual increaſe that will naturally ariſe from the neceſſity of things, as will appear hereafter. A proper application of capital will be attended with a proper application of induſtry alſo, which two things together create national proſperity; therefore, no national object can poſſibly be of more conſequence. It is therefore not more deſerving of attention from the ſtateſman, than from every friend to his country.

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THE varying circumſtances of nations vary their opinions, with regard to different ſubjects.

IN ſimple and rude ages, where the commercial intercourſe of ſociety was carried on, not by money, but principally by barter, ideas of intereſt for money were wholly unknown. In proportion as commerce advances, ſigns of wealth, whether the precious metals, or checks, or tallies, or other modes of expreſſing mercantile obligation, gain ground. Theſe being once admitted, and the advantages ariſing from thence being underſtood, every man perceives his intereſt in purchaſing the uſe of them by a premium or reward. This premium or reward by a national figure of ſpeech is called intereſt. But as that intereſt or advantage does not like other goods ſtrike the ſenſes, but is only a general idea that exiſts in the mind, it requires ſome degree of abſtraction to beſtow upon it its intrinſic reality and importance. And it is only in the more advanced ſtages of commerce that that reality and importance are fully underſtood. Hence in the infancy of commerce the lending of money on intereſt was regarded rather in an invidious light. And the more ſo, that the rapacity of the lender,

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if a ſcarce commodity, addreſſing itſelf to the wants of a needy borrower, produced magnified ſcenes of miſery and injuſtice. It is on this account, that in moſt civilized nations we find the legiſlature interfering for the purpoſe of regulating the intereſt of money.

But, as in ſuch periods of ſociety the nature and the exigences of trade were not well underſtood, the laws reſpecting it ſuit not the views of times more liberal, and where trade is a much more complicated machine. Thus, for inſtance, the German laws reſpecting trade were the firſt made in modern Europe, and they are, accordingly, the moſt narrow, ill judged, and confined in their nature and effects; and the moſt fettered with the prejudices of monopoly. Nor is it poſſible, at this day to effect, in ſome of them, theſe alterations which time and more extenſive views point out as expedient. The Emperor Joſeph attempted to repeal the laws about freemen in corporations, but was oppoſed by every man who had already obtained his freedom by ſerving the limited time. The older corporations in Great Britain are ſubjected in like manner to the ſtricteſt laws about freedoms: and ſome very large

large new towns were never incorporated at all, though there is no inſtance, perhaps, of a very old conſiderable town that is not.

In Great Britain, the value of money, as in other nations, has always been under the regulation of the legiſlature: and in the different acts of parliament concerning this ſubject, we trace and recognize the truth of what has juſt now been affirmed, concerning the narrowneſs and the defects of early laws and inſtitutions, relating to an object that admits of variation and gradual improvement.

The intereſt of money has declined, by a gradual receſion, from ten to five per cent. though, at all times, the lender has been permitted to take leſs, but not more than the ſtated intereſt. In 1546, in the reign of Henry VIII. a law was made for fixing the intereſt of money at ten per cent. the firſt legal intereſt known in England. Before that period, all loans of that nature were regarded as uſurious. The preamble of this very law treats the intereſt of money as illegal and criminal. And the prejudices ſtill remained ſo ſtrong, that the law, permitting intereſt,

tereſt, was repealed in the following reign. This reign, as well as many of the foregoing and ſubſequent reigns, abounded with monopolizing laws, confining particular manufactures to particular towns, or excluding the open country in general. In the ſubſequent reign, the corporations, which had been opened by a former law, and obliged to admit tradeſmen of different kinds, were again ſhut up by act of parliament, and every one was prohibited from exerciſing any trade, who was not of the corporation. In 1552, in the reign of Edward VI. a law was enacted againſt uſury; that is, againſt taking any intereſt for money. At this time all intereſt was called by the name of uſury, and the odd circumſtance of the word uſury changing its meaning, and only being applied to exorbitant intereſt, was the chief reaſon for the laws againſt intereſt being repealed. This act was the remains of ancient ſuperſtition, but being found extremely iniquitous in itſelf, as well as prejudicial to commerce, it was afterwards repealed in the 12th of Elizabeth. The common rate of intereſt, notwithſtanding the law, was at this time 14 per cent. In the ſame reign, by a lucky accident in language, which has

has a great effect on men's ideas, the invidious word uſury, which formerly meant the taking of any intereſt for money, came now to expreſs only the taking of exorbitant and illegal intereſt. An act paſſed in 1571 condemns violently all uſury, but permits 10 per cent. intereſt to be paid. Henry IV. of France reduced intereſt to ſix one-half per cent. an indication of the great advance of France above England in commerce. The intereſt of money, during the reign of James I. was at ten per cent. till 1624, when it was reduced to eight. It is worthy of obſervation, that at the periods when the taking of intereſt was wholly prohibited, exceſive uſury was more practiſed than ever. In theſe, as well as the laws ſtill in force, reſpecting the intereſt of money, we have many abſurdities. Among theſe, what is moſt to our purpoſe to notice is, that at all times the lender has been permitted to take leſs, but not more than the intereſt ſtated by act of Parliament. Yet, the varying circumſtances of man ought aſſuredly to make a difference in the rate of intereſt. One man can make more of any given ſum in one ſituation, than another man can make in another. He therefore can AFFORD to give greater intereſt. But it may not

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improbably happen, that he has it not in his power to give ſo good ſecurity, therefore he OUGHT to give more intereſt, as the rate of inſurance varies with the riſk that is run by the inſurer; ſo, undoubtedly, the rate of intereſt ought to vary, according to the riſk that is run by the lender of money. In this view, whatever intereſt is given above the rate fixed by law, may be conſidered in the light of inſurance. It is a fair and equitable premium to the lender, for the riſk he runs in truſting out his money. If, indeed, it were true, that in no circumſtances could the borrower of money be benefited by taking money at advanced intereſt, it would be better to diſcourage, and under the ſevereſt penalties to prohibit ſuch uſurious practices. But as it may, and does frequently happen, that a perſon in buſineſs may give more than the legal intereſt of money, with great advantage to himſelf, to the promotion of manufactures and commerce, to population, and conſequently to the public, it is reaſonable, juſt, and politically expedient, that intereſt ſhould vary with varying circumſtances. This, however, is by no means the caſe. The ſame laws which reſtrain from taking above five per cent. per annum, for money on

on a bill, permit an equal ſum to be paid on bond or mortgage. Now mortgage, being the very beſt ſpecies of ſecurity, money-lenders will always venture their money on this bottom, ſo long as mortgages are to be had, unleſs ſome ſuperior advantage or intereſt is held out to them in a legal manner, to encourage them to riſk their money on more precarious ſubjects.

INTEREST is not only a fair recompence for the uſe of money, but, in moſt caſes, it partakes in ſome degree of the nature of inſurance; as the chance of the original capital being repaid varies with the varying ſituation of the borrower. Another circumſtance, alſo, of great importance to men of buſineſs, is the time WHEN it may be expected, as well as WHETHER it may be expected at ALL with certainty: or, in other words, the ſpace within which the ſum lent, or intruſted, may be fully commanded. Bankers are intruſted with money for no other reaſon, than that it can be drawn inſtantly, without much form or previous warning. In like manner, people who can repay ſums borrowed, on a week or a month's notice, borrow much more readily, and

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on eaſier terms, than thoſe who cannot repay it within ſo ſhort a time.

THUS then, it appears, that the laws of England, reſpecting the intereſt of money, are neither equitable, nor politically expedient: but there is a conſideration peculiar to this country, which we have not yet mentioned, which will place the deficiency of the old laws, reſpecting intereſt, and the neceſſity of enacting new ones, in a yet ſtronger light.

IN Great Britain there is a neceſſity for eſtabliſhing a new ſyſtem, for regulating the borrowing and lending of money, ariſing out of the nature and circumſtances of the national or public loan, which ſubject the ſtock or capital of the nation to the chance of a very ſpeedy, and a very conſiderable diminution. During the laſt ſeven years, there have been above one hundred millions withdrawn from trade, which is a very conſiderable proportion of the whole national capital employed in that channel; and, what is the moſt material circumſtance, ſo conſiderable a ſum has been withdrawn from people who carry on buſineſs, either in whole or in part, with borrowed

rowed money, but who had neither given, nor could give unexceptionable or perfect ſecurity. The terms held out by government induced money-holders to withdraw their money from the manufacturer and trader, while they ſuffered large ſums to remain in the hands of thoſe who could give the aſſurance of mortgage. As few people grant loans to manufacturers or merchants, while there remains to them any other way of employing their money, they ſeldom ſuffer it to remain long in their hands; or, in other words, lend it for any conſiderable length of time. Hence money is not only more eaſily recovered from ſuch people (if it is recovered at all) but as it is the leaſt advantageous way poſſible of employing money, ſince his ſecurity is leſs, and his intereſt not more, the owner has an intereſt in taking it back into his own hands, as ſoon as a better uſe can be found for it: that is, the lender has both the power, and probably the inclination to withdraw his money from ſuch induſtrious people, in a very ſhort time. The money returns from theſe borrowers that have obtained it without giving good ſecurity. Thus, the burthen of the loans falls firſt on a claſs of men the leaſt able to bear it. That plenty of money, which is the natural conſequence

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conſequence of long peace, prompts and enables men in this country to launch forth into a more extenſive ſphere of commerce, than their own capital could ever enable them to carry on. And there is not, perhaps, a more cruel inſtance of the exertion of arbitrary power, than a miniſter, who, by means of an immenſe loan, at once deprives a great number of thoſe induſtrious men, who form the chief ſupport of the wealth in the ſtate, of the means of carrying on their honeſt labours, and driving them into thoſe miſeries, which, in the common courſe of things, are the natural, or the judicial conſequences only of idleneſs or vice.

THE rapacity of man is not exceeded by that of the moſt ſavage beaſt of prey. Men, ſuddenly deprived of their uſual means of acquiring money, but whoſe wants are rather increaſed than diminiſhed, fall, at once, a ſacrifice to the uſurious tribe of pretended friends, who, from the moſt cruel views of ſelf-intereſt, offer their ſervices on ſuch trying occaſions. The ruinous neceſſities of men in trade have been very fitly compared to a falling column, which tumbles down with accelerated velocity. To the idle and

and profligate, a derangement of affairs grows worſe and worſe, only in what may be called ſimple RATIO; or, in proportion to the time during which the cauſes of their misfortunes continue to operate. But, with the men of buſineſs the caſe is very different. No œconomy avails here; matters grow worſe and worſe, till, at laſt, the ruin is completed by that derangement of mind and neglect of buſineſs, which are the melancholy companions of ſuch deſperate circumſtances. There is but one mode of preventing ſuch diſaſters, and that, in a country ſo inviting as England to induſtry and adventure, by no means palatable; that is, for men in buſineſs to confine their trade to their capital; which is, beſides, in ſome caſes, no eaſy matter. The hope of better times, and of other reſources, with innumerable other circumſtances and conſiderations, encourage the ſufferer to perſevere in his uſual habits and exertions, till he finds he has gone too far to return on his ſteps! he ſtands aſtoniſhed and overwhelmed with deſpair! he finds that all his endeavours to riſe above embarraſſment and diſtreſs have only ſerved to precipitate his fall. Then comes bankruptcy, upon the induſtrious hand, and innocent head. Aſhamed

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Aſhamed to confeſs to the world the real cauſe of his diſtreſs, he is willing to lay under the imputation of miſmanagement and extravagance, rather than to acknowledge thoſe paſt neceſſities that he ſhudders even to recollect.

SUCH, under a government like this, are the melancholy effects of a law, made for the purpoſe of guarding and defending mankind from calamity. It would be reckoned very hard, if a law were enacted, fixing the price of a pound of bread, and that the very next day, the ſovereign of the country ſhould purchaſe ſo great a part thereof at a higher price, that enough ſhould not remain for the purpoſe of neceſſary conſumption.

WITH regard to their value, there is no difference between money and bread, or between money and any other neceſſary of life. For they may all of them be equally made the ſubjects of monopoly. At the ſame time that this is the caſe, they are not however all of them equally liable to the abuſes of extortion and uſury. It is probably from that cauſe, that the laws reſpecting extortion in the price given for a loan

loan of money, are much more ſevere than for other extortions. In the framing of laws, men are not guided in determining the puniſhment, merely by the degree of moral turpitude, as it would naturally be imagined they ought to be*. In many caſes, when they even appear very unfair, and when they certainly are not according to the direct rule of right and wrong, the laws are yet perfectly right, not as juſt laws, but as regarding their conſequences in the regulation of ſociety, which in the end turns out to be much more their object than the actual degree of the crime. All crimes that are likely to be committed, are very ſtrongly guarded againſt; and thoſe crimes that there is the greateſt temptation to commit, are of this deſcription. There are but very few motives for injuring another perſon, when no advantage

* Suppoſe the common caſe of the wanton miſchief of breaking a window be compared with that of a hungry man ſtealing a loaf, that is not above one-tenth of the value of the window, were the puniſhment to regard the morality only, humanity would give it at once in favour of the hungry man. Were it proportioned to the detriment ſuſtained by the injured, it would be the ſame deciſion. But when the motives and the conſequences to ſociety are taken into account, it alters the caſe altogether, for then the theft is puniſhed with the moſt ſevere of all ſentences, while the other is ſcarcely noticed.

