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AN
E S S A Y
ON
CIRCULATION AND CREDIT,
IN FOUR PARTS;
AND A
L E T T E R
ON THE
JEALOUSY OF COMMERCE.

From the French of Monsieur DE PINTO.

Translated, with ANNOTATIONS, by the Rev. S. BAGGS, M. A.

L O N D O N:

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T H E

TRANSLATOR'S PREFACE.

IF the mere diligence of a Translator has no claim to reputation, it must be confessed, that in general we are modest enough to be contented with another kind of reward. Translation undoubtedly holds the lowest office in the republic of letters, unless the compilation of an index should be reckoned among the labors of the mind. There is nothing enterprising in the genius of a translator. He trades upon the property of others, without hazarding his own capital, consequently has no extraordinary loss of credit to fear, or profit to expect. He is no more than the factor of a foreign merchant; and, after having taken abundance of pains to dispose of commodities that do not belong to him, must be satisfied with the honor of having acted faithfully to his employer, and a trifling commission. But since the humility of the office excludes all pretensions to fame, it is to be hoped that it will, in the same proportion, exempt us from censure. If we have no good works of our own to plead, on the other hand we have no original sin to answer for. After this humiliating acknowledgement, it seems necessary for the Translator of the work now offered to the public, to assign some reasons for undertaking an employment which he professes to undervalue.

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The great proposition maintained by the Author of the following Essays, that the national debt has been the chief source of the present wealth and power of Great Britain, though not, as he apprehends, entirely new in this country, had novelty enough however to attract my attention. The book had been favorably received upon the continent, and I understood that the author was a man of character and reputation in Holland. I was curious to see in what manner, and with what degree of accuracy, such a subject could be treated by a foreigner. Though no great adept in the mystery of finance, I was satisfied that, with regard at least to the debts and resources of England, I must know more of the matter than he did. This opinion will not appear very presumptuous to any man who has had an opportunity of conversing with foreigners, especially the French, upon the internal state of our affairs, and who knows how ignorant they are in general of a subject, on which they nevertheless are at all times ready to decide. This, however, I found was not the case with the work before me. The author appeared to be a man of abilities, who had taken considerable pains to be informed. His principal object seems to have been to support the credit of the English funds against the prejudices, the ignorance, and the malignity, of the French. At the same time, though he takes part with England upon this question, it is evidently not from partial or interested motives, but from a thorough conviction of the truth of his doctrine. In other instances he is the friend of France. In all instances he is the friend of mankind. This favorable character is not meant to include the idea of infallible. The system he supports may be true in the main, though not logically demonstrated; or it may be utterly false, though ingeniously defended. At any rate, considering the quantity of foreign property vested in

in our funds, and how much it behoves us to support the reputation of parliamentary faith, and national security, in the eyes of foreigners, a work of this nature cannot be indifferent to the public. Every argument, that tends to maintain the just superiority of our credit over that of other European nations, particularly of France, deserves to be encouraged; and this is a subject, on which a foreigner will be more readily believed abroad than an Englishman. With respect to the English reader, I will not venture to promise him much information in matters of fact; but his mind will probably be led to a new train of thought upon a question of infinite national importance, and which hitherto seems hardly ever to have been considered but in one point of view. The declamations against the pernicious effects of the national debt have not been confined to the discourses of the vulgar, or to the wisdom of the news-papers. Some of the ablest men in the kingdom have treated the subject with as much popular violence and passion, as if it would not bear an argument, or as if truth and reason were unquestionably on *their* side, and nothing but ignorance and madness on the other. Even Mr. Hume, from whose genius we might have expected a clear investigation and solution of a deep political problem, has done no more than what an ingenious man, with a tolerable command of language, but no intimate or comprehensive knowledge of the subject, might have done. He constantly takes prejudices for principles, and builds good arguments upon false or doubtful data. He does not penetrate, with the eye of a master, into the substance of the question. He does not even attempt to reconcile the phenomena with the reasoning; nor does he tell us by what deviation of fact from argument we are at this moment a nation. This is

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the common defect of almost all our writers upon the national debt; and if Mr. Hume be distinguished from the rest, it is not by any marks of that deep intuitive perception, with which he possesses himself of almost every other subject.

In order to support a doctrine, very different from that which has hitherto prevailed among us, it is not necessary to affirm, that *all* the principles assumed by those writers are false, or that *all* their arguments are absurd. In human speculations the sources of truth and falsehood lie so near each other, that the streams soon meet, and are too often confounded together beyond the possibility of separation. The majority of mankind drink deep of the mixture, without enquiry or reflection. The philosopher endeavours to carry his enquiries upward, to ascend the great stream, until he reaches the point of conflux, at which truth and falsehood meet and are united.

The doctrine maintained in the following Essay on Credit and Circulation may, in its turn, be liable to the objection of being pushed too far; but it is a doctrine that carries consolation and encouragement along with it. Truth is usually found to mediate between the extremes. The object of the Translator is, to contribute something to a collection of materials, out of which a wiser and a more methodical head may hereafter form some rational system of finance. There is no branch of knowledge more necessary, nor, I believe, less cultivated in this country. The speculative part of such a system, instead of running into vehement declamations against evils either real or imaginary, should, above all things, endeavour to account for facts and appearances, which are manifestly inconsistent with the reasoning of former financiers, and which directly give the lye to their determinate and uniform predictions. Until this be done, the
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mind may be alarmed with difficulties, or puzzled with argument; but it never can be satisfied. The practical part of the system should propose nothing but what the projector himself, if he were in the minister's place, would, *bonâ fide*, carry into execution. The circumstances of the nation will not admit of hazardous experiments; and a good citizen should remember, that, when he proposes a plausible scheme for the public service, unless it be, at the same time, and all circumstances considered, a practicable one, he does an essential mischief to society. He first of all aggravates the evil, in order to attribute the greater merit to the remedy; he exasperates the minds of the ignorant, who think their case desperate, and are ready to swallow any thing; and he alienates the affections of the people from government, who are supposed to have remedies within their reach, which they neglect to make use of. All this has more than once been done by very honest and well-meaning persons. In England a good and wise man will be very cautious of appealing with argument to the passions of the people. The English are a moody, restless, gloomy people; and, whether right or wrong, they all argue. Whenever they are taught to think that their essential interests are in question, it requires but a moderate portion of party eloquence to rouse them into frenzy, or to sink them into despair. Their constitutional impatience mingles with their opinions. They see every political object in the worst point of view, and feel a strange gratification in the melancholy patriotism of deploring the ruin of their country. To the indulgence of this disposition no object could be better accommodated, than the enormity of the national debt, and the horrible train of evils that are supposed to attend it. This is a standing dish, on which an Englishman may feast his imagination, when he has no particular distress or injury to console him. In the
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following Essay he will see his favorite grievance very much reduced, both in size and quality. But will he thank the Author, or the Translator, for the pains they have taken to undeceive him? At the same time we do not presume to say that the magnitude of the debt furnishes no ground whatsoever for apprehension; but we affirm, that the dangerous quality of it has been extravagantly over-rated, and that it is accompanied with circumstances of benefit, for which no adequate allowance has been made. Ever since this swelling stream began to flow, a uniform fashion has descended with it of annexing no ideas to such an object, but those of torrent and desolation. The people of this country, with the instance before their eyes, have hardly ever considered that there is a sort of inundation, that carries riches and fertility, as well as terror, along with it. But we are not afraid to encounter any kind of speculation, let it be ever so universally adopted, that stands in perpetual opposition to experience. We think it will appear, upon a dispassionate enquiry, not only that we should not have been so powerful a nation, but that we should not have been so rich as we are, if we had not run in debt; and that our object should be, not to pay off the debt, but to reduce and keep it within such bounds, as may leave us an ample margin of credit for future exigences. In spite of all declamations, the historical fact is not to be resisted. The wealth and power of the English nation have grown with its debt; and without being bound to prove that they stand in the strict relation of cause and effect, it is sufficient to silence most of our opponents, that the two accidents have gone hand in hand together, and in general preserved their original proportion to each other. It cannot be denied, that the rate of interest is lower by one half at least, if not five eighths, than it was before any public debt existed, and that the value of land has risen since
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that period in nearly the same proportion. A man must be blinded not to see, and merely obstinate not to admit, that the general increase of the national stock, in every article of property and improvement, has kept pace with the increase of the debt; and what is still more extraordinary, though not less true, that when we owed above a hundred millions sterling, we were able to borrow sums, which not only could not have been borrowed, but which could not have been found, at the time when we owed nothing. To those who will not be persuaded of the truth of a principle supported by such a concurrence of unquestionable facts, the argument must be offered in another shape. Admitting the debt to be a national evil of any supposed magnitude, let it not be exaggerated beyond the possibility of relief. If it be a burthen, let us flatter ourselves that we still have strength enough left to lighten or remove it. The contrary opinion leads directly to inactivity and despondence. No man sets heartily about a task, which he thinks he shall never be able to accomplish. If, instead of indulging in the peevish pleasure of complaining, or in the childish imbecillity of magnifying the object of our fears, the nation could be brought to a more chearful temper on this subject, the minister would be quickened and encouraged by it to meet this formidable debt in front, and to attack it fairly by some vigorous and spirited operation. On their own principles, they ought not only to applaud him when his schemes succeed, but endeavour to animate and console him when they fail. Surrounded, as they suppose him to be, with dangers and terrors of every sort, they ought to meet him after a defeat, and return him their thanks for not despairing of the republic.

But in this, as in every other deliberation that touches the safety of the commonwealth, it is essentially necessary to distinguish

guish with caution between vigor and violence, and not to conceive our situation to be so far hopeless, as to admit of none but desperate remedies. A strong man shows his strength in actions that require but a moderate exertion of it. The weak man, on the contrary, betrays his feebleness by the violence of his efforts, and by the same means usually hastens the ruin of a broken or enervated constitution.

When we speak of violent measures applied to the reduction of the debt, we are far from meaning any such as carry the idea of force, or breach of specific contract with the public creditor. We are equally convinced, that a British parliament will never entertain a thought of that kind, and that the nation would never adopt it. The caution is directed merely against what are commonly called Strokes in Finance, intended to operate suddenly to a great extent. The measures, that really deserve that name, are slow and gradual, but sure in their operation, and constantly increasing in their power. They are also safe in this respect, that they do not suddenly alter the state and disposition of any considerable mass of property at once, or throw it out of the ordinary channels of circulation. In the course of the following work, the reader will meet with hints leading to measures of this nature, which may be adopted, or improved, by men better skilled in the finances of England than either the author or the translator.

Whatever may be the merit of the translation now submitted to the public, or however defective or incomplete the original may appear to readers thoroughly versed in the subject, the Author himself has a powerful claim upon the English reader, and should be received among us with every possible mark of personal consideration and respect. The services which Monsieur de Pinto has rendered to the English nation cannot easily be
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rated. He has supported the credit of the funds, and asserted the power and resources of this country, against two of the most dangerous enemies that genius and argument can possibly contend with—the malignity of the French, and the ignorance of the rest of Europe. He has done it with a zeal, spirit, ability, and success, that entitle him to our utmost gratitude and favor. Such advocates, in defence of our national credit, are more wanted, and more useful, upon the continent, than people in this country are commonly aware of. They help to dissuade some from withdrawing their property out of the funds; they incite others to vest it in them; and they contribute to establish a favorable opinion, in the councils of other powers, of the extent and superiority of our resources, as necessary perhaps to secure us from insult or attack, as the most formidable or menacing apparatus of war. The increase of foreign property in the funds is an object, which interests the nation in proportion to the sum total of the debt. The actual quantity of this commodity far exceeds our home consumption; and it will be impossible to keep it at any tolerable price, without the assistance of a foreign market. I am not moved by the objection of the annuity carried out of the nation, because I am convinced that, if we are thrifty, we may gain more by the use than we lose by the interest. Would to God that the whole debt could be immediately purchased by, and transferred to, foreigners! What stronger guaranty could we possibly invent for preserving our independence as a nation, and for the security of the present establishment? The writer, whose labors in any shape contribute to increase the interest, which foreigners take in the prosperity of this nation, whether with their inclination or against it, should be considered as a public benefactor. His zeal deserves to be honored and encouraged;—his works deserve

to be read. These are not however the only obligations, for which we are indebted to Monsieur de Pinto.

A mistake in that article of the preliminaries of the last treaty with France, which relates to the possessions of the two East-India companies, was fortunately observed by Monsieur de Pinto, and communicated to the late Duke of Bedford. This anecdote is highly honorable to the Duke's memory. He saw, and acknowledged the importance of Monsieur de Pinto's observation, and, with a spirit infinitely more honorable to him than any diligence that might have prevented the mistake, he insisted peremptorily upon its being corrected in the definitive treaty. The French minister shrugged his shoulders, resisted, cavilled, remonstrated, complained, grimaced, and submitted. Monsieur de Pinto's services on this important occasion were recommended by the Duke, and rewarded by the Company. They gave him five hundred pounds a year, which he now enjoys, and which, it is to be presumed, their gratitude and justice will always continue to him.

With respect to the Notes, after reviewing them deliberately in print, I feel an honest inclination to confess, that they appear to me to be written with much greater freedom than judgment. They are exempt however from the principal error of commentators, who are apt to run into extravagant and indiscriminate praises of their original. With respect to the length of the Notes, a man must have dealt in the mystery of comment and annotation, to know how difficult it is to exercise it with brevity, and how much more difficult it is to refrain from printing what has once been written. We authors have a false parental tenderness about us, which induces us to expose our offspring, when perhaps it would be more to our credit, and a much greater act of mercy, to strangle them in their birth. I
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am thoroughly sensible that the little I have ventured of my own has no chance of being well received, but under the auspices of the text.

I had at first some thoughts of soliciting the Minister's leave to offer the whole work to his protection. An essay upon finance seemed to fall within his department, though I had no expectation of his honoring it with a perusal. A minister is too much employed in reading men to find leisure for reading books. Yet the sanction of his name might have recommended it to others. On farther consideration however, that idea was given up. Besides that I had no sufficient interest or introduction to obtain such a favor, I was unwilling that my own speculations, such as they are, should be cramped or qualified by the temporary interests or engagements of government, or accommodated to the immediate views of men in office. My ideas of serving the public go beyond the opening of a budget, or the service of a year. Perhaps I could not give the reader a more satisfactory assurance, that they will never be adopted.

T H E

AUTHOR'S PREFACE.

THE first part of this Essay was written in France in the year 1761. I thought it necessary therefore to enter into a detail of various particulars respecting the English funds, with which the French were unacquainted. Several persons took copies of it at Paris. Some English noblemen, whom I saw there after the peace, did me the same honor. It seems probable, that this Essay will one day or other be printed; and I should have reason to apprehend its appearing in a very imperfect state. As it was not drawn up with a view to publication, the proofs, by which many new propositions were supported, were not carried to that extent, nor to that degree of illustration, which the subject seemed to require. I have even observed lately in some English papers, that my ideas began to be received in England; and, considering the number of manuscript copies that have been taken within these three years, I am not surpris'd at it. Some well-informed Englishmen told me at Paris, that my system, so far as it concerns the national debt, was entirely new.

* A pamphlet has lately been published, in which, upon my own principles, it is asserted, that the opposition, which King

* An Essay on the Constitution of England, published in the year 1765.—The author says, that the very obstructions and difficulties, which King William met with in obtaining supplies from parliament, were the means of raising the nation to a degree

King William met with in obtaining supplies from parliament, has been the cause of the opulence of the kingdom. The contradictions he received from the nation obliged him to introduce the Dutch system of loans into England, and the kingdom has been enriched by it. In this stroke I discovered the adoption of my own principles. On reading the pamphlet, I saw that the author had not proved his system by the same kind of arguments I have done. In the year

1761

a degree of glory unknown to former ages. He explains this assertion by observing, "that before the reign of King William no method was known of raising money for the exigencies of the year, except that of levying equivalent taxes or impositions; which, when great, as must necessarily happen in times of war, were much felt and complained of by the people in general, without any part of them being gainers by the public loss; so that, although a foreign war was often made a pretence by former kings and ministers in order to obtain a sum of money, there was nothing in reality they more dreaded. But now a method was happily devised of abundantly supplying the crown without burthening the people, by means of voluntary contributions of those who were eager to contribute any sums of money, in consideration of seven or eight per cent. while the good people of England were kept easy, by having no more taxes imposed on them than were barely sufficient to pay the annual interest of the sums so advanced."

"As this method was tried at first with caution, both by those who borrowed and those who lent the money, the good effects of it were little felt during the reign of King William, who lived to the last in a factious and tottering state; but from the first discovery of this scheme of anticipation we may date that great change in the constitution, which has brought Great-Britain to that height of power, to which it is since arrived. From that moment the ability of England for carrying on foreign war began to manifest itself, first in unprofitable squabbles about what is called the Balance of Europe; but afterwards in useful conquests on her own account in all quarters of the globe. From that moment the constitution of England began to be actuated by a spirit somewhat similar to that which actuated the constitution of ancient Rome, where a foreign war never failed to stop the mouths of the seditious, and to put an end to domestic broils. War in England became advantageous to almost every rank of men. The poor wished for it, as the greater demand for laborers increased the price of labor. The rich wished for it, as the greater the demand for money, the greater the advantage to those who were possessed of it; while those in the administration of government were easily persuaded into a measure, which, with such universal approbation, puts such unlimited power into their hands. With the debt of the nation so grew in proportion its credit."

There is much truth in these arguments; yet, in the deduction of consequences, a lively imagination may be misled by them. In my Treatise on the National Debt, the same arguments are employed, but with greater moderation.

1761 my Essay on this subject was read by every body at Paris. Some obscure passages were pointed out to me, which easily escape a writer, who, full of his subject, supposes every thing as clear and intelligible to the reader as to himself. These I have endeavoured to correct; and I flatter myself, that the principles, on which my system is founded, are now proved to demonstration. The conclusions resulting from them are not barren truths, nor merely of speculation. They are equally interesting to the public, and to the principal powers of Europe.

I may venture to affirm, that during my stay at Paris, I removed a prejudice which many people had conceived against the credit of England. They imagined, that the English, notwithstanding their successes, had no resource left; and flattered themselves they should every minute see a national bankruptcy, which would overturn the kingdom. I proved that this was all a delusion.

The English in general are little acquainted with the immense resources of France. The French are totally ignorant of those of England. The two nations are formed to esteem each other, and to live in peace; yet, unfortunately, they quarrel about supposed interests, which at the bottom perhaps are misunderstood.

Jealousy of commerce, and competition for power, create enmity between nations as well as between individuals. They run the same career, and aspiring at the same object, are enemies because they are rivals. If princes could be persuaded, that the real interests of commercial powers do not clash (as I shall endeavour to show hereafter) peace and the happiness of mankind might possibly be established on a durable foundation.

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The reader should be apprised, that this System of Credit and Circulation will require reading deliberately, and oftener than once. The subject is of an abstract nature. In the first reading, some things, essentially necessary to make the system intelligible, will always escape. In the progress, and at the end of a discourse, we often find proofs which confirm and explain the first assertions; and sometimes it is impossible to comprehend the truth of the last propositions, if the first are not thoroughly understood.

It has been frequently observed, that to listen well is more difficult than to speak well; at least it is certain, that there are many who speak sensibly, for one who listens with attention. We hear with distraction and prejudice, and in general are more employed in framing a reply, than in considering what has been said. The case is the same with the generality of readers. Inattention in reading is oftentimes unavoidable; but it may easily be repaired by a second or third perusal, particularly of the essential articles. These are short, and contain truths of importance. Impatience and vivacity are apt to prejudice the reader against a new proposition. A crowd of objections present themselves to his mind. He loses the phlegm and cold blood that are necessary to follow an author, and to examine the solutions he proposes. People wish to find the materials of a book comprehended within a page.

They, who are not interested in the subject, have no business to read an essay not written for their use. They, who take a real interest in it, will read it oftener than once; and, I hope, with attention. Rousseau somewhere says, that he has not the art of being clear to people who will not be attentive. If that painter of our ideas holds such a language,

guage, how much greater is the indulgence due to a writer who pretends to nothing but to deliver some important truths in a new form! With regard to style, I have attended only to things, not to words.

Inveterate prejudices were to be removed. I frequently appear to dispute truths, which in fact I admit, but which, from being improperly applied, have led to dangerous mistakes. I often seem to repeat what others have said, when in effect the difference between us is material. Truth, in the abstract, is indivisible, simple, and unalterable. No one truth is greater than another. But it is not so easy to distinguish the infinite relations, which different truths bear to each other. This I believe is the principal source of our mistakes, every man thinking that the truth he set out with continues to support him.

Repetitions will, I hope, be forgiven. They are sometimes necessary, and always useful. They revive and illustrate fundamental truths. They are not so much repetitions, as conclusions, of which the reader should from time to time be reminded. Some ideas must be cut into facets to be thoroughly understood. If in some places I assume a figurative style, it is at least without affectation. Every opportunity should be taken to adorn a subject naturally dry and barren of ornament, provided the figures are not too far fetched. When the soil is unfruitful, we are glad to meet with flowers.

Some remarks, which would have made the text too diffused, and perplexed the transitions, are mentioned in notes.

The means, pointed out in the Second Part, for consolidating the sinking fund in England, and creating another auxiliary and permanent sinking fund, applicable to the discharge of debt both in peace and war, are only loose ideas. They show the possibility, advantage, and necessity, of some such measures. If

approved of by the English nation, it belongs to themselves to apply them in whatever form may be most consistent with their constitution. It is not that I dread the ridicule usually thrown upon projectors. The prejudice against them is unjust, and still more ridiculous. It often happens that a project is the safety of the state. We are not to despise physicians, because there are a multitude of quacks. Voltaire says that, when Columbus first imagined the existence of the new world, he was told that the thing was impossible, and was treated like a visionary. When he had actually made the discovery, he was told that his new world had been discovered long before. The contempt, into which projects are fallen, may hinder many people from proposing good ones. But I am no projector. I point out methods known and practised elsewhere. I only show the materials, with which others may erect a solid building ;

“ *fungar vice cotis, acutum*
 “ *Reddere quæ ferrum valet, exors ipsa secandi.*”

I flatter myself that my refutation of the Marquis de Mirabeau's Theory of Taxation, and of the *Bilan* of England, will be found to comprehend the elements of a complete system of finance. Men of deeper and more methodical understanding are called upon to unfold all the principles that belong to it, and to place them in a clearer light, and better order. The Theory of Taxation contains many excellent remarks. I intreat the author to forgive the liberty I have taken in criticising his system. I admire his understanding. I love and respect his sentiments, because they are those of an honest man. But his system of taxation appears to me to defeat the end he aims at. I once enjoyed the pleasure of his conversation at my Lord Hertford's,

the English ambassador at Paris, and was delighted with it. A long illness prevented me from cultivating his acquaintance as I intended, and profiting by it while I staid at Paris. I believe him too much a philosopher to be offended at my not being entirely of his opinion. I make the same apology to the author of the *Bilan* of England. In some places I refute Mr. Hume, who, far from taking it amiss, has favored me with many marks of friendship and affection, and I feel a pride in acknowledging my gratitude to him. We both aim at the same object. Our common view is to serve the public. This is not a trial of understanding. I should have lost my own, if I thought myself qualified to enter the lists with those gentlemen upon any other questions. They have every advantage over me, except that I have had an opportunity, both from particular study and personal experience, to examine this subject in every possible shape. If I had possessed their general superiority of knowledge and elegance of style, this Treatise might have been improved to a degree of perfection, which it wants at present, but which it may one day acquire in the hands of some man of greater abilities. I have nothing more to say on my own account. The work itself must say the rest.

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E S S A Y
O N

CIRCULATION AND CREDIT.

P A R T I.

The great Advantages of the National Debt, to a certain Amount. How the Commerce or Gaming in the Stocks contributes to the Credit and Circulation of the Public Funds; and what Advantages England has derived from thence.

THE national debt of England, and the funds that compose it, known under the name of Annuities,* have for some time attracted the attention of princes, and the speculation of individuals. Many persons, in France and elsewhere, relying

* The annuities in England are of a different nature from those in France, though under the same denomination. Those of France are extinguished in a few years by a reimbursement of part of the principal, which every year accompanies the payment of the interest; whereas, in those of England, nothing is provided for but the interest: the reimbursement of the debt depends upon the pleasure of government: the principal can never be demanded. On the other hand, the interest can never be reduced without offering to repay the principal. For this reason, in the late loans, the lenders, at the beginning of the war, demanded of government an interest of three and a half per cent. for a certain number of years: that is, that government should not offer to repay the principal before a stipulated term;

ing on their correspondents, have engaged in the traffic of the stocks, without being thoroughly acquainted with the nature or object of it. I have been often consulted, and have

seen term; at the end of which those annuities should stand reduced to three per cent. and government be at liberty to discharge them. It is proper to observe that all the annuities, created before the last war, were reduced, in the year 1750, to three per cent. an offer being made to pay off those who refused to consent to the reduction; and that there are no annuities at three and a half and four per cent. but the loans made since the year 1755, and these only for a certain number of years. Let us admire the effect of credit. The lenders make it part of their bargain not to be paid off for a long time; they insist upon having time to enjoy an interest of three and a half and four per cent. which they think might be redeemed by the state, and consequently be reduced in time of peace. It must also be observed that, although annuities are not *actions*, the whole commerce, carried on in the funds, passes under the general name of Stockjobbing, or *Jeu d'Actions*. (1.)—
Author.

(1.) On this note of the author it is to be observed, that in Queen Anne's time various duties were granted by different acts of parliament, for establishing funds to pay off the principal and interest of particular loans within a given number of years. Since the produce of all these separate funds was united by the Aggregate Act, they became mutual securities for each other; and the surplus upon the whole, after paying the annuities charged upon each distinct fund, is carried to the sinking fund, which, being benefited by all surpluses, stands as a collateral security for all deficiencies. But although it has been found convenient to depart from the old mode of assigning separate securities for separate loans, and applying the surplus of each fund to the discharge of the principal, it is equally the minister's duty to take care that the tax or fund, appropriated to pay the interest of every new loan, shall produce a surplus in some degree proportioned to the mass of new debt contracted, and which may be carried to the improvement of the sinking fund. As long as this principle is, or can be, firmly adhered to in practice, public credit will support itself, notwithstanding the increased mass of the debt; because the creditor will see that the necessity of borrowing does not exceed the means of repaying; at least, that the two objects are equally in the contemplation of parliament. On the contrary, the surest way to destroy public credit is to depart from this principle; that is, to assign funds whose produce falls short of the charge they are intended to support; in consequence of which the sinking fund not only receives no improvement, but is obliged to make good a deficiency. This fund is given as a security to the *present* creditor. A new creditor has no right to be bene-

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seen with astonishment, that people of the best understanding were the most at a loss to comprehend the detail of a traffic, which in Holland and England is perfectly understood by heads the most destitute of sagacity. It has been observed that, in the execution of a subaltern post, men, born for great employment, are frequently inferior to the most ordinary capacities.