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vantage arifes from it, except where rage and madnefs become motives; in that cafe, the law not only protects the injured, but inflicts fevere punifhment on the offender, becaufe there is a motive, though not a rational one. In thofe cafes, again, where the mifchief is merely a piece of wanton and unaccountable malice, as it is very unlikely that mankind fhould fuffer much from fuch crimes, there is fcarcely any punifhment whatever; and a compenfation for the lofs fuftained is reckoned fufficient. From this it muft probably have been occafioned, that the laws punifhing ufury are fo fevere, for it holds out fo many temptations, that were it not checked by fevere laws, it would be a very prevailing evil.

STEALING, according to the law of nature, ought not to be regarded as a capital crime. The neceffities of fociety have made it one, and daily experience juftifies the harfhnefs of the decree: for thieves are feldom, if ever reclaimed, but go on from one ftage of wickednefs and depravity to another. It is but very lately that forgery was made a capital crime. The neceffity of fupporting credit, in a commercial country,

try, has now made this the moft unpardonable of all crimes. Murder, itfelf, is not fo certainly followed by punifhment. From fimilar caufes, ufury was more feverely punifhed than any other fpecies of fraud or impofition. For the tendency of this crime is more pernicious, and the opportunities of committing it more frequent, than of committing almoft any other. Though certainly fraud, confidered in itfelf and abftractedly, is the fame in all things, and exercifed towards all manner of perfons. It is therefore the effects of actions on fociety, and not their confequences to an individual or individuals, that we are to confider as the rule for eftimating the degree of punifhment. Although, therefore, the laws againft ufury, and the opinions of men on that fubject be very fevere, it feems that they are more fo than they would be if they were to judge of it according to its own nature, and not according to its evil effects on fociety. If then the evil tendency could be removed, the criminality would in a great meafure be removed alfo, and the intereft of money might fafely be admitted in fome cafes to be greater than it is at prefent.

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As the wealth, both of individuals and communities arifes chiefly from the goods they make for the ufe of other nations, it is not good policy to lay reftrictions upon exports to foreign markets, or to encourage by any other extraordinary advantages or premiums, the raifing or manufacturing of fuch things as are ufed only in home-confumption. This, however, is the tendency of the laws now in force concerning intereft. For they held out the greateft encouragement to the lender on mortgage: and the fubjects mortgaged, it is evident, being local and fixed in their nature, admit not of being carried into foreign coutries. A perfon, who employs his whole capital in buying cloaths and other neceffaries, is unable to carry on any fcheme of commerce. In like manner, a man who lays out his whole ftock upon mortgage is precluded from all commercial adventure. Hence, the channels into which our laws, relating to commerce, have a tendency to throw the capital of the nation, are, of all others, the leaft advantageous to the public intereft. The more minutely that we trace the tendency of thofe laws, the more clearly fhall we perceive the truth of this pofition, that where money is of the greateft value

value to the borrower or employer, there is the leaft fecurity to the lender.

MANUFACTURERS have a greater profit on the money that paffes through their hands than merchants. But it is not in their power to extend their bufinefs fo widely, becaufe they cannot call to their aid the wealth of other men, by affording equal fecurity. This is a very important point, and merits particular illuftration. In the firft place, the manufacturer has lefs credit in the way of his bufinefs, than thofe merchants, whom we may diftinguifh by the name of FACTORS*.

FOR though it may be fairly fuppofed that he has equal credit for whatever he purchafes, he is obliged to pay, per advance, the wages of labour, which, on an average, is full one-third of the nett amount of his payment. In all cafes, therefore, the manufacturer, before, and often a long time before he can fend off his goods, requires, at leaft, one-third more capital to do the fame bufinefs than

* By factors, we underftand thofe dealers who never purchafe goods until they receive orders for them, and who depend for payment of their creditors, not on their own capital, but on the punctuality of their correfpondents.

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the factor. But he alſo requires more capital than the factor, for another reaſon. For, although he has an equal length of credit, from the time he purchaſes the neceſſary materials that the factor has from the time of purchaſing his goods, yet he has not an equal credit after the time that he ſells them, which is the date from which he is again to give credit, as the materials of the manufacturer remain much longer in his poſſeſſion, than the goods do in that of the factor. In many caſes it happens, that the manufacturer, though he has a pretty long credit, finds the term of payment arrived before his goods are ready for ſale: and, in all caſes, a conſiderable part of the time of credit is elapſed, before the goods can be got ready for ſale. But there never exiſts any neceſſity, why this ſhould be the caſe with the factor, who has neither to change, or alter the form of the goods, while in his poſſeſſion; but who, on the contrary, has, perhaps, the very next day after they come into his hands, an opportunity of ſelling them. From theſe two cauſes, then, the manufacturer requires greater capital, and even in the moſt advantageous caſes, at leaſt double that of the factor. But it is a notorious fact, that in the

the preſent ſtate of affairs in this country, he requires more than ten times the capital, and in ſome caſes infinitely more. For factors have often no capital at all. We have many inſtances of factors doing buſineſs to the amount of 100,000l. and more per annum, who are not worth 1,000l. But this never was, or can be the caſe with any manufacturer. In order to carry on as much buſineſs, HE muſt either be worth, or have borrowed at leaſt 50,000l.

THE conſequences to the manufacturer of too ſmall a capital are ſtraits, difficulties, and often a total derangement of affairs. A factor, on the other hand, without any capital whatever, may be in a ſtate of the greateſt proſperity and affluence. For, in this caſe, all that he has to do is, to be contented with ſomewhat leſs profit, and to give rather ſhorter credit than he gets; which will always leave an over-balance in his own hands. It thus appears, that in every reſpect the manufacturer requires the largeſt capital: and it muſt alſo be allowed, that as he employs more hands, and carries on more buſineſs, he is proportionably of greater advantage to his country; but were the manufacturer, as has been already obſerved,

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obſerved, to apply for a loan of money, he could not give ſo great ſecurity for it as the factor. The beſt ſecurity that a man who borrows not on morgage can give, is a bill or bond, or other equivalent obligation. But the degree of truſt that is placed in ſuch obligations, depends entirely upon the wealth of the perſon who gives them. The borrower on bonds, therefore, in order to give credit to his obligation, muſt make known to the lender the real ſituation of his affairs; but in doing this, he labours under a manifeſt diſadvantage, he cannot well ſhew the full extent of his wealth, which conſiſts partly in money-debts; partly in goods manufactured, and partly in tools and materials for manufacturing. In eſtimating the value of the two articles laſt mentioned, we are neceſſarily guided by two ſtandards: one the price they coſt, or what it would coſt to replace them, if by any accident they ſhould be deſtroyed; and the price they would bring if they were to be ſold, which, in all caſes, would be much under their original coſt. It is the price, however, they would fetch at market alone, that the lender conſiders when he gives the manufacturer credit for a loan. Thus in every caſe, the

the manufacturer, though the greateſt friend to the public, and the original mover of all the induſtry and adventure of the merchant, labours under great diſadvantages. For he has the moſt occaſion for capital, and, unfortunately, the leaſt means of procuring it. Upon inſpecting the affairs of a factor, on the contrary, who is in a thriving way, he will be found to be, according to the common phraſe, WORTH MONEY. For his wealth conſiſts either in goods in his poſſeſſion, which admit of a very exact valuation, being in a fit condition for ſale, or in debts which may be aſcertained by inſpecting his books.

IT would be an eaſy matter, were it at all neceſſary, to enlarge upon this ſubject. What has been already obſerved fully proves, that to ENCOURAGE ſecurity on mortgage is to lay, though in an indirect manner, a bounty on goods for home-conſumption, and conſequently an embargo on foreign trade.

IT is to the encouragement, or preference that is given to ſecurity on mortgage, that we are to aſcribe the vaſt extenſion of many cities and towns in England: a matter of aſtoniſhment to

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the inhabitants, and to every beholder who does not attend to its real cauſe. It is becauſe HOUSES afford a ſpecies of ſecurity on mortgage, that we find them ſtarting up into exiſtence, as it were inſtantaneouſly; and, as if ſome ſudden increaſe of population had made it neceſſary to provide by every effort within the compaſs of the nation, for the reception of new ſettlers. As a corrolary from this concluſion, it may be obſerved, by the way, that it is a very falſe mode of calculation on this, as on other accounts, to eſtimate the populouſneſs of any town or diſtrict, or nation, by the increaſed and increaſing number of its houſes.

WHAT has been here aſſerted, concerning the channels of money, is ſtrikingly illuſtrated by the hiſtory of the inhabitants of London, for the laſt ten years. Before the laſt war, mortgage-ſecurity was to be had at three one-half, or four per cent. and five per cent. was the uſual rate of mortgage-intereſt, in common caſes. At that time, as all the land in the kingdom was held by ſome occupier or other, no money could be laid out in purchaſing, though it might be employed in improving eſtates. As the nation

tion ſtood not then in need of loans, as it was growing richer and richer every day, without any extenſion of foreign trade, new channels or purpoſes were to be found out for the employment of an increaſed capital. In this ſituation of affairs, a new bottom was found out for ſinking money, in the building of houſes, a ſubject which afforded good ſecurity, and which, accordingly, was carried on for ſome time at a prodigious rate. But another drain for money was opened at the commencement of the American war. The neceſſity of public loans preſented a ſtrong inducement to monied men to commit their capitals to the hands of government. Building began then gradually to abate. It was carried on by ſlower and ſlower degrees; although it muſt be allowed, that there was greater inducement to finiſh houſes already begun, than to begin new ones; and the rage for building, like that of moſt new enterprizes, being infectious, drew, by the power of example, multitudes into the ſame channel of adventure.

THAT theſe two circumſtances, the inducement to go on with houſes begun, and the infection of multiplied examples, had a natural

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tendency to prolong the paſſion for building, it is preſumed, will not be called in queſtion. Nevertheleſs, as money became more ſcarce, building was abandoned. At the ſame time that the rage for building decreaſed, there was a viſible fall in the prices of land. But long before either of theſe two things had happened, there was no money to be borrowed to ſupply the exigencies of common trade, which accordingly, during that period, had decreaſed amazingly.

When things are left to themſelves, they generally fall into a ſort of ballance or level, which prevents any ſpecies of trade from being what is called OVERDONE; and had the laws reſpecting money been leſs favourable to mortgage, or, in other words, more juſt and equitable; and ſuch as had admitted common trade and buſineſs, that gives the ſecurity of mortgage, to go hand in hand, foreign trade would have flouriſhed more, and the building of houſes leſs than they did when money was plentiful. But, as trade and houſe-building did not keep pace in their increaſe, ſo neither did they keep pace in their fall. Building was wholly ſupported by borrowing, and trade depended but little on that mode

mode of raiſing money. Hence, although trade ſuffered firſt, it ſuffered only in a ſmall degree. But the foundation on which building reſted having been wholly removed, the ſuperſtructure fell at once to the ground.

Other cauſes might no doubt influence the building of houſes in particular places and circumſtances. But the general cauſe of the variation in houſe-building has undoubtedly been aſſigned; for the riſe and fall of that kind of trade correſponded exactly with the plenty and the ſcarcity of money.

The operative mechanic, who has barely capital ſufficient to enable him to carry on buſineſs on his own account, and to be his own maſter, has generally an immenſely large gain; the importer or dealer who employs a very large capital, on the contrary, has but a very ſmall profit; between theſe two are to be found, men who employ money in buſineſſes which afford, ſeverally, profit from five per cent. per annum; to fifty per cent. and upwards*. That this is a real matter

* Little buſineſſes, that only require, perhaps, 100l. capital, muſt yield

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matter of fact may be proved by the difcounts given for ready payment, by the people in all different branches of manufacture, though thefe degrees cannot be afcertained with much accuracy; difcount is allowed on goods for ready money, at the rate of five per cent. per annum, in fome bufinefles; in others at ten per cent. but this laft is the higheft rate that is given, although fmall manufacturers often give in reality a great deal more.

In many bufinefles, men of large capitals, and good credit, give at the rate of ten per cent. but more than that would be difcreditable, as it would betray a want of money, a fecret which it might be often very inconvenient to difclofe. Now, thefe difcounts are in reality, though not in name, intereft; and as they are above five per cent. they might be denominated ufury, only that they are not attended with one of the pernicious concomi-

yield a very high profit, elfe they could not be carried on at all, becaufe the perfon who carries on fuch could not otherwife be able to maintain himfelf. When a bufinefs employs 10,000l. a profit, which is comparatively very fmall, will amply recompence the trouble and rifque of carrying on the bufinefs. There are many bufinefles that do not require more than 100l. to carry them on; and there are numbers that again cannot be carried on with a capital of 10,000l.