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fitied by it, unless the fund, created with the loan, produces a surplus that shall bear the same proportion to the new debt, which the present sinking fund does to the present debt. Credit depends upon opinion; and what is so likely to lower the general opinion of the good faith or means of government, as to see that taxes do not produce what they are given for? and that consequently a security, which was supposed to be confined to a certain quantum of debt, is, in effect, from year to year extended, to make good new engagements? The former creditor in the first instance suffers an injustice, of which government in its turn will soon feel the bad effect.

The state of public credit is much altered since the year 1733, when the public creditor dreaded nothing more than to be obliged to receive his money from the sinking fund. At that period the moneyed men and public companies were under a kind of subjection to government.

But the author is mistaken in supposing, that the bargain made by the lender, in some of the late loans at three and a half and four per cent. not to be paid off within a certain number of years, was an admirable effect of credit. It was the increase of interest that induced the creditor to insist upon this unreasonable condition; and it was in some measure the failure of credit, arising from the enormous expences of the war, that obliged government to comply with it. The author does not seem to be aware, that there are various degrees of public credit between that state, at which government securities are at or above par, and the impossibility of borrowing on any terms whatsoever. A man who can borrow a hundred pounds at three per cent. has undoubtedly a better credit than he who cannot borrow under four, although they equally contract a debt of one hundred pounds.

Besides the increase of interest from three to three and a half and four per cent. government was obliged to give considerable douceurs to the subscribers to every new loan in the course of the last war. By these means the nominal rate of interest was kept down; but, if the value of these douceurs were computed, it would appear, perhaps, that government in many cases gave an advantage to the lender, equal to five or six per cent. upon the money borrowed.—*Translator.*

tics. Besides this, there are things which can never be well understood in theory. Practice alone gives us a thorough insight into affairs. To know all the windings of the seraglio, one must be educated within-side of it. Yet, if I can engage the reader's attention, I hope to speak plainly enough to make myself understood. I myself have been surpris'd at the detail which this object requires, and how abstracted it seems even to some who have been accustomed to studies infinitely more so. A robust stomach, accustomed to digest a solid food, is often cloyed with a light nourishment that seems to be of the easiest digestion. Another difficulty arises from the terms appropriated to this traffic: some of them are unknown; others must be taken in an acceptation different from the vulgar sense; and this circumstance requires particular attention. The draught of this picture has engaged me in a dissertation upon credit and circulation, more important than the traffic of the stocks. It will flatter me, if they, who search for information upon so important a subject, should find it in this paper; and if my ideas of circulation and credit in general should be of any service to the public. I may be deceived; but it is not my intention to mislead. With respect to facts, I cannot be mistaken, because I advance none which are not certain, and almost of public notoriety.

Strictly speaking, there is nothing, but the metals (2.) gold, silver, and copper, reduced to money, that is really, and by general agreement, the common measure and universal medium of exchange. Money is the key and instrument by which all

(2.) Silver is not only the common measure of commerce, but also a deposit. The sanction of government might make other things, such as paper, parchment, or leather, a common measure; but it could never make them an adequate deposit.—*Translator.*

our wants are supplied. The real circulation of money, in the daily and domestic expence, which we call Business, is prodigious. The same crown piece may have circulated through fifty different hands in the space of twenty-four hours, and represented fifty different things in the course of its circulation. If the fifty persons were to meet at night, they would find, that they had expended and paid fifty crowns, though† in fact there had existed but one piece of money. Let it only be observed, that there is not in the whole universe half the money which the expences of the single city of Paris amount to in one year, reckoning all the expences incurred and paid in money from the first day of January to the last day of December; in all the orders

† Take the following example:—Paul, on Monday morning, pays a crown to his baker; the baker buys a crown's worth of faggots; the seller pays a crown which he owed at the tavern; the tavern-keeper gives it to his wife, who buys a fan; the fan-maker pays for something else with the same crown; and it is possible that at night it may return to Paul, who wins it at Quinze, and so on.(3.)—A person of rank, who is well informed, has furnished me with a fact, by which this principle is practically confirmed. During the siege of Tournay, in the year 1745 and some time before it, all communication being cut off, they were in great distress about paying the garrison, for want of specie. At last it was resolved to borrow 7000 florins from the futtlers, which was all they had. At the end of the week these 7000 florins had returned to the futtlers, from whom the same sum was borrowed a second time: this operation was repeated for seven weeks, until the surrender of the place; so that the same 7000 florins performed the office of 49,000.—*Author.*

(3.) This example proves nothing in favour of circulation. The operation would have been more simple, and equally effectual, if the futtlers, instead of lending the same sum every week successively, had given a continued credit to the garrison for every article they were supplied with during the seven weeks siege: but in this case the accounts between the pay-master and the army could not have been regularly kept; the garrison could not have been regularly paid; and, what is more material, the soldier would have been deprived of the apparent liberty of laying out his money with the futtler, or not, as he thought proper. So powerful is the effect of habit, that all our ideas of value refer to the signs of it. In transactions of property, the mind is not thoroughly satisfied, without the real or supposed intervention of money, even where it prolongs the operation without altering the ultimate effect.—*Translator.*

of the state, from the king's household to the beggar, who consumes a pennyworth of bread every day.

This minute circulation is immense, from the multiplicity of simultaneous operations repeated in all quarters, and at every minute. But there is another circulation in gross, supported by credit and paper security, which represents money, as money represents things. The example of the crown piece shows, that a private merchant, (4.) whose credit is good, independently of the respite allowed him for the payment of his purchases, may circulate his own paper, avail himself of that of others, and multiply the springs of his commerce in proportion to the facility of circulation. There are oftentimes ten endorsements upon the same bill of exchange, which represents the same value to ten different persons. These are important truths: though sufficiently known, they do not deserve to be called trivial. There is another subject less understood, and, perhaps, never thoroughly examined: I mean the analysis of the public funds, and of the stock of trading companies, in that political view in which they ought to be considered by a statesman. I mean to enquire how far circulation and numerary (5.) wealth is augmented by the funds, and to weigh the arguments for and against creating them, with respect to the interest

(4.) It is said that Sir Samuel Fludyer, who was factor to most of the great clothiers, used to send them their balance in his own notes instead of money, which circulated in Gloucestershire, and the parts adjacent, for two, three, or four years, without returning to him to be liquidated in bank bills or specie.—*Translator.*

(5.) By the word *Numerary* the author means the fictitious value of stocks, effects, and property of every kind, supposed to be reduced into specie. As long as this reduction is performed partially and successively, the numerary has a real value equivalent to specie. An attempt to realize the whole at once would reduce its value to nothing.—*Translator.*

interest of the state; that is, whether debts are of any service to the state; and afterwards to consider the use and abuse made of them in that traffic, which we call Stockjobbing.

I know there have been great men, who have spoken vaguely upon the subject, and, I may venture to say, without understanding the merits of the question. My Lord Bolingbroke, and the President de Montesquieu, have considered annuitants, whom they supposed to live in idleness upon the funds, at the expence of the industrious part of the people, as so many hurtful members to the state, which, already overwhelmed by the facility of running into debt, is weakened and enervated by supporting its creditors.

Whatever truth there may be in such reflexions, I shall demonstrate that great advantages have resulted from the creation of loans, and even from the traffic or game carried on in the funds, when once the nature of it is understood, and the whole subject, combined with all its consequences, shall be thoroughly discussed. The loose and imperfect ideas, which some persons have conceived on this point, have given rise to a number of works, in which the authors have mistaken the nature, circulation, and credit of the English funds, and have done a disservice to France, by leading her into an error upon a most important article. People have been too ready to believe what they ardently wished might be true. When once we set out upon a false principle, the whole system is affected by it.

Who is there that might not be seduced at finding it advanced as a certain fact, in a *book much esteemed and very well written, that the Bank of England unites within itself, as in a single point, all the public credit of the nation and all the private

* Remarks upon the Advantages and Disadvantages of Great Britain and France.

private credit of individuals? The (6.) Bank of England has nothing to do with the national debt: it is a bank of circulation, which bears no other relation to government, than a rich individual bears to the state. A Mount of Piety, a Lombard well established, might perhaps, in time and under a good direction, do very near as much in France as the Bank does in England.

Government is so far from considering the Bank, that, at the beginning of the last war, they did entirely without its assistance. Exchequer bills performed the office of the Bank. The terms, in which the author exaggerates the alarm and distress of the Bank in the year 1745, are no better founded.

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(6.) It is true, that immediately the Bank of England has no other connexion with the national debt, than that which a great creditor has with his debtor; and yet it may be questioned, whether the failure of the Bank would not be almost as fatal in its consequences as a general bankruptcy; or whether either of those events would not necessarily produce the other: if it were possible to separate, and indispensably necessary to choose between them, the great question would not turn upon the quantity of fictitious property, that would be annihilated in either case, or on the number of individuals ruined; but whether it would be safer to annihilate the active, or the inactive, mass of property. It is the credit of the Bank, that in a great measure gives circulation to the funds. But these are dangerous or useless speculations: a wise man will not suppose a case, against which no human wisdom can provide a remedy. That the Bank unites within itself the whole credit of individuals, is not so unwarrantable a proposition as the author seems to apprehend: he is not, perhaps, acquainted with the detail of expedients by which mercantile credit has for a long time been supported in this country. The profits of the Bank, by discounting private notes, must be immense. A merchant or tradesman, whose notes they refuse, is not very far from bankruptcy: their honor and justice in the application of this formidable power has never been questioned. Whenever they have thought it necessary to lay any general check upon discounting, it has always been attended with a proportionate stagnation of trade and private credit.—*Translator.*

(7.) It is a common mistaken notion that, when stocks fall, it is owing to want of credit. It is absurd and ridiculous to say that credit fails, while government can borrow several millions sterling;

(7.) These ideas of the author, with respect to public credit, do not appear to me strictly correct. The state of credit is not to be measured by the sums that may be borrowed, but by the terms on which they may be borrowed. A great nation can hardly be reduced to such a state of discredit, as not to be able to raise money by offering exorbitant advantages. In this case the lender proportions his terms to the apparent weakness of the security or distress of the borrower. When France was already overwhelmed with debt, and every possible resource of finance seemed to be exhausted, Lewis XIV. still found means to raise eight millions of livres in specie, for which he was obliged to charge his revenue with a debt of thirty-two millions. Between borrowing on such terms, and not being able to borrow at all, the difference is not very considerable. A new loan in England naturally tends to lower the value or price of the old funds, for two reasons. First, the general increase of the mass lessens the general value of the commodity. Secondly, the advantageous terms offered by government draws into the new subscription that money, which would have been invested in the old funds. The author's supposition, that the proprietors of the old funds would find their account in selling out, in order to purchase into the new subscription, does not operate, I believe, so generally as he apprehends. The terms of every new subscription are regulated by the current price of the three per cents. If, for example, the three per cents. are at seventy-five, government must give four per cent. to be upon a par with the old stocks. But a mere equality will not tempt any man to alter the situation of his property. A considerable douceur must be added, not only sufficient to indemnify the lender against a fall in the price of his stock, which he proposes to sell, but to reward him for the risque he runs of not being able to dispose of his share in the new subscription to advantage. Now this is all matter of speculation, in which either the advantage is not clear and certain, consequently not likely to tempt the holder of the three per cents. to sell at a low price; or, if it be clear and certain, it will of course draw all the money in the market immediately into the new subscription. Admitting it then to be advantageous to the holder of the three per cent. annuities to sell out, and subscribe to the new loan, where is he to find a purchaser? The moneyed man knows his interest too well to place himself in a situation which the other thinks it advisable

sterling; but it is natural enough that stocks should fall at a time when very considerable sums are demanded for new loans, and when it appears that, from the continuance of the war, the same operation must be repeated for several years. As money becomes scarce, it becomes more valuable, and rises in price, like any other commodity, in proportion to the demand. The state, having occasion for money, is obliged to give a greater interest. This, for a moment, sinks the old stocks, because every man finds his account in selling out, in order to invest his capital in the new loan, or subscription, which offers him a higher rate of interest. Other accidents make money scarce for a time, and sink the stocks, without its being any way a sign of a defect of credit. When credit really fails, it is impossible to borrow large sums upon any terms; and then, the more we

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to quit. It is *he*, on the contrary, who will subscribe to the new loan, and invest his money at once in that fund which offers him the greatest advantage. To say that he will be tempted by the low price of the three per cents. to vest his money in the old funds, is a bad argument; because, if those stocks are very low, the holder of them will get nothing by changing the situation of his property, consequently will not sell. Money once vested in the funds, is considered in some measure as locked up till the end of the war. For this reason people, who understand making the most of their money, employ it in the purchase of navy and victualling bills, (which must be paid off at par from time to time, and are therefore seldom at any great discount) or in India bonds. By this means they have their money ready to take advantage of the necessities of government. Upon the whole, it seems at least very questionable, whether the chief or any considerable part of the new subscription is filled by the sale of the old annuities. Active and intelligent men, constantly attending upon the spot, may perhaps find their advantage in selling old stock to make good their subscriptions. Dealing in large sums, and calculating every minute profit, such as that of paying by installments, the rise of lottery tickets, &c. they may undoubtedly turn their practice to account. But advantages of this sort, I conceive, must necessarily be confined to the adepts, who cannot be very numerous.—*Translator.*

offer, the less we find. England was never in this situation in the last, or the preceding war. An interest of half per cent. more or less, made all the difference. Credit, that is the power of finding funds, however exorbitant, to support the expence of the campaign, never wavered a moment, neither in the year 1744, nor in the last war. (8.)

The Bank, on the other hand, had formerly the precaution to give little premiums to moneyed men, who, upon pressing occasions, undertook to furnish specie to be circulated by the Bank in other quarters. The Bank then was always sure of finding funds to pay the bills which poured in upon it; and, even supposing the Bank to have gone to the bottom, which is impossible, (9.)

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(8.) It is true that the faith of parliament to the public creditor has never yet been violated in the minutest instance, and that government has borrowed sums that exceeded the most sanguine ideas of the resources of the nation. But it is not so true that the credit of the nation has never been shaken, nor that an interest of half per cent. more or less made all the difference. We have seen our funds at forty per cent. discount. The necessities of government in this country, as well as every other, have obliged the minister to submit to whatever conditions the moneyed men thought proper to impose. When these conditions were the most favorable to government, the douceurs amounted to as much as the increase of interest. If in fact the resources of England have never been exhausted, it may yet be prudent to remember that, at the end of the session, 1765, above two years after the last peace, Mr. Grenville was obliged to leave an unfunded debt of four millions; a considerable part of which was a charge upon the sinking fund.—*Translator.*

(9.) The author's idea, that it is impossible for the Bank to go to the bottom, is totally groundless. He admits, that the Bank is no more than a rich individual in the state. Now a corporation, or a private banker, may be ruined by exactly the same means, viz. by extending their credit beyond their faculties. The first alarm or suspicion brings all their notes upon them at once; and whether they refuse payment, or delay it by tricks and contrivances, they are equally bankrupts; their note is not paid on demand. The distress of the Bank in 1745 is not capable

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it has no concern with the national debt, which is not demandable, and never can be reclaimed, as all France, and many writers upon this subject, have very falsely conceived. As long as the interest is paid, there is no other demand. As to the rest, Bank stock is very different from Bank bills. India and South Sea stock are again of a different nature; although these three corporations (the name appropriated in England (10.) to such establishments) have all a credit upon government of many millions sterling in annuities, the capital of which makes part of the national debt, and never can be demanded. (11.) The pretended bankruptcy of England has therefore always been imaginary:

of exaggeration. Their notes were at discount; they were obliged to pay in silver; their clerks industriously made mistakes in counting, in order to gain time. Yet all these expedients would have signified nothing, if a number of private persons had not agreed to take their notes in payment. This spirited patriotic association saved the Bank.—*Translator.*

(10.) These companies are *incorporated* by charter and act of parliament, therefore called Corporations.—*Translator.*

(11.) The principal debt is not demandable; that is, strictly speaking, it is in the breast of parliament to pay off the public creditor at such periods, and in such proportions, as they think proper, either at par, or on terms voluntarily agreed to by the creditor. Still however the faith of parliament is engaged to apply the sinking fund as far as possible to the diminution of the debt. The creditor has a right to consider that fund as the source, out of which the principal is to be gradually discharged. To divert it to other purposes, is in no small degree a breach of parliamentary faith, excepting in those cases of necessity, in which extraordinary services may require extraordinary supplies. The author's idea, that the state is bound by no obligation to its creditors, but for the punctual payment of the interest, or, in other words, that the debt is only a perpetual annuity, will never be adopted by a wise or honest minister. At the original formation of the sinking fund, it was declared by the legislature to be appropriated to the discharge of debts contracted before December, 1716; and the proof that it has been always considered as a security for the principal debt is, that whenever it has been misapplied, stocks have constantly fallen.—*Translator.*

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imaginary: her debts, never becoming due, and having no critical period to dread, are as if they did not exist. The interest may be a burthen to the state, but never can be the distress of a particular point of time.

Besides, there is annexed to each loan a solid, separate, and distinct security for paying the interest, for which the whole nation in a body is responsible and guarantee, every thing being done with the sanction of parliament. All the different orders of the state are interested in the funds, which constitute one part of their property, and give value to the other. The nobility, who have a large portion of the land, have also a share in the annuities. The proprietors of land have a great concern in the annuities. Tradesmen, merchants, and even mechanics, are all of them annuitants. It is mere declamation to represent the proprietors of the public funds * "as men who carry their fortunes in their pocket-books; as drones that devour the honey made by the bees; a race of men, enemies to the plough, and to the landed interest; and, in short, a public pest in every state, where they live in sordid avarice, and labor night and day to accumulate money, to swell their accounts, and to increase the burthen of the state." †

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* A quotation from the *Bilan general de L'Angleterre.*

† When the author of the *Bilan* treats these pretended book-keepers as bad citizens, he forgets the text of the Gospel which says, that, *Where your treasure is, there will your heart be also.* A treasure of more than a hundred millions attaches many hearts to a country, and so much the more as all this money would vanish into smoke, if the state were overturned. This cannot happen to landed property; the soil cannot be annihilated. An interest in the public funds is therefore more likely to maintain a sort of patriotism, than to extinguish it; it attaches even strangers to a country where they have a great stake. How much more strongly must it attach the natives, whose private interest is so intimately connected with the public cause! This class of people then must of necessity be very numerous, very rich, and powerful; and no way resembles the picture drawn of it by the author of the *Bilan.*—*Author.*

This whole picture is not only loaded, but entirely false and chimerical. If there existed such a race of men, distinct from the rest of the nation, and able to supply the state, year after year, with twelve millions sterling at four per cent. first, and afterwards for a little more, (12.) they would be intitled to respect rather than insult. But in fact it is the whole English nation in a body, supported by their credit with foreigners, and by a few dealers in the stocks, who contribute not a little to maintain the circulation and credit of this immense volume of annuities. I shall explain this point in the sequel. At present I mean only to consider the annuities of England as a mass of the largest volume, in which there has been the greatest traffic, and which has lately been the subject of great speculation, as it affects the interest of individuals as well as of nations. I shall begin by explaining, more particularly, what these annuities are.

*Almost all the national debt of England, as I have already observed, consists of annuities arising from different loans made to

(12.) There was no year of the late war, in which any considerable sum, much less twelve millions, could be borrowed at four per cent. or a little more. In the great loans negotiated in the latter years of the war, government was obliged to allow an advantage to the subscribers, equal in many cases to five and six per cent. and perhaps more; that is, computing the value of the life annuities, long annuities, profits on lottery tickets, paying by installments, and other douceurs. As long as such enormous sums were to be raised, it was impossible for government to make a thrifty bargain. Perhaps it would have been better economy to have raised the rate of interest at once to six per cent. upon annuities redeemable by parliament, than to have had recourse to long or life annuities in any shape.—*Translator.*

* I say *almost*, because, in the national debt, there are still some fragments of life annuities, tallies, and other annuities, upon the plan of those in France, which were created in the reign of King William and Queen Anne. But as all this amounts only to a small sum, and forms a very inconsiderable part of the national debt, it deserves no particular attention, and seldom enters into the traffic of the stocks. As these old debts are gradually extinguished, the interest goes to the increase of the sinking fund.—*Author.*

to government. We have seen that this debt is not demandable; that government has fixed no term for discharging it; that a solid and permanent fund is engaged to pay the interest without interruption, the moment it becomes due; and that every thing is done with the sanction of parliament; so that the whole nation may be said to have concurred in creating these annuities, and to have become guarantee and security for the interest. We must not forget, that the state is at liberty to discharge its debts whenever it thinks proper, (13.) except the last loans, which cannot be redeemed for some years. No embarrassment then can ever arise from being obliged to pay or reimburse at a certain period, as many foreigners have falsely conceived.

The scrupulous and inviolable exactness, with which the interest has constantly been paid, and the idea we have formed of parliamentary faith, have enabled the credit of England to negotiate loans which have astonished Europe. The sinking fund contributes greatly to the support of credit; but credit alone could never have worked the miracle, if it were not for a spring

(13.) That is at par, or on terms voluntarily accepted by the proprietor. The condition, which for the sake of the public should, if possible, be obtained in all loans, viz. that they shall be redeemable at the pleasure of parliament, gives a signal advantage to the debtor over the creditor. If there be a plenty of money, parliament can either pay you off, or reduce your interest, ad libitum; whereas, though money be ever so scarce, when consequently the creditor might employ it to infinitely greater advantage than in the funds, he cannot call in his capital. In considering the increased mass and present state of the funds, it is not likely that the interest they bear can ever be reduced below three per cent. nor, perhaps, for the public good, is such an operation very desirable, unless the nation were immediately relieved from a proportionate quantity of taxes, or unless we could be assured that parliament would religiously apply the savings to the discharge of public debt; otherwise, as Doctor Price observes, reductions of interest only furnish with more money for supplying the deficiencies arising from bad management, and facilitate the means of running into debt.—*Translator.*

spring and power of *faculty* and contribution, by which credit is supplied. It is this power of faculty, this spring, that I mean to explain. The explanation, if I am not mistaken, will throw a new light upon the subject, and correct a number of confused notions, which people of the best understanding have formed upon this important point.

It is not foreigners only who are unacquainted with the nature of the national debt of England; the natives themselves mistake the matter. Many Englishmen, as well as foreigners, consider the debt as a counterpoise to all their successes. Supported by the authority of Lord Bolingbroke, Sir Robert Walpole, Sir John Barnard, and other great men, they look upon the national debt as an unwieldy burthen, that oppresses the kingdom and enervates the power of the state. Their apprehensions, I believe, are founded upon the following principles.—The more a government is indebted, the more the nation must be loaded with taxes to satisfy the interest only; this of itself is a great inconvenience. The second, resulting from the first, is, that increase of taxes raises the price of labour, and injures manufactures. The third is the tribute paid to foreigners who have property in the funds. The fourth, which has been much and long insisted on, is the spirit of idleness, gaming, and stock-jobbing, introduced into the nation by the traffic carried on in the funds. These four objections seem, at first sight, to justify every declamation against the national debt: yet I think I can demonstrate, from speculation and experience, that what has been said upon this subject is more specious than solid; and that people have talked, without entering thoroughly into the question.

I shall first prove, that the national debt has increased the numerical wealth of the nation; that it is necessary to the support

support of circulation, by which it was produced, and of the excentric commerce which Europe, and particularly of that which England carries on in the other quarters of the world; in short, that it is highly useful, up to a certain point; that taxes, in a great measure, return into the hand that pays them, and, instead of injuring, are favorable to industry; that the advantages arising from stockjobbing are far superior to the mischief it occasions; that, without the game carried on in the stocks, England would not have had the means of making the efforts she has done; and that this last article has never been well understood by those who have treated of it. They have seen the effects, and have always been ignorant of the causes. These I mean to explain. England is in the situation of a man who finds himself extremely well, breathes freely, and enjoys the most ruddy health; but who is not sufficiently versed in anatomy to know the principles of the health he enjoys. If he be told, that possibly some lurking disorder may be concealed under this florid appearance, he at once takes the alarm, perplexes himself with apprehensions, and is a prey to uneasiness.

Let us come to the fact. I affirm that the national debt has enriched the nation, and I prove it thus. On every new loan the government of England mortgages a portion of taxes to pay the interest, and creates a new artificial capital, which did not exist before, which becomes permanent, fixed and solid, and by means of credit circulates to the advantage of the public, as if it were in effect so much real treasure, that had enriched the kingdom. Let us take for an example the twelve millions borrowed in the year 1760, and see what became of them. Is it not true, that the greatest part of that money was spent within the nation? Nothing but the subsidies, and a *part* of the sums expended in Germany, can be considered as lost. I say a *part*,

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for, even in a war upon the continent, the nation profits by furnishing a variety of articles, as well as by the individuals who are employed there. When they water Germany, they only fertilise a soil, of which their commerce reaps the benefit. The riches of Germany always turn to the account of trading nations. But I content myself with observing, that it is indisputable that a great part of the above loan was employed and circulated within the nation. England then will have preserved a considerable share of these twelve millions, dispersed and absorbed in the nation itself; at the same time that the numerary riches of her creditors, who are chiefly English, are augmented by twelve millions, which did not exist before.*

If another still more sensible proof be required, that the numerary of about a hundred and thirty millions sterling, which the English nation possesses in annuities, and other factitious funds, would, in a great measure, not have existed, without the creation of these funds, one need only imagine in what would this numerary wealth have consisted, if the funds had never been in being? (14.) Could it have been in money? Exclusive of

* It is evident then, that in the year 1761, there must have been many people in England, who had enriched themselves by the expenditure made by government of the twelve millions borrowed in 1760, and who in return were able to lend money to the same government by whom they were enriched; and this is actually the case. They lend back the same money they received, and the creditors of the preceding year acquire a new fund of credit, under the protection of which they procure fresh supplies of money, (either from foreigners or their own countrymen) which they again engage in the new subscriptions. This proves, First, the augmentation of the numerary wealth by loans. Secondly, that the new loans are almost always made with the same money. Thirdly, that the old loans favor the new ones; and, Fourthly, that they have enriched the nation.—*Author.*

(14.) In answer to this question it may safely be affirmed, that the money lent to government for the support of wars destructive of agriculture, commerce, and population, might have been in a great measure absorbed in the cultivation of immense tracts of waste lands both in Great-Britain and Ireland, in the encouragement

of plate, there is not so much specie in Europe. Could it have been in land? The limits of Great-Britain are not to be extended. Land has already risen greatly in value, and, without an increase of population, will not admit of farther improvement. Could it have been in ships and commerce? These two objects also have their limits, relative to the number of inhabitants. You cannot amass commodities beyond your consumption; and too many merchants are frequently a prejudice to commerce. When once there is as much money employed as the demands of trade call for, the rest is useless. It is not in the nature of things that the commerce of a nation should enlarge continually, and introduce greater and greater sums in a perpetual progression. Where then would these millions have existed, which constitute so great a part of the wealth of the nation? If at all, they must have existed in foreign countries, which would be dangerous, even if it were possible. But no man will maintain such a proposition; especially since it is demonstrated, that the specie, which produced these funds, remained partly in the kingdom, and have successively been employed in every loan.

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agement of industrious foreigners to settle among us, and in the improvement of our colonies ad infinitum. Light taxes would have encouraged population, because they do not load the means of subsistence. The price of labor would have been reduced; manufactures found an easy vent abroad; or, if the foreign market failed, the demands of the colonies would have employed all the industry of the nation. Population and consumption would have increased rapidly together. Considering the colonies as consolidated with the mother country, and their mutual advantages improved as far as they might be, the British empire might subsist alone, and maintain its greatness, without any dependence on foreign trade. This is the state of political perfection, to which, as the author himself acknowledges, every great kingdom should aspire. Instead of being employed to these salutary purposes, the hundred and thirty millions lent to the state have supported a constant war against population, and prevented the existence of millions of useful subjects.—*Translator.*

If it were possible to add these hundred millions (to which nothing but the loans have given an existence) to the current coin, the state would suffer a real repletion of specie, by which its œconomy would be overturned. For this money, if it were possible for it to exist, would be scattered over the nation, not collected in the Exchequer; it would then entirely lose its quality of a sign; commodities would rise to treble their present price, and all commercial proportion be destroyed. But the supposition is absurd. The principles I lay down resolve the difficulty.

The enormous sum, of which the national debt is composed, never existed at once. This mass of wealth has been successively produced with the same specie, by the magic of credit and circulation, which saves the inconvenience of having so large a sum in specie. The quantity that really exists is sufficient to give an intrinsic value to every portion of the public funds in its turn, without exceeding the limits of an easy and useful circulation. The public funds have literally a magnetic virtue with respect to money.

When the proprietors of the old funds undertook to furnish new loans to government, they proceeded thus. They not only found money within the nation by selling their consolidated annuities something per cent. lower, but they mortgaged those annuities to foreigners, and so were enabled to avail themselves of much larger sums, by draughts, than could have been borrowed upon private credit. By these means they for a time swept away almost all the money belonging to foreigners, until circulation had time to recover its level, and the new loans could be divided into a greater number of hands. This is the solution of the great problem, or phenomenon, in finance. The world has been astonished at seeing eight or twelve millions borrowed for several

several years successively. It could not possibly have been done, but by the countenance and assistance of the ancient funds, under the auspices of credit and circulation.

Specie communicates its quality to the funds by means of the revenue they produce, but is not increased. The numerary wealth is augmented by the funds acquiring a consistency, and, if I may be permitted to use the term, a *fixation*, of which money is incapable. It rolls, is dissipated, and passes from one hand to another. It is the Proteus of wealth, or rather wealth is the Proteus of money. But when once a fund is created, the numerary remains, and the contributive faculty increases as well as circulation, and without too great an increase of specie. Current coin is the universal medium of expence. It is only when it communicates its quality to a fixed stock, that the numerary augments and is preserved. This augmentation arises from the credit created by mortgaging a portion of the public revenue. A light tax is drawn from the nation, into whose hands it returns again, with a general benefit to the whole. The reader is requested to consider this principle attentively. It contains a truth demonstrated, palpable, and incontestable, though at first sight not easily conceived. It is equally evident, and of the same nature with the principle already established, that the same piece of money may in one day pass through twenty different hands, and represent twenty times successively its numerary value as a sign. All my reasoning turns upon these two principles. The important truths, which I maintain in opposition to received prejudices, are derived from them.

To make the former principle still more apparent by another example, let us consider Europe collectively. It will appear that the real money expended by the powers at war must remain, for certainly it is not annihilated; and that the sums they borrow upon

** What are the banks?*

upon credit are an addition of numerary wealth, which did not exist before. This addition, created by credit, acquires, by means of credit and opinion, a value both real and artificial, intrinsic as well as of convention; (15.) that it circulates as long as credit subsists, and performs by parts the office of real specie, however chimerical or impossible it may be to realife the whole. May not this be the reason, why the ruin and devastation of war is sometimes so soon repaired?

Take one example more. It is certain that there are a hundred lords in France and England, whose united property exceeds, in numerary value, the current coin of the kingdom. It nevertheless obtains its value by circulation, and the fortune of every individual, taken separately, is real and solid, although the whole together, that is, the equivalent for it in money, does not appear to exist. Successive loans then are always made with the same identical specie, which, through the medium of these loans, communicates its own value to the new funds or paper created by credit, and returning into general circulation increases the power of lending again.

All the millions paid to the king of France, are poured back into the gulph of the nation. The ocean, from whence they sprung, receives them in return, although there may be some basons in the cascade, which, not being in their proper place, may prevent a more useful distribution. But if they were to stagnate at their source, a beneficial circulation would be lost to the public.

The

(15.) There can be no *intrinsic* value in a species of property, which depends merely on opinion to determine whether it be worth a hundred pounds, or fifty, or nothing.—*Translator.*

The man who cultivates the soil, is he who really suffers by taxes. (16.) Statute labor,* imposed upon the peasant, destroys one source of the opulence of France; for it is this part of the nation that in fact nourishes the rest, that gives value to the soil, and increases the numerary wealth. Population is the real riches of the state. The other orders are indemnified for the taxes they pay. Luxury restores what luxury takes away, for vice

(16.) Foreigners are much offended at the light tax which they are obliged to pay upon our turnpike roads, not considering how natural and just it is, that the person who uses the road should be at the expence of repairing it. In France the case is exactly reversed. The wretched peasant, who seldom possesses either waggon or horse, is compelled to keep the roads in repair, while the traveller pays nothing. I have seen whole families of peasants, with their wives and children, employed in this slavish work, at many miles distance from their habitations. These poor people, for want of other cattle, are often obliged to harness their cows in the carts that convey the stone or gravel to the road. The sight is shocking to humanity. After all this oppression of the poor, and notwithstanding the beauty of many of their high roads between the principal cities, which is all that foreign travellers are likely to observe, there are few of the more civilised parts of Europe, where the communication between the provinces is so impracticable as in France. The want of cross roads is a material check to agriculture. The great roads improve the lands within a moderate distance, but the major part of the kingdom receive no benefit from them. A French writer, who seems thoroughly informed of every thing relative to the internal oeconomy of the kingdom, affirms that the rich corn provinces have no means to convey supplies into those parts where they are wanted, but on the backs of mules, because the roads or lanes will not admit of carriages; that canals, for internal communication, have been equally neglected; and that it costs less, in some quarters of the kingdom, to bring corn from England or Africa, than to convey it ten leagues by land carriage in France. The same writer observes that, if the millions, expended in forming the canal of Languedoc, had been laid out in smaller canals of communication in the interior of the kingdom, they would have been less splendidly perhaps, but much more usefully, employed. One end of this immense work was perishing while they were finishing the other.—*Translator.*

* Corvées.

vice is tributary from its birth. It is a homage which it owes to virtue.

If we consider the truth of these principles, with the nature, essence, and effect of loans made and applied with judgment, it will be found that, instead of impoverishing, they really enrich the state; that they double the numerary wealth, and of course the power of increasing them. Taxes, for the most part, return into the hand that gives them. It is always the rich, or those who spend money, that pay the taxes in the last resort, as well from their own expences, as by enabling others. They pay so much the dearer for the service and labor of the industrious in the inferior ranks, who frequently make taxes a pretence for greater demands. This circulation necessarily turns to the advantage of industry, which always finds itself indemnified for the pretended burthen laid upon it. The truth of this assertion may be demonstrated thus. * The four millions sterling, annually

* When taxes are not so violent as to wither the hand that pays them, the momentary collection of them in the Exchequer, and subsequent distributions, through the various channels of annuities, pensions, and other expences, form a new property, which did not exist before. This created property gives birth to a new circulation, in favor and for the benefit of those who paid the taxes. A tax, before it is raised, is divided and dispersed over so many millions of subjects, that its existence is hardly perceivable. The portion paid* by each individual would probably remain in his pocket, or in his chest, and the produce of so much industry be lost; little or nothing would come into circulation. If, for example, a tax of a penny each were laid upon the million of persons, who inhabit Paris, for a single day, obliging the rich to pay for the poor, it is certain that the collection of such a sum would scarce be perceived by any individual; yet if this sum were given to one industrious man, it would make his fortune, and enable him to give an assistance to circulation, industry, and consumption, far beyond the diminution those articles would have felt by the loss of the penny taken separately from so many individuals. In another instance, if twenty or thirty drops of water were to fall upon the whole surface of the earth, so insensible a supply would soon be dried up, without fertilizing the soil, or relieving any man's thirst; whereas, if these twenty or thirty drops were received into a funnel, the collection might form a stream capable of the most vivifying operations. There must be a focus to collect a number of beings, which separately have no power, but grow active as

* The principle however must always be softened in the case of the laborer.

annually raised by taxes to pay the interest of the funds belonging to the English, produce at least fifteen or twenty millions in circulation, which are laid out for the benefit of industry. That this is true, may easily be conceived from the example of the crown piece, which may change hands twenty times a day, and perform the same daily operation three hundred and sixty-five times a year; and therefore, in the account of that part of the four millions which comes into constant circulation, large allowance is made for that part which may be supposed not to circulate. The revenues, expended by the rich, undoubtedly enable the inferior ranks to engage in other less considerable expences with the same money. To suppress one million of revenue, would therefore destroy a circulation of several millions, and diminish the contributive power of the inferior ranks, by at least twenty millions in the course of the year. I take a year for the general computation, although the example, already quoted and proved, might possibly exist within the compass of a day, perhaps in less. Upon this footing, the argument is unanswerable, and beyond the reach of all objection. They, who do not thoroughly comprehend the principle, will be unable to follow me through the system.

In considering the second inconvenience, we shall be led to reflections which reduce the first to nothing, and strengthen my system. I affirm, that an advance in the price of labor, and of commodities of the first necessity, is not owing to taxes, but to other causes. This advantage, and even taxes themselves, are a necessary consequence of having a heap of people collected in the

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great

as they unite. This example, I believe, will not appear indifferent, especially to those whose tact is fine enough for the contemplation of objects of this nature;— it completely answers a subtle objection which might be made to my first proposition, and helps us to comprehend by what steps a tax may reflect a benefit upon the public, by encouraging industry, as soon as the sums it produces come to a consistency in the centre of collection to which they belong.—Author.

+ M. Mandelbrot

great cities by commerce, luxury, and opulence. ^{*}The true cause of it lies in the nature of that immense commerce produced by the discovery of America. The gold imported from that country necessarily continues the pretended inconvenience. It would be still greater if it did not find a remedy in the augmentation of the numerary wealth, and in the circulation of the national debt. Effects, attributed to other causes, have in fact arisen, on one side, from the debasement of the metals in their quality of signs; on the other, from the immense tribute of commodities which America demands from Europe. The mines of Peru have produced two effects, which at first sight appear contradictory. Gold and silver becoming very abundant, and lowering of course in their quality of signs, have given birth to a multitude of new wants, and to a most extensive commerce. But to supply the new demands, which the lowering of the value of money had itself created, it was necessary that the quantity of it should be prodigiously increased. Money then, in its turn, had occasion to be represented by new signs, in order to quicken its own circulation; and the advantages, arising from the multiplicity of signs, are superior to the inconveniences produced by a diminution in the value of the metals.

I affirm, that the positive resources, or metallic wealth of the English nation, would be insufficient to answer the demands gradually produced by the discovery of America, and that the English government could never have borrowed such immense sums, if it had not been for the circulation arising from the creation of these very funds. Credit is protected by credit. Circulation favors circulation; paper and public funds support new paper and new funds, by supplying different loans successively with the same specie, through the medium of circulation, and

** Mr. Hume's principle - See Essay on Money*

and the traffic in the stocks. As the numerary wealth multiplies continually, the national debt gives nourishment to commerce, and becomes the support and remedy of that luxury, to which, in some instances, it gives birth. It has enriched the nation, and enabled her to pay her taxes. From these principles it follows, that former debts have enabled the nation to contract new ones. The effect of power becomes the cause of it. It is the debasement of gold and silver, in their quality of signs, that has trebled the nominal price of commodities. When we say that every thing is dearer, we mean that money is less valuable; and it loses its value, because there is more of it. It may be said that a man, who has an income of three thousand crowns, is not richer now than his ancestor was formerly with a thousand; but there are twenty people in Europe, who have three thousand crowns a year, for one who, two hundred and fifty years ago, had a thousand.

The increase of specie was the cause of the first advance in the price of labor, and of commodities of the first necessity. On the other hand, gold and silver, though prodigiously augmented, and become so much more common in Europe, have nevertheless stood in need of being represented by new signs, in order to answer the multitude of new demands, which the first abundance of specie gave birth to. Such, in all probability, is the true origin of banks, actions, paper credit, and public funds, and of the facility with which they have been created. (17.) They all serve to augment the numerary wealth, and to fix ^{the value of the money} and (17.) They, who first recommended the system of loans in England, had, probably, no other view but to supply the immediate necessities of government, without burthening the people. In other countries, money has been borrowed by government with a political design of securing the attachment of wealthy individuals to the state. The Abbé Ragnal says, that the Venetians were the first who borrowed money of their subjects on this principle. — *Translator.*

and collect the riches of individuals, which, in a great measure, would not exist, if it were not for the creation of the funds that compose the national debt, bank stock, and other public securities. I say, they fix and collect the riches of individuals. In effect, money in specie is dissipated and lost; but having communicated its own quality to the signs that represent it, it goes away to perform its office elsewhere, and, supported by credit, still preserves that communicative quality, of which so many experiments have been made in England, without any proportionate increase in the quantity of coin, notwithstanding the prodigious increase of wealth, or of the signs that represent it.

To comprehend the connection of these several truths, we must go back a little, and consider with attention the revolutions, which have gradually taken place in Europe, since the compass enlarged our universe by the discovery of America. The quantity of gold and silver increased so rapidly from that period, that it soon lowered their value as signs. Industry found employment on all sides. The external luxury of America indemnified the trading nations of Europe for their own internal luxury now carried to excess, and raised the price of labor in two ways; first, by lowering the value of money, and afterwards by the quantity of manufactures exported to America. This external commerce has at the same time obviated the fatal effect of the advance upon the price of things. It were to be wished, that we had an equal compensation in point of morals, which since that period have lost more than they have acquired. It is said that there is less simplicity, less truth, in each particular society, though society in general be improved.(18.) Is it possible that

(18.) The word *improved* is equivocal. We have exchanged one set of manners for another. The polish wastes the substance. The same refinements, that quicken our

that political virtue should grow from the extension of moral vice? Be that as it may, the discovery of the new world has certainly caused a notorious revolution, both physical and moral, in the old one. New disorders, new remedies, and new interests, have given, as it were, a new form to the passions. A taste for commerce, colonies, marine, navigation, and fresh discoveries, is become the universal system. The cultivation of arts and sciences is connected with a taste for commerce, and has added a new varnish to the politeness of Europe. The ease, with which a fortune may be acquired, has established a kind of liberty and equality, that brings the different ranks nearer together, and banishes that slavery and debasement, in which a general poverty, compared with the wealth of a very few individuals, seemed to plunge the people. This perhaps is the greatest benefit derived to Europe from the discovery of America. The fortune of the Medicis was exclusive and immense. From a private station, they became sovereigns, and enslaved their country. The subjects of Charles V. and Philip II. on the contrary, drew the means of freedom from the resources of commerce. The world seemed to enlarge under the power of the Spanish monarchy, and in many respects altered its form. A general opulence introduced by the gold and silver of the new world, the multitude of hands employed to supply the new wants and luxury

our sensations, enervate the power of indulging them. It is not possible that either the mind or body can be at the same moment delicate to feel, and vigorous to enjoy. Every state has its compensations. In the midst of our refinements, we triumph without reason over the uncultivated simplicity of our ancestors. They felt perhaps as sensible a gratification in their *barbarous* struggles for public liberty, as any of their enlightened posterity can derive from personal enjoyment. No two minds refer to the same standard of pleasure. The prodigal who squanders the estate, has little or no advantage over the miser who collected it.—*Translator.*

luxury of America, have created new means of subsistence.* When the political machines, like the elements of commerce, grew more extensive, vast and complicated, they required springs stronger and more numerous. It became necessary to multiply the circulation of paper, by which the numerary wealth was increased. This was done as it were by instinct, but with fear and trembling. We scarce knew what we were doing, or for what reason. Gold and silver having lost three fourths of their value, a great quantity was required to represent so many things, and to keep the same machines going which money had set in motion. Means of all sorts were to be trebled. Without an augmentation of the signs of value, which form an artificial wealth, neither commerce nor luxury could have subsisted. It is the discovery of America, which, by an extraordinary increase in the mass of gold and silver, has extended commerce, luxury, navigation, and manufactures. There required a greater rapidity of circulation; and by a singular paradox, as money multiplied and grew common, it required so many more signs to represent it. Public funds, paper and stocks, became necessary, sometimes to absorb an excess of specie, and sometimes, like a sponge, to be pressed and give it back again. They fix, increase, and collect the numerary in one quarter, while the specie itself circulates in another. The nation is really richer, because it appears so, and furnishes government with greater supplies upon critical and decisive occasions; without precluding, however, the use of proper expedients to relieve the distress that must result from too great a swell of the national debt.

It

* The number of persons, in affluent or easy circumstances, is considerably increased in Europe since the discovery of America. There are more means of gaining a livelihood. I do not at present enquire whether the necessitous, the poor, and the indigent, may not be more so than in former times. Abstractedly, it may be in some shape more difficult to obtain the bare necessaries of life. Want, strongly contrasted with overgrown wealth, is more sensibly felt.—*Author.*

It has been already proved, that every loan increases the numerary wealth. Different loans are always advanced with the same money; the numerary is doubled by the creation of an artificial property, and the state is enriched. The English government, by gradually giving up four millions sterling a year to their own subjects and to foreigners, in return for essential assistance, has enriched the kingdom with more than a hundred millions sterling; whereas not a tenth part of this numerary would have existed, without the creation of the funds. The taxes, drawn from the public to pay the interest, and assigned or mortgaged for this purpose, are poured back again with usury. It may well be said, that the right hand pays the left. It is exactly as if government remitted to the nation a part of the taxes levied upon the nation. Inequality in the distribution does not lessen the profit in the total.* This inequality is still corrected by the money which the proprietors of the funds spend themselves, and enable others to spend. A great part of their revenue is employed in favor of industry. Thus every account is balanced, the numerary phantom of artificial riches continues to subsist, produces its effect, supports the proprietors, and is beneficial to others. The mass of representative signs supplies the place of a real, solid property. Every individual may upon occasion convert it into specie, although it would be (19.) impracticable for them all to do it at once; a case that never

* The proprietors of the French, Dutch, and English funds, are, I confess, become joint usufructuaries of the territorial revenue of each country, and, in some measure, joint owners of the soil. But, so far from being an evil, I consider it as a benefit which lightens the burthenfome part of taxation.—*Author.*

(19.) That the artificial property vested in the funds cannot at once be realized, or converted into specie, is no argument against the national debt's constituting part of the numerary wealth of the nation. An hundred millions in lands, goods, and houses, notwithstanding their intrinsic value, are no more convertible into specie

never exists. The same might be said of lands, houses, and all kinds of chattels, which have by no means so ready and quick a circulation as the public funds.

"Among commercial nations," says Montesquieu, "that, which possesses the most money, is not the richest and the strongest; but that which has the most money circulating in property and real commodities, by means of representative signs." Real money being represented by something else, its numerary quantity increases. This surplus, favored by circulation, occasions a kind of overflow, but is soon collected again by the magnetic virtue of commerce and credit, and returns into the same hands, with an increase of power to repeat a like operation every year. The distributive faculty does not wear out, but, instead of being enervated, acquires strength by exertion. It is probable then, and indeed I am thoroughly convinced, that, without the circulation of the old debt, the English government could never have borrowed such large sums as they did in the last war. The more these principles are considered, the more the truth of them will be felt.*

Let

specie than a hundred millions in the stocks. At first sight it should seem that the failure of public credit must immediately raise the value of other more solid securities. Yet facts unquestionably prove the contrary. In those countries where there is no fictitious property, or where the circulation of it is checked for want of credit, the value of land is always low in proportion; and so vice versa.—*Translator.*

* From all this reasoning with respect to America, and the revolutions occasioned by the discovery of that country, it may be concluded, that the high price of labor is a necessary consequence of riches, luxury, commerce, opulence, and the great consumption produced by an increase of demands, and of population, in an industrious nation. In this respect, the population of Europe and America is the same. Taxes contribute to raise the price of labor; but, as they also are a consequence of wealth, ease, and liberty, the mischief they do is overbalanced by other advantages. The number of the rich being augmented by the creation of fictitious funds, gives birth to a new property, and redoubles the means of encouraging

(20.) Let us proceed to the third and greatest inconvenience of the debt. It is certain, that the powers who borrow become tributary to the foreigner who lends. Yet this inconvenience, real

encouraging industry, arts, manufactures, agriculture, and commerce. The four millions sterling raised by taxes, and which on one side are a clog to industry, produce twenty millions in circulation, which, as I have already shown, are all employed in favor of industry.—*Author.*

(20.) The extraction of our specie to pay the interest due to foreigners has always been considered as a severe drain to the nation, and one of the greatest mischiefs attending the national debt. The arguments or declamations on this topic are endless; yet it may be doubted, whether they have ever been candidly compared with the fact. The most plausible speculations must submit to experience. An internal principle of decay, constantly operating, can never be reconciled to a continued appearance of health and vigor. In arguments of this nature, some little fact, mistaken or omitted in the premises, makes a wide difference in the conclusion; and then the longer we argue, the farther are we at last from hitting the mark. Ministers, and others, who have had all the means of information before them, have found it impossible to ascertain, with exactness, the quantity of stock possessed by foreigners. The author, in another place, affirms from his own observation, that it cannot much exceed one seventh of the debt; against which it is but fair to set the sums which British subjects have in foreign funds, particularly in those of France, which pay a higher interest. If the general supposition be true, that the foreign property amounts to one sixth of the whole debt, or about twenty-two millions, a certain annual drain of six hundred and sixty thousand pounds, added to the great sums spent by our travellers on the continent, or sent over to purchase foreign finery, must inevitably exhaust all our resources, carry all the specie out of the kingdom, and keep the course of exchange constantly against us. Or, admitting that this loss might be made good by the general profits of our trade, still the nation could never have thriven and flourished as it has done, if the whole or greater part of its earnings were constantly drained away as fast as they came in. There must be some fallacy in an argument which evidently proves too much for the fact. Upon the strictest enquiry that it has been possible for me to make into this matter, I have found reason to believe, that, setting aside some extraordinary occasions, the greatest part of the interest due to foreigners has not been remitted to them as fast as it became due, but has been reinvested in the funds; and that this is still the case. The greater part by far of those

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foreigners,

real as it is, is nothing in comparison with the advantages of which we have been speaking. Every thing has its inconvenience. This one however (inferior in itself to the advantages it

foreigners, who vest their money in our funds, are not people who mean to subsist upon the interest of it. They leave a portion of their property to accumulate here, either as a resource for old age, or as a security for their children, while they themselves continue in that occupation in which they acquired their money. The just opinion, which every foreigner, who knows any thing of the matter, conceives of parliamentary faith, and the certainty that no violent measures will ever be attempted against the public creditors, naturally draws all their idle money into this country; and that they leave a considerable part of the interest to accumulate, seems farther probable from this fact, that, in peaceable times, immediately after every dividend (deducting the value of the dividend itself) stocks are constantly observed to rise. The money thus reinvested returns into circulation, and, giving birth or encouragement to new industry, creates a new revenue, which not only pays the foreign annuitant, but leaves a profit of superlucration within the kingdom. After all, admitting the annuity paid to foreigners to be ever such a burthen to the nation, it does not seem that discharging the principal would mend the matter. All the difference would then be, whether we should exhaust the nation of its cash at once, or by degrees; in other words, whether we should take this great capital out of commerce and circulation, or continue to pay moderate interest for a sum, the improvement of which, with good management, may produce double what we pay for the use of it. Instead of general declamations against paying a great annuity to foreign states, the only rational enquiry seems to be, whether we gain more by the use, than we lose by the interest.

It is said, that the debt due to foreigners leaves the nation at their mercy, and that, upon any critical occasion, they can sink the stocks at pleasure, and distress government. This consideration would be very important, if it were possible for a foreign court to oblige their subjects to call in all their funded property at once. The present king of France has attempted it in vain, by issuing mandatory edicts, in which he reproaches his subjects with want of affection to their country. But this is but a second-hand policy. Individuals in all countries consult their own interest first; and so far have they been from complying with the political views of the states they belong to, that it has been observed that, in time of war and apprehension, they have always been most ready to send their money

it produces) is still farther extenuated by those derived from the foreigner, who furnishes on demand the sums wanted, part of which are frequently spent in the kingdom. But the point, that most deserves to be considered, is that, without this foreign supplement, by which the measure of power is filled up, which keeps the game alive, and of course promotes circulation, England could not have found such extensive resources. The want of this supplement might perhaps have checked and enfeebled all her operations. I shall explain this point in my answer to the fourth objection, touching the spirit of jobbing and traffic in the stocks. The same solution applies to both objections.

I have already observed, that the proprietors of the funds are commonly looked upon as mere book-keepers, who live in idleness at the expence of the industrious.* This is a false notion; for the national debt is so voluminous, that it is

F 2 dispersed money to England. If they were to attempt to sell out all, or the greatest part of their property at once, they must lose immensely upon their capital. We should of course pay them off at a great disadvantage to themselves, and the nation would clearly gain the difference between the high price, at which they bought, and the low one, at which they would be obliged to sell. Money borrowed of foreigners in time of war, besides answering the great political purpose of supply, prevents our drawing an equal sum out of trade, or diverting the application of it from beneficial improvements. To extend our trade, or improve our estates, with other people's money, is good economy in itself, and implies credit.—Translator.