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tants of ufury, which is, its being given for money, for bad or improper purpofes.

From what has been here obferved, it is evident, that the fubjects for employing capital are very different, in regard to the advantages they are fitted to yield; that they are diftinguifhed by very clear lines or characters from each other; that, according to the laws now in force refpecting intereft, money flows into thefe channels in which it is of the leaft private or public advantage; and that manufactures, the moft ufeful and important branch of bufinefs, will never be encouraged by any extraordinary or new influx of money, until the capital of the nation fhall be really fo great as to have fupplied all the exigences of every other fpecies of trade and commerce. Since therefore it appears, that, in difcounts for ready money, a practice actually takes place which is equivalent to ufury, and that without any bad confequences of any kind, it is of importance to diftinguifh the good from the pernicious effects of ufury; and upon a due confideration of this fnbject it will be found, that in numbers of cafes it is an harmlefs expedient, and in many an advantageous one.

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THE only apparent difference between what is termed ufury, and the raifing of money by difcounts on the price of goods, is, that in the former cafe a man of bufinefs gives, let it be fuppofed, ten per cent. for the immediate ufe of money that is due to him; and in the other, that he gives an unequal fum for the immediate ufe of money that does not belong to him: in both, an equal premium is given for an equal fum. Now, if money were not worth much more than ten per cent. to fuch men, they neither would, nor could afford to give it. But if it be in reality worth fuch an intereft, why fhould it be made unlawful to borrow it on that intereft. It would appear then, that no good reafon can be given why the borrowing of money at ten per cent. intereft by the way of difcount, fhould be accounted legal; and at the fame time, that of borrowing on equal terms, by way of what is called ufury, or advanced intereft, fhould be deemed illegal.

THERE is, however, a very material difference between thefe two different modes of borrowing money; and, of courfe, they fhould certainly be fubjected to different regulations. In the cafe

cafe of difcount, there is no temptation to idlenefs and extravagance; nor can the perfon that pays the money on difcount be ever induced, as the ufurer may be, to truft it in the hands of perfons who can never return it. Pawn-broking, a moft exceffive fpecies of ufury, though it lends not more money than can be fecured by a pledge, a circumftance which alfo excludes the idle or indigent from borrowing beyond the extent of their means, is not only tolerated, but inftituted by law.

IT had probably been found by experience, that when people were reftrained from borrowing at higher intereft than five per cent. and when of courfe, fmall fums could not be raifed at all; and that in large towns, where money is often unexpectedly wanted, the neceffity of felling off ftock or effects, without redemption, might, on various emergencies, be productive of the greateft evils; and hence, in all probability the origin of pawn-broking, or raifing money on pledges.

THE inferences meant to be drawn from thofe obfervations on ufury, are, firft, that ufury

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of one kind or other has been found to be abſolutely neceſſary. Secondly, that if under certain reſtrictions, it is, or might be made, not only harmleſs, but advantageous.

In Holland, the bank of Amſterdam, whoſe principle or foundation it is, to poſſeſs in bullion, or in ſome ſort of precious property, value to the amount of all notes iſſued by it, according to its original plan, may, upon any valuable depoſit, grant a loan with ſafety, and in fact does ſo. This mode of lending on pledges is, no doubt, in many caſes, attended with advantage. In England, the laws, which very properly inſtituted pawn-broking, inſtituted it, however, on ſuch a plan, as prevented the poſſibility of raiſing, in that way, large ſums, and have rendered it uſeful and convenient only to the indigent and neceſſitous. To aboliſh this inſtitution, in this country, would neither be ſafe nor practicable. And it would be difficult to amend it, without new-modelling it, or making ſuch alterations as would amount to an entire innovation in its principles.

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The neceſſity of the inſtitution of pawn-broking, it may not be improper to obſerve, appears to be no equivocal mark of the luxury and improvidence of the Britiſh capital, and the places adjacent. In the capital, however, there is a reaſon for the inſtitution of pawn-broking, that does not exiſt either in country-places or in ſmall towns. In London, there is no temporary aſſiſtance to be procured from neighbours. For here, a poor man has no neighbours. Here, people, from all quarters of the world, are brought together, as to a great market or fair, where every one appears on the footing of a ſtranger.

But, this circumſtance of the want of a neighbourhood is not the only cauſe of that multiplicity of pawn-brokers which diſtinguiſhes the metropolis; for in Brentford, a ſmall town or village on the banks of the Thames, not ten miles from London, there are not leſs than three pawn-brokers, a greater number than is to be found in all Edinburgh, and as great a number as there is in ſome very large towns in England, twenty times as populous as Brentford.

It is probable that the other villages, near London, are as well provided with that ſpecies of dealers as Brentford. From this circumſtance, it is reaſonable to conclude, that pawn-broking has been carried to a greater length than abſolute neceſſity required; which alſo proves the danger of encouraging too much the facility of raiſing temporary ſupplies. For the diſadvantage and diſcredit attending all applications to pawn-brokers, is not ſufficient to deter people from having recourſe to that expedient. Men betake themſelves to the pawn-broker, not always from neceſſity, but ſometimes in a voluntary manner; or if, from an apparent neceſſity, at leaſt from a neceſſity which is only created by the poſſibility of thus ſupplying it. What has been ſaid, concerning the danger ariſing from the facility of raiſing money on pledges, does not apply to the raiſing of large ſums for the uſe of trade. For here the object in view is not preſent, but future good; which does not, like a preſent object, captivate the will, and hurry along the judgment, by means of the paſſions; but which leaves room for the cool reflection of the underſtanding. And the extravagant intereſt demanded by pawn-brokers, it is eaſy to ſee, is utterly

utterly inconſiſtent with all comprehenſive ſchemes of future proſperity, as will be made more fully to appear hereafter.

A person is allowed to borrow money at twenty-five per cent. on half the value of a diamond-ring, where there is no riſque to the lender, but, on the contrary, a double ſecurity: but the ſame perſon incurs a very heavy penalty, if he takes five and an half per cent. for a promiſſory-note, which, at beſt, is only equal to the ſum borrowed thereon, and which can never yield a poſitive certainty that it will be paid.

In this matter there is a manifeſt abſurdity and injuſtice. But the difference in queſtion between the two caſes juſt mentioned, ariſes from the intention of the law to diſcourage pawn-broking, except in caſes of abſolute neceſſity.

The diſtinction then between the uſury of diſcounts, the uſury of pledges, and common uſury, ſuppoſing it to be legal, would conſiſt in the circumſtance of there being, or not being, ſome value depoſited for the loan received. The loan, it is evident, in the caſe of common uſury, might be

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be unlimited. For when men betake themſelves to the borrowing of money on uſury, there are no other bounds than their credit with an individual lender, and the number of lenders to whom application for loans might be made.

A MAN who has no other proſpect than that of ruin, and who promiſes to pay twenty-five per cent. to one man, may as well promiſe to pay a like ſum to a thouſand, and thus go on in affluence till he can go no farther. And thus, while the profligate never means to pay at all, the induſtrious man, who really means, and is alſo able to pay, muſt give an immenſe intereſt to the uſurer, to pay for the loſſes he is liable to ſuffer from the inſolvent borrower. For whatever riſques of that kind are incurred, it is the honeſt debtor that pays for the diſhoneſt.

IF then the diſhoneſt borrower could be excluded from the market, the honeſt would be able to borrow on better terms; common uſury would be leſs dangerous, becauſe leſs exorbitant, and would partake of the nature of the two other ſorts of uſury, namely thoſe of diſcounts, and thoſe

thoſe of pledges; and in this reſpect it would have a good effect.

BUT beſides that this is impoſſible, it would not, if practicable, wholly remove the evil of uſury, and render it an eligible and ſafe mode of raiſing money. For the induſtrious and honeſt are ſometimes in circumſtances which oblige them to act in the ſame manner as the diſhoneſt would act in ſimilar ſituations. For in order to protract, or perhaps in the hope of averting the evil day, they would raiſe, if they could, more money than prudence and juſtice could warrant; becauſe more than they could in reaſon expect to repay.

IT would ſeem then, that the only way to ſecure the lender from riſque, and, of courſe, the fair borrower, from paying for the debts of the fraudulent, is to make the lender, as far as poſſible, acquainted with the real circumſtances of the borrower. Informed of theſe, he is not under any neceſſity of running any greater riſque than he chuſes; or than, on the whole and on proper terms, he can afford to run.

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BUT, ſuch hazards as muſt naturally occur in the practice of lending of money on uncertain ſecurity, cannot be incurred by individuals, as the extent of their dealing is too limited to balance the danger of loſs and ruin. It is the number of chances of ſucceſs, in favour of an inſurer, or inſurers, only, that can enable them to run riſques on reaſonable terms. Such a mode therefore, of raiſing money, can only be inſtituted by the authority and encouragement of the public.

IT is now propoſed to give a ſketch of ſuch a plan for raiſing money, as might perhaps anſwer the above purpoſes, explaining by the way the principles on which it is founded.

WHEN money is lent on undoubted ſecurity, the borrower pays, firſt, the intereſt of the money borrowed; and, ſecondly, for the trouble of tranſacting the loan. As to the intereſt of the loan, it is always, in all caſes, exactly proportioned to the extent of the ſum borrowed. But it is not ſo with reſpect to the trouble of tranſacting the buſineſs of the loan: for, in borrowing one hundred pounds for the ſpace of only one year, there is

is almoſt as much trouble as in borrowing ten thouſand pounds for ten years. Hence, the lending of ſmall ſums is leſs advantageous than that of lending great ones.

IN granting loans on doubtful ſecurity, there is, beſides the two above-mentioned expences, a third, not indeed certain, but contingent; namely, the expence of a riſque of loſs which may attend it.

THE true principle, then, of a fair loan, without adhering either to law or cuſtom, would be, as in the following inſtance:

	L.	s.	d.	
Capital ſum lent,	1000	0	0	
Intereſt, at five per cent.	50	0	0	
Expence of tranſaction,	0	15	0	
Inſurance mutually agreed upon, two and an half per cent. - -	25	0	0	
				1075 15 0

IN order that the three different ſums may follow the true proportion, they ſhould be ſeparately charged, as in the above inſtance, the in-

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tereſt always being regulated by the ſum and the time; the expence of tranſacting the buſineſs being neither regulated by the ſum nor the time, (for it would be nearly the ſame were it only half the ſum), but by what it is judged it really may coſt, or by what it has been found by experience to coſt. And the inſurance being regulated by the riſque that it is ſuppoſed will be run, according to the beſt information that can be had, relative to the circumſtances of the borrower.

As ſmall loans do not afford ſufficient profit for the time and trouble that would be required to examine with ſufficient minuteneſs into the circumſtances of the borrower; for that, as well as ſeveral other reaſons, the riſque incurred is greater than in larger tranſactions, and ought to be paid for accordingly. It is reaſonable, therefore, that an higher intereſt ſhould be paid for ſmall loans than for large ones.

It very fortunately happens, that thoſe who borrow ſmall ſums, and but for a ſhort time, can in

in fact afford to give higher intereſt than the borrower of a large ſum.*

In conſidering loans, therefore, regard ought to be had to their extent and amount, as well as to the credit of the borrower.

These things being premiſed, it is ſuggeſted, that a fund might with great advantage be eſtabliſhed, for the purpoſe of ſupplying individuals with ſums of money, in a lawful manner, upon ſuch principles, and upon a plan, which, from the baſis on which it ſhould be founded, might turn out to be very different in its advantages from any of thoſe that have hitherto been inſtituted.

* The value of loans to a ſmall amount is often ſo great, that it can ſcarcely be ſaid to bear any parallel to be drawn between it and larger loans; for inſtance, ſuppoſe a labouring man has an opportunity of getting employment, but is in want of five ſhillings to purchaſe tools to work with: that his employer will not furniſh him with them, becauſe it is a thing he is not accuſtomed to do. In ſuch a caſe, (and ſuch really often exiſt) could the man get five ſhillings to borrow, he might be able to repay the money with advantage, both to himſelf and the lender, in a few days; for, if he were to pay cent. per cent. it would be no great object to him, and it would ſtill be his intereſt to do it, rather than to want the loan. It would be difficult to ſpecify a caſe in which 1000l. for a year could be applied to ſuch proportional advantage.

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THE firſt regulation, in an inſtitution of this ſort, would require to be,

THAT no loan ſhould ever be granted which did not appear to be for the advantage of the borrower, whatever other circumſtances might warrant the expediency of granting it.

THAT, as the minds of men are often too apt to be biaſſed by circumſtances, there ſhould be a limit ſet to the higheſt rate of intereſt that may be taken, which muſt be regulated by the extent of the loan; that is to ſay, the power of granting uſurious loans* not to be left to the directors of ſuch a bank.