* It is possible that, at the end of the last century, before the credit of England had arrived at this prodigious elevation, the high interest of money in the funds might have diverted some individuals from commerce and labor, and confined them to the indolent state of idle annuitants. It actually happened so; but since the funds have yielded only a moderate interest, it is no longer the case. It is also true, that the facility of vesting money in the funds, of buying for time, of giving premiums, and of winning large sums in a short time, has been the ruin of many individuals. This game has overturned the fortunes of several, but it has established as many others, and people might equally ruin themselves in any other traffic.—Author.

dispersed all over the nation. Every order of the state has a share in it. There (21.) is no distinct body of men to do that business, which in another country is called *finance*. So far is this interest from making them bad subjects, that it attaches them to their country. Every man is bound by an equal obligation

(21.) When the business of advancing money to government is monopolized by a particular set of men, as it is in France by the farmers general, circulation cannot be so quick and easy as in those countries where every man, who has money, is admitted to subscribe to public loans, without preference or distinction. On the other hand, government cannot negotiate with a monopoly on such favorable terms, as they might with the public at large. The system, on which the finances of France are conducted, leave the king, as well as his subjects, at the mercy of a set of men, who ought to be no more than the collectors of the revenue. In behalf of this system it is said, that, in the moment of necessity and distress, the ill-gotten riches of the financiers are a certain resource to government, and that, in every arbitrary state, it is good policy to suffer and encourage one particular order of men to enrich themselves by plundering the people. Having rendered themselves universally odious, it is a satisfaction to the nation to see them plundered in their turn; and when the sovereign extorts from them, by main force, what they had extorted by fraud and injustice from their fellow subjects, he has the credit of doing an act of justice to his people. This is one of the wise maxims of state supposed to have been recommended to Lewis XIV. by Mr. de Louvois. The same upright minister, in another place, recommends the employing a multiplicity of officers and collectors in every branch of the revenue. He observes that the dexterity of these persons, in multiplying and perpetuating law-suits, and obtaining decisions in favor of the contractors, are of singular use to mortify the nobility, and to reduce the people into that state of annihilation, which is so necessary to keep them quiet. "Les officiers, qui savent adroitement multiplier les procès, les perpetuer, ou les juger au profit des traitans, font d'un grand secours à entretenir le peuple dans l'état d'aneantissement, ou il faut qu'il soit pour-demeurer paisible, et à mortifier la noblesse par mille voies indirectes." Whether these be the words of Louvois or not, it is certain that they contain the great fundamental principle of French government. By adhering to it with a laudable steadiness, Lewis XIV. reduced both his people and himself to the most deplorable beggary, and was very near overturning the monarchy.—*Translator.*

obligation to support and favor credit. As for stockjobbers, they are certainly the levers that move the machine. (22.) Circulation could not be carried on without them, nor could government

(22.) The author's principle, that stockjobbing has facilitated the negotiation of large loans, may, in a great measure, be well founded. But his earnestness to prove it so, hurries him into the assertion of propositions too false and dangerous to pass unnoticed, and which in effect he soon retracts. He observes, in another place, that a man ruined is a fruitful plant withered up, whose numerous wealth ceases to exist. Nothing is less likely to be true in argument, or certainly more false in fact, than that the ruin of any number of individuals, who lose their fortunes in 'Change alley, or by any other species of gaming, is the making or establishment of an equal number of other fortunes. Great sums, easily gained, are squandered in an extravagance which not only brings distress along with it, but disables the mind from returning to habits of economy and active industry. The instances of persons, prudent and resolute enough to retire with their winnings, are so very few, that, if they deserve to be considered at all, it is only as exceptions, by which a general rule is confirmed. In the mean time the enormous expence of the game itself, and the total disregard of money, which naturally arises from a quick succession of great profits and great losses, and from a continual circulation of large sums, operates uniformly and without intermission, and in the end is the ruin of all parties. It is also very material to observe that, if gaming produced no other effect but that property should suddenly change hands, the elevation of one man is no compensation to society for the ruin of another. They are both, perhaps, equally mischievous in their effect. It is not merely a transfer of property, indifferent to all but the parties themselves; nor is it merely a change of place, to which the minds of men are easily accommodated. Both parties are apt to be corrupted by the novelty of their situation. On one side we see folly, insolence, vanity, extravagance, and a pernicious example; on the other, a total loss of spirit, pride, honor, and independence. If this sudden transfer of wealth, instead of being confined to a few individuals, were to become universal, the state could not subsist a moment. It is true, that a merchant may be ruined in any other kind of traffic; but the circumstances of the two cases are no way parallel. In the ordinary course of a successful trade, a great fortune is slowly acquired. In a losing trade the approach to ruin is gradual. By care and management it may be stopped at different stages; by strenuous resolution it may be recovered

government have borrowed such large sums, without the traffic in the stocks. The universal turn (23.) for gaming, which stockjobbers have introduced, greatly facilitates the borrowing of money. In Holland, the East India company have actions in some chambers or departments, where there is no traffic, or where *there is nothing done*. The actions in that department are of the same nature with those of the chamber of Amsterdam, yet bear a much lower price. The same thing happens to a stock called the Million bank, in London. The fact is unquestionable. (24.) Whenever a new loan is in agitation in

England,

recovered at the last. In the mean time a branch of commerce, by which an individual is ruined, may furnish employment for thousands; and misfortunes in trade are not, like losses at play, a disgrace to the man who suffers them. They excite the compassion, and never fail to engage the assistance, of society. As for those extensive enterprises, and unlimited speculations, by which a fortune may be lost or acquired in a moment, they are not founded on true commercial principles, but belong to the chapter of Gaming. A merchant, ruined by such schemes, deserves as little mercy as a gamester.—*Translator.*

(23.) With respect to stockjobbing, it is very true, that those particular funds, the three per cents. consolidated for example, in which most gaming is carried on, always bear the best price, notwithstanding the mass is greater, and the security and interest no better, than in the other three per cents. The difference between the price of the consols and India annuities is generally from three to four per cent. and India bonds, when they bear only three per cent. are frequently above par. *Cæteris paribus*, the marketable quality of a commodity increases its value. By the Million bank, the author means the million raised in 1726, by lottery at three per cent. and which has not been united with the consolidated three per cents.—*Translator.*

(24.) It is certain that every contrivance that facilitates the disposition, sale, transfer, mortgaging, &c. of stock, or any other property, improves the circulation of that property, and thereby adds a new value to it. The author's idea, that moneyed men purchase stock in order to lend, or sell it for time to the brokers, seems plausible and ingenious; but I doubt whether it be founded in fact. It is usually

England, the brokers, or dealers in the stocks, draw forth all the money hoarded by individuals, and make it circulate for the service of government. First, the facility of selling stock for time, and of giving and taking premiums upon the same stock, induces many people to employ their money, who would not do it without such advantages. Secondly, there is a great number of moneyed men, both in England and Holland, who are unwilling to run the risks of a war, and therefore will not vest their money definitively in the new funds. Their method is then to lay out ten, fifteen, or twenty thousand pounds sterling in annuities, which they sell, for a stated time, to the dealers in the stocks. By these means they receive good interest for their money, without being subject to variations in the price of the principal, which go to the account of the jobber; and the negociation is continued for years, to the amount of millions. Assisted by this practice, the English government has borrowed sums, which, without the traffic in the stocks, and the ingenious contrivances of stockjobbers, could never have been raised. By such management the English government has not only swept up the money of those who were inclined to vest their money in the stocks, but also of those who had no such inclination. This, I believe, is a secret which government itself was not acquainted with.

The benefit then, derived by government from the dealers in the stocks, is unquestionably immense. If after that I should be asked what I thought of the employment, I should frankly confess, that I would dissuade my children, friends, and relations, from meddling with it. It is a dangerous trade, and has of late been

usually the gamester, or speculatist, who pledges his stock to the banker, or moneyed man, and of course on disadvantageous terms, as prudence always lays folly under contribution.—*Translator.*

been grossly perverted. It requires a man of great knowledge in the business, and who makes it his only occupation. When people engage in it, as it often happens, to repair a broken fortune, or to make one rapidly, they find it a more dangerous game than any other. Many a man, who is supposed to be ruined by stockjobbing, had recourse to it only when he was already, from other causes, in the road to ruin, and, in many cases, might have avoided it, if, instead of employing a method so full of danger and seduction, he had at once cut the mischief to the quick, by a prudent œconomy, by lowering his establishment, by overcoming the vain opinion of the world, and setting himself above it. This point would furnish materials for a long train of reasoning, and a separate treatise.

The traffic in the stocks divides into various branches, and forms a very complicated subject. It may be carried on with prudence, and with a certain profit, where a man only means to make the most of his property without any of the risks of play. If speculations in the funds do not exceed the abilities of the person who speculates, and if he does not suffer himself to be governed by his broker, there is less hazard in this game than any other. I have touched this matter lightly in a separate Essay on Stockjobbing. (25.)

If, without the traffic in the stocks, the power of the English to raise money had only amounted to two thirds of what the services demanded, those two thirds would probably have been thrown

(25.) This essay, relating chiefly to the practice in Holland, is not translated. No good purpose can be answered by explaining a science, which it is no honest man's interest to study, and which no man can be master of, without engaging in the practice. To speculate with safety, the author makes it a condition that you shall not be governed by your broker. The condition alone amounts to an interdiction.—*Translator.*

thrown away. The advantages they gained would not have taken place, and their losses would have been as great as their successes have been. When a power is wanted equal to ten, and we possess but five, the proportion is not as two to one, but very often as ten to nothing. We lose all that we employ, because feeble efforts are not only ineffectual, but dangerous, and turn against the party that uses them. Slowness in one degree is the cause of it in a greater, and feebleness produces feebleness. If the English had sent a fleet and army, weaker by one third than it was, to conquer the Havanna, the expedition would have miscarried. Not only the whole expence would have been lost, but that loss would have occasioned many others. Instead of the treasure, and other advantages produced by their success, every circumstance would have been inverted. I do not, therefore, exaggerate in what I say of the inequality in the proportion. In politics, the effect of doing all that is wanted, compared with doing two thirds of it, instead of being as three to two, is sometimes as all to nothing. The whole success depends upon some little supplement of power, to which if stockjobbing and foreigners contribute, or if they are necessary to obtain it, they cannot be too much considered and encouraged. Now it is demonstrated, that, if it were not for the circulation which this gaming excites among foreigners and in the kingdom, moneyed men would never venture to engage so deeply in a new loan, or would not find supplies, with that astonishing and requisite celerity, at the moment they are demanded. It is the ready market that encourages to enterprise, and favors circulation. That produced by gaming is prodigious. It is inconceivable how much it facilitates the means of disposing of funded property at every instant, and for very considerable sums. To this facility, which individuals find in disposing of their property, England is

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indebted in part for the ease with which such enormous loans have been made, and for the signal successes that have attended them. The benefit therefore is far superior to the inconvenience resulting from stockjobbers and foreign creditors. Both one and the other have been essentially useful to England, and contributed not a little to the success of her military operations. This was the point to be proved.

It appears then, that the national debt, far from being an oppressive burthen, has enriched the kingdom, and encouraged commerce; and that the mischief of taxes and imposts is in part fallacious. We have seen the true causes of advance in the price of labor, and commodities of the first necessity. It has been shown how much stockjobbing, and the concern which foreigners have in the funds, contribute to credit and circulation. Particular inconveniences, which I readily admit, can never balance such signal advantages.

These principles, however, are not to be carried too far. It is possible to accumulate the national debt to a point that would greatly distress the kingdom. There is a *maximum* of two sorts to be equally avoided. One is the amount of the interest provided for by taxes. The other concerns the mass of paper in circulation. I believe we are at a greater distance from the first than the second. It will appear in the course of this work, that all the resources of England, with respect to taxation, are not yet exhausted; whereas it has been believed, that representative signs in paper could not circulate beyond a certain proportion with the current specie. Speculative calculators have limited this proportion to three to one. (26.) But uniform experience in England

(26.) This must be an arbitrary supposition, taken at random, without facts or data. In England all the speculations and prophecies on this subject have been constantly

England has proved to a demonstration that it may be carried much farther. Still, however, it demands a limitation. One inconvenience occasioned by the enormous mass of paper * is, that the price of stocks is more sensibly affected now, than

G 2 formerly,

constantly confuted by experience. The highest computations carry our specie but a little beyond thirty millions. Others reduce it to eighteen or twenty. Taking it at a medium of twenty-five millions, the debt alone, compared with the specie, is above five to one. If to the mass of the public debt we add the quantity of paper issued by the Bank, the stock of trading companies, notes of bankers and private traders, India bonds, exchequer bills, &c. perhaps it would be reasonable to suppose (for certainty is not to be had) that paper in this country is to specie in the proportion of ten to one at the least. In the year 1719, Mr. Law's new Bank and West-India Company had issued paper, or created actions, within a very short space, to the amount of above six thousand one hundred and thirty-eight millions of livres, when the whole specie in the kingdom did not exceed twelve hundred millions. This, perhaps, considering the nature of the French government, and the rapidity of the operation, is one of the most extraordinary facts in the whole history of finance. A very ingenious French writer observes upon it, "That so great a disproportion might perhaps have been supported in a free country, if it had been gradually introduced. The people, accustomed to consider the nation as a permanent body, accept of national security the more readily, from not knowing the exact extent of the resources, at the same time that they conceive a favorable opinion, usually founded upon experience, of the justice of the nation. Under this prejudice, credit is often carried beyond all the resources, and all the securities. England is a proof of it. It is not the same in absolute monarchies, especially in those which have often violated their engagements. If, during a moment of delirium, an unlimited confidence should happen to be reposed in government, that confidence always ends in the folly that gave it birth. Their insolvency then strikes every eye. The good faith of the monarch, the funds, the security, every thing appears to be imaginary. The creditor, recovered from his first delusion, demands his money with an impatience proportioned to his anxiety. The truth of this observation is confirmed by the History of Law's System."—*Histoire Philosophique des Etablissements dans les Indes*, ii. 52.—*Translator*.

* Under the name of Paper the author here includes stock, and every kind of fictitious wealth.

formerly, at the least apprehension of political events. These convulsions are greater than they used to be, and at all times injurious to the public. It is no failure of credit; (27.) but the mass being so great, and in so many hands, there are a greater number of sellers, who speculate upon the same event. This is one of the chief inconveniencies of the volume of the national debt. In circulation there is a maximum of power, which cannot be exceeded. The public funds are a realised alchemy; but we must not pierce the crucible. Every thing has its bounds; every thing requires limitation. What the limits of the national debt should be, is more than I can say. Perhaps we already touch the border; (28.) perhaps we are still at

(27.) Though it does not amount to bankruptcy, it is certainly in degree a failure of credit. A merchant, whose notes pass current at par, has a better credit, and can extend his operations much farther, than he whose securities are at ten or fifteen per cent. discount. The case is the same with a nation. The true maximum of power in circulation is, when paper exactly represents specie; that is, when the public or private security for a hundred pounds may easily be exchanged for a hundred pounds in specie, or pass instead of it, subject to no other deduction but that of the legal interest to the discount. This maximum may be, and is, every day exceeded; that is, both public and private credit are stretched beyond it; in consequence of which, paper ceases to represent specie exactly, and loses a portion of its value. Increase the cause, or stretch your credit still farther and farther beyond the maximum, and the effect will attend it in the same proportion, until at last your paper will be worth nothing.—*Translator.*

(28.) There cannot be a clearer proof that we are very near the maximum of public credit, than that every little event or rumour has a sensible effect upon the stocks. While there was a power of credit in one scale considerably more than sufficient to raise the weight of debt in the other, the tricks of interested men, or the apprehension of political events, made little or no impression. The beam was immovable. Even at the highest pitch of the rebellion, stocks were not below par. But the enormous addition of debt, incurred in the last war, has brought credit and debt so nearly to an equipoise, that the weight of a grain, the breath of an

at a distance from it. Yet we wish to ascertain this maximum, this point, which cannot be passed without danger. It is, I think, a difficult problem. The following principles may however lead to the solution of it.

A variety of principles must be combined with exactness, and the result of them considered. I speak of England only. The application may afterwards be made to other powers. (29.) We should first compare the mass of gold and silver, with which America annually enriches Europe, with the quantity sunk in Asia. If, by an augmentation of specie, the balance inclines in favor of Europe, we are so much the farther from the maximum. The progress of commerce forms the second combination; particularly

an infant, inclines the balance. A dextrous minister may keep it even for a time. A wise and honest minister will never rest till he has given a clear, unquestionable preponderance to the scale of credit, which can no way be effected but by lightening the debt. That the weight of the debt is the only or principal cause of its depressed state, is plain from this fact. In the year 1751, that is, only three years after the peace of Aix la Chapelle, when we owed only seventy-five millions, the three per cents. were at a hundred and one; whereas now, after a peace of eleven years, their constant regular price has been twelve, thirteen, or fourteen per cent. under par. It was Sir John Barnard's opinion, that the price of stocks did not depend upon the whole mass, but upon the quantity brought to market combined with the demand. It does not appear that the two propositions contradict each other. They are both unquestionably true, and have a mutual relation as cause and effect. The quantity brought to market depends upon the whole mass. If the latter be doubled, the marketable or circulating quantity will also be doubled; and unless the demand rises in the same proportion (which cannot reasonably be presumed) there must be a glut in the market, consequently the price of the commodity must fall. In these matters, men of great abilities are apt to wander into refinements, as if common sense were not the foundation of all right reasoning.—*Translator.*

(29.) The author seems to have inverted the natural order of these three combinations. The first state of improvement depends on population and agriculture. The progress of commerce forms the second. The augmentation of specie, or balance of trade, is the last object of the three.—*Translator.*

particularly that with America, in the consumption of European manufactures and commodities. The more the English improve this branch, the less their debt will be a burthen to them. The third essential article is population and agriculture, which form the natural strength of every state. We all know what physical* and

* Physical causes proceed from the English climate, (rather cold than temperate) which makes the women more fruitful, and continue longer so, than in warmer countries; and also from the soil, which produces the most substantial nourishment, and makes the men more robust. We need only observe the horses and cattle of that country; the agility of an English horse, the substance of Irish cattle, and the construction of the human body. A native of Scotland, Ireland, or England, without having the colossal figure of a German, is handsomely proportioned. The consideration of moral causes might lead me into a long dissertation. The most apparent are those which result from the established religion and political constitution of the country. There is a great disproportion, with regard to the number of unmarried persons, in protestant and catholic countries. Monsieur de Montesquieu calls convents, *the gulphs in which future generations are buried*. Some modern writer considers all monks as a lazy voracious body, that constantly consumes, without ever producing. The military order, another body that devours its own members, is not carried to excess in England. Toleration has repaired the waste of population, which the new world has occasioned in the old one. To all these moral causes it may be added, that the worship paid to women, or the idolatry of the sex, not being carried so far among the English, as it is in a neighbouring powerful nation, that amiable half of the species fulfills more exactly the purpose for which it was intended by nature. The women are not afraid of having a multitude of children at the expence of their beauty. They do not turn against propagation the attraction given to encourage it. The men, not thinking their children degraded by commerce, do not look upon a numerous family as a distress. Excessive luxury may make them depart from manners so favorable to propagation. The laborer and peasant are at their ease. Not being oppressed, they multiply, and supply the state with husbandmen, mechanics, mariners, and workmen. Every nation might enjoy the same advantage. Colonisation and celibacy, which formerly were useful and necessary to the political system, are become mischievous. Too great a heap of poor, necessitous, uncleanly people, crowded together, was dangerous among our ancestors. It brought on revolutions, tumults, insurrections, epidemics, and pestilence. Men, says a modern writer, are not made to be piled up on an ant-hill, but to be dispersed over the earth, which it is their business to cultivate. Thus, in spite of the celibacy of so many monks and nuns, population was still too great before the discovery of America. Crusades, at that time, did what colonies do at present. Add to this, the civil wars of France, under the Valois; those of York and Lancaster, in England, under the White and Red Roses; and the wars between nation and nation, particularly those of Italy, that vast charnel-house and grave of Europe; and it will appear that Europe was better peopled formerly, than it is at present. If we consider the mass, or rather the volume, of the human species at any given time, and compare it with the present, we shall be astonished at the breach made in it by America, by numerous

and moral advantages the English enjoy, to encourage population. The result of these combinations determines whether England be still able to support an augmentation of the public revenue by taxation, without overwhelming the nation, or going beyond its intrinsic power, so that the harmony of credit and circulation may subsist. This equilibrium is not so strictly exact, but that it may bear a considerable weight before it gives way. Notwithstanding all the declamations in France and England on the subject of taxes, they pay much heavier in Holland. Not to reckon other articles, even bread, (30.) though of

numerous armies, by luxury and colonies. It will be objected, that we no longer see those swarms of Goths and Vandals, that issued from the north to overflow so many countries; yet that they are not in the case of having wasted by peopling America. I answer, that these people settled at once in the countries which they had conquered and laid waste; that polygamy was permitted among them, and that the north has always been, and is still, the magazine of other nations. Neither the English, nor the Dutch, could possibly have supported their marine, without a recruit of sailors from the north. Even at this day perhaps the northern countries are proportionably better peopled than any other. I believe also that reasons, drawn from nature and the study of physic, might be assigned for the decrease of the human species, or at least for the progress of depopulation. Still however it will be found to proceed in part from America, and from the numerous armies kept up since the end of the last century. A new disease attacks the source of existence, and operates upon posterity. The immoderate and daily use of warm liquors enfeebles the sex, creates vapours, which waste the constitution much more than infirmities, corrupt the blood, and produce children already kneaded with a morbid leaven. The excesses of the children are added to those of their parents. The use of strong distilled liquors, which the Arabs first invented, and gradually introduced into Europe when they over-ran Spain; has greatly debilitated the human species. These sugared poisons deprive us of strength and vigor, and destroy the most robust constitutions. They ravage the world much more than fire and sword. I believe that a considerable part of the human species is enfeebled, and that, if care be not taken, there will be the same decrepitude in the species that there is in the individual.—*Author.*

(30.) A tax on bread would be highly absurd in England, where it is thought good policy to give a bounty on the exportation of corn. This would be checking the consumption at home while we encourage it abroad, and make good the complaint already urged, that we feed the foreign manufacturer at an easy rate, while we starve our own. Nor would the produce of the tax be so great as the author imagines. Duties on consumption are in general most oppressive to the subject, and the

of the first necessity and most universal consumption, pays an exorbitant duty; yet it has not much discomposed the springs of commerce and manufactures. I would never advise any other power to have recourse to such an expedient. I mean only to show, that the maximum, which we sometimes appear to touch, may still be considered as in a very distant point of view; since England, with this tax alone, upon the same footing with Holland, might borrow many millions sterling; that is, there would

the most expensive in the collection. Sir Mathew Decker affirms, that the excises on salt, soap, leather, candles, &c. almost treble themselves to the people for what they raise to government. If bread were to be taxed in the baker's shop, the consequence would be, that every private housekeeper would bake his own bread; and to controul this liberty, by sending excise officers every day into private houses, would be such an intolerable oppression as no augmentation of revenue could compensate for. The policy of Holland is, no more than that of France, an example for England. The legislation of every country must correspond with the prevailing spirit or temper of the people. With respect to taxation, a Dutchman considers nothing but the quantum of the tax. An Englishman considers not only the burthen, but the mode of imposing it. In England the prevailing passion is liberty, well or ill understood. The argument, that England is not arrived at the maximum of its resources, because some few articles of general necessity are still left untaxed, is not conclusive. There must be a period of taxation on the whole, beyond which the people cannot pay. Pushing it beyond this point, is constantly attended with diminution of revenue. The magnifying power defeats itself, and the object is lost in confusion and obscurity. If the taxes, which the subject already pays, be upon the whole as much as he can support, and he should nevertheless be compelled to pay a new tax upon some of the necessities of life, the consequence would be, that he must either quit the country (of which almost every province in France is an example) or he must retrench his expences in the consumption of other less necessary articles. In one case the state loses its subject, who carries so much industry and consumption away with him; in the other, government incurs the expence of collection, and gains nothing by the tax.—*Translator.*

would be a fund to pay the interest. It is also certain, that part of the annuities, or interest of the funds, is annually re-invested in the same funds. It follows then, contrary to the common opinion, that the augmentation of the absolute mass of debt is a support, (31.) rather than a prejudice, to the relative price.* No man now hoards his money in a chest, as in former times. All the money circulates. The miser is as useful to the state, as the man of expence. It is only the prodigal, or rather an excess of luxury, that does mischief. The advantage it produces is momentary. It is exactly cutting the tree at the root. The miser, no less than the economist, in sowing for posterity, circulates his fortune, and supports public credit, paper, and the stocks. The excess of specie, beyond what is necessary for daily expence, trade and commerce, flows back upon the funds; and this supply is perpetuated by a circulation of the same specie, which returns periodically, with an increase received from the treasures of the new world. For this reason (32.) it is

(31.) Admitting that a part of the annuity is annually re-invested in the stocks, and that this contributes to keep up the price of the capital, it does not follow that this advantage increases by the augmentation of the mass of debt. The savings out of the annuity, now paid to the public creditor, are no greater in proportion to the present debt, than they were when the debt was but half what it is. On the contrary, as luxury and expence have increased rapidly through all ranks of people, it is to be presumed, that a much smaller part of the annuity, in proportion to the present amount of it, is saved and re-invested in the stocks, than was twenty or thirty years ago.—*Translator.*

* Excessive luxury diminishes this advantage every day.—*Author.*

(32.) The increase of debt has a natural and inevitable tendency to raise the rate of interest, instead of reducing it. The quantity of the commodity sinks the value of it; and as the national rate of interest follows the ordinary price of the three per cents. as these sink, interest rises. No man, for example, will lend his money at four per cent. on private security, if he can buy one hundred pounds

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is to be presumed, that the rate of interest will be lowered both in England and Holland; and as so moderate an interest will not generally agree with the luxury of individuals, people will endeavour to dispose elsewhere of the overplus of American treasure, savings upon their annuities, and profits in trade. France might have availed herself of this disposition, if she had taken ever so little care to support her credit in the operations of her finances.(33.)

I think it however essential to England (and to every other state) to profit by peace, and to make a good use of their sinking fund, by discharging one third of the national debt, and relieving the nation from a part of the taxes. A sinking fund increases as fast as it is applied, and, with the addition of the growing interest multiplied for some years, constitutes a great power for the discharge of debt. But equity requires that there should be a period, at which those taxes should cease, which were

stock in the three per cents. for seventy-five pounds. The minister, who by a zealous, economical administration of the finances, and a judicious exertion of the resources of the nation, shall bring the debt fairly to par, will by that operation reduce the rate of interest, and throw an immense capital into trade, or landed improvement, which is now drawn out of it. He will be the patron of commerce, agriculture, and population. In spite of the prejudices of party, it cannot be denied, that neither zeal, nor ability, are wanting at the head of this department. But to carry through, with success, a great measure of finance, requires a general concurrence and support.—*Translator.*

(33.) A higher rate of interest has tempted many people in Holland and England to trust their money in the French funds, where they have since been obliged to submit to an arbitrary reduction both of interest and principal. They are deservedly punished for their folly. In an arbitrary government there can be no solid security to the public creditor; and the high terms they offer, being in fact a sign of the weakness of the security, instead of tempting, ought to deter. In some countries the earnestness of an invitation is a warning to the guest against the danger of accepting it.—*Translator.*

were only raised to pay the interest of loans that are discharged. I do not know whether this point has ever been much attended to in England; yet it deserves the attention of every power that is in debt to its own subjects. The sinking fund of England, being composed of the surpluses of taxes mortgaged to pay the interest of different loans, must be applied to general reductions, and cannot relieve the nation from the tax immediately relative to each loan. Yet when once the discharge of the debt is accomplished, it is both just and necessary to take off the tax created to answer the loan. It would be unjust to continue it.

(34.) I affirm then that, admitting the hard necessity of sometimes engaging in war, it is indispensably necessary to lighten, as much as possible, the debts of the state in time of peace; though too extensive a discharge of debt would be useless and dangerous, especially when credit is built upon a solid foundation. (35.) The unshaken stability of public credit in England, proves the truth of these principles. They have the actual evidence of three wars, supported, since the beginning of the present century, with glory and vigor. It is not the splendor of a day, that glitters and is extinguished in the same instant. The state of public credit has always been progressive. Like fire,

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(34.) Since war returns periodically upon almost every nation in Europe, we ought to consider peace in the same light with a lease renewable every seven, fourteen, or twenty-one years, but subject to a fine. During the continuance of the lease we ought to lay up a sum sufficient to pay the fine upon the renewal. The only difference is, that discharging debt is a much more beneficial operation than hoarding money.—*Translator.*

(35.) The credit of England, comparatively with that of France, may truly enough be said to have stood unshaken. But it is too much to affirm, that the credit of this country has not been materially affected by her expences. After a peace of ten years the funds have been stationary at twelve per cent. below par.—*Translator.*

if not fed, it diminishes. In countries wealthy, and full of resources, such as France and England, every thing may contribute to entertain and support it. On the other hand, as trifles support, so a trifle may overturn. Little matters are not to be neglected. The contempt of them may be of the greatest consequence. The most inconsiderable cause may produce the most considerable events. Dealers, jobbers, and gamesters, may contribute to the success of those great operations of finance, by which the fate of nations is frequently determined. It is not the lading that sinks the vessel, but perhaps a little defect in the equilibrium, some trifling excess in the disposition of the weight. A great vessel can no more be built without nails, than without beams. We do not always know what kind of nails are most wanted. We despise or neglect, and do not even suspect that they are necessary.

Experience, a combination of facts, in a word, the actions performed by the English, since the beginning of the present century, and the means they employed, unite in proving, beyond dispute, the truth of these speculative ideas. The observations, made upon this nation by the author of the *Bilan*, are at best no more than paradoxes, which require a solution. His conclusions are contradicted by facts. The speculation and conjectures of theory can never overturn manifest facts and visible practice. I should also observe, that this author and others, who have followed English writers, are very ill founded in appealing to *their* authority. (36.) The opponents of government

(36.) The French read our party writings with avidity, and adopt with rapture every idea that tends to lower the dignity, credit, and resources, of this kingdom. In the year 1762 there was not a man in France who did not firmly believe, as well as most devoutly wish, that we were upon the verge of bankruptcy. It must be confessed, that in the course of the last war they met with some unpleasant

Disinganhos,

ment in England are more violent and partial than in any other nation. Their partiality hurries them into the most ridiculous excesses. Their authority therefore, with respect to the strength and revenue of the kingdom, is very equivocal. I agree, that there are defects in the system of administration. Every thing that glitters is not gold. Their advantages perhaps are not so considerable as they appear to be; but, to represent England in the present moment as a declining, enfeebled state, and upon the verge of ruin, is a paradox palpably absurd, and not to be supported.

There is one essential point which I ought not to omit. In order to favor the circulation of the funds, to maintain their value, (37.) and of course to reduce the rate of interest, which is the object of finance and the sign of a flourishing credit, one thing is absolutely and indispensably necessary. We have already explained the advantage which England derives from the traffic carried on in the funds. It could never subsist, but for the facility of mortgaging funded property. This operation seems to be forbidden in France by an extension of the law, which forbids lending upon pledges. This law therefore, the spirit of which never could extend to the funds, should be explained and confined. I do not now enquire whether a Mount of Piety, or a Lombard, might not be of great use to France, and the most effectual means of preventing that shameful usury, by which so many individuals

Disinganhos, or *undeceptions*, if such a word may be admitted. Doctor Brown had persuaded them that the martial character and spirit of this nation had totally degenerated, and Mr. Mauduit had proved that we were undone. In the midst of these charitable persuasions, they found themselves beaten in every quarter of the globe.—*Translator.*

(37.) The rate of interest can never be reduced as long as the three per cents. continue below par.—*Translator.*

viduals are undone. It is sufficient to remark, that the inconveniencies, apprehended by the legislature, have no relation to the mortgaging of funded property. Neither domestic robberies, nor the disorder which the facility of lending upon pledges may occasion in families, have any reference to this case. Large sums are lent in Holland, at a moderate interest, by men of the strictest honor, and by the richest magistrates, on the security of the funds; and the lenders thereby contribute to keep up the price, as much as if they themselves were buyers. We all know, that when a man is forced to sell property of any kind at a moment's warning, the buyer takes his advantage and lowers the price; whereas the facility of pledging waves the necessity of selling. The owners of stock have time to turn themselves, and are seldom, if ever, obliged to sell at a short notice; by which the price of stocks is frequently sunk for a trifling, inconsiderable object.* On the other hand, there are many people who would be willing to buy large quantities of stock upon speculation; but whose money not being come in, or not being able to employ it in this way, they give up all thoughts of

* The expedient of pledging funded property, which formerly favored circulation, has of late been fatally abused in England. The case is this. Many persons, who had lent money upon stock, began immediately to sell on speculation for time, at a high price, upon their own account. Then, with the assistance of false news, of which there is an inexhaustible manufacture in London, they alarmed the public, and sold for ready money a part of the stock, which had been pledged to them, at five and even ten per cent. under the market price. A small sum, sold for ready money, commands the market. As the alarm gained ground, they continued this game, until they compelled the persons, upon whose stock they had lent money, to sell against their will at the lowest price. This has been done for a year and a half past, both in India and Bank stock, to the ruin of public credit, as well as private fortunes. A shameful destructive proceeding. There are ways to prevent these mischievous intrigues, without checking circulation. It is an object that deserves the attention of government; and the court of King's Bench, I hear, has lately condemned such proceedings, upon a complaint made in a particular case. But this is not sufficient to prevent them for the future. Without distressing circulation, more effectual means should be employed, and shall be pointed out in proper time and place.—*Author.*

of dealing in the French funds; whereas, in those of Holland and England, twenty thousand livres in ready money are sufficient to purchase a hundred thousand livres in stock, because it can always be pledged at a moderate interest; so that, instead of paying usurious interest, the stock itself produces a revenue arising from the surplus of twenty per cent. which the borrower had beyond what he borrowed. Some people pledge their stock for a time, having occasion for their money elsewhere (38.); others merely and simply to receive a great interest from the surplus, selling their stock to deliver at a stated time, and running no risk. These three numerous classes of men draw a quantity of money into the funds, which would not come in without them. Thus the pledging of stock prevents a large quantity of it from appearing in the market. A great inconvenience is obviated, or a signal benefit obtained. The number of buyers increases prodigiously, and the number of sellers diminishes. From hence we may conceive the utility of the operation. For the public good, for the good of commerce, credit, and circulation, the laws in France, touching loans upon pledges, cannot be too much softened.

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(38.) All the ideas of the author, with respect to pledging of stock, seem very doubtful and obscure. Pledging of stock is the consequence of distress, or want of money; and the banker, or moneyed man, who lends, must make his own terms, of course not much to the advantage of the borrower. With respect to the general price of stocks, the mortgage or the sale of a large quantity has exactly the same effect upon the market. A mortgage is in fact a temporary sale, or alienation of so much revenue, and generally on worse terms to the borrower than if he was to sell his property outright. Pawn-brokers of all denominations take care to exact an exorbitant interest for their money. At the same time, it is not to be denied that they answer some purposes of convenience, and that property of every kind should be as little fettered as possible. The facility of bringing it into circulation is a real addition to its value.—*Translator.*

Let us say a word of the Dutch funds. It is to be observed, in the first place, that in France all the funds are confounded under the name of *Paper*. It is common to say, *Paper rises or falls in England*. The expression is improper. The funds in England are not in paper, any more than the actions in Holland. For this reason, no man can lose his actions in Holland, nor his funded property in England, as people in France lose their actions in the funds, or India company. Yet in Holland one may lose the *obligations*, or contracts for which the state is security. These are in paper, some payable to the bearer, but the greatest number to the last owner, with certain deeds annexed to prove the title. There are some obligations secured by the *generality*, that is, the Seven United Provinces, bearing an interest of three per cent. Particular provinces have borrowed money at a higher interest; but, excepting Holland, they have no great credit. The province of Holland is accountable for the greatest number of obligations, to the amount of many hundred millions of florins. Yet this paper, though it bears but two and a half per cent. interest, is at par, and above it. Many circumstances concur to support this enormous credit. The first is, that the great riches of the Dutch are in money. It is the country, next to England, where there is the quickest circulation both in specie and paper. They have more than the most extensive commerce can employ. The spices, with which they alone furnish all Europe, America, and Africa, maintain and give a periodical increase to this abundant circulation. No other nation has lent so much as the Dutch to England, France, Saxony, and other powers.

The second reason why the paper called *Obligation* is so much sought after, is that there is a law in Holland, by which the guardians or administrators of the effects of minors, are obliged to

to lay out the whole produce in *obligations*, for which the state is security. There is in Amsterdam, and other cities of Holland, a chamber called the Chamber of Orphans. The principal magistrates are at the head of it. When any person dies without a will, they take the direction of the succession, and vest all the produce in *obligations*. There is much good and much evil in this practice. But it is always a leaven that contributes to support the value and credit of that paper. There are also some Hollanders of the old stock, who have no faith in funds, which they do not see, and who will have all their property in their chests, in paper secured by the state, which they honestly think is the most solid security in the universe. Brokers and notaries have a sort of brokerage upon settling the titles in the different transfers; but this operation is too complicated to admit of a detail.

The actions of the East and West India companies in Holland, and all the royal funds and other actions in England, are transferable, in the respective offices, under the name and to the account of the purchaser, so that he has no paper given him to keep. The books of the office are evidence of the property. A foreigner trusts nothing to his correspondent. (39.) There are even printed lists in England, in which the names of the proprietors of Bank, India, and South-Sea stock, are marked, with one star if they have a capital of five hundred pounds, with two for a thousand, and three for fifteen hundred;

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(39.) A foreigner in the first instance trusts every thing to his correspondent; having no evidence that such a quantity of stock has been purchased on his account, and stands in his name, except the assurance of the person he employs to act for him. This however being once done, his property is secure. His agent, or correspondent, can neither transfer the stock, nor receive the interest upon it, without a particular power; and if any fraud should be committed, the Bank, or company to which the stock belongs, are answerable to the proprietor.—*Translator.*

but no farther. This we know is a spur to some people to be concerned in these funds, which in England are called Corporations. Such contrivances separately appear of no moment; yet, taken together, contribute more than we are aware of to promote circulation, and of course to the greatness and splendor of the state. What contributes to it much more is the exactness with which the interest, and even life annuities, (40.) are paid on the day they become due. The delay which people are exposed to in France, under pretence of being paid in alphabetical order, has given great disgust to foreigners, to the prejudice of French credit. This method is not practised in London, and I do not know that it is absolutely necessary in France. I see no reason why a thing, so easily done upon the banks of the Thames, should not be done upon the banks of the Seine, in parallel circumstances. It is known beyond a doubt, that the funds are provided at the appointed time as scrupulously as in London. The delay so prejudicial to credit can only arise from the clerks who are employed to pay the money. (41.)

The author of the *Bilan* is mistaken in supposing, that the English East-India company, or any other, sends annually twenty millions of French livres in specie to India in time of peace. In the year 1762 the English company sent no specie to India. They may have sent some during the war they maintained upon the coast of Coromandel, and in Bengal; yet still I cannot

(40.) The life annuities now subsisting are very inconsiderable. The long annuities are paid with as much exactness, and transferred with as much ease, as any other stock.—*Translator.*

(41.) A short paragraph is here omitted by the author's desire. The first part of it relates to the Dutch funds; and, if it could be made intelligible, would be useless to the English reader. What he says of the common way of stating the price of stocks in England is a mistake.—*Translator.*

cannot persuade myself that it amounted to so large a sum. This must be exaggerated by at least half. It will be found, that in time of peace, the company, one year with another, does not send above six millions of livres* in bullion to India. All that has been said upon this subject, from the time of the Romans to this day, proves too much. I much question whether the India trade was the ruin of the Romans, as the author of the *Bilan* supposes. Monsieur de Montesquieu, in his excellent treatise upon the causes of the greatness and decline of that people, mentions this circumstance but very lightly, and only as an accessory to others of greater importance. It is sufficient to observe, first, that, even according to Montesquieu, the Romans did not extract such quantities of gold and silver from their mines, as we do from America. With us these metals are commodity as well as sign. To preserve their value as sign, they must be exported as commodity. Secondly, the Romans had no establishments in India, where individuals make immense fortunes, and return with them to Europe. Thirdly, the Romans hoarded their money. Every thing with them contributed to choak circulation, of which they had not the smallest idea. They knew nothing of bills of exchange, nor annuities, nor government-paper bearing interest. All business was transacted with specie. Taxes returned with difficulty into the hand that paid them; and therefore, with a multitude of resources, they had none when they were most wanted. Loans upon critical occasions were unknown, and would have been impracticable. The Barbarians ransomed, or plundered, the empire. They had no expedients of credit to resist unforeseen accidents. These were the reasons of their decline; and my system is

* £.245,833 : 6 : 8 sterling.

supported by them. I do not deny that the India trade may be a commerce of mere luxury to certain powers; but it has been demonstrated, that it is a source of riches to England, and the brightest jewel in the crown. (42.) The ruinous exportation of specie must, in the first place, be reduced to half the sum stated by the author of the *Bilan*; the English company recovers from foreigners infinitely more than he admits; and there is a third circumstance, which he does not attend to, and which makes good a part of the loss the nation may suffer by the export of money to India; I mean the immense fortunes acquired by individuals, and by all the persons employed by the company in that country. (43.) These Asiatic sponges, per *fas et nefas*, bring home periodically a part of the treasures of India, without which, Asia, from the time of the Romans to ours, must have exhausted not only all the money of Europe and Africa, but even of America. The truth of this proposition requires no other evidence, but to be expressed. If the author's assertion were true,

(42.) The author, from the conclusion of the late peace, had entertained the highest ideas of the flourishing state of our East-India company, and the most sanguine expectations of the rising value of their stock. Since he wrote this Essay he has seen India stock fall above a hundred and forty per cent. upon the capital, and the dividend reduced as low as it was before the company made their great territorial acquisitions. His hopes have been disappointed, because the calculations of a good man seldom make sufficient allowance for the folly and knavery of mankind.—*Translator.*

(43.) The company's servants are seldom able to collect and remit the whole of their fortunes to England. Great sums have undoubtedly been brought home by individuals, but still greater perhaps have been left behind. Their impatience to return makes them leave their affairs in disorder. Their agents take but little care of the main article of remittance; so that, after a few years of dissipation in this country, with great expence and little enjoyment, many gentlemen find themselves obliged to go back again to collect or recover the remainder of their fortunes.—*Translator.*

true, the money of all the universe must already be in Asia. His system leads to an absurdity; and every system that does so is false. The Dutch East-India company enriches the state, while it impoverishes the proprietors; a paradox that cannot be accounted for but upon the principle which I have just explained. The prodigious and rapid fortunes, acquired by individuals in India, repair the breaches which a commerce, ruinous in itself from the money it exports, may occasion in the state, and even in Europe. We should be happier perhaps if it were possible to do without tea, and other exotic drugs of India, as well as without muslins, and all the useless articles of an excessive and dangerous luxury. But this luxury being once established, it would be still more destructive to purchase the materials of it from foreigners. I believe that Europe, sooner or later, will recover part of the money, which, after wresting it with so much difficulty from America by the hands of Africans, we have wasted upon Asia. Before this great event takes place, I affirm, that the individuals established in India have at all times gleaned a part of the treasure sent thither by the merchants of Europe. It is also true, that the multiplicity of India companies in Europe has produced various inconveniences. The first is, that a greater quantity of specie is exported than is necessary to maintain its value here as a sign, which yet, without the export to Asia, would be too much reduced. (44.) The second is, that

(44.) The quantity of specie or bullion exported to India has been a constant topic of declamation against the East-India trade. Perhaps it has never been fairly considered that, if a considerable proportion of silver were not annually sunk in Asia, it would in a little time be impossible for Europe to procure a supply of it from America. We quarrel with the market that in fact creates the supply. The quantity of silver continually accumulating in Europe would lessen its value as a sign to such a degree, that, within a very short period, the produce of the mines would

a competition in the purchase of India manufactures, and other exotic commodities, raises the price in Asia; that is, there is more money wanted to buy the same quantity of goods. On the other hand, the same competition subsisting in the sales in Europe, lowers the price of what costs so dear at the fountain head. For this reason the companies no longer make the same profit they did formerly; whereas the persons they employ have the cream of the trade, and succeed better than ever.

(45.) The author of the *Bilan* pretends that the English buy more than they sell, and have done so for a considerable time.

If would not pay the expence of working them. The price of European goods would be always proportioned to the whole quantity of silver in Europe; that is, as the value of silver fell, the price of every thing saleable would rise. But as the produce of the mines, instead of increasing in that proportion, rather diminishes every day, it would happen that the same bale of European goods, which in one year might sell in America for a hundred ounces of silver, in the next perhaps could not be afforded under a hundred and fifty, and so on till the advance of price upon the American amounted to an absolute impossibility of purchasing. At this period he would of course give up the working of the mines, and endeavour to manufacture for himself. The stroke would immediately revert upon the arts, manufactures, and general industry of Europe. In this progression the signs of wealth become the source of poverty. We should have so much silver that our own colonies could not afford to purchase the produce of our industry. The fountain of real wealth would be choaked up. To recover it again, we must open the channel, and suffer the stream to flow into another country, contented with its fertilising passage through our own. A speculation of this kind does not want the experience of facts to support it. The conclusion it leads to is as clear and certain as mathematical demonstration.—*Translator.*

(45.) The author of the *Bilan*, or Balance of England, published in 1762, seems to be a man of some ability, and no small application to the study of our political and party writings. These qualities, added to the rage of system and political arithmetic, has made many an ingenious man argue himself and his readers out of their senses. The writer above mentioned calculates, down to a livre,

If this were true, the nation would not be in a condition to face so extensive a commerce, which yet is supported with admirable facility. The expedition with which they equip, the number of

livre, our annual loss of specie by the debt due to foreigners, and by the increase of our imports beyond our exports; and having it warmly at heart to satisfy his countrymen, that England is in the high road to destruction, has laid a train of hypothetical arguments, fortified and intrenched in figures, by which he has proved to his own content, that we have for a long time past bought more than we have sold; that the balance of trade is against us; that our cash is gone, or going very fast; in short, that England is a ruined nation.

Declamations of this kind, borrowed for the most part from our party writers, or London news-papers, after a deal of perplexing logic, and still more perplexing arithmetic, usually end in conclusions manifestly inconsistent with appearances. Instead of following such writers through a train of sophistry, by which the clearest ideas of truth and falsehood may be confounded, the best way is to attack them directly upon their facts. Whenever they depart from general reasoning, and unwarily hazard a plain particular assertion, they may be said to march out of their intrenchments, and to reduce an endless war of argument to a short decisive issue. The author of the *Bilan** affirms, that, from the 14th of March, 1716, to the 31st December, 1738, we had paid off only three hundred thousand pounds of the national debt. Unluckily for him, the fact stands thus:

	Principal.	Interest.
Public debt due on 31st December, 1715 - - -	£. 54,167,015 15 5	2,871,800 19 1
Ditto - - - on 31st December, 1738 - - -	46,661,767 0 5	1,962,053 0 8
	<hr/>	<hr/>
	7,505,248 15 0	909,747 18 5

so that in the period, in which he says we had paid off but three hundred thousand pounds, it appears that the principal debt was reduced above seven millions and a half, and the annual interest above nine hundred thousand pounds, notwithstanding a considerable misapplication of the sinking fund.

He affirms,† in direct contradiction to the certain knowledge of every man in England, that the value of lands and rate of rents have been gradually lowering since the Revolution; and this too, notwithstanding a greater cultivation, considerable improvements in the art of farming, and an increase upon the whole of

* Page 163.

† Page 26.

the

of their vessels, the rapidity of their voyages, and the opulence of their cargoes, contradict every thing he advances, from partial or ill-informed English writers. I still think I see a man of a robust

territorial revenue. "Les propriétaires n'en ont pas moins vu diminuer peu à peu le prix de leurs baux; cela ne pouvoit pas être autrement."

He repeatedly affirms, that we are forced to borrow money to pay the interest of debt already contracted abroad. "Il reste toujours pour certain que depuis le commencement de 1751, ce n'est qu'en empruntant que l'Angleterre a pu payer les intérêts des sommes qu'elle doit au dehors."*

There may be some latent, mysterious meaning in these words, which I am not able to dive into. In their plain and obvious sense, they contain a manifest falsehood. The funds, appropriated to pay the interest of the national debt, have not only been sufficient to answer that purpose, but have left a constant annual surplus, which has been applied from year to year, either to the current service, or to the discharge of debt, to the amount of many millions. On such wild suppositions as these, the author treats the English nation with an indecency and intemperance of language, which in effect reverts upon himself. Mad, blind, and ignorant, *insensée, ignorante, & aveugle*, are the mildest epithets he bestows upon a little country, which, however, by mere dint of superior policy, courage, and credit, has repeatedly brought the enervated colossus of France to the ground. The credit of this country may, in point of prudence, have been stretched too far. But even the enormous extent of the debt itself is a proof of the high opinion entertained by individuals, both at home and abroad, not only of the good faith, but of the resources, of the nation.

§ He pretends to speak moderately and within compass, when he says that a third of the whole debt belongs to foreigners, and that the extraction of specie to pay the interest, amounts to one million four hundred thousand pounds a year. On this I shall only observe, that no man in England ever conceived that the foreign property in the funds exceeded one sixth of the debt; and that many judicious persons, who are most likely to be well informed on this subject, reduce it to a seventh, and even to an eighth. In England, such mean dishonorable endeavours to ruin our credit would be received with contempt. In France they are readily accepted for proof, and help to keep up the spirits of the people.

The following instance will shew that his abstract knowledge is much upon a footing with his facts. He says, † that, after the peace of Aix la Chapelle, the

* Page 199. § Page 204. † Page 187.

robust constitution, whom they endeavour to persuade that he is sick.

The author founds his assertions upon the course of exchange, which seems to be to the disadvantage of the English trade.

“balance of trade being constantly against us, and great sums being sent out to pay that balance as well as the interest due to foreigners, specie became so scarce, that in the years 1753 and 1754, it was a difficult matter to make a banker pay a hundred pounds in the legal gold of the country; as for silver, there was scarce any left. People were obliged to submit to be paid either in bank bills, which are refusable by law, or in Portuguese moidores, which are equally refusable, and which are generally under weight.”—“Mais après la paix, n’y ayant plus d’emprunts, ce remplissage ruineux avoit cessé; & l’Angleterre étant obligée de payer aux dehors la balance qui alloit contre elle, les especes devinrent si rares, qu’en 1753 & 1754 on avoit de la peine à recevoir chez un banquier de Londres le paiement de cent livres sterling en or legal du pays: quant aux monnoyes d’argent, il n’y en avoit presque plus. On étoit donc contraint de recevoir en paiement, ou des billets de banque qui sont refusables par la loi, ou des moiedors de Portugal qui sont également refusables, qui sont rarement de poids, & qui passent, lorsqu’ils le sont, pour environ trois quarts pour cent plus qu’ils ne valent.”

One would think it impossible even for a Frenchman to collect such a quantity of falsehood and nonsense into so small a compass. In the first place, it was but in the year 1750, that the uncommon plenty of money had enabled government to reduce the interest of fifty eight millions sterling, from four to three and a half, and afterwards to three per cent. A man who will deny that a reduction of interest, where no sort of violence is offered to the public creditor, is an infallible sign of the plenty of money, may dispute his own existence; but who will argue with him? Secondly, to say that people were obliged to accept of a sort of payment, which by law they might have refused, is a contradiction in terms. Thirdly, the immense quantity of Portuguese gold at that time in circulation, proves that the balance of trade, particularly that of Portugal, was considerably in our favor. The profits of that trade have declined rapidly within these fifteen years, and the consequence is, that we see no more of their gold in circulation. Fourthly, he affects to consider it as a great hardship, that a draught upon a banker should be paid in bank notes, as if it did not depend upon the choice of the party

K himself,

trade.* (46.) But, to make the exchange an exact barometer of the balance of trade between nations, all their commodities must

himself, to take notes, or specie, as he thought proper; or as if he might not carry his note to the Bank, and have it immediately changed into guineas. Bankers paid in Portugal coin, because they had great quantities of it poured in upon them by their customers, and not because there was any scarcity of guineas. Fifthly, a six-and-thirty, or a moidore, is as liable to be sweated as a guinea; but it is certain that in the state, in which they issue from the mint in Portugal, they are worth more than what they pass for in tale; and it is notorious that such of those pieces, as have not been filed or sweated, have been constantly bought up by the Jews and others, at a premium, and either melted down or exported. Sixthly, with respect to the scarcity of silver, the author should have known that, where there is a plenty of one of the precious metals in a nation, a scarcity of the other can only be accidental and temporary. In general, the price of silver in Europe must always be higher than that of gold, in proportion to their respective value, because there is a greater profit upon the exportation of silver to the East Indies. I ought to make an apology to the English reader, for taking any notice of the wild, extravagant fancies of this ill-informed, passionate writer. These few remarks however may help to undeceive foreigners, who in general know nothing of our affairs, and are ready to believe any thing. It is the policy of the French to endeavour to undermine our credit abroad, and this undoubtedly is an object that deserves our attention. We are indebted to Mr. de Pinto for the zeal and success with which he has counteracted their endeavours. As for the French themselves, their situation entitles them to indulgence. The losing gamester may be allowed to console himself with calumny and invective, in the midst of real humiliation and dishonor. Yet, when they affect to undervalue the strength, credit, and resources of this country, their arguments, in effect, return against themselves. If we are really in that degraded state, to which without doubt they would gladly reduce us, to what a deplorable condition must the great empire of France be reduced, when she submits to receive the law from a kingdom less by one third in extent and population, overwhelmed with debt, enervated by luxury, and exhausted by extravagance!—*Translator.*

* Since the peace the course of exchange shows, upon the author's own principles, that the balance of trade is in favor of the English.—*Author.*

(46.) Excepting always the case of extraordinary events, which have an immediate and violent influence on public credit, it is certain that the course of exchange

must be bartered one against the other, and, after this operation, the difference must be remitted to the winning party. But this is a chimera, and can only be executed in theory. There are a multitude of temporary circumstances and events, that render the exchange an equivocal sign. The strongest proof that it is so, would be the falsehood of the author's own conclusions, even where his observations might be supposed to have been verified. Every man, who has the slightest political knowledge of Europe, must perceive how much he is mistaken. Metaphysics, supported by calculation, are the most plausible and the most fallacious. We lose our understanding by having too much of it, and, by knowing too many things, at last know nothing. Commerce is a game, and it is vain to play with people who have nothing to lose. To win *always*, with exclusion of every body else, is impossible. Universal commerce is therefore a mere chimera. Every industrious nation, situated conveniently for trade, has a proportionate share of it. Their opulence is no more durable than a gamester's luck, unless the riches of the soil, and the political administration, contribute to encourage industry, and to support the national commerce. In the natural order of things, the advantage may lie on the side of France. But, as it is the nature of silver and gold to circulate, riches, which give birth to luxury, fre-

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exchange is a true barometer to show where the balance of trade, and all occasional money concerns included in the general account, lies. Mr. Postlethwaite justly observes, that mistakes in this matter have arisen from considering the course of exchange as the characteristic of the balance of trade only. During the late war, the course of exchange was generally to the disadvantage of England, owing to the immense remittances made to Germany to pay subsidies, and to maintain the British army in that country. A similar cause must have affected the exchange between Great Britain and our own colonies. In these extraordinary cases the course of exchange proves nothing with respect to the balance of trade.—*Translator.*

quently turn to the account of indigent nations, and always to the account of trading nations. This son of Opulence is the father of Poverty. Excess of wealth may one day make the sources of it neglected in England, and pervert the use of it. The kingdom may fall, but the present does not appear to be the moment of its decline.