THE extent of the loan ſhould be eſtimated by the intereſt which it produces during the whole time of the exiſtence of the loan. Thus, 500l. for two years, ſhould be reckoned the ſame as 1,000l. for one year.

THAT the principal management be in the hands of men who have no intereſt in exacting

* A loan ought never to be conſidered as uſurious, ſo long as it is for the advantage of the borrower, and there is no more intereſt taken than pays for the riſque incurred.

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too high a premium of inſurance, nor of increaſing the expence of the negotiation.

THAT men of character ſhould be employed to inquire into the particular circumſtances of borrowers, under the beſt regulations that can be deviſed for coming at the true ſtate of their affairs.

THAT a certain time elapſe between the aſking a loan and the granting of it, unleſs it be under ſuch particular circumſtances as may be excepted from the general regulations.

THAT, in order to avoid making any kind of monopoly of the lending of money, where ſecurity is ſo good as not to require much premium of inſurance, this bank be never allowed to lend money without a premium, nor unleſs that premium amounts to two-fifths of the intereſt.

THAT, in order alſo to render the inſtitution quite competent to the equalizing the monied affairs of the kingdom, and without reſpect, in this inſtance to public revenue, any perſon may be allowed to take, for the loan of money on uncertain

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certain ſecurity, two-fifths premium of inſurance more than what, at the time of ſuch loan being granted is given for the loan of money on mortgage*. This laſt general licence for taking premia not to extend to loans above a certain amount.

Registers of all tranſactions to be ſo kept, that the circumſtances attending them may be known at any time afterwards.

Probably the regulation of the inſtitution might with advantage be ſubjected in ſome degree to the yearly inſpection of a committee of the Houſe of Commons; and, at all events, as there would be a good deal of diſcretionary power veſted in the managers, it ought to have every poſſible check, which frequent and minute inſpection into the exerciſe of ſuch an office might afford.

To attempt laying down regulations now for a company of this ſort would be abſurd, as it could not be done with any kind of propriety by an individual; and as it would alſo be very uſeleſs, the whole

* A public regiſter, for the intereſt on mortgage, might be inſtituted, as it would vary as money was more or leſs plentiful.

whole intention being ſimply to ſuggeſt the outlines, and demonſtrate the expediency of the plan.

The intention of ſuch a plan is public good, and as ſuch it ought to be promoted as far as the nature of things will allow in obtaining that end.

A high rate of intereſt will be taken, becauſe it is only meant to be applied to caſes where a high rate can be afforded, and where, on account of the riſque run, it is required. As every man who has either property, induſtry, or character, ought to have ſome degree of credit, however limited, this plan ought to extend to debtors in priſon, when circumſtances are ſuch as to warrant it in any degree. This would, if it proved to anſwer, be a noble purpoſe.

Even debtors in confinement have ſome degree of credit, and they ought not to be excluded from the common privilege of humanity, that of uſing the little credit they poſſeſs. In this, however, as in every other caſe, the invariable rule of not granting aſſiſtance unleſs it appeared that it would be

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be of advantage to the borrower in the end, ought ſtrictly to be adhered to.

THIS laſt, however, if well attended to, would make one very material part of the plan; and it ought not to be conſidered as a matter of indifference, but, on the contrary, of very great importance, as the increaſe of national wealth and indivdual happineſs ought ever to be purſued*. THE

* Numbers of debtors are ſtill confined for very ſmall ſums, and, upon an average, thoſe relieved by the Society inſtituted for that purpoſe, are relieved for leſs than thirty ſhillings a piece. It would be a great amendment upon the rules of that charity, if the debtors ſo relieved were obliged to repay the money advanced at ſo much per week. The Society might then relieve ten times the number with great eaſe; and as there is a ſort of juſtice ſatisfied by every man paying his own debts, it would, in every reſpect, render the inſtitution better than it is, and, at any rate, much more extenſive. Though, perhaps, re-payment could not be enforced by ſo humane a ſociety, and it would not ſuit their views to throw men into priſon, yet ſome mark of diſgrace might be affixed to thoſe who evaded payment, ſuch as inſerting a liſt of them in the news-papers. It is probable that if there was any common ſenſe or penetration uſed in relieving them, the liſt would be but a very ſmall one indeed. As the object of this inſtitution is not a money-making one, it would not require that intereſt or inſurance ſhould be paid for the money ſo advanced; by properly managing this in ſuch a manner, it is not improbable that all debtors for ſmall ſums might be relieved by the preſent

THE preſent regulations as to money regard the unfortunate only, by refuſing them all aſſiſtance, and ſhutting them up from relief, in the moſt cruel manner poſſible. Thoſe reſtraining laws, which are hardly to be endured in common caſes, are, in this, intolerable; they equally oppoſe the intereſt and the feelings of mankind. Will humanity any longer admit, that an unfortunate, or even an imprudent man, a father, perhaps, of a family, ſhould languiſh in a priſon, ſhut up from every comfort, from the means of relief, and without a poſſibility of earning bread for the ſupport of innocent children, whom nature and providence have placed under his

preſent Society. Suppoſe every debtor, before being relieved, was to give this ſort of note.

" I hereby promiſe to pay thirty-three ſhillings to A. B. at the
" rate of four ſhillings every month, till all is paid, he ha-
" ving advanced to me the aforeſaid ſum of thirty-three ſhil-
" lings when I was in real diſtreſs on the day of
" and in caſe of my not paying this my juſt debt as afore-
" ſaid, I hereby allow this to be inſerted in the public pa-
" pers, as a puniſhment for my breach of faith.

" Witneſs my hand,

" X. Y. of Oxford-ſtreet, No.

" I X. Y. am to carry or ſend the money to A. B. and on
" the laſt being paid am to have a receipt for it, or to have
" this returned."

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peculiar care, on account of a trifling ſum, which, if at liberty, he could ſoon pay*? So aggravated a piece of oppreſſion ought, at leaſt, to have neceſſity for its excuſe; but it has not that: ſo far is it from being of advantage to mankind at large, it is much the reverſe, as the man and his family muſt ſtill be maintained in ſome manner or another, though not at their own expence. The creditor is a loſer, and the debtor is ruined.

As the property of men is protected, and their cauſe eſpouſed, in caſe of injuſtice, by the pub-

* This is only meant to apply to people of an inferior claſs, who have it not in their power to pay their debts but by their labour. The richer ſort of debtors do not come under the deſcription; their caſe is not ſo hard, nor does it admit generally of the ſame relief. This plan of relief could only take where men owed ſuch ſums as they could have a great probability of paying with intereſt and inſurance, by means of induſtry alone; for good fortune is not to be reckoned upon, being by much too uncertain for a ſecurity. To ſpeak of offering to pay people's debts for them, and of being generous, is noneſenſe, becauſe it is impoſſible. It is a matter of buſineſs, and it would be the public relieving itſelf. In buſineſs, of which the root and foundation is, that it always ought to pay itſelf, there cannot exiſt any generoſity or favour; though it ought to be contrived to have as much convenience, and as little diſadvantage, as poſſible.

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lic, why ſhould not they alſo be aſſiſted under unmerited or unforeſeen misfortunes, by that ſame public, as far as is not inconſiſtent with the welfare of the whole?

THE outlines here ſuggeſted for the inſtitution, may not, very probably, be altogether correct, but only capable of being modelled to the end in view. It was not intended to enter into the minutiæ of regulations, on which it is ſufficiently ſoon to deliberate, when it is reſolved, that the merits of the plan are to meet with a further and public inveſtigation.

THE utility of a general licence for lending money, at as high a rate as two per cent. premium, beſide the intereſt, will forcibly appear, if we conſider, that it is propoſed to extend the benefit of the plan as far, and as univerſally as poſſible*. No inſtitution in itſelf can be ſufficiently perfect

* At Rome, when intereſt was allowed to be *centeſimæ*, or one per cent. a month, that is twelve per cent. a year, for common loans, Juſtinian reduced it to *trientes*, or one-third, which was four per cent. per annum, but he allowed higher intereſt to be taken from merchants, becauſe there the hazard was greater.

perfect to ſupply every want relative to it; nor is it to be wiſhed that it ſhould interfere in thoſe caſes, where individual lenders can anſwer the purpoſe. Were men univerſally allowed to lend money at a rate as high as above ſpecified, it would be quite ſufficient inducement for them to encourage the ſafe, though not the adventurous trader, while it would be quite free from the evils that attend uſurious loans, as it does not hold out

Grotius alſo ſays, that in Holland the rate of intereſt was eight per cent. in common caſes, but twelve to merchants.

The ſtatute 37th of Henry VIII. c. 9. confined intereſt to ten per cent. and ſo did the ſtatute of Elizabeth; but the 21ſt of James I. c. 17. reduced it to eight per cent. Satute 12th of Charles II. c. 13th, reduced it to ſix per cent. and by ſtatute 12th of Queen Ann, c. 16th, it was fixed at five per cent. per annum, at which rate it now remains. Contracts, however, which are made in foreign countries, are obliged by law to be fulfilled here, according to the rate allowed in the country where they were made. Iriſh, American and Turkiſh intereſt, has been paid in our court, at as high a rate as 12 per cent. and by the 14th ſtatute of this preſent king, c. 17. all mortgages, and other ſecurities upon eſtates, or other property in Ireland, or the plantations, bearing intereſt, not exceeding ſix per cent. are legal, unleſs the money lent ſhall at the time be known to exceed the value of the ſecurity; in which caſe, to prevent uſury on ſuch foreign ſecurities, the borrower ſhall forfeit treble the ſum lent. This laſt might be a neceſſary regulation, for want of better, but it ſeems to be a very odd one.

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ſufficient advantage to make the money-holder encounter thoſe riſques that oblige him to take exorbitant intereſt.

THE nature of the inſtitution is meant to be this: That in all common caſes individuals ſhall manage their own affairs; but that in caſes which are deſperate, or beyond their ability to conduct, the national inſtitution ſhould lend aſſiſtance, and preſerve them from being involved, and becoming, from urgent neceſſity, a prey to rapacity and extortion.

CONCERNING the practice of private loans, on the one hand, and public ones now recommended, on the other; it may not be improper to obſerve, that neither of theſe modes of lending money would be ſufficient for all the purpoſes which may be ſerved by them united. Were individuals allowed to lend money on high inſurance, the borrower would ſuffer all the inconveniences of uſury. Again, was this bank allowed to lend money at a low premium, including intereſt, inſurance, and payment for time and trouble, it would become a money-lending monopoly; whereas

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whereas it is only intended to be uſeful in thoſe caſes in which individuals are unable to run the riſque of lending on equitable terms, ſuited to the borrower.

THE extenſion of the benefit of this plan to debtors under confinement, though perfectly conſonant to, and indeed inſeparable from its principle and ſpirit, would require to be modified and guarded with many cautions; there cannot, however, remain a doubt, but that, under proper and prudent regulations, it might be extended to theſe unfortunate perſons with great advantage. To diminiſh the miſeries, and increaſe the comforts of mankind, is the firſt object of legiſlation, and its benign influence ſhould reach that extremity of diſtreſs which moſt requires its friendly interference.

THIS plan, if altered, matured and formed by the collective wiſdom of thoſe who might think it deſerved attention, and could give it ſanction, and by the hints which would reſult from experience, might probably be found to be one of very ſimple principles, and very eaſily practicable. In philoſophy, it has been juſtly obſerved, that

that much abſtraction diſqualifies men for the conduct of common affairs, and diſpoſes them to form ſyſtems more adapted to the accuracy of metaphyſical ſpeculations, than to the mixed and varying nature of human undertakings. In human affairs it is not general laws only, but a thouſand other circumſtances that muſt be attended to, and none muſt be overlooked.

A SIMILAR train of reaſoning is employed by Buffon, to ſhew the danger of haſtily forming any ſyſtem of philoſophy. The different objects, according to this philoſopher, which preſent themſelves to the mind, ought not with precipitation to be forced into any claſs or ſyſtem, but left to float looſely, until each ſhall have aſſumed that ſtation which is due to its gravity and importance.

IN like manner, to compare great things with ſmall, in the formation of any new practical ſyſtem, nothing ſhould be invariably fixed, ſo as to preclude future alteration and improvement. Where there is no direct precedent nor example, there is great danger that men err. They rather feel than ſee their way, and all that can be expected

pected of the moſt ſagacious is, that they in due time perceive their errors; or of the moſt candid, that they ſhew a diſpoſition to return to the right path.

THE more diſtinctly and the more accurately often that arangements are made, the leſs poſſible it is to remedy thoſe miſtakes which are certain to enter into the formation of a complicated plan. There are many projects which, from their nature, muſt be brought forth in as perfect a ſtate as poſſible, and alſo upon a large ſcale; but it is the chief merit of this plan, if it has any merit, that it may be tried even on the ſmalleſt ſcale, and without a riſque that is of any conſideration; while, if it ſucceeds, it is capable of being carried to the greateſt extent. But, the conſideration of this we muſt leave, till we come to the analyſis of projects, in a general view.