* The scarcity of specie on the Royal Exchange, mentioned by the author of the *Bilan*, frequently proceeds from temporary acci-

* There are great abuses in England with respect to the coin. The profit to be made by it carries almost all the coin to the crucible; but this might be the subject of a separate treatise. The greatest inconvenience seems to arise from the disproportion between the coined money and the intrinsic value of the metal. This disproportion, according to Mr. Karleboom, proceeds from a constant and scrupulous attachment to the proportion fixed by the act of the 43d of Elizabeth. (47.) Locke, as great a man as he was, seems to have mistaken this point, and has been refuted by Lowndes. Sir John Barnard, and Mr. Schirtz, have treated the question at large. It seems essential to correct the old established proportion, which gives a profit of ten per cent. by melting the silver coin, and is the source of the scarcity; a fallacious scarcity, that no way diminishes the riches of the kingdom. It is true, that the abuse is a charge to government, and costs them great sums. It might be remedied by means which would prevent the apparent scarcity, and keep up an abundance of specie in constant circulation. The smaller coins might also be multiplied, after the example of Portugal; but every thing depends upon the proportion. Since the time of Charles the Bold, and Mary of Burgundy, silver has sunk from thirty to forty per cent. in its relative value to gold. It has been thought, by persons of great knowledge, that prohibitions against exporting gold and silver are useless; and that, with money as with corn, scarcity is the natural effect of such prohibitions.—*Author.*

(47.) Coinage is a subject which the translator by no means pretends to understand. He believes it however to be true in general, that the corruption of the coin in England does not arise from any defect or disproportion in the standard between gold and silver. If it did, the evil would be without remedy. The price of bullion rises or falls every day, according to the quantity imported, or the demand in the market. Now it is impossible for the mint to follow the fluctuations of the price of bullion. The standard cannot be altered every day, and, if it could, the expence of recoinage would be insupportable. The evil we complain of, with respect to silver coin, is inherent in the nature of the thing, and not capable of a direct remedy. A general recoinage, instead of answering the end proposed, would only be putting the public to a great expence, and making

accidents, which are soon corrected. As the coin is heavier, and of better alloy, it is exported by all sorts of means. The English introduce a great quantity of Spanish dollars, and export them again with a small drawback. This has an influence upon the course of exchange. But, as an individual, immensely rich, may find himself short of money, (his current cash being exhausted, perhaps in lucrative undertakings) the same thing may happen to a trading nation. The distress does not last long. A remedy is soon applied by bills of exchange, supported by real property; and it commonly happens that a scarcity is succeeded by a great abundance of specie. This has been constantly observed. Let us hear what Monsieur de Montesquieu says upon the subject.

“ In the country of commerce, the money that disappeared suddenly, returns, because the states that received it owe it. “ The scarcity or abundance, which varies the course of exchange, is not a real, but a relative scarcity or abundance. “ When France, for example, has more need of a fund in Hol- “ land,

making a present to the crucible of the difference between the real and nominal value of the coin. The indirect remedy is slow, but infallible. Encourage trade, promote industry and oeconomy. The balance of trade will then be universally in our favor, and, instead of seeing our coin melted down, we shall see plenty of silver carried to the mint. If, on the contrary, the balance of trade be constantly against us, our silver will infallibly go, and for its intrinsic value only, let it bear what stamp it will.

With respect to base coin already in the market, the only complete and effectual remedy is, to cry down all bad or light money at once, whenever the price of bullion will permit government to substitute good money in the place of bad. Nothing could be more violently exaggerated than the inconveniences attending the late act relative to the gold coin in this kingdom; yet we see by experience that a few months were sufficient to get the better of them all. General abuses are not to be remedied without particular inconveniences; but these are only temporary, and soon give way to general remedies.—*Translator.*

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“ land, than the Dutch have of a fund in France, money is
 “ then called cheap in France and scarce in Holland, and vice
 “ versa.” He says, that “ money is one merchandise more,
 “ which Europe receives by way of barter from America, and
 “ exports to India. Considering the metals as merchandise, a
 “ great quantity of gold and silver is advantageous. It is not
 “ so, considering them as signs, because a plenty of them lowers
 “ their quality of signs, which is in a great measure founded
 “ upon their scarcity.”—“ The exchange,” he observes in
 another place, “ having given men a singular facility in con-
 “ veying money from one country to another, money is no
 “ sooner scarce in one place, but it flows in, on all quarters, from
 “ the places where it was plentiful. The fixing the rate
 “ depends upon a compound ratio of the total of things com-
 “ pared with the total of signs, and varies as the accidents of
 “ commerce incline the balance one way or the other.”

According to Montesquieu, all moveables, such as money,
 notes, bills of exchange, actions in public companies, ships,
 &c. are merchandises that belong to the whole world; the
 nation that possesses the greatest share of these moveables is the
 richest. That great man knew the principle, but did not
 perceive the consequences. When he speaks of public funds, he
 mistakes the nature of them. The object was beneath him, and
 escaped his attention. He says in another place, “ As money is
 “ the sign of a thing, and represents it, so every thing is the
 “ sign of money, and represents it; and the state prospers, in
 “ proportion as, on one side, money is a true representative of
 “ things, and as things in return are true representatives of
 “ money; that is, when, according to their relative value, a
 “ man may have the one as soon as he has the other.” This

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is precisely the case of the public debts, of which he speaks
 so differently in many parts of his works.

If the whole produce of commerce was contained in the
 amount of the territorial revenue, as the author of the *Bilan*
 supposes,* what would become of Holland, whose territorial
 revenue is almost all exhausted in supporting the territory?

It costs the state more to keep the dykes and high roads in
 repair, than the revenue of the lands amounts to. Yet the
 produce of commerce and consumption is immense, notwith-
 standing the parcimonious spirit of the mechanic, who improves
 upon French sobriety, without the same good effect, for labor
 is dearer there than in France. Holland is another proof that an
 exclusive advantage in commerce is a chimera. Her profits arise
 from the opulence of her neighbours, who would suffer in their
 turn, if any unhappy revolution were to annihilate the republic.
 It is the bridge of communication, the common mart, the sup-
 port of which is essential to the trade of other powers. Whoever
 is in possession of actions, *obligations* secured by the state, annui-
 ties, or other stock in England, converts them into money at one
 per cent. more or less, according to the market-price at Amster-
 dam or London. It is a great advantage to the English, that
 their stocks are current on the exchange of both countries. It is
 to be wished, that the same commerce were established in favor
 of the French funds. Perhaps it might not be impracticable.†

I have wandered a little from my subject to correct some
 mistakes, into which the ingenious author of the *Bilan* has been
 led by English writers and others, whom I do not respect
 the

* A refutation of this principle will be found in the third part of this work.—
Author.

† When this Treatise was written, the French funds were more current than
 at present.—*Author.*

the less, although they are deceived. No man need blush at mistaking a road, in which Monsieur de Montesquieu has so often stumbled. These excursions do not appear quite foreign from my subject, to which I now return. The several conclusions of my system unite in this corollary.

I think I have proved on one side, that the gold and silver with which Europe has been overflowed since the discovery of America, and on the other, that the augmentation of commerce, by which the new world is supplied with so many commodities and manufactures of the old one, have occasioned a revolution in the political, moral, and civil system of Europe; that these metals again require new representatives in their quality of signs, because the abundance of them has multiplied the things they represent; that nothing contributes to support circulation more than the national debt of England; that it has increased the numerary, and co-operated in the fixation of riches; that, without the creation of these funds, the three commercial powers would have less numerary wealth, and could not circulate money enough to answer the triple demand of commerce, finance, and luxury; that taxes return in part into the hand that pays them, and circulate with benefit to the public; that of course they are not so mischievous as it is pretended; that the debts of the state are very useful, up to a certain point; that they have their limits, beyond which they might become equally dangerous; that a sinking fund is essential to credit, and necessary to the state; that in time of peace there cannot be too much care taken to discharge a part of the debt, but that it might be dangerous to pay it off entirely. (I think that a proportionate mass of paper should always be kept in circulation, on terms the least burthensome to the state). That the greatest operations depend upon credit. To be useful, it must

must flourish extremely; if not, it draws no more than the bucket of the Danaides. (Experience shows that the traffic in the stocks contributes greatly to support the credit and circulation of the public funds, and that without this traffic England never could have negotiated those considerable loans, to which she owes her astonishing successes). That, to arrive at the same point, we ought, as much as possible, to model our conduct upon theirs; conforming however, in the execution, to the respective principles of government. I have shown that, if it were not for the India trade, money would have sunk still lower in its quality of sign; that a great part of it is recovered by individuals, who acquire riches in India, and bring them back to Europe; that the observations of the author of the *Bilan* upon the course of exchange are not solid; that the exchange is a false barometer, a deceitful compass, unless attention be paid to all the circumstances observed by Monsieur de Montesquieu; and that, in a word, the national debt has enriched the kingdom, increased its numerary wealth, encouraged circulation, commerce, and industry, and procured the most important successes in war; that nothing but its being carried to excess can annihilate all these advantages; and that such excess may be prevented by means of the sinking fund, the resources of which shall be more particularly explained in the Second Part.

The following Note omitted in its proper Place, the Reader is desired to refer to Page 8, Line 4.

A Lombard in France signifies generally a Usurer, and particularly a Pawnbroker. The French gave this name to the Venetian and Genoese merchants, who formerly came to trade in France, and whose commerce chiefly turned upon the exchange of money.—A Mount of Piety is only a Pawnbroker's Shop authorized by the state. There are many of them in Italy. Some are instituted to receive money only for the use of the government, for which they pay a moderate interest. These are the resources of little beggarly states. To suppose that, on any establishment whatsoever, they could answer the same purpose in France that the Bank does in England, is out of all reason. "Quid est aliud, quam muscam elephanto conferre?" A mount of piety was attempted in France in 1626, and abolished in the year following. The charitable corporation, in 1731, was formed upon principles apparently the most benevolent. The event of it however was such as will probably discourage such enterprises for the future. The managers embezzled the capital to the amount of several hundred thousand pounds, and the proprietors were ruined.—Translator.

P A R T II.

New Means of increasing the Sinking Fund of England, and paying off Part of the National Debt.

SINCE there has been a general improvement in knowledge, since all the world has taken a share in commerce, and since the principles of finance are no longer mysterious, nor confined to the adept, every thing may be reduced to calculation. Credit, which was formerly no more than a creature of the mind, (1.) an idol worshipped through habit, has obtained a real existence, may be acquired by system, lost by accident, and recovered by principle. But there are prejudices in all our opinions. They are the alloy of reason, and must be respected or destroyed.

England, with fewer apparent resources than France, possesses a more splendid credit. (2.) The form of government L 2 contributes

(1.) Credit is more than a creature of the mind, and has always had a real existence, though, like any other resource, it may be destroyed by an injudicious exertion. Like the precious metal, whose place it supplies, credit may be extended ad infinitum; but as they both lose in solidity what they gain in surface, a breath of air is sufficient to blow the golden leaf away.—Translator.

(2.) Perhaps it might be more truly affirmed, that England, having a more brilliant credit, has therefore more resources than France. The quarrels of nations are not decided by the whole mass of their respective strength, but by that portion of it which their respective circumstances, in point of constitution, administration, and credit, will permit each of them to bring into actual use and circulation. Resource implies exertion. The only ideal power is that which cannot be exerted. The paper in circulation is real wealth. The specie in the chest has no existence to the state.—Translator.

contributes to it. Yet, if France had pursued the same principles in the operations of her finances, the prejudice against her would have been partly removed. At the beginning of the war in 1755 the French funds wore a better appearance than the English. Far from sinking or giving way, the whole mass of paper supported itself surprisngly. The bare creation of a sinking fund had given a consistence as well as a colouring to paper, and subdued the old prejudices, by which credit had been destroyed. But the plan was not sufficiently considered; the principles were not sufficiently combined; accidents were not foreseen. I am persuaded, that credit would have supported itself longer, if, when the sinking fund was created, care had been taken to apprise the public, that the discharge of debt was to be suspended in time of war, with an assurance that this fund should then serve as a collateral security for paying the interest; the exactness and punctuality of which should be inviolable, as it is in England. Every thing should have been done with the concurrence, and under the sanction, of the parliament. From a want of these formalities and precautions, they were stopped by rivulets when they had rivers to pass. In England the use of the sinking fund was more extensive. This machine of wax yielded to the impresson of government, and was applied to the current expences of the war. The funds, by which the interest of the debt was secured, proceeded without interruption; they were solid, sufficient, and inviolable; no part of the principal could be demanded. In the midst of a storm, government glided upon a smooth river, while in France they were carried away by a torrent. The French sinking fund disappeared like a phantom, and credit was annihilated at the moment it was most wanted. This could not have happened if a solid, inviolable security had been assigned for the separate interest.

interest of each loan by a particular tax created, as in England, at the time the loan was made. In France the interest upon all the loans is confounded, and charged upon the *Aides, Gabelles,*(3.) and

(3.) *Gabelles* signify the duties on salt, levied within the kingdom of France. The whole internal commerce of salt is in the hands of the king, who fixes the price, and directs the sale and distribution, by means of his farmers, and under the jurisdiction of officers created expressly for this branch of the revenue. The whole kingdom is not equally subject to what they call the *Grosse Gabelle*. Besides the exemption which particular persons are still allowed in virtue of their offices, several provinces of Old France, and in general all the frontier provinces, conquered or ceded to the crown in the course of the last century, are distinguished by the name of *Pais de Franc-Salé*. In these countries, the duty on salt is lighter, the king taking it on the footing on which he found it established at the time of the acquisition. But as the other taxes are heavier, the inhabitants lose as much on one side as they gain on the other.

Nothing can be conceived more iniquitous and oppressive than the *Grosse Gabelle*, as well with respect to the quantum of the tax, as the mode of levying it. Salt, which ought to be one of the cheapest articles of consumption, is, by various tricks and contrivances, made so dear to the consumer, that, notwithstanding its universal use and necessity, the government is obliged to force the sale of it by compulsory regulations. In consequence of bad management, the produce to the king bears no proportion to the enormous expence of collection. As the duty is not equal in all parts of the kingdom, the king is obliged to maintain an army of custom-officers to prevent the transportation of it from one province to another; and as it is also excessively heavy, the peasant and the poor in general do not consume the tenth part of what they would do, if the commodity were cheap. In the year 1707, Marshal Vauban says, that the dearness of salt had created a kind of famine in the kingdom, sensibly felt by the lower rank of people, who, for want of salt, were deprived of the means of pickling, particularly pork, so essential to their subsistence. With the severest economy, they had not enough for daily use. The difference of price in the different provinces sends a multitude of smugglers to the galleys. In those parts where every individual is compelled to take a certain quantity of salt (which among the poor is usually more than they can afford to pay for) they are not allowed to make use of what they save in one year, to serve them for the next. This cruel and absurd regulation exposes the people to all sorts of vexations on the part of the king's officers, who ransack every corner of

and five great Farms, which the people consider as a sea without a shore.

After these facts, shall it be said that the operation of a sinking fund must be suspended in time of war, as contradictory to, and incompatible with, the new loans which the service may require? I am far from thinking so. The principle may be softened, and greater advantages drawn from it. In France, it was only the form that was defective, and this defect prevailed through all the operations of her finances. In France I have often insisted upon the utility of a permanent sinking fund, both in peace and war. The principles I went upon were not entirely rejected. Some use was made of them; but they were neither carried to their extent, nor, in some instances, strictly adhered to. I am of opinion, that all appearances might have been

saved, their houses, in hopes of discovering salt not declared, and where they find none, often bring it themselves, and pretend to have found it secreted, in order to vex and oppress those against whom they have any private pique. The sel d'impost, or annual quantity, which every master of a family is compelled to buy at the king's magazine, is computed at the rate of one minot, or four bushels, for fourteen persons, including infants. This salt can only be employed in the daily uses of the family. They are forbid to use it in any of the considerable articles of pickling.

In the provinces, where the people are not compelled to take a limited quantity, they use as little as possible themselves, and give none to their cattle; for want of which they are weak, spiritless, and unhealthy; and the duty of course is inconsiderable. It would be endless to enumerate the particular abuses, with which the whole plan of the Gabelles is attended. Fraud against the king, and oppression to the subject, are the natural consequence of every arbitrary system of taxation, where no proportion is observed between the quantum of the tax and the nature of the commodity, nor any regard had to the condition and means of that rank of the people, on whom the chief weight of it must fall. Tyranny in general defeats its own purpose. The people are oppressed, and the revenue suffers.

Aides are one of the king's general farms, consisting principally of the duties levied on wine.—*Translator.*

saved, and an equal quantity of debt extinguished, by reducing the interest of the redeemable annuities, or paying off those who might not submit to the reduction.

In the year 1750, the English government, supported by peace, by an abundance of money, by credit, and a good administration, was able to reduce all the four per cent. annuities, of which there was an immense quantity, * to three, offering at the same time to pay off those who should refuse their consent to this arrangement. Government even punished those persons who refused, or hesitated, by declaring that they, who did not come in within a short limited time, should be immediately paid off; whereas the subscribers should enjoy an interest of three and a half per cent. for seven years longer. By these means few people desired to be paid off. The opportunity was favorable, measures were well taken, and there were some millions in reserve. The Bank, India, and South-Sea companies, had been apprised of the scheme, and gained over by government, together with some moneyed men, who had nothing better to do with their money. So that an operation, which in theory seemed difficult, if not impossible, was completed with ease, and wonderful success. In some cases it is easier to execute than to conceive. It is certain that, with five millions only, when credit is well managed, the interest of fifty may be reduced, yet without compelling any body, paying off some few, and offering to pay off the rest. Every thing depends upon the opportunity, and method of using it. France was upon the point of being able to seize a like opportunity; but having neglected to make use of it, they have since been obliged to have recourse to less plausible and less honorable expedients. The example I refer to, is a distinguished fact known by the whole

* £.57,703,475:6:4½

whole world, and might have been followed with advantage. But the moment is past, and cannot be recalled.

Let us turn to England, where the fire of Vesta has never been extinguished. The public faith, with regard to the credit of the funds, has never been violated, or suffered the least diminution. I have shown by what means credit has been so long supported, and proved that the national debt has enriched the nation by increasing its numerary. I have unfolded the principles of circulation, together with the utility and the necessity of the funds; acknowledging at the same time, that there was a maximum which must be avoided, and that, if wars were to succeed each other, without a considerable discharge of debt in the intervals of peace, the machine might give way, and draw the ruin of the kingdom along with it. For this reason, I affirm, that England stands in need of an auxiliary, permanent, sinking fund, to operate in time of war, as well as peace. Great advantages would result from it, both to the public and to government. Let us suppose for a moment, that, after some years of peace, the mass of the national debt should be diminished by several millions; that when it was reduced, for example, to seventy or eighty millions only, which is very practicable, a war should commence; and that government, during the war, should continue to pay off (4.) annually a million

(4.) With great submission to the author, his idea of paying off a million and a half at par, even in time of peace, when stocks are only eleven or twelve per cent. under it, is out of all reason, and would be considered as little short of madness in this country. It would be making a present of eleven or twelve pounds to every proprietor of a hundred, who might have the good fortune to be first paid off. It is not necessary to suggest in what manner that advantage might be distributed. The pursuing such a plan in time of war would be still more wasteful and unreasonable. To pay off a debt at three per cent. with one hand, while government is

million and a half at par; is it not evident that this would support the current interest, and prevent its rising? An operation of this kind would give elasticity to circulation. The springs

is obliged to borrow money at four or five per cent. with the other, leads directly ad absurdum. You pay off a creditor whom you are not obliged to pay off; you do it at a time when you want money most; the same money is lent you again at a higher interest than it stood at before, and you must lay a new tax upon the people to pay the interest of the new loan. This, I presume, will not bear an argument.

When a person of great abilities proposes any thing that seems to carry an insurmountable objection upon the face of it, inferior men ought to suspect their own want of apprehension, and confess that they are more likely to misunderstand, than he to mistake. A very able English writer affirms, that when money is wanted for the public service, the difference, between borrowing a million and taking it out of the sinking fund, is infinitely in favor of the former. Upon this I observe, first, that the laying a new tax on the people is an objection to his scheme, to which he does not give a satisfactory answer; yet, without a new tax, he cannot avail himself of the compound interest of the debt he discharges; and how new taxes are to be raised in this country to any considerable amount, is a question much more easily answered by projectors in the closet, than by ministers in the cabinet. Secondly, his supposition, that when you pay off a million of the four per cents. at par, you can immediately borrow an equal sum at the same interest, seems totally gratuitous and unwarrantable. As at present there are no four per cents. redeemable, let us apply his proposition to the three per cents. With respect to the argument it is the same thing. The medium price in time of war may fairly be taken at seventy-five pounds. The question then is, whether paying off a million at par will raise the price of stocks twenty-five per cent. If not, it is self-evident, that government cannot borrow a million at three per cent. for the current service. If the medium price of a debt of a hundred and thirty millions be seventy-five per cent. the proportionate price of a hundred and twenty-nine millions would be only £.75 11 6^s. But to speak largely, let us suppose, that stocks would rise to eighty, which surely is an allowance beyond all probability. The result of the operation would then be, that government to-day pays off a million at three per cent. and borrows it again to-morrow at three and three quarters, without reckoning the value of the douceur that must

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springs of credit would preserve their activity, and the new loans be raised with so much the greater ease, and upon less burthenfome terms. The reader is requested to consider that, since

be given to the subscriber to tempt him to prefer the new subscription to the old funds.

At the same time I do not mean to deny the use and benefit of a permanent sinking fund to operate in war as well as peace, with this supposition always, that the utmost advantage is taken of the low price of stocks, and that taxes be not so multiplied as to defeat themselves. The state then makes a compound interest of the sum it applies to the discharge of debt, whereas it pays only a simple interest for the sum it borrows; and it is to be presumed, that the people would cheerfully submit to some increase of taxes, provided they saw the produce of the sinking fund prudently as well as strictly applied to the discharge of debt.

It is highly to the honor of the Noble Lord now at the head of the treasury, that the idea of discounting the public debt was first adopted in his administration. The signal success of the first attempt in 1771, will undoubtedly encourage him to persevere in the same system, whenever the situation of public affairs will admit of it. Speculative or fanciful objections are not to be regarded, when the public is manifestly benefited, and the creditor, who is the party immediately concerned, is not only satisfied with the terms offered him, but eager to subscribe to them. A scheme of this nature has a double edge. It either raises the price of stocks, or gives the public the advantage of discharging its debts at a low price. The very decline of public credit increases the power of restoring it.

To this plan there seems to be but one possible improvement. If, after an impartial consideration, it should be thought worthy of trial, the immense importance of the object will, it is to be hoped, unite all parties in promoting its success. To thwart or embarrass a plan evidently calculated to serve the public, without the possibility of answering any ministerial purpose, would disgrace a patriotic opposition. Every public-spirited measure should have the privilege of holy ground, on which, amidst the war of parties, it should be deemed sacrilege to commit hostilities. The general idea of making the utmost advantage of the low price of the funds, in favor of the public, is obvious enough, and has often occurred to others, though no plan of this kind has yet been seriously attempted. It is proposed, that the legislature should, from year to year, intrust a committee of the house of commons with a power of purchasing stock for the use of the public at the market

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since the produce of the sinking fund is not sufficient to answer the extraordinary services in time of war, and since it cannot prevent new loans, it is much better to apply it to its true object,

market price, at such times, and in such proportions, as they should think proper, to the amount of the available surplus of the sinking fund. There might be difficulties in the execution, as there are in every new enterprise; but they would not be insurmountable. In theory I see no solid objection. The choice of the committee ought to be determined by one at least out of three qualifications, *high office, great property, and personal character*. It is essential to the execution of such a scheme, that no step be taken without the concurrence of government, represented by some of its principal ministers. The private property of the committee would be a security against fraud and mismanagement; at the same time that the personal reputation of the managers would give credit to the scheme, and engage the confidence of the public. There are but two grounds on which it might be opposed with any appearance of argument, and these seem rather topics of declamation than of solid objection. It will be said, that it is disgraceful to a great nation to buy up its own debts in the market at a lower rate than that at which they were contracted. It will also be said, that the committee will have it in their power to raise or sink the stocks at pleasure, and by that means to buy and sell for their private advantage. To the first I answer, that there is no disgrace where there is no injustice; and that, where no violence is offered to the creditor, he cannot be said to suffer injustice. *Volenti non fit injuria*. It is in his option to sell or not, as he thinks proper. If he sells, it must be totally indifferent to him whether government or a private person be the purchaser. Far from being injured by government's acting in competition with other purchasers, the value of his property would inevitably be improved by it. The objection on the score of national dignity must at this time be thought particularly frivolous, after the success of the plan for the year 1771. In that instance government paid off a debt of a *hundred* with *ninety*; and, though the mode be a little different, the effect is the same. The man who voluntarily sells his stock to government at eighty-eight, is as much a subscriber to this scheme as he who subscribed it in at ninety was a subscriber to the other; nor can there be a doubt that, if all the three per cents. were at once paid off at eighty-eight, the present body of proprietors would receive a greater sum than their stock originally cost them. In short, the circumstances of the nation are such as justify any measures tending to lessen the incumbrance of the

object, by which the price of the old funds is forcibly kept up, the interest of money of course kept under, and a much greater assistance given to the new loans; than if, by applying the sinking

public debt, except violence to the creditor, or breach of parliamentary faith. Generosity at this season to the public creditor would but ill agree with the debtor's situation; and, after all, who is the public creditor? A person, or number of persons, who, when money has been wanted, have taken every possible advantage of the distress or necessities of government. To the second objection I answer, that no great operation whatsoever can be executed without placing a confidence somewhere. This confidence would be annual, and subject to a parliamentary revision. But it is unfair and unwarrantable to suppose, that ten or twelve gentlemen, of the first consequence in the kingdom, of different parties, views, and connexions, would enter into a combination (for without it they could do nothing) to avail themselves of a fluctuation in the price of stocks; and, if they did, the fluctuations would not be great or quick enough to enable them to do much mischief. It may be added that, as their only business would be to buy, they could only raise and never sink the market price of the commodity; and it would be easy to restrain them from investing large sums at once. On the other hand, the positive advantages of the scheme would be numerous and important.

The committee would buy up stock on better terms than could be obtained by a subscription, because they would buy at the current price, and always prefer that stock that happened to be lowest in the market. Together with the principal they would purchase the growing interest, which might go in aid of their fund, and be reinvested in the purchase of capital stock; and very small sums might be invested with the same proportionate advantage as great ones; sometimes perhaps with greater advantages. The continued expectation of the committee's investment would keep up the price of stocks, as it would take place by degrees; and no man could positively know when their whole fund was exhausted. In this respect the effect of a subscription is momentary.

But of all the advantages attending such a scheme, the most material is, that it is to be carried through without the assistance of a lottery. The constant use of this expedient in time of peace is like the daily use of wine to young men. In one instance we anticipate the resources of war and distress; in the other, we anticipate the comforts of decrepitude and old age. In both we raise a momentary supply of false spirits, at the expence of health and constitution. Without entering minutely into

sinking fund to the current service, a million less should be borrowed. This is a reflection, not to say a truth, which I submit to the judgment of those who are acquainted with the magic of circulation and credit. They will be able to unfold the infinite advantages, that might result from it to the English nation. Perhaps it may be no more than a chimera of theory. Let us try whether it might not be realized in practice.

To proceed methodically, let us, once again, consider the national debt and sinking fund analytically. Let us weigh the two objects, and reduce them to their exact dimensions. It has been shown that, properly speaking, it is only the interest that can be a burthen to government. The principal is not demandable. With respect to government, it may almost be said not to exist, though it has served and enriched the public. Yet, if this principle were abused, taxes would be perpetuated, and multiply; the weight of the funds would break the springs of circulation;

into the numberless objections against lotteries, it may be sufficient to observe in general, that since every species of gaming is destructive of industry, that game must be most so that offers the greatest temptation to the lower rank, who, for the benefit of the state, as well as their own, should constantly be employed. At any other game a great profit is not expected from success. In a lottery, the man who buys but the sixteenth of a ticket, fixes his eye upon the great prize, and expects to make his fortune. The lottery offices, by accommodating their schemes to every man's circumstances, lay all the laboring rank of people under a grievous contribution, and extort a tax even from wretches who pay nothing to the state. Great ministers cannot know or conceive to what extent these abuses are carried, nor how much they tend to corrupt the morals of the people. But great ministers should know at least, that loss of industry in the subject is loss of revenue to the state. Even an intermission of a year or two might have this good effect, that a lottery would appear with so much the more novelty, and be filled by those who have money enough to purchase entire tickets. Other abuses might be corrected by the legislature.—*Translator.*

circulation; credit might fail, and the whole edifice fall to the ground. I affirm that this period is still very distant. If it were near at hand, the mischief perhaps would admit of no remedy. Considering the debt as it stands, it is evident that, notwithstanding the immense increase of capital debt since the death of Queen Anne, the burthen immediately falling on the public has not increased in the same proportion. The nation has continued to borrow sums, the interest of which she would have been unable to discharge, if means had not been taken, consistently with justice and good faith, to reduce the rate of interest; and, although the sinking fund (composed of the surpluses of taxes appropriated to pay the interest, and assisted by voluntary reductions of interest, to which the creditors consented rather than be paid off) has not produced all the effect that might have been expected from so wise and necessary an institution, yet it is certain that considerable sums have been paid off, and that public credit has been supported by the expectation of a constant annual reimbursement. A sinking fund increases in proportion as it is employed. The progressive accumulation of annual interest saved by every discharge of debt, and united to the growing capital, in a few years produces a prodigious fund, let the commencement of it, or savings upon the first payments, have been ever so inconsiderable. The geometrical progression of such a fund is immense, and astonishes the imagination. It is a shallow stream that becomes a river as it flows. It is true however that, to avail themselves of this progression, the English have been obliged to continue the taxes, appropriated to pay the interest of old loans, after the principal was discharged. I shall speak hereafter of the means of lessening this inconvenience.

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The sinking fund was much more considerable than it is, and amounted to above three millions sterling. But it has been charged with eight hundred thousand pounds a year to support the civil list, (5.) and to make good the deficiencies of all the appropriated taxes, as well as to secure the interest and principal of the unfunded debt; which is but just. I leave it to the English to calculate to what sum the clear applicable produce of their sinking fund, as it stands at present, may amount. It is certain that if, after the first year, it were every year successively augmented with the interest of the debt paid off, conformably to the nature of its institution, we should see a prodigious increase of its power at the end of a dozen years. If at that time (I speak always hypothetically) the discharge of the old debt was continued in proportion to the power of the fund, the price of stocks could never fall, because the quantity being diminished, and confined to fewer hands, every creditor would have a chance of being soon paid at par. New loans might then with ease be negotiated on moderate terms, and with a trifling douceur to the subscriber. But an operation of this kind, in the present enfeebled state of the sinking fund, would be too tedious. The uncertain continuance of peace, the clamour of opposition, and the enormous mass of the debt, constantly represented as a bugbear, make an impression too strong to agree with so slow a remedy. Some operation like that of the

(5.) As the several duties, appropriated to the support of the civil list, are now carried into, and made part of, the aggregate fund, it is but just that this fund should first make good the charge of the civil list, before the surplus or any part of it is carried to the sinking fund. As the above duties produce more than the limited sum of eight hundred thousand pounds, which his present Majesty was pleased to accept for the support of his civil government, the difference is a considerable improvement to the sinking fund.—*Translator.*

year 1750 is wanted, brilliant in appearance, and rapid in its effect, by which all the phantoms, that undermine public credit, and spread uneasiness among the people, might at once be put to flight.

The following, for instance, is an operation, by which I conceive twelve millions and a half of the mass of the national debt might be cancelled, that is, they might be converted into a fund so constituted as to discharge itself, by applying 527,500l. a year out of the sinking fund for a certain number of years, part of which sum would be gradually recovered every year. The method I propose, would be to open a subscription for creating life annuities (6.) at seven and a half per cent. and to

(6.) Before we enter into the general question of the benefit or disadvantage of converting a part of the capital debt into life annuities, it may be proper to take notice of the defects and inaccuracy of the author's scheme, as they appear upon the face of it. He proposes that the four per cents. or three per cents. shall be received at par; and that subscriptions in money shall be received indiscriminately with stock. In the first place it is clear, that no money would be subscribed; nor indeed does he reckon upon it. But it is equally certain, that none of the redeemable four per cents. would have been subscribed. If a proprietor of a four per cent. annuity intended to change it into a life annuity of seven and a half, he would of course sell it, and buy stock at three per cent. and subscribe the latter, pocketing the difference between the market price of the two stocks. The calculation therefore requires an amendment. As no stock, but the three per cents. would be subscribed, the sinking fund must contribute a larger sum than the author supposes to pay the life annuities. The interest of twelve millions and a half at three per cent. is only 375,000l. consequently the sum taken in the first year out of the sinking fund would be 562,500l. This however is only an error of calculation easily rectified. Another much more material objection is, that, by receiving the three per cents. at par, when in the market they could only be sold at eighty-seven or eighty-eight, the author makes a present of twelve or thirteen per cent. to every subscriber, in addition to the life annuity. It is not necessary to remark how extravagant and unthrifty a bargain this would be for the public.

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to receive at par, either the four per cents. redeemable in 1761,* or any of the three per cents. or money, without distinction. As the three per cents. are still at ten per cent. discount, † a life

The first great advantage, which the author proposes by converting a portion of the debt into life annuities, would be the taking such a quantity of stock at once out of the market, which of course would raise the value of the remainder. He conceives that, if the average price of the three per cents. be eighty-seven, when the whole debt is one hundred and thirty millions, an operation that paid off, or relieved the market of sixteen millions nine hundred thousand pounds (which is thirteen per cent. upon the whole debt) ought to raise the price of stocks to par; and this is an advantage which he thinks cannot be purchased too dear. The second advantage he expects from life annuities, is the increase of consumption and expense, which ultimately turns to the improvement of the revenue. A man whose annuity is raised from three pounds to seven and a half, contributes, by his expense, more than double what he did, to the taxes upon every article of consumption; and the state by this means recovers a considerable part of the additional annuity. Perhaps also it may deserve the attention of a mere financier, that increasing the means of luxury tends to shorten the lives of the annuitants, whose annuities fall in so much the sooner, and improve the sinking fund. Upon this principle, the value of an apoplexy might be computed, and a general indigestion be considered as one of the resources of the state. The probable mortality among the annuitants has been seriously reckoned upon, in France, as a good argument in favor of granting life annuities. The third advantage to be expected from them is, that whatever portion of the sinking fund is set apart for this service, ceases to be in the disposition of parliament, and consequently is not liable to be misapplied.

On the other side of the question, the objections to life annuities are numerous and important. First, they are a check to industry, and an encouragement to idleness, by enabling the annuitant to live upon his income. In England, the class of people who do nothing is sufficiently stocked. Secondly, they are a check to marriage and population, because they exhaust all the resources of the individual in securing an affluent subsistence for himself.

* This was written in 1763, when the redeemable four per cents. had not been redeemed. The scheme however may be applied to any other stock upon similar terms.—*Author.*

† In the year 1763, they were about ninety.—*Author.*

life annuity at seven and a half per cent. is more advantageous. The confidence reposed in government, and in the good faith of parliament; that extended luxury, which invites almost every man to increase his income; the great mass of the annuities; the wish that possesses many fathers of families to secure some little

himself, and leave no provision for posterity. Thirdly, they are expensive and injudicious, merely as a measure of finance, because none but the best lives would be given in. An aged or infirm person can make more than seven and a half per cent. by sinking his capital. Doctor Price has demonstrated that, if the same annual sum, which must be set apart for paying the additional annuity, were applied as far as it would go, together with the savings of interest, to pay off principal debt *at par*, it would discharge more than double the quantity of debt that would be extinguished by the falling-in of the life annuities in a given period. This objection is fatal, and makes it unnecessary to insist on any others.

With respect to the appropriation of a large portion of the sinking fund, in order to take it, as much as possible, out of the disposition of parliament; it is to be observed that, by carrying our distrust in parliament to an extreme, the nation may be deprived of a great resource upon the approach of some critical emergency, when money at any rate must be had, to save the state. Taxed and loaded as we are, the minister has by no means a plentiful choice of resources before him; and supposing the sinking fund as strictly appropriated to the discharge of principal, as the other funds are to pay the interest of debt, it concerns the public creditor very nearly, to consider in what way parliament is to raise an extraordinary supply in such a moment of distress, as may threaten the safety of the commonwealth. In one case there would be a temporary misapplication of a fund intended to reduce the capital debt; in the other there would be no remedy, but applying part of the interest to the current service. The election then proposed to the public creditor is, whether he would have the payment of his principal debt deferred, or run a very manifest hazard of a reduction of interest. Besides this, if we look back to facts, we are not warranted to suspect, that parliament will not continue to apply the sinking fund, in some tolerable degree, to the payment of debt. They have done much more than the author pretends to do with his life annuities, though it must be confessed, that there have been considerable misapplications of the sinking fund, and that with better management a much greater portion of debt might have been discharged.—*Translator.*

little life annuity to their children, as a resource in case of need; all these motives united would, I am persuaded, in a little time have the effect of converting twelve millions and a half of annuities into life annuities, with the loss of the principal, and greatly diminish the phantom of the national debt. The interest of the twelve millions and a half thus discharged, viz. of three millions and a half at four per cent. and nine millions at three per cent. would increase the sinking fund in the sum of £.410,000 a year, and with the help of £.527,500 taken from the sinking fund, would pay the life annuities without a new tax. The sinking fund would still remain strong enough to make some farther annual reduction of debt. It would every year acquire new strength by the growing interest of debt so reduced, and by the life annuities gradually falling in by the death of the annuitants. The surplus of interest dispersed through the public would in part return into the old funds, where the annuitants vest their savings. As the mass of stock diminishes, the price rises. Credit acquires new strength, and the formidable body of the old debt being reduced, the circulation of it would be so much the less liable to be embarrassed.

This operation, I should think, might be repeated with success a year or two after the first conversion of principal debt into life annuity, and the most obstinate unbelievers be convinced, that it is possible to overcome the colossus of the national debt, and to reduce it to a size which it would be imprudent and dangerous to lessen; for I have demonstrated, that it is absolutely necessary to maintain a considerable circulation of these factitious riches, which were created and are supported by credit, and which credit itself stands in so much need of.

By this scheme it is possible to extinguish twenty-five millions of principal debt, converting them into annuities, which gradually discharge themselves, and applying only a part of the sinking fund. The root of this fund would still be preserved, with a new produce from year to year, and soon recover its original condition by the falling-in of the life annuities. It is also to be observed, that as soon as the mass of life annuities is annihilated, the sum of £.527,500 is restored to the sinking fund. The recovery of this sum would begin to be felt even in the first few years, considering the multitude of annuitants, and the great mass of the subscription. Yet there is no fear of the whole subscription's being too great to succeed, as well for the reasons already stated, as because in the first instance it is but ten per cent. upon the national debt. This is certainly very far from being a tenth part of the fortune of individuals, and every man is glad to lay out a small portion of his property in a life annuity. The same operation might probably be repeated twice or thrice after the first attempt had succeeded. The eagerness, with which people in France vested their money in life annuities in ticklish circumstances, confirms me in my conjectures.

When these operations have taken place, some measures should be fallen upon to increase the sinking fund, and to divide it; appropriating one part to a perpetual and permanent extinction of debt, not to be interrupted in time of war; the other, incorporated with the savings on the life annuities as they fell in, not to be applied, nor to subsist beyond the discharge of a certain number of millions; when these are paid off, the nation to be relieved from a proportionate quantity of taxes. There would then be some periods at which taxes would be taken off; an essential point never thought of in England. It belongs to the

the profound genius of the English, to quicken these principles, and bring them into practice.

Nothing in my opinion could be more effectual, nor less burthenome, towards creating an auxiliary and permanent sinking fund, than a tax upon collateral successions. (7.) It may be objected that, as this would be taxing the funds, there would be a violation of public faith. The objection I think is not well founded; this collateral tax, in the first place, has been universally adopted ever since the time of the Romans. It is the mildest, and the least unjust. When once imposed with the concurrence and consent of the nation, under the sanction of parliament, there is nothing to be said against it. It should be softened in degree, and not take place at all with respect to foreigners who have money in the funds; for this would be an injustice,

(7.) Good use might be made of this idea of a tax upon collateral successions. At the same time I am by no means satisfied with the arguments, by which the author supports his proposal. First, its being universally adopted as a tax since the time of the Romans, proves nothing with respect to the right which a nation has to depart from its engagements to its creditors. Secondly, the mildness of the tax depends upon the quantum, and does not of itself justify the principle. Thirdly, the nation, as debtor, is party against its creditors. The consent of the nation therefore, represented or expressed by parliament, would not justify a violation of specific agreements with the public creditor. If it would, the national debt might soon be reduced to nothing. Fourthly, an exemption in favor of foreigners, besides the difficulty, not to say the impossibility of distinguishing foreign property, would be highly unreasonable and unjust. Natives and foreigners lend their money to government exactly upon the same security, and under the same engagements. On what principle of justice therefore shall the property of the one be exempt from a burthen which is imposed upon the other? So unfair a distinction would be received with indignation, and could not fail of defeating the measure.

If a tax of this nature should hereafter be adopted, it must not be confined to the funds, but must be extended generally to all personal property, and even to real estates. When collateral successions of every kind are made the object of a general tax, there will be no reason to exempt the funds. — *Translator.*

injustice, and credit might be affected by it. A tax upon collateral successions, applied strictly to the use of the sinking fund, would considerably diminish the colossus of the debt. It might be continued no longer than till the debt should be reduced to seventy millions sterling; or it might be continued for ever, and the respective taxes, raised to pay the interest of loans, might be abolished as fast as the several loans were paid off. A measure of this kind would gratify the nation, relieve the lower orders of the state, and favor manufactures. We should then have a pleasing prospect before us.*

I know there is still a more simple method to create a new sinking fund, or to give a considerable increase to the old one; I mean by an equal land tax. It is admitted in England that, if the land tax were upon a just and equal footing, it would produce double what it does. But is there patriotism enough to submit to a new assessment? I question it. Yet necessity, fear, and

* There is a tax more equitable than any other, which England might make use of with signal advantage to the kingdom, I mean a tax upon servants, on the same footing as in Holland. That excessive luxury, which multiplies the number of idle, lazy, useless servants, is injurious to the whole body of the state. It forms an insolent army, that carries on a perpetual war with virtue and good manners. Servants are the instruments and encouragers of vice, libertinism, and debauchery, a heap of useless hands taken from the plough, from manufactures, army, and marine. They, who through pride, ostentation, and vanity, are determined to feed and clothe these deserters of their post, ought to make good the loss to the state by some sort of equivalent. I would have those, who keep only two or three servants, which may be decent and necessary, pay only ten shillings a head. They who keep four should pay one pound a head; two pounds a head for five, four pounds a head for six, and so on, doubling the tax upon every servant beyond the number allowed. Great advantages would arise from the institution of such a tax. People of rank and fortune would contribute largely to the revenue. Immense sums would be received from the hands of Plutus, pride, and vanity. This is drawing taxes from their true source. The lower ranks of men would make some useful reflections, and recover from the folly of multiplying their domestic enemies. They would restore a number of subjects to the state, whom necessity would restore to the useful employments of arts or agriculture. This tax should also be inviolably consecrated to the increase of the sinking fund.
—Author.

and policy, may have an influence upon hearts the least patriotic. To support the strength of my assertions it is sufficient to have shown, that resources are not wanting, and that with a wise administration, a well-considered system, and a careful economy, (the most important, though in England the most neglected article of all) this national debt, which is the subject of so much clamor, is in its own nature very different from what it has been represented, and capable, in point of quantity, of a considerable diminution; that it depends upon the English nation, not only to obviate the bad consequences of their debt, but to render it still more useful to credit and circulation, by preventing an excessive accumulation, which in time might be fatal.

The strong remonstrances made by the French parliaments on the subject of taxes during the war, though filled with sublime reflections worthy of those venerable bodies, contributed not a little to the diminution of public credit, and to the low price to which all the royal funds were reduced. This could not fail of greatly embarrassing every measure of finance, and perplexing the ministry in their military operations. The writings of persons, who oppose government in England, on the subject of the national debt, have contributed to sink the price of stocks ten per cent. below par, and laid a constant check on every operation of finance. Yet these writings are of a nature widely different from the remonstrances of the parliaments. The authors are, for the most part, apostles without mission; and for one paper written in good earnest to inform the nation, and charitably to warn it against real danger, there are ten that proceed from mere ill humor. The former are excusable at least, if not praiseworthy. The others have no pleasure, but in discovering the pretended weakness of their country. They make

make no scruple of prostituting that country which is their common mother, without any use, and merely for their amusement.

Anti-ministerial writers have clamored loudly against the misapplication of the sinking fund, and at government's having lately departed, in some instances, from the invariable rule of appropriating separate funds for the interest of new loans, and having charged the interest of the unfunded debt against the sinking fund. The reproach is not without foundation; but as the instances are of no great importance, the consequences of them have been maliciously exaggerated. The arrears of the war amounted to a considerable sum. The last loan, in 1761, though not sufficient to clear them off, met with so much contradiction in the article of the cyder tax, and the opposition was so powerful, that the ministry thought that, in time of peace, the sinking fund might gradually discharge the unfunded debt, as it has done in effect from year to year.*

An objection has also been raised against making the sinking fund answerable for the civil list, and for all deficiencies in the given produce of the other funds; but, according to the present system, I do not think the objection founded; especially as, on the other hand, some beneficial articles have been incorporated

* It has been a thousand times repeated, and many people believe, that England, since the peace, has constantly contracted new debts to pay the interest of the old ones. Nothing can be more false. Government has almost every year negotiated a loan at three per cent. with the assistance of a lottery, in order to convert the navy bills (which made part of the unfunded debt) and other four per cent. annuities into three per cents. Exclusive of this conversion, government has every year redeemed and extinguished some portion of the above debt; so that, from the conclusion of the peace of Fontainbleau to the year 1770 inclusive, about eleven millions of capital debt have been actually paid off, without reckoning reductions of interest. In the present year, 1770, government has paid off a million and a half at three and a half per cent, borrowed in 1756, and a hundred thousand pounds of navy debt, not to reckon a quantity of the four per cents. reduced to three.—
Author.

rated with the sinking fund, by which, in a little time, it may expect to be augmented.

Yet the clamors of the opposition appear to deserve some attention. No possible method should be neglected to make the sinking fund more effectual, and to give it consistence. The means I have pointed out seem to me not to be neglected. I insist upon the necessity of creating an auxiliary permanent fund of redemption, that may operate equally in peace and war.

A permanent fund of redemption, constantly improving by the interest of the debt it discharges, a tax upon collateral successions, a tax upon the transfer of funded property, (8.) and

(8.) As the public debt is at present circumstanced, the idea of a tax upon the transfer of stock is wholly chimerical. To impose it by mere authority of the legislature would be a direct violation of the faith of parliament to the public creditor, and serve as a precedent for other operations of the same nature. Yet it must be confessed that the author's scheme is ingenious, and by no means impracticable in the case of any future loan. People, who invest their money in the stocks, seldom think of selling out in a short time. The difference between selling ninety-nine instead of a hundred, at a distant period, would make very little difference in the present value of one hundred pounds stock, on which the purchaser receives the complete interest of a hundred pounds, as long as he continues to hold the stock. The effect of such a condition, annexed to the transfer of stock, would be slow and insensible, with respect to the diminution of the capital debt; but, as the operation would be constant, the debt would be gradually lowering every day, and in time be discharged. Small means constantly operating are congenial to our political constitution. Violent or rapid measures belong to arbitrary governments, and in all governments are a sign of distress. In the present depressed state of our funds, the minister has but very few expedients within his reach. If, by exerting all the means within his power, the price of the three per cents. could be raised a little above par, measures might then be fallen upon, to engage the proprietors to subscribe in their stock, subject to the condition of being transferred to every future purchaser successively at one per cent. less than what it stood at in the name of the last proprietor, and the interest to decrease in the same proportion,
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and periods fixed for lightening the burthen of taxes, are effectual methods to support public credit. The system I proposed in France was not pursued. The reduction of interest should have been made without a direct diminution of the capital, and apparently with the free consent of the proprietors. This, after the peace, was practicable, if a right plan had been pursued. When once the original contracts were violated, there was no remedy. Yet I confess the tax upon transfers, attempted in France, might have been of service, if precautions had been taken not to check circulation. In their present form, they are too heavy, and produce less than a more moderate tax would do, because the transfers are less frequent than they would be. No man regards one per cent. more or less; but five per cent. is an object, and fetters all dealings in the stocks.*

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and the deduction upon both principal and interest to commence from the next ensuing day of paying the dividends. This would be a stroke of finance superior to any thing that has ever been attempted or thought of in this country. Instead of trusting entirely to the zeal and oeconomy of future ministers, we should at once put the debt into a course of discharging itself, and annex a perishable quality to an evil, which, in its present state, seems to be immortal.—*Translator.*

* I cannot suppress an idea that occurs to me, with respect to the tax upon the transfer of funded property. I know with how much repugnance it was received in France, and I foresee what would be the consequence in England, if this string should ever be touched. Yet I intreat every judicious Englishman to lend a little of his attention to the following reflections. Suppose the financier, who first introduced the system of loans upon annuities, had conceived the following scheme; I ask whether any person would have objected to it, and whether credit and circulation would not have been supported with still greater ease than they have been. Suppose government, in the first instance, had demanded only ninety-nine pounds from the subscriber, yet agreed to pay interest upon a hundred, on condition that, when he sold that stock, he should only be allowed to transfer ninety-nine, and the purchaser to receive interest upon ninety-nine, but subject to the same condition of transferring only ninety-eight, and so on. Nobody would have regarded the paltry defalcation of one per cent. but considered it as essential to the nature of the fund, and the best method of securing the credit of it. An institution of this sort would annex a redemption to the essence of the fund, which, in the course of frequent transfers, would insensibly be reduced to nothing. The national debt could

The quantum of the tax upon collateral successions might be proportioned to the degrees of relation in families, as they are more or less removed. There are powerful reasons, why foreigners should not be subject to it. The same reasons do not hold with respect to the tax upon transfers.

The French government would have done right in exempting the *tontines* from the dixieme, or tenth penny; because life annuities and tontines have always been considered as an inviolable security; so much so, that when credit gave way, and money was not to be had upon any terms, every body subscribed to the life annuities and tontines, and sunk their capital almost at as low a rate of interest, as they might have received from the other funds already in the market, on which a considerable profit might have been expected at the peace, and

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could never have reached its present excessive volume. Our anxiety for posterity would be removed, and every auxiliary analagous measure, directed to the same object, would be so much the more easy and effectual. This, I apprehend, is a plain, palpable truth, within every man's comprehension. But it will be said, What signifies regretting what is past? Will it cure the present evil? I leave the answer to the reader. The importance and utility of the measure are sufficiently obvious. A time may come, when necessity may oblige the nation to sacrifice a small part to the preservation of the whole. Sooner or later it must be done. The mode of doing it is the point to be considered. In the mean time it is certain that if, during ten years of peace, a light tax upon the sale or transfer of all the real and funded property of the kingdom were employed in paying off the national debt, it might be reduced to a point, below which it could not be lowered without imprudence. Government would then be at its ease to secure peace abroad, diminish taxes in general, and take off those which might be most burthensome to the nation. If this method should ever be adopted, whether from necessity or patriotism, I must add this warning to it, that with respect to the stocks, it is in my opinion essential, that the one per cent. should never be received in money as a tax entitling the holder to transfer a hundred pounds of stock. That money might be applied to other purposes, and the remedy would be empirical. At every successive transfer, the purchaser must receive a capital of one per cent. less than the last holder. This is more essential than people may be aware of. If it were possible for the nation to relish such a measure, together with a tax upon collateral successions, and the conversion of a portion of the principal debt into life annuities, I would answer that, under a prudent administration, peace might be firmly established, and that, in less than ten years, things would be in a condition to admit of a sensible diminution of taxes.—*Author.*

has in effect been made. A prejudice of this sort should have been respected and encouraged, as a resource against an extraordinary emergency. The existence of a state is not momentary. Some care should have been taken of posterity. It is not merely removing a symptom. We should go back to the source of the disorder, and endeavour to preserve the vital principles of existence. Empiricism in politics is as dangerous as in medicine.

In the French edicts of the year 1763 it was insinuated, that the plan of discharging the debts of the state was so serious, that it was proposed to extend it to the life annuities and tontines. The intention was excellent, but it produced a contrary effect. Life annuities are not of a redeemable nature. (9.) To redeem them is, in the first place, against the interest of the state; and, secondly, against the intention and interest of the proprietors. This is less a paradox than it may seem. Redeeming life annuities is against the interest of the state, because the burthen of itself diminishes every year. The fates are inexorable financiers. It was observed to me by a man of character, that life annuities make the pot boil at Paris. The increased income of individuals circulates to the advantage of the revenue.

Besides,

(9.) Life annuities are as much of a redeemable nature as any other, provided they are redeemed with the consent of the proprietors. With this condition the repurchase of such annuities is not liable to any of the objections stated by the author. The project of the French government was to the highest degree unjust and impolitic, because they meant to force the proprietors to give up their annuities for the original purchase-money; by which they would have made it impossible to raise money hereafter by the sale of annuities, let the distress of the state be ever so urgent. In fact, it was a mere gasconade on the part of the French ministry, by which they alarmed the annuitants, and injured the credit of government, to no purpose. Their intention was to give the public a great opinion of their resources, by intimating that they had money in hand, which in reality they had not.

Translator.