THE advantages of ſuch a bank have hitherto been chiefly conſidered, with regard to their effects upon induſtry. Now let us ſee what advantages it is probable may be derived to public revenue, of which it will be found to be a very conſiderable ſource.

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THOUGH public revenue is not the principal advantage, yet it is a neceſſary conſequence of the ſucceſs and continuation of the plan.

INSURANCE, when carried on upon ſo large a ſcale as to reduce the profits to ſomething like a certainty, actually from its nature affords a very great advantage when upon equitable principles. Equitable principles are ſuch as are advantageous to the inſured, and ſafe to the inſurer.

THE gain ariſing from the transfer either of property or riſque, conſiſts in the ſuperior value which the thing ſo transferred poſſeſſes, when in the hands of the purchaſer, more than when in the hands of its former poſſeſſor.

INSURANCE, upon a very ſmall ſcale, is known to be very hazardous; and every body muſt allow, that he who riſques the loſs of his fortune upon one chance, ought alſo to have a chance of a great advantage: it is not ſo with the perſon who depends upon a great number of chances. Hence ariſes the advantage of individuals inſuring; they transfer the riſque (which to be ſure is but a negative ſort of property) to a company,

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whoſe buſineſs it is to run riſques; as there is a great difference between the value of the chance, when in the hands of an individual, or in thoſe of a company, a bank of this ſort might therefore gain great profits, while the people who dealt with it were very great gainers.

Any new calculation, reſpecting the gain of ſuch a bank, muſt be conſidered merely as hazarding a conjecture, as it would depend upon the rates of intereſt fixed, and good management, both of which are unknown; and alſo, as it would depend upon the extent and the nature of the loans. The revenue, however, ariſing from it, would probably, if it was adjuſted according to the rules of common ſenſe, amount to ten per cent. per annum, or above, upon the money employed.

The neceſſity, at leaſt the utility, of this plan, having already been attempted to be proved, outlines having been alſo ſuggeſted, which might perhaps be ſuitable for the putting it in execution, our next ſubject of enquiry ought to be into its faults and imperfections, as well as into the more remote

remote conſequences that it will probably have on other things.

Before we enter upon that ſubject, it may not be improper to conſider the circumſtances that attend, and the ideas that generally occur, in canvaſſing the merits of a new thing.

All ſyſtems, all projects, and even all material ſubſtances, are only compoſitions of good and bad, differently proportioned. Even our ideas are unable to comprehend any thing that is not compoſed of theſe two principles, which ſeem to be as neceſſary to the exiſtence of every thing we are able to imagine, as length, breadth, and thickneſs are to ſolidity.

Mankind, accuſtomed generally to ſubmit to inevitable neceſſity, judge of things by rules, that do not, by any means, at firſt compare them fairly.

We look at the imperfections of things that have exiſted before ourſelves, and which we have always been acquainted with, as we do at our own faults, which too often grow almoſt unper-

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ceived, and remain almoſt unnoticed. Very different are our ſenſations upon the being preſented with a new thing. All its imperfections ſtart up to our view immediately, and its good qualities become the object of our ſtricteſt examination and acuteſt criticiſm.

WHOEVER has had even the moſt remote concern with introducing new things into the world, will be very ſenſible of this truth. Things with which we are already acquainted are compared with thoſe we have been accuſtomed to ſee, which therefore become the ſtandard to judge by; if better than uſual, we pronounce them good; if worſe, they are reckoned to be bad. But a new thing is applied to perfection; a much more unfavourable ſtandard.

PROVIDED one bar of iron is as good as another, it is never an objection in the purchaſing of it, that iron ruſts; or to braſs, that it will not forge like iron. When utenſils made of caſt iron began to come firſt into general uſe, the metal was moſt ſtrenuouſly objected to, as being more brittle than hammered iron or braſs, even in caſes when that was no real diſadvantage, and individuals

viduals never in their oſtenſible opinions gave it the preference. The advantages it poſſeſſes, in being more hard, and leſs apt to wear, were never once thought of, till by degrees it became to be in the ſituation of a thing, with the qualities of which they were well acquainted, when in a ſhort time the compariſon was made in a fair and equal manner; and at laſt it was very generally uſed, without its faults being further canvaſſed. Such in general is the way new things are received by the world*.

THE good ſenſe of mankind generally prefers the beſt in the long run, tho' on its firſt appearance a good thing is liable to almoſt as many objections as a bad one, as they muſt both be far ſhort of perfection, which is the ſtandard in all caſes; its reception is a very precarious one, and it is by no means at firſt certain of ſucceſs, however ſtrong a claim its merit may give it. Luckily, however, it is real worth that generally, in the end, ſtamps a value upon every thing.

* It is not here meant, that this extends to every thing, or to every perſon. There are ſome things, where the novelty alone is ſufficient merit; and there are ſome people to whom novelty is a merit; but this is only the caſe in things of little importance.

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THE firſt obſervations that in general will be made on this plan, will, however, be ſuch as the beſt and the worſt would indiſcriminately meet with, all of them tending to expoſe its faults.

IT will undoubtedly be obſerved, that it is very difficult to know enough of a man's circumſtances to inſure them; that it is more precarious than fire, or even the dangers of the ſea; that there will be loſſes, and that the good people muſt pay for the bad, and the honeſt for the diſhoneſt, without once reflecting that this is the caſe all the world over, wherever credits are given at all, and that the ſame objections apply to the giving of credit in every ſort of buſineſs*; and it will be entirely forgot, that it is not the number of faults that poſitively conſtitute a bad thing, but the proportion that theſe faults bear to the advantages.

* Were the inſtitution always new, or ignorantly managed, there might be great loſſes from the uncertainty of men's circumſtances; but, as a man in common buſineſs, who is active, and tolerrably intelligent, very ſoon knows almoſt all of the good and bad people in his branch of buſineſs, let it be ever ſo extenſive, there cannot be a doubt, that, in the caſe of this bank, the hazard run by truſting a man in buſineſs would very ſoon be well enough known, without much enquiry.

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THE greateſt bleſſings ariſing from ſocieties among men, whether national or more private ones, are derived from the ſort of inſurance from thoſe misfortunes, that unprotected individuals would otherwiſe be liable to, and from the ſharing of thoſe evils, which, when divided, are inconſiderable; but which, when undivided, are inſupportable.

IN London, where inſurance againſt loſſes by fire is very univerſal, that moſt direful calamity is only felt as a ſmall tax levied equally, and in a voluntary manner, upon the whole body of inſurers. There is not, perhaps, in exiſtence, a more happy inſtitution for preventing individual calamity.

NATIONS were firſt compoſed of a number of individuals, who had gathered together for no other purpoſe, than that of protecting each other againſt their enemies; for they could not poſſibly foreſee one-tenth part of the advantages that ariſe from collective bodies; nor now, that we poſſeſs them, do we avail ourſelves ſufficiently of them, becauſe we are not ſenſible of their importance.

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All ſocieties, whatever may be their particular view, are intended for the general good of thoſe perſons of which they are compoſed, nor can they exiſt on any other principle.

The aim of ſocieties of men is either to aſſiſt individuals, when in ſuch circumſtances as to be unable to do it themſelves, or to undertake ſome affair, which ſingly they would be unequal to. The devices for theſe purpoſes have been numerous, and productive of many good effects, though, like every other thing, each one has ſome diſadvantages attached to it. Were not ſome ſuch contrivances diſcovered, men in adverſity would be ſhunned and avoided as a peſtilential diſeaſe. Without impeaching the humanity of mankind, we may, with truth aſſert, that the fortunate avoid all connection with thoſe in adverſity, which they know it is their intereſt generally to do. The famous ſtory of Timon of Athens, is not more ſtrongly marked than many of a much later date. Men in general, though there are many glorious exceptions, look at their own intereſts firſt, and it ſeldom is the intereſt of any man to aſſiſt the unfortunate, neither is there any contrivance by which it can be made their intereſt;

intereſt; it may, however, be made to be for the advantage of the community, and this inſtitution would, if executed, moſt probably anſwer that purpoſe *.

In addition to the advantages that would ariſe from ſuch laws, reſpecting the lending of money, there muſt be reckoned one that is of no ſmall importance.

As the labour of men may, as has already been obſerved, be applied with different degrees of advantage, ſo may it likewiſe be miſapplied altogether, and employed quite unproductively. This ſpecies of loſs is generally occaſioned by former misfortunes, by bad regulations, or by in-

* A more ſtriking proof of the advantage derived from individual calamities, being reduced to be nothing more than public burthens, cannot be given, than that of the tax upon policies for inſurance againſt loſs by fire. The true and real principle of that tax is, "That whoever loſes 2000l. by fire, ſhall, in addition, pay 1500l. "of a tax." Had this tax appeared in this its real ſhape, nothing could have been reckoned more cruel nor more hard than it would have been. Nero, in the midſt of all his cruelties, would have ſhuddered at it; and the moſt abſolute government could ſcarcely have enforced it. So much is the calamity of fires alleviated and diſguiſed by inſurance, that it raiſed not a ſingle murmur, and in reality is not by any means one of the worſt of taxes.

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diſtinct ideas of buſineſs; and it may happen to fall either upon a nation or an individual; and in every caſe it is, of all loſſes, that which is the moſt to be guarded againſt: and, if there does exiſt in nature any thing that is compoſed of evil without good, it is this ſpecies of loſs. In general, other loſſes have ſome attendant advantages, but this ſeems totally deprived of every advantage.

LABOUR has been divided into productive and unproductive labour. Thoſe who labour in creating things which continue to exiſt, have been called productive labourers. Such are journeymen, and all operative mechanics, as well as farmers and their labourers. Thoſe who labour without creating any thing that exiſts afterwards, have been ſtiled unproductive; menial ſervants make the chief of this claſs. There very properly is a diſtinction made between the two claſſes, for they are very different; but the name of UNPRODUCTIVE rather bears, perhaps, too unfavourable a meaning, when applied to a ſpecies of induſtry, which, though not a creative induſtry, yet, is as conducive to happineſs as any other whatever. The menial ſervant, who keeps a houſe

a houſe clean, and in good order, is as uſeful in producing comfort, as the operative men who built the houſe; and they might as well exclude the one from ſociety as the other. In all caſes where labour is neceſſary, or conducive to comfort or to happineſs, the being what is called of a productive, or an unproductive ſort, is of no conſequence, and the only real difference is, that the one admits of being accumulated, and the other does not. There is, however, beſides theſe two, a ſort of labour that is really unproductive in every ſenſe of the word; this is labour that is applied to what neither adds to the wealth nor to the happineſs of men, and may be called very properly USELESS LABOUR; or, perhaps, with ſtill greater propriety, INJURIOUS LABOUR.

AFTER giving a few inſtances of this ſort of labour, and of its evil conſequences, we ſhall prove, that this inſtitution would tend to circumſcribe its extent conſiderably.

ONE of the moſt noted examples of this kind of expence or labour, is the expence of evading the duties laid upon imports, to which there was ſuch a blow given lately by the commutation-

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act. Had there been no other advantage derived from that act, than this single one, it ought to be sufficient to vindicate its propriety and expediency in the fullest manner.

THE purchasers, or rather the consumers of tea, in general, paid the fair price, very few people ever using tea, knowing it to have been smuggled. The price of the article was therefore not lessened in any sensible degree to individuals, government were deprived of the duties it should have got, and the original venders of the tea received no advantage from the evasion. On enquiry, then, where this money (that either ought to have been saved to the consumer, or raised to government) went, we shall find it used for the expence of evading the law. That is to say, the evasion cost as much as the money so acquired was worth; it was in every respect, therefore, USELESS. But in this particular instance, besides being useless, it happened to be very injurious to society; for whatever was got, went to the maintaining of men who were a great hurt to society. Of all sorts of outlaws, that set of men called Smugglers are the most pernicious, by infecting the manners of men; for, while they practised

practised most of those vices that generally go hand in hand with unlawful and underhand dealing, they were less anxious to conceal their actions, their occupation not happening to be branded with the same degree of infamy that house-breaking or other theft is; they mixed with men, while, at the same time, they were guilty of those things that are generally attended with every species of vice. It was only a natural consequence, that there should be much more vice, and less good order and decency of behaviour, among the lower orders where smuggling was practised, than where it was not, which accordingly was the case, for the manners of the lower class are extremely unlike, and much worse in sea-port than in inland towns*.

THIS species of labour contributes nothing to the wealth or to the happiness of men; it admits

* Men are, and always will be, influenced by custom and example in their opinions; but as custom and example must owe their existence to natural propensities, or some other cause, it would seem that men do not consider positive theft, which consists in the taking what is really in the possession of another man, to be of the same nature with that kind of theft that conceals things you have otherwise got possession of, and ought to deliver up. Smuggling certainly is of this latter sort of theft, attended often with the risque of murder, and those other desperate actions that increase the crime,

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not either of being ſtored up for future uſe, or employed in yielding preſent comfort or enjoyment, which the other two ſorts of labour do; it was therefore a great gain to the aggregate wealth of the nation, when that numerous body of men was deſtroyed. Though this ſort of uſeleſs labour ſometimes exiſts in men's private affairs, yet it is much more likely to happen in the affairs of the ſtate.

Of all the taxes now raiſed by government, there is not perhaps one that has more of it, than that voluntary, that agreeable mode of taxing by means of a lottery. Where there is an hundred thouſand pounds raiſed to government, there is an expence of twice that ſum to individuals, by the contrivances that it opens a door for; and there is much more goes for loſs of time and idleneſs that it occaſions. This is uſeleſs labour, or uſeleſs expence, which are the ſame thing. The ſchemes it gives riſe to are uſeleſs labour, and the idleneſs is uſeleſs expence. Whatever expence is abſolutely neceſſary to the levying of a tax, and to the putting the money of individuals into the public treaſury, is productive

ductive labour; but whatever is more than that, may be called uſeleſs expence.

The preſent laws reſpecting money, open a door for a good deal of this ſort of uſeleſs expence and uſeleſs labour, which, as it is ſeldom voluntary, is generally occaſioned by former regulations, or former actions of ſome ſort or another.

The laws, by reſtricting intereſt to what the nature of things will never correſpond with, beſides the numerous uſurious and troubleſome tranſactions that take place upon a ſmall ſcale, occaſioned a mode of raiſing money which was pernicious in every reſpect, and at one time ſtaggered the credit of moſt men in the nation. This mode has been long practiſed, and will continue to be ſo while the reſtraining laws remain in force. Its extent, however, has not been ſo great ſince 1772. The nature of theſe tranſactions became ſo well known by that affair, that it does not need much deſcription here. It did not happen becauſe there was a great demand for money at that time. But the love of gaming, which occaſionally requires

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quires the gamesters to raise great sums, and always to be able to command them, was at that time particularly prevalent, and money could not be borrowed, either fairly or by common usury, in sufficient quantity to answer the purpose.

A NUMBER of men, at the expence of a good deal of this sort of useless labour, however, can raise a very large sum, by means of joining their credit together, in borrowing it not just at common interest, but with a little expence, charged under the names of current exchange, postages, &c. so as to make it worth while for the bank, or other monied bodies of men, to advance such money.

WAS the money that goes to the lender the only expence, it might not be very prejudicial; but the business, and useless labour that attends it, is so very great, that it always prevents success, unless under some very peculiar circumstances, such as are indeed much too uncommon to be expected. There cannot be a greater hurt to trading men, than the borrowing (or raising, as it is called) of money in this way; but it always will

will continue to be practiced more or less, while the present laws are in force*.

IN other lines of life, where there are not whole bodies of men in the same sort of circumstances, this cannot be practiced; for men who

* There have been instances of such sums as 20,000 l. so borrowed, that have cost 3000 l. annually to the borrower, that did not yield more than 1400 l. advantage to the lender; so that 1600 l. went for useless labour, besides the loss sustained by the principal in derangement of his affairs, owing to the attention this required. For it happens with this sort of loss as with many other kinds of loss, that it requires more constant attention than profitable business. A fever, or perhaps a fit of the gout, may ruin a man so employed, whatever his real fortune may be, in a few days. It is impossible to estimate, in any case, the useless expence that is thrown away upon this sort of loan; when it has only been used as a temporary expedient, and soon abandoned, it has sometimes answered the purpose; but when long continued, there is not perhaps a single instance in which it has not brought ruin on the borrower.

There is not probably in the world a greater instance of the effects of appearances, and of the modes of doing a thing, than in the single one of gaming; which, when sanctified with the transfer books at the bank, with the business-aspect of the morning, and the spot where it is carried on, is not considered as discreditable, even to men who risque money that is not their own. It is however the deepest of all play, and if it were west of Temple-Bar, and carried on in the evening, would be reprobated as the most pernicious and disreputable of all things, by sober men of business. It is not even very discreditable to cheat at this play, so much is it disguised under the appearance of business.

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do not themſelves want aſſiſtance, ſeldom ever give any. Then, other modes leſs extenſive, but not leſs pernicious, as far as they do extend, are practiced, and every one of them derives its evil from uſeleſs labour.

As the preventing of uſeleſs labour is a moſt material point, for there is nothing that the ſucceſs of human affairs depends ſo much upon, it may not perhaps be thought improper, to inveſtigate it a little farther.

As there is a very ſtriking difference between productive labour and uſeleſs labour, ſo alſo is there between the conſequences of the expence of uſeleſs, compared with uſeful labour.

To an individual, the only difference between waſting half his income upon pleaſures, or in idling away half his time, ſo as to get only half the money, is, that in one caſe he earns money and throws it away on pleaſure; and in the other, that he enjoys eaſe in place of that pleaſure; and it remains with himſelf to ſay which pleaſes him beſt, for, with regard to money matters, it is the ſame in either caſe. It is not, however, by any means,

means, the ſame to the community in which he lives. The man who earns money, and uſes it, is an uſeful member, but the idle one is not. National wealth exiſts merely in the induſtry to get, and the readineſs to part with money, that is to be met with among men; and, where theſe are the greateſt, wealth is greateſt alſo. But idleneſs has quite the contrary effect, for, in proportion to the extent of it, is the poverty of nations, except ſo far as depends upon the productions of the country. Ill employed induſtry, or uſeleſs labour, has the ſame effect with idleneſs, except in one thing, that it is the idleneſs of a better ſet of men than thoſe who are naturally idle *.

It is not to be diſputed, then, that the preventing, as much as poſſible, this uſeleſs labour, would be a moſt deſireable thing, and the only way to do it is to alter thoſe laws that have a tendency to force people to have recourſe to it; for, like ſmuggling, while there are incitements to it, it will continue to be practiced.

* It is to ill employed induſtry, and uſeleſs labour, without doubt, that the want of ſucceſs of induſtrious men is generally to be attributed.

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BESIDE the effect that a plan of this kind would have, on preventing ſo much uſeleſs labour, there cannot be a doubt that it would increaſe the aggregate quantity of uſeful labour, which credit, when properly given, always tends to promote; though, perhaps, at the firſt view, it might ſeem to have a contrary tendency.

EVEN in the loweſt departments, where credit is given, it has this effect. A man, who has any credit, finds his advantage in ſupporting it, by being ſober and induſtrious; this has alſo another effect, by regulating the way in which he expends his money, that is very favourable to induſtry, and diſcouraging to diſſipation. So much is this the caſe, that by looking at men in the lower departments of life, we may judge of the degree of credit that they poſſeſs, from the clothes they wear, ſo as to be but very ſeldom miſtaken*.

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* Though a man, by means of credit, may wear a coat before he pays for it, or even before he earns it, yet, by purchaſing a coat on credit, he lays himſelf under an abſolute neceſſity of paying for it. If he had not had credit, it would only have been a voluntary neceſſity, which is not near ſo ſtrong. This is certainly a fact, and obſervation

THE manner that credit acts, in increaſing induſtry, is by increaſing neceſſity. There is an ABSOLUTE NECESSITY for paying debts contracted, but the neceſſity of purchaſing things NOT on credit, is, in many caſes, only a VOLUNTARY NECESSITY.

IF it is granted, that the moſt part of men are more ready to purchaſe things on credit, than when they muſt previouſly hord up money for the purpoſe; and that, when purchaſed, the ſelf-denial of hording up money to pay for them is not ſo great, becauſe it becomes not to be an act of the will, at all, but of neceſſity, it muſt

ſervation (reſpecting thoſe men to whom the purchaſing of clothes is an object) convinces us, that thoſe men who have credit uſe many more clothes than thoſe who have none. Taylors give credit more generally than hatters and hoſiers, or linen-drapers; it therefore happens, that men in the loweſt claſſes, that have credit, wear better coats than they do hats, ſtockings, or linen; for they wear the fineſt cloth, but they do not wear the fineſt of the other parts of dreſs. It is alſo curious enough to obſerve, that among people, again, who have no credit, and but ſmall ſums at command, it is quite the contrary caſe: they, again, are extravagant in thoſe parts of dreſs that amount to but ſmall ſums, which they occaſionally can command; ſuch people often have new hats, ſtockings or ruffles, but ſeldom new coats, which are not, as they term it, ſo *eaſily raiſed*; however, upon the whole, they do not expend ſo much on clothes as he who gets credit. Wearing good clothes is an enemy to diſſipation.

alſo

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alſo be allowed, that induſtry is promoted by it, for the money that a man pays is the meaſure of his induſtry. The induſtry of men, it muſt be allowed, is regulated by neceſſity alone, though by different degrees of neceſſity.

SAVAGES hunt or fiſh when they are hungry, then they eat and ſleep till they muſt hunt again. This is labouring through abſolute neceſſity.

THE loweſt claſs of men, in civilized nations, are little better*

A CLASS that is a little higher, generally earn their food before they are in immediate want of it; this is labouring without the moſt preſſing degree of neceſſity. Many are induſtrious, who

* When it ſo happens, that labourers can ſpeedily convert their labour into food, they ſeldom labour but till they want it. Perhaps the labour moſt readily converted into food is nails, which are juſt as fixed in their value as current coin. In the counties where nails are made, it is a common practice for the ſhops that ſell bread, butter, cheeſe, &c. to take nails in payment; and to ſo abject a ſtate are many families of nailors reduced, (for the father, the mother, and all the children above ſix or ſeven years old, make nails) that at breakfaſt they diſpoſe of the labour for food, and again the ſame at dinner, and ſo on. It is a regulation, too, that the people who ſell the food, ſell iron fit for making more nails.

are

are not obliged to be ſo at all; this is ſometimes labouring for amuſement or exerciſe, but chiefly from imaginary neceſſity.

IN all theſe caſes, however, it is ſome ſpecies of neceſsity that cauſes labour.

A WRITER*, whoſe definitions are both accurate and juſt, defines the neceſſaries of life as conſiſting of thoſe things which a man cannot reputably do without, in the rank of life in which he happens to be placed.

PROBABLY, if a better definition could have been given, it would have been done; but, it muſt be owned, that this ſettles no diſtinct line, and makes almoſt every thing that is not a voluntary extravagance, to be a neceſſary thing.

SHOES, ſtockings, and other clothes, of an inferior quality, are neceſſaries to a common labourer, though they are not to an Indian. Fine ſhoes, fine ſtockings, and fine clothes, are neceſſaries of life to a gentleman. Expenſive equi-

* Dr. Smith.

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page, and rich dreſs, are neceſſary to a man of rank, who finds more victuals than he can eat, more clothes than he can wear, and more ſervants than he has real uſe for, juſt as neceſſary, for the ſake of appearance, as the plain clothes are to the labouring man. Hence, all is but neceſſaries of life, to different people, and no man can be reckoned extravagant, who does not exceed his equals in expence. Men are, therefore, obliged to live, and keep up a ſhew and an appearance, equal to their neighbours, which obligation acts as a GENERAL CAUSE, to continue things at as great an expence as they already are.

THE particular deſires of individuals, whether from vanity or other paſſions, again act as motives for an increaſe of expence; and when a new expence, thus occaſioned, has become pretty general, it is ſanctioned by cuſtom and numbers, and equally deſerves the name of a neceſſary of life, with thoſe that have gone before it, and ſo adds one more to the number.

IN this manner do the wants of men increaſe, every enjoyment, every convenience, and every pleaſure

pleaſure making room for another *, and, if poſſible, for a greater than itſelf; this has been the caſe with all ſocieties, and is ſo with almoſt all men; it may therefore be concluded, that, as it is univerſal, it is the natural tendency of man. Without the aſſiſtance of ſome credit, however, this tendency, in the lower claſſes, waſtes its exertion in momentary gratifications, which are not ſo beneficial to ſociety as the ſame expences laid out upon leſs periſhable enjoyments; neither are they, in themſelves, ſo beneficial, nor do they excite induſtry † in the ſame manner.

* In China, perhaps alone among civilized nations, there is to be found an exception to this rule. There, and there only, days, years, and even ages paſs away, without producing changes, either in the manners of men or things. China, reſembling an unchangeable piece of matter, remains unaltered; while the European nations, more like to a periſhable animal, go on from one ſtate to another, continually increaſing in expences, and tending, at laſt, to ſomething like the decay of old age, when the imperfections increaſe till the living powers give way to the accumulated load of natural and acquired diſeaſes.

† What is ſaid here, about the induſtry of the lower claſſes being excited by credit, is not intended directly as propoſing to give them credit, which it would never anſwer to do; but, it is meant as an example of the effects of credit, and alſo may be conſidered as one of the more diſtant conſequences of money being put at its true value.

It is an uncontrovertible truth, that neceſſity creates induſtry, and as the wants that we ſpeak of are not abſolutely inherent in human nature, they muſt be created and encouraged by every poſſible means, as induſtry muſt keep pace with them*. Induſtry, however, is not the only child of neceſſity; ſhe is alſo the mother of invention, and from theſe two ſpring up a fund of reſources for public expenditure.

From this cauſe muſt have originated that ſtrange and unaccounted for duration of empires and nations, as well as private men, which belies all predictions, reſpecting the time when they ſhall no longer be able to ſuſtain the accumulation of public debt.

* In obſerving the ſtate of induſtry, in different countries, we find it knows no other law but that of neceſſity. It appears, that every country muſt either be poor, (ſo that a labourer can with difficulty earn bread for himſelf and family) luxurious, or idle. In Spain and France, where the ſoil and climate are good, the peaſants are poor, and not very induſtrious. In Scotland, where the climate and ſoil are ſuch as to require great labour to make it produce, induſtry is greater. In Ireland, again, where climate and ſoil are more favourable than in Scotland, induſtry is leſs. And in England, where climate and ſoil are neither ſo good as in the one, nor ſo bad as in the other, but where luxury is farther advanced among the lower claſſes, induſtry is the greateſt of all.

The very burthen itſelf creates its own ſupport, by producing neceſſity; and, till the induſtry and invention of men are exhauſted, this continues to be the caſe.

As one invention always leads to another, it is never poſſible to gueſs how far they may, or may not be carried; and it is owing to this circumſtance, that nations are able to ſupport themſelves under heavy loads of taxes, after prophetic calculators have predicted their declenſion and fall.

In governments, where the expences of the ſtate are ſtationary, as in China, and neither increaſe nor diminiſh, the ſtate may continue to exiſt with a ſtationary degree of induſtry; but, in ſuch a progreſſive increaſe of expence as that in England, expence of individuals muſt be increaſed, and it becomes an object to the legiſlature to do it, by every poſſible means. While men do not encroach on the accumulated capital that ſupports trade, the more they expend the better; and, while they can continue to increaſe in expence, they can alſo continue to pay additional taxes.

THOUGH it is to be hoped, that increaſe of taxes are not to take place in ſo great a ratio as individual induſtry, yet, there is not a demonſtration in Euclid more clear, than that it might do ſo without any great harm, and without any degree of danger*.

BESIDES

* From this, it is certainly evident, that taxes ſhould not be laid on thoſe things that we can eaſily do without, becauſe its effect is to make men retrench their expences generally much more than the amount of the tax. In the ſubject of taxation, which is a very intricate one, there are, however, ſome great features, that give the character of good or bad to a tax, and which are not very difficult to be diſcerned.

The firſt is to avoid all taxes that increaſe the wages of labour; all taxes that fall on the poor have not that tendency: thoſe that tax the luxuries of a labourer have not: thoſe that tax the abſolute neceſſaries have, and are the worſt of all kind of taxes.

The ſecond is to avoid all taxes on ſuch mere luxuries as can eaſily be diſpenſed with. This has two faults; firſt, that of counteracting itſelf, by being unproductive; and, in the ſecond place, that of promoting retrenchments in expences; or, in another phraſe, leſſening induſtry.

The third is, to avoid ſuch taxes as are attended with much uſeleſs labour or expence, which all taxes are, that levy much greater ſums from the public than they put into the treaſury.

The

BESIDES induſtry and invention, there are, indeed,

The fourth is an evil which the taxes in this country are pretty free from, that of infringing upon the civil liberty of the ſubject. It muſt be obſerved, that theſe two laſt intereſts oppoſe each other very directly, and to them may generally be applied the line of Virgil:

"*Incidit in ſcyllam cupiens evitare charibdim.*"

When theſe things are avoided as much as poſſible, an increaſe of taxes, if they increaſe only in the ratio of the other expences of men, ſeem only to make up a part of the ſyſtem of progreſſive expence, though, it muſt be allowed, they are not a neceſſary, nor a deſireable one.

While we muſt admire the excellent conſtitution of this country, in many reſpects, it muſt be allowed to partake of the imperfections of all human things. One great imperfection is the ſuggeſting and putting in force new taxes, in ſo ſhort a ſpace of time, that there is not time fairly to analize them, before they are put in execution. Every miniſter is forced upon this unwiſe meaſure. In caſes where experience has left no doubt what is beſt to be done, their official regularity with great propriety takes place; but, in a caſe where human wiſdom is ſcarcely ſufficient to direct to what is beſt, it is always very dangerous to be reſtricted by forms.

The inveſtigation of the propriety of taxes, before they are laid on, is a matter of vaſtly more conſequence than it ſeems ever to have been conſidered. We have been, and are yet in the ſituation of a healthy and ſtrong man, who uſes great liberties with his health and conſtitution; and who, for a long time, may go on without feeling any evil conſequences, which, nevertheleſs, are abſolutely certain to arrive ſooner or later.

Perhaps

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indeed, two other funds of resource to a trading and luxurious nation.

THESE are, first, an increase of yearly wealth, arising from an increase of capital.

Perhaps a mode, something more pliable, and more adapted to the limited capacity of men, might be devised. Suppose, when a loan of ten millions was granted, instead of requiring taxes to be immediately laid on to pay the interest, a farther sum of 500,000l. were granted also to pay the interest for the first year, and a minister were only to have his taxes ready to propose that year, that the next year, such of them as were found to be of the proper sort pass into force; and, in the intermediate time, intelligent men were employed to examine to get information, and make reports concerning their tendency. The opinion of the public would also be found out in this time. This mode might perhaps allow time and opportunity for acting as right as the nature of the thing admits. It is no impeachment on any minister at present, if he puts in force hurtful taxes, for he, like the whole human race, is governed by necessity. The clamours and outcry of the people ought to have their just weight, but not more; they should always be listened to, and, when they are just, complied with, but not otherwise. It might probably be a piece of wisdom, to reward the person publicly, who suggested the best taxes, and gave his reason for suggesting them, not allowing any one person to propose more than three or four taxes at one time. It is not the circumstance of being in office that will enable a person to discover proper subjects for taxation. It is a discovery, and requires both knowledge and invention, two things that cannot be created nor commanded by money or power, but are very easily attracted by either.

THE

THE second is derived from an increase of œconomy; this, however, is the last and the worst, though it is the most certain resource of all. It is, in a great measure, the apprehension that this disagreeable and hateful resource is the only one that frightens people so much at all increase of taxes.

THE resource arising from increase of capital is, perhaps, the one that admits of the greatest extension. It is to be observed, however, that it depends for its existence upon industry, and therefore is not an absolutely certain resource. Did a nation depend on its own labour and produce only, and not on foreign trade*, this re-

* It is not absolutely necessary for a nation to have any foreign trade at all in order to be rich. Were nature sufficiently bountiful to any one nation, as to furnish metals, fruits, and all the other things thut are necessary to a healthy people, foreign trade might be dispensed with. The carrying trade is unproductive labour in all cases, and it would then be useless labour. In no case does the carrying trade increase the aggregate wealth of the whole world, though the different productions of different countries, and the division of labour, have made it necessary; and though it is not the original cause of general wealth, yet as we are more apt to meet with opposition in the carrying trade than in home manufactures, it has always attracted greater notice and attention, and it has not been found to be ill bestowed; for, as matters are, it is a source of very great wealth to some particular parts of the world.

source

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ſource would be limited; but, as that is not the caſe, it has no particular bounds.

After firſt furniſhing capital enough to carry on trade and manufactures at home, which is the firſt and moſt material object, the next uſe of capital is to give credits for goods to merchants, in other nations, and to pay in ready money for all materials purchaſed. There is vaſt gain attached to this, independent of its being alſo the beſt way to inſure a continuance of foreign correſpondencies.

An increaſe of capital is therefore a moſt extenſive reſource; but, though capital is originally created, and exiſts only through induſtry, induſtry is, in the ſame manner, dependent upon it, which has been before attempted to be proved.

After having endeavoured to explain the reaſons for propoſing, and the advantages that might be expected to ariſe from this plan, it is equally neceſſary to enquire into the evil conſequences that may attend it.

Though

Though it probably may be managed ſo as to have but few bad conſequences, and certainly none that are very pernicious; and though, perhaps, theſe may not now appear, yet, moſt aſſuredly, it will have defects and diſadvantages of ſome ſort or another. All that can be hoped for is, that theſe, when compared with the advantages, will be found to be but inconſiderable.

In order to guard againſt the effects of imperfections, as much as poſſible, let it firſt be put in execution, to a ſmall extent, and loans granted upon the plan propoſed. When it has been in force ſome time, let all the borrowers be called together, and let it be aſked of each ſeparately whether, if under the ſame circumſtances again, he would wiſh to obtain another loan on the ſame terms; and if, upon the whole, it has been of ſervice, and aſſiſted them advantageouſly?

Let it alſo, at the ſame time, be as exactly as poſſible reckoned, what the gain or the loſs has been to the fund eſtabliſhed for the purpoſe.

If it is found that individuals have been benefited, and the fund increaſed, the plan ſhould

 certainly

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certainly be proceeded with, as being a good one; it ſhould be extended, and thoſe amendments made, which time and experience have ſuggeſted.

If it is found that individuals have reaped advantage, but that the fund has decreaſed, let the cauſe be enquired into, whether it has been owing to miſmanagement, or to too low a rate of inſurance having been fixed. If to the former, let meaſures be adopted for better management; and, if the latter has been the caſe, let a trial be made with a higher rate of inſurance. If it ſhould be found, that its want of ſucceſs aroſe from the nature of the inſtitution, and not from any particular circumſtance, ſo that there is no reaſon to ſuppoſe that it will prove advantageous; if amended, then, let it be abandoned entirely *.

Were

* There is little doubt but that it might be made to anſwer, in ſome degree; for intereſt is taken in a manner ſomething ſimilar, in ſome parts of the Eaſt-Indies, where ſome of the natives poſſeſs great wealth. Their practice is to obſerve when an European firſt arrives among them, whether he is ſteady, ſober and intelligent; and, if they find him ſo, they offer him loans of money, for which they have from nine to fourteen per cent. This they are induced to

Were theſe precautions taken, previous to the extenſion of the plan, there is not much to be dreaded from evil conſequences, as they would be foreſeen in time to be prevented.

New undertakings, which are known by the name of projects, are, perhaps, more frequent in this, than in any other country in the world. They do not, however, in general, tend to raiſe the credit of the projector *, in the eye of the world.

The want of confidence in new projects is not, by any means, without juſt cauſe; for, of all

to do, becauſe theſe poor oppreſſed people cannot carry on trade in their own country without interruption and oppreſſion from the Europeans. The Gentoos are not a ſtupid, neither are they a very clever race of people, yet they manage this to very great mutual advantage. Some of them lend money to a very great extent. The family called the Cheyks, which is the richeſt perhaps in the world, has ſometimes been able to lend above four millions, four hundred thouſand pounds at a time.

* Dr. Garth, in two lines, has very prettily expreſſed himſelf on the undertakings of projectors with ſome truth, when he ſaid:

" Projects, at beſt, muſt this ſucceſs expect;
" When good, our envy, and when bad neglect."

Dispensary.

new

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new undertakings, the far greater part entirely fail; ſome fall ſhort of expectation, and a few ſucceed.

THE failure of projects may be owing to a vaſt variety of different cauſes. When there is not a cauſe inherent in the nature of the undertaking itſelf to prevent ſucceſs, the ſanguine temper of the projector is generally ſufficient for that purpoſe.

A PROJECTOR, who is not ſanguine in his hopes, never can exiſt; if he were not, he would never be the thing that he is, unleſs he were a madman. Some of them, indeed, pretend not to be ſanguine, but it is never true; they may indeed be obliged to go on ſometimes after hopes of ſucceſs have almoſt left them, but they muſt be expecting ſucceſs when they firſt begin.

THAT ſame diſpoſition which engages men in new undertakings, is, in general, very ruinous; they often involve themſelves in difficulties (that are never to be got the better of) for time, for money, for credit, and for every thing that is neceſſary to ſucceſs.

To

To theſe circumſtances, more than to any defect in the formation of the ſchemes themſelves, the want of ſucceſs is frequently to be attributed.

ALL projecting partakes of the nature of gaming, in a very conſiderable degree; the riſque incurred is of the ſame nature, and the effect produced on the mind of thoſe concerned is often the ſame. The circumſtances under which, as well as the extent to which it may be prudent to adventure, may be reduced, in ſome meaſure, to calculation alſo. When projecting is compared to gaming, we muſt allude to that deep ſpecies of play which raiſes to the ſummit of fortune, or involves in miſery and ruin; for ſuch is the caſe with projecting in general.

IT is only, however, in ſome things, that projecting and gaming reſemble each other; for gaming is uſeleſs labour, at all events; projects are only ſo when they fail; when they anſwer, they are the moſt advantageous ſort of productive labour*.

* When the labour in gaming, on both ſides, is taken account of, it will always be found to have been uſeleſs and unproductive in gaming.

PREVIOUS

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PREVIOUS to engaging in any new thing, it is cuſtomary to reckon the advantage that will ariſe from ſucceſs even among the moſt ſanguine, and to conſider what may be the expence of a trial. The more prudent conſider the chances. It is not, however, the nature of men, to allow their minds to dwell on the unfavourable parts ſo long, nor ſo accurately, as they do on the pleaſing and agreeable. The compariſon is therefore very ſeldom made fairly. This is the cauſe of many failures.

THERE are, beſides the circumſtances that are uſually conſidered, numbers of others equally neceſſary to be acquainted with, previous to the undertaking of any new thing.

THE ability of the projector to give a fair trial, and, after it is proved to be a good thing, his further ability to proſecute it.

THE conſequences that a FAILURE OF SUCCESS will have upon his circumſtances.

THE conſequences that SUCCESS will have upon his circumſtances.

THESE,

THESE, then, in addition to the four other great and important conſiderations; the chance of gain; the riſque of loſs; the probable amount of gain, and the probable extent of loſs, make the chief previous conſiderations.

As theſe do partly depend on the nature of the project, and partly on the circumſtances of the projector, they become pretty intricate; and the more ſo as each of the things involves in itſelf a conſiderable degree of uncertainty.

OF projects that are formed, more than three fourths do not anſwer. Suppoſing that one fourth anſwered, then, on an average, to render projecting advantageous, there ought to be three chances in four in their favour, when they do ſucceed. When the loſs that would attend failure is inconſiderable, this is the caſe; but if it is ſo that the loſs of one would be greater hurt than the gain of four would be of advantage, no man in good circumſtances (for inſtance) ſhould ſtake want againſt the greateſt fortune, even though in doing it he was ſtaking only one againſt one hundred, with a chance of four to one in his favour.

THIS,

THIS, however, is what projectors often do, and ſo bring miſery on themſelves, and diſcredit upon the project.

IN general, the circumſtances moſt in favour of a project are, when it can be tried at a ſmall riſque, upon a ſmall ſcale, that allows and admits of alterations and increaſe as it goes on, and when the project does not involve the whole proſperity of the projector. It is alſo a circumſtance of conſiderable conſequence, that money laid out in making a trial, be laid out on ſuch things as may be of uſe in caſe of failure.

UNDER theſe circumſtances, if proſpects are tolerably alluring, the danger of a trial can ſcarcely be great.

WHEN, on the contrary, it muſt be tried on a great ſcale, and admits of little alteration, and involves the whole property of the projector; and when alſo the money laid out is loſt, in caſe it does not anſwer, then, there is ſcarcely any proſpects ſufficient to encourage an attempt, or to make it prudent. Navigable canals, mines, and many other ſpeculations, are of this ſort, and they

they of conſequence, are never attempted by individuals, but by ſuch large bodies of men as prevent the proſperity of the people who engage in them from being involved.

SUPPOSING this mode of equalizing the lending of money deſerves a trial, on account of it's beneficial tendency, which has been endeavoured to be proved, it remains to ſhew, that, as a project, it might be tried under the moſt favourable circumſtances.

IT may be tried upon a ſmall ſcale*, it admits of great extenſion, and may be new-modelled as occaſion requires, without any inconveniency.

BEING

* By a ſmall ſcale is meant, that it may be tried on a plan that is very inconſiderable, when compared with what it is capable of being extended to. Thus, if ten thouſand engaged would make a trial, and if 2,000,000l. might be employed, it may be reckoned an extremely ſmall ſcale. The only thing of conſequence that at preſent occurs as bearing the appearance at firſt of any conſiderable diſadvantage, is, that it might affect the intereſt of money, in caſe of a new loan; but it could only do it inconſiderably, and the effect would be a very good one indeed. It would induce foreigners to put their money into our funds, and prevent our own capital from being withdrawn from trade for that purpoſe, which would be a great advantage.

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Being a national affair, it can involve no bad consequence to the prosperity of the projector, even if there should happen to be some money lost.

If managed with any degree of caution, the money that would be wanted for the trial would return with very little loss, and the expence of transacting the business for so short a time would be inconsiderable.

On all sides, then, as a national project for raising money, and as conducive to public and individual wealth and happiness, it bears a favourable aspect. There is a chance that it may be

The notion of the wealth of a nation going to foreigners, when we pay them interest, is exploded by all those who have lately wrote upon the subject.

The case resolves itself simply into this: A sum of money is to be borrowed, either from a foreign nation, or withdrawn from the capital we employ in trade at home. If the money so employed at home is worth more than the interest to be given, it ought to remain in trade; if not, it will be lent to government as usual; so that the thing that is the most advantageous to trade will take place, and we shall have as flourishing a trade in the time of war as we now have in time of peace; while other nations, (unless they adopt the same plans), will be deprived in part of their capital.

be very beneficial, it has at least been endeavoured to be proved that it would be so, and the risque of loss would be very inconsiderable, as it's effects would all be discovered before it were so extensive as to do either much good or harm.

Until some mode or other is adopted, for remedying the grievances occasioned by the present restraining laws, the freedom of Englishmen is not complete. They are farther restrained from using their property, than public good requires, which is real want of liberty.

The desire of keeping what we have, is, in general, much more strongly implanted in our breasts, than that of getting what we do not possess, but only have a right to. We are extremely tenacious of liberty, but we have no very just nor accurate ideas, in what it is that true freedom consists.

If, then, the present propositions should have the merit and good fortune to suggest a mode of extending liberty, and producing conveniency and wealth to individuals, revenue and power to the state, it should not be overlooked!

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It admits even of being tried without the formality of a public eſtabliſhment for the purpoſe. A ſingle act, giving leave to make the trial, and limiting the extent, would be ſufficient; and there are not wanting men of credit and abilities, and of diſintereſted principles, who would manage ſuch a trial, till it was found expedient to eſtabliſh the ſyſtem.

Having, in the foregoing ſheets, endeavoured to lay down and digeſt a plan, and having alſo attempted to point out the utility (not to ſay the neceſſity) of it, with the various advantages and diſadvantages that probably may attend upon or reſult from putting it in practice, we ſhall now conclude with a few obſervations, having a retroſpect to the principal points, which may ſerve, in ſome meaſure, to enable thoſe who do not chuſe to enter into the whole detail, to judge of the plauſibility of the project.

All good arrangements take place by degrees, and all improvements are brought about, more by the experience, and the repeated endeavours of mankind, than by any particularly great genius in thoſe individuals who have the good fortune to

to bring them to the public. The firſt approach to diſcovery is by far the moſt difficult, and the perfecters of ſyſtems are but inferior characters; for, in the perfecting a ſyſtem already begun, the defects or the wants point out the way to improvement.

The ſyſtem of lending money is not new to mankind, nor is it a thing that has not been attended to; but ſtill it happens, that, to this day, it is in a moſt imperfect ſtate, and the evils that every day ariſe from that imperfection, diſtinctly point out the neceſſity of a remedy. The evils, however, are not ſo very violent, though very pernicious in their nature, as to warrant any convulſive revolution in an affair of ſuch great and general concern. The circumſtances do not warrant, and fortunately they do not require it.

The projects relating to banks, and to money, have been ſo numerous, and ſo famous for their want of ſucceſs, that the world may be excuſed, if they do neither liſten attentively, nor believe implicitly; but, let it at the ſame time be conſidered,

ſidered, that though unſucceſsful projects have been numerous, it is to projectors and improvers that we owe the luxury and refinement of the preſent day; that it is not projecting, but projectors that have been in fault; and that even they have in general erred, more through the ſanguine turn that always attends adventures, without which it cannot exiſt, than through want of judgment. The great ſcale on which attempts are in general made, and the haſty ſtrides towards completion, have been their general ruin. While we remember, that there are rocks in the ſea that may daſh our ſhip to pieces, let us remember alſo the wealth that ariſes from care and proper navigation. Let the preſent plan, therefore, be diveſted of every thing dangerous, and put in practice to a limited extent; ſo that, if it ſhould not turn out a prize, it may be but an inconſiderable blank. Under theſe propitious circumſtances, prudence, patriotiſm, and humanity itſelf, warrant an attempt.

Real and true freedom conſiſts in poſſeſſing unmoleſted and undiſturbed, thoſe things that are our property, and in affording us redreſs in caſe of any oppreſſion.

Nothing

Nothing but the general intereſt of mankind can make any interference between a man, and the uſe he is to make of his property, a good, or a juſt meaſure, and it is only politically ſo at beſt, for in its real principles it is unjuſt. As, however, it has been found neceſſary for the laws to interfere in limiting the price that a man may give for the loan of money, they ſhould at leaſt do it in a manner as little oppreſſive and hurtful as poſſible, more particularly ſo, as otherwiſe they open a door for oppreſſion, which it is difficult to ſhut.

Two ſorts of oppreſſion may take place, in a country under bad laws; the one a legal oppreſſion, and the other an illegal one, practiced merely through the advantage of circumſtances that one man enjoys over another. Happy is it for this country, that legal oppreſsion is but little known; the other, however, is by no means unknown. The ſuperiority that the rich enjoy over the poor, is, in many caſes, a foundation for this ſort of oppreſsion, and that ſuperiority is prodigiouſly increaſed and extended, by the bad regulation of the intereſt of money. The freedom, and the liberty of Engliſhmen is not complete,

complete, till they have a right to purchaſe relief from that ſort of oppreſſion*. This, however, as we have endeavoured to prove, is only one of the evil conſequences of the preſent unaccommodating and ill conſtructed laws, which carry in their train almoſt every ſpecies of inconveniency. To the oppreſſion it cauſes, we may add the many exorbitant, uſurious contracts, that otherwiſe never could have exiſted, the oppreſſion of merit, and the triumph of unfeeling proſperity.

It has been endeavoured to be proved, that the preſent laws for lending of money, by confining all intereſt, whether for large or ſmall ſums, and upon certain or uncertain ſecurity, to

* It has been thought unneceſſary to enumerate the many caſes into which men without money or credit are brought entirely into the power of the rich. The unfeeling uſurer, from whoſe gripe the laws relating to intereſt are meant to free mankind, is not more inexorable, than another ſort of rich men often are in ſuch caſes. Theſe inſtances are, in general, concealed by both parties; by the one from pride, and the other from fear; but ſtill there are many of them known. And it is not unworthy of remark, that, next to diſappointed love, this has been made the moſt powerful engine, by the writers of fiction and romance, to produce human woe, and to excite pity; which is a plain proof, that though particular inſtances may be unknown to many individuals, they ſtill are impreſſed very ſtrongly with the feeling of its exiſtence.

the

the ſame ſtandard, and without any regard to the neceſſities or circumſtances of the borrower, are by no means ſufficiently comprehenſive or liberal to anſwer the poſſible and lawful purpoſes of trade.

That they are a check upon induſtry, and tend to direct it into channels that are not the moſt beneficial; that they even promote uſury and individual oppreſſion, the very things they were meant to prevent, which might be much more effectually prevented by taking away the temptation, than by puniſhing the crime; and that, while theſe are the defects in times of peace, the immenſe national loans in time of war make every evil doubly ſevere.

A plan for theſe purpoſes has been ſubmitted, which, we apprehend, while it appears to embrace univerſal benevolence, and accord with the moſt perfect liberality of government, is capable of being practiſed, under all the advantageous circumſtances that could be wiſhed for or expected.

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THAT by ſuch an inſtitution induſtry would be excited, the freedom, wealth and happineſs of the ſubject increaſed, and men would feel thoſe advantages, which the being collected into nations and large bodies admit and entitle them to.

MAY the rich and the poor be allowed each to uſe the talents put into their hands; nay, even allow the debtor in the dungeon to uſe every effort which he can make to extricate himſelf from ſuch a ſituation. The vicious and the irreclaimable, alone, can meet with no relief, for they have nothing left to purchaſe it. May men avail themſelves of the opportunity, which being collected into ſociety affords, of alleviating the miſeries of individuals; and, when ſo great an object is before them, may not inactivity, or imaginary difficulty, deter them from a promiſing undertaking; may that indefatigable zeal, which has in this nation already exerted itſelf to ſuch good purpoſes, ſtill perſevere in leading us on, ſtep by ſtep, to thoſe improvements which are equally conducive to PUBLIC PROSPERITY and to PRIVATE HAPPINESS.

THE END.

ERRATA.

PAGE 12, line 16, for labours, read *laboured.*

12, line 20, for enlarged in like manner, read *enlarged on in like manner.*

19, line 1, for chapter read *part.*

21, line 14, for national, read *natural.*

40, line 2, for ſo great ſecurity, read *ſuch good ſecurity.*

44, line 25, for but little, read *much leſs.*

68, note, line 11, for our court, read *our courts.*

74, line 7, for any new calculation, read *any calculation.*

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