Besides, when this string is touched, the state gives up the only resource it has left in the midst of failing credit and distress. To redeem the life annuities is also contrary to the interest and intention of the proprietors, who purchased them with the sacrifice of their capital. They sunk their money upon these annuities in the heat of the war, when they might have made double the interest of it that they could in time of peace, besides the great chance of the value of their stock rising at the end of the war; whereas they have no opportunity of making the same advantage, in case they should be paid off. They sunk their capital with no other view, but to have an inviolable revenue, which their situation required, on which some have regulated their expences, and many their existence. Others prudently intended to secure some little resource to their children against a moment of distress. To redeem these annuities would overturn the principle on which they were created. It would make a prodigious alteration to individuals in the means of their subsistence, and the public would feel the bad effect of it. I know what has been said to the disadvantage of life annuities. There is something specious in the argument, that they are prejudicial to posterity.* Every thing has its inconveniencies.

* They, who sink their capital upon the above motives, consult their own interest, as well as that of their successors. The success of the plan depends upon the luck of the annuitant. It can never be said, that these people sacrifice the property of their posterity to their own ease. This, like any other way of laying out one's money, is a question of speculation and convenience. As for unmarried persons, or libertines, it would be the same thing. They would equally waste their fortunes, without reserving the same resource. In this matter the propositions of theory and speculation are contradicted by practice. The remonstrances of the parliament against life annuities are a master-piece of eloquence and patriotism. Yet, for one family ruined by the loss of its capital, there are ten that are supported by life annuities. The benefit at least, which the nation in general derives from them, is far superior to the mischief they have done to individuals. The great mass of them consists of persons who lay out their money for the interest of their families, and of their posterity. The reprobate class, so justly condemned by the parliament, forms but a small portion of the whole.—Author.

niencies. Good cannot exist without evil. But the world, such as it is, the style of the age we live in, our luxury, habits, and customs, make all these evils inevitable. Let us become Spartans, let us remove to Lacedæmon, let us new-model our manners, and adopt those of ancient Greece; I shall then admit the reality of principles contradictory to those I now establish. But, to return to the English.

For the present it is sufficient to observe, that, if in England the necessities of the state should be ever so pressing, yet, before a national bankruptcy, with which the public is unreasonably threatened, could take place, recourse would certainly be had to the expedients I have pointed out, viz. An application of the present sinking fund, a new assessment of the land-tax, a tax upon collateral successions, a light tax upon transfers, a capitation, (10.) a small duty upon articles of consumption, upon offices and employments, and an operation of finance, by which, with the assistance of the sinking fund, a portion of capital debt might be converted into life annuities. None of these resources have yet been touched, but all of them will probably be exhausted

(10.) A capitation or poll-tax is not the resource of a rich or a free country. In all countries it is a check to circulation, and a sure sign of a languishing, exhausted constitution. Things are in a bad way when every tax on general consumption is run to the dregs, and when the state can only be supported by the real, existing riches of a few of its subjects. The distribution of a poll-tax must be arbitrary and unequal, without a previous inquisition into every man's personal fortune, which would be insupportable to the people, and raise an universal odium against government; at the same time that such an inquisition could never be carried to any tolerable certainty or exactness. On the other hand, a light tax laid indiscriminately, without distinction of fortune, would not answer in point of produce, and be liable to the fatal objection of taxing the poor as high as the rich. In England a poll-tax has constantly been held in detestation by the subject, without answering the purpose or expectation of government.—*Translator.*

exhausted before the kingdom is reduced to that situation which was prognosticated at the death of king William, when it owed no more than twenty millions sterling. Diogenes, to prove the reality of motion against the sophistry of Zeno, got up and walked. We need only follow the history of facts, to refute by experience every thing that has been said concerning the national debt, since the beginning of the present century. My system is proved by a concurrence of unquestionable facts, which show how much we have been misled and alarmed by phantoms of our own creating. If this Treatise on Circulation had been written seventy years ago, the theory of it would have been every year confirmed by practical evidence. The principles, on which it rests, are demonstrated by experiment concurring with speculation.

Of all the writers, who have been deceived with regard to the national debt, none surprised me more than the celebrated Mr. Hume. I had the honor of knowing him at Paris, and observed with infinite pleasure, that his disposition was superior to his understanding. It is to truth that he is indebted for this eulogium.* This great man, before the last peace, had written an Essay on Public Credit, which I had not seen when I drew up the first part of my Essay on Circulation. It was mentioned to me afterwards, and I was concerned to find that my own Treatise seemed exactly a refutation of his. He read it some time after at Paris, together with the Letter in which I have endeavoured to prove that the jealousy of commerce is ill understood, and that the true interests of princes are not at variance; and he was pleased to express his approbation of the two essays in terms which I cannot

* Essential services, which I have since received from him in London, entitle him to my warmest gratitude.—*Author.*

cannot venture to repeat. That sublime genius had also touched the subject of the jealousy of commerce. If he had unfolded the principles of his system more at large, I should have suppressed my letter. The hope that he will do it one day or other, and the approbation with which he honored that little treatise, determined me to publish it. I flatter myself, that Mr. Hume will also correct some of his ideas on circulation and public credit. He may be right in a certain sense, when he foretells, that either the nation must destroy public credit, or public credit will destroy the nation. It must undoubtedly happen so, if precautions were not taken. I believe I have made him easy upon that point; yet I cannot refrain from suggesting to him, with all the submission due to his understanding, that he advances another proposition, the consequences of which might be as dangerous, as the principles on which it rests appear to me to be questionable. Mr. Hume says, that, if a sponge were applied to the national debt, thousands would be sacrificed to the safety of millions. Without enquiring whether honor is, in any case, to be sacrificed to advantage, I affirm only, that the millions would for a long time feel the sacrifice of the thousands. Mr. Hume did not consider, that if three millions sterling, paid in annuities within the kingdom, were suppressed, the suppression of those three millions would stop a circulation that represents perhaps thirty millions in expence; that every order of the state, even to the beggar, would feel the effects of it; and that the source of taxation would be dried up. Consider the example of the circulation of a single crown piece, stated in the First Part of this Work. If such an event should ever take place, people would kneel at the sight of a guinea. We have seen an instance of this distress in France, where things were never carried to that extremity; yet the French funds never had

had an easy circulation. The constitutions of the two kingdoms are very different. The resources of France are infinite; yet, upon the fall of Law's system, the desolation was almost universal, although the sponge was very far from extending to the whole national debt. In that case commerce would be at a stand; a public bankruptcy would draw along with it the bankruptcy of a great part of the merchants, whose means and credit would be annihilated; industry, for a time, would cease to exist, or be compelled to quit the country; agriculture would feel the consequences. The fire would extend far and near, and the confusion become universal. The state, the government, would be without resources. So dangerous a convulsion would bring us to that fatal period, at which the breath of an infant might overturn the state. We might then say, with Montesquieu, that there would be nothing left of the picture of the state except the frame, liable to be broken by the least external effort.

I am persuaded that, when Mr. Hume wrote the above essay, he had not yet made an exact and commercial analysis of circulation, of the nature of the funds, and of the effects of annuities. He had been struck with some truths disadvantageous to paper and credit, and which had interrupted the flight of others; calculated to correct the inconveniences attending it. Thus it often happens, that truth leads to error, and error to truth. To arrive at truth, we must separate delusions, and sift falsehood to the bottom. Mr. Hume observed, that multiplying the representative signs lowered the value of specie. But he did not consider the necessity of having such signs to represent the multitude of things, which the abundance of gold and silver has in some measure rendered necessary. Let us new model our manners; let us go twenty centuries back; let us reduce human nature to its primitive condition; let us banish those factitious

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wants which we have changed into necessities; let us be philo-
sophers, and with Diogenes reject the earthen vessel, and drink
out of the hollow of the hand; let us be poor and virtuous, and
Mr. Hume's principles may then be applied. But since there is
no likelihood of such an alteration for some centuries, we may
as well pursue our course, and endeavour to correct abuses. Let
us imitate Solon, who gave the Athenians the best laws they
were capable of receiving. We must often live with our enemies,
and compound with our infirmities. Imperfection is our inhe-
ritance, and little inconveniences must be preferred to great
ones. Though we may be assured that death will come, let us
not kill ourselves for fear of dying. Every state, let its political
constitution be ever so well devised, carries within itself the
principle of its dissolution. *If Rome and Sparta perished, what
state can hope to endure for ever?* We must not attempt to
govern a corrupted people by the same laws which suit a
virtuous people. The expression is severe; but the principle
of that austere philosopher may be applied to the question
before us. England, in all appearance, will suffer the fate of
other states that have gone before her. But let us not encroach
upon providence. The period seems yet at a great distance.

“ Tu ne quæsieris scire nefas, quem mihi, quem tibi,
“ Finem Dii dederint.”

They, who have undertaken to apologise for luxury, have
run into another extreme. Their view of that multiplied circu-
lation, which encourages industry and commerce, has not been
complete. They did not consider, that circulation is maintained
by a daily expence, permanent, solid, and constantly kept up;
whereas

whereas excessive luxury, by disordering the various springs on
which the fortunes of individuals are balanced, and exhausting
their resources, is injurious to industry and circulation. The
numery wealth of a great number of individuals is annihilated
by a forced luxury, and is not dispersed through the public, as
hath been falsely imagined. This is the great point of the
question. I do not condemn that expence, or relative luxury,
which is proportioned to the means and rank of the individual;
but that which confounds all ranks, which renders so many
persons the victims of opinion ill understood, makes them glitter
for a moment, then banishes them to obscurity, from which
they never emerge. This is the luxury which I affirm is
destructive.

Excessive luxury in England has given birth to another vice,
to which the enormous increase of the debt may truly be
ascribed. The character of the nation is to carry every thing to
excess; virtue, vice, every quality is pushed to an extreme.
The English have no œconomy in their expences in time of war.
They do that with more, which might be done with less. No
man, I presume, will venture to deny, that they might have
done as much with one third less expence. The immense and
rapid fortunes, made by their contractors in Germany, exceed
all that we have heard of by the financiers in France. Plunder,
waste, and rapine, as we are told, were carried to the highest
pitch; and how could it be otherwise, when the annual expence
amounted to near three times as much as in the war of 1744? The
annual loans were then from three millions to three and a
half; in the last years of the late war they were carried to
twelve. The efforts, I confess, were more vigorous, and the
successes more brilliant; but by no means in that proportion.

A prudent œconomy is the most essential method of all to recover the finances.*

The frugality and manners of the Swifs have made the canton of Berne very rich, in spite of a barren soil, and a territory without sea-ports, mines, or manufactures. A Venetian ambassador once observed to cardinal Richelieu, that France, in order to be rich and easy, wanted nothing but to know how to spend the money she lost in waste and dissipation. The observation might equally be applied to England.

The English are naturally prodigal. They readily give into extremes, and know nothing of moderation. The legislature will find it so much the more difficult to set bounds to avarice, and to re-establish an œconomy so necessary to the well-being of their affairs. Sooner or later they will be compelled to have recourse to the means I point out to increase their present sinking fund, and to create another of an auxiliary and permanent nature; to establish a more œconomical administration, and to adopt a pacific system for the future.

* "Optimum, et in privatis familiis, et in republicâ, vectigal duco esse parimoniam."—Cicero.

PART

PART III.

Of Finances, Taxes, and Agriculture, considered principally with respect to France. Refutation of the Principle, which reduces every thing to the Territorial Produce.

MONSIEUR de Mirabeau, in his Theory of Taxation, affirms, that it would be the philosopher's stone to the state, to make the machine of finance move in regular tracks, not only without exaction, without rigor, or expence, but from a spirit of emulation. He thinks he has discovered the secret, but I fear he is deceived. His heart has misled his understanding. The works of this virtuous citizen, this amiable philosopher, are replete with genius, sublime ideas, and views equally new and profound. True patriotism, humanity, and the friend of mankind, appear in every part of them. Yet, in his Theory of Taxation, I think he has deluded himself with an impracticable system. He first of all thought he saw devouring monsters, and ruin near and inevitable, where at the worst there were only inconveniences, and grievous abuses. The principles he sets out with are sometimes true. In the application to practice, and deduction of consequences, I think he loses his way. Other principles, which he lays down as axioms, are contradicted by experience. Nobody will dispute with him, for instance, that agriculture is the organical action of a state, whose riches belong to the soil; or that restraints upon agriculture debilitate the powers

powers of the state, and retard that action which gives life to its prosperity. It will be admitted that the collection of taxes in France is too complicated, too expensive and severe, and by that means too heavy, and in some articles oppressive. It should certainly be reduced to greater simplicity in the mode; it should be alleviated, and softened in degree; and abuses should be corrected. But to represent France as on the brink of ruin, or to conceive that the taxes, in their present state, far exceed the sphere of the contributive faculty, is an exaggeration, which experience does, and will long, contradict.

The result of the Theory of Taxation amounts to this. First, that a state like France, whose riches belong to the soil, has no real revenue but its territorial produce. Secondly, that taxes should be laid at the source of production. Thirdly, that there should be an entire exemption in favor of labor and industry; that all the present taxes and duties should be abolished, and the very name of finance and farm be proscribed. Fourthly, that a general capitation tax should be established, which, by suppressing the expence of collection, may produce more, and cost less. This expence, according to him, absorbs a third of the taxes, and is the cause of general destruction. Fifthly, that this office should be intrusted to the municipal magistrates. Sixthly, the author affirms, that the real revenue of France does not at present amount to any thing near the taxes that are levied, and that loans are ruinous.

This system is almost the same with that of the author of the *Bilan* with respect to England. I shall therefore confine myself to one general argument on the subject, and examine in a summary way some of Monsieur de Mirabeau's detached maxims, in order to confirm the principles I have already laid down,

down, and throw a new light upon the preceding parts of this work.

The Theory of Taxation dwells much upon the high price of articles of consumption. We have already observed, that the quantity of the metals has lowered the value of money in its quality of sign. A man now, with a much greater numerary wealth, is not richer in proportion than he was a century ago. But it is in vain to say that the mark of silver is nominally worth double what it was in the time of Harry IV. and that Lewis XV. with a greater numerary, is not so rich as his predecessors. (1.) There must be some fallacy in the assertion; for every

(1.) Increasing the numerary wealth, and raising the nominal value of the coin, are two different things, which in this place the author seems to confound. The first is done by increasing either the quantity of specie without altering the standard, or by multiplying the signs that represent it, and which, as long as credit is supported, answer all the purposes of specie. The second, in an arbitrary government, may be done ad infinitum; that is, you may coin an ounce of silver into ten pieces, or twenty, instead of five, and call each piece a shilling; but neither the king nor nation will be one penny the richer by it. Suppose, for example, the whole specie of the kingdom consisted of a million of guineas. If the notes of a bank, or company, or government securities, can be circulated at par to the amount of another million, the numerary wealth of the nation is actually doubled. But if, instead of this operation, it should be thought advisable to recoin the million of guineas into two million of pieces, and still to call each piece a guinea, the effect would not be the same. The numerary wealth of the nation would not be doubled, but remain exactly as it was. In spite of the nominal value, the new money would in effect be reduced to its intrinsic value, that is, the new guinea would not purchase more than half the old one. I speak of a state that has intercourse with other nations. An insulated state, that had no foreign connections whatsoever, might agree upon arbitrary signs of wealth among themselves, without any regard to intrinsic value. On the above principles, admitting the nominal revenue of Lewis XV. to double that of Harry IV. it does not necessarily follow, that the real wealth of the former should surpass that of the latter.

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every thing is not doubled. The foldier's pay stands as it did in the time of Harry IV. and bread, as well as many other important articles, are nearly at the same rate they were then. Besides, as Voltaire observed, it costs no more at present to be well and agreeably lodged, than it did under Harry IV. A house may be adorned with beautiful glasses of modern manufacture,

By the following calculation it appears, that the revenue of the present king falls far short of that of his immediate predecessor, as it stood in the year 1683; from which period the royal revenues, though improved by new taxes, and nominally increasing, have constantly declined in real value.

In 1683, Lewis the XIVth's fixed revenue amounted to 116,873,476 livres.
 In 1754, Lewis the XVth's fixed revenue amounted to 200,000,000 ditto.

But if a computation be made of the intrinsic value of the livre at those different periods, it will appear that Lewis XIV. had a much greater revenue than his successor, without reckoning the increase in the price of things. In 1683, twenty-eight livres were equal to the mark of silver. In 1754, the mark of silver was worth 49 livres, 16 sols. Now

116,873,476 livres, at 28 to the mark, are worth 4,174,052 $\frac{1}{2}$ marks of silver.
 200,000,000 livres, at 49,16 to ditto, ——— 4,116,466 ditto.

Difference in favor of Lewis XIV. 57,586 $\frac{1}{2}$

N. B. The sum of two hundred millions seems to be taken as a round sum for the present king's revenue. The following particular state, given by Monsieur de Mirabeau, raises it higher.

STATE of the REVENUES of the EXCHEQUER.

Taxes not farmed.	Livres.	
Land Tax	43,158,159	} 103,091,502
Winter Quarters	9,074,480	
Particular Duties	3,135,944	
Capitations	25,192,000	
Free Gifts	12,603,865	
Capitation of the Pays d'Etats	9,927,054	
		Brought

facture, at a much lower price than it could have been formerly with the little glasses imported from Venice. Our fine showy silks are not so dear, yet much better than those which we used to purchase of foreigners. Besides this, it cannot be denied, that the number of people, rich and at their ease, is much greater than in the time of Harry IV. nor that the income of many persons is doubled and trebled, which cannot fail of increasing the revenue of the prince in the same proportion.

It is also to be observed, that if the first wants, being the most urgent, are supplied out of the first half of a man's income, the power of contribution arising from the other half may not only be double, but quadruple what it would be if he had only half his income. Let me explain myself by an example. A man, whose annual income is fifty thousand crowns, is twice as rich, in point of numerary, as one who has only twenty-five thousand with the same establishment; but his power of faculty and contribution is in a much higher proportion, as well with respect to articles of fancy, as to works of charity, and expences of ornament and vanity; whereas he who has only twenty-five thousand crowns, finds his revenue absorbed in the

	first
	Livres.
Brought over	103,091,502
General and particular Farms, &c.	
General Farms	110,000,000
Farms of Poissy	500,000
Farms of Lorraine	3,334,000
Nett Produce of Duties on Leather	1,166,000
Casual Revenue	1,000,000
Total	219,091,502

Which, reckoning the crown of three livres at 2s. 5d. $\frac{1}{2}$, amounts to £. 8,976,665 : 14 : 1 $\frac{1}{2}$ sterling.—Translator.

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first wants annexed to his station, supposing him to figure in the world, and to maintain a certain rank or establishment. He has but little left to gratify his fancy. If, therefore, Lewis XV. be not quite twice as rich, nor twice as powerful, as Harry IV. yet, since the numerary of his revenue is doubled, and since he has a greater number of wealthy subjects, he must at all events be considerably superior both in wealth and power. As for those fiscal abuses, imputed to the present age, they have prevailed at all times, and, with a weak administration, enervated, in some degree, the contributive faculty of the subject. It is a fever incident to great states. The seeds of such disorders are as inevitable as those which undermine the human constitution. Yet the remedy should be sought, and where specifics cannot be found, palliatives may be applied. But I affirm boldly, on a train of reasoning confirmed by experience, that the project, which has so long seduced the world, of reducing all taxes to a single one, by way of capitation, and of abolishing all other taxes whatsoever with the expences of collection, is a chimera in such countries as France, England, and Holland. The attempt was made in Holland in the year 1749, and the fallacy was soon perceived. It was found to be utterly impossible to levy those sums upon the public, which the state had occasion for, by any other means but duties upon articles of consumption, where the tax is confounded with the price. This method is the least felt, and the only one feasible. The inconveniences resulting from it, how great soever they may appear, are far from being so dangerous as they are represented. I have shown the truth of this position in the First Part of this Essay, and in the sequel shall offer fresh proofs in support of it.

Holland itself constitutes a demonstration, that Monsieur de Mirabeau's principles are not well founded. If taxes were not to

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be collected, but immediately at the source of the subject's revenue, as Monsieur de Mirabeau supposes, and if nothing were to be exacted but a portion of the territorial produce, Holland long ago must have ceased to exist. Her alimentary productions are but few; she has scarce any arable land, vineyards, or woods. On this side all her resources consist in a few meadows; yet the republic pays troops, maintains a marine, and has often figured on a level with the first powers of Europe. Taxes of every kind are heavier than in France or England; yet the state is not ruined by them, but subsists with opulence. If the jealousy of her commerce had not excited such a number of competitors, the state would scarce have felt the effect of the exorbitant taxes levied upon the subject. Bread, an object of the first necessity, pays a duty that nearly doubles the price. Every article of consumption pays more than in France. Capital stock of all kinds, such as houses, actions, contracts, lands, are still more loaded. Yet Holland flourishes, and the machine of finance preserves its course. It is the magic of credit and circulation that produces these salutary effects. This credit and circulation are not therefore so mischievous in practice as Monsieur de Mirabeau suspects. We must yield to the evidence of a constant, uniform, decisive experience. The opulence of the rich man, through the medium of circulation, supplies the poor man and the beggar wherewithal to pay a tax to the state, in the consumption of the edibles on which he subsists. The beggar obtains the mere physical necessaries of life more easily at Paris, London, or Amsterdam, than at Montauban, York, or Overysel. Circulation and credit are two springs, the play of which is not thoroughly understood. All the gold and silver of Europe and America, that is wasted in Indostan, does not enrich the inhabitants of that country. The Indians are poor; their

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princes

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princes amass treasures and stop circulation, which has no credit to support it. Taxes upon consumption not only make the beggar, but even animals, beneficial to the revenue, and consequently to the state. They, who have been seduced by the idea of a single tax, and of suppressing the various ramifications of taxation, do not know that, in the richest and most opulent states, the number of persons who possess a real fortune (I mean, of those who would be subject to a capitation, and who, in Holland, are called the Capitalists) is very small in comparison with the other inhabitants; whereas the number of those who, without any real fortune, live at their ease, and at a higher expence than common housekeepers, is very considerable. It is their industry, employments, and various talents, that constitute their resources. They are not rich, yet they live as expensively as if they were so. They cannot possibly be taxed in that high proportion, which would be necessary to form an equivalent for the suppression of all other taxes. It has been found impossible. I speak from fact. This point has been thoroughly examined by the ablest financiers in Holland. When the tax is charged upon edibles, the circulating money returns in part into the public treasury, from which it issued. It multiplies as it runs, and circulating successively through twenty different hands, enables each of them to continue the expence of the preceding year, and always with the same specie. A great man, who spends a hundred thousand florins a year, at once returns twenty thousand to the public treasury on the head of his first expence; but this is nothing compared to the reverberation of expences, which the inferior ranks, and these again subdivided into still lower orders of men, are, by his magnificence, enabled to engage in; so that, at the end of the year, it is possible that the whole hundred thousand florins may have passed with benefit through

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through the public treasury, and issued out again to supply the various channels of circulation. In spite of all that has been said to the contrary, the annuitants contribute greatly to maintain this happy circulation. Taxes are, in reality, no more than a momentary reversion of certain portions of property, which individuals suffer to pass annually through the treasury, for their own preservation, and which return wholly, or in part, into the hand that pays them. There is a perpetual circle of retribution from the sovereign to the subject, and from the subject to the sovereign. All the declamations, that contradict this definition, prove too much, and lead to the absurd.

We are for ever told, that France and England are undone, though experience shows us that the two kingdoms are still in a flourishing condition. There are enormous abuses, I confess; yet even these abuses prove the vigor of the constitution. The substance saves the form. They will never be corrected by the means of an universal tax, much less by a land tax to be paid in kind; another chimera in our European constitutions. Such modes of taxation might answer in a sacerdotal government. Among a people collected into a small territory, a tithe in kind of the productions of the earth, with the assistance of a small capitation, might be sufficient to answer all purposes. But since the powers of Europe have thought it necessary to their tranquillity at home, and security abroad, to maintain armies and fleets in time of peace, such a plan would be ineffectual. Besides, there is no state now in Europe, except Poland, that consists merely of farmers. Commerce, the fisheries, luxury, paper security, the public funds, various manufactures multiplied in every branch, factitious riches, now constitute the mass of property. In the general system, the secret of administration consists in combining these different objects, without suffering them

them to interfere with each other. To proscribe, to abolish, or decry them, would be overturning the edifice. But, as the system itself is, in some degree, a new science,* we have yet got no farther than the elements of it, and are still groping our way. From hence have arisen the mistakes of so many ingenious people, who have discoursed upon the public funds, credit, and circulation, applying obsolete principles to the present state of taxation, finance, population, and agriculture. Some great genius will, one day or other, discover the true proportion of the new system of policy, by analysing the springs that give it motion, and explaining the internal play of the wheels. In the mean time it will happen, as Monsieur de Mirabeau observes, that, while we endeavour to accelerate the motion of the wheel, the impression will be too heavy upon some parts, and discompose the rest, by which the progress of the machine will sometimes be stopped. In the present state of things, the most important object of all political science is the mode of collecting the revenue; for on this point, undoubtedly, the whole effect of it depends, as well as the harmony of the state. The question is to find out rules clear, exact, and certain; *boc opus, hic labor est.*

There is one great inconvenience, attending an universal tax by capitation, which, if in itself it were a practicable measure, would still make it a dangerous one. Such a tax would take too great a quantity of money out of circulation at once, and make specie extremely scarce at every period of collection; which can never happen, as long as it passes through the multiplied channels of consumption. The intervals between receipt and distribution are kept in equilibrium; and this is so true, that

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* It was only towards the end of the last century that loans began to be reduced to system.—*Author.*

in Holland, where the plenty of money has made it a kind of merchandise, specie became extremely scarce, from an accident of the above nature, in the year 1747. To answer the demands of the war, a method had been thought of to raise a large sum of money, without borrowing. All the subjects of the republic were induced to contribute, (2.) by way of free gift, the fiftieth penny of their whole property at four periods. The amount must of course be considerable. To prevent the inconvenience above mentioned, the treasury were obliged to make out receipts, which they distributed among a number of private persons for the respective periods of paying in the fiftieth penny, in order to prevent that stagnation, or stop of circulation, which must have happened, if so large a sum had been deposited in the treasury at one payment. This paper facilitated circulation, and brought forth specie, which would not have appeared without it.

To amass at once, for any given time, let it be ever so short, a great quantity of money in the public treasury, must necessarily choak circulation, and produce the heaviest inconveniences.

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(2.) This operation required an explanation, with which the author has favored me. The fiftieth penny was to be paid at four periods. The treasury, or rather the state, was pressed for money. It was apprehended, that private persons would keep their money locked up, in order to have it ready to make good their respective payments, which would have checked circulation. To prevent this inconvenience, and at the same time to obtain an immediate supply of money, they issued receipts bearing interest, upon which private persons advanced money. These receipts were afterwards paid in at the treasury, on account of the tax, as the respective periods came round. By these means the state obtained an immediate supply, circulation was promoted, the payment of the tax was facilitated, and the representative signs of the current specie were augmented for a time.

The produce of the above tax did not answer the expectations of government. Few people gave in an exact state of their property; so that, instead of two per cent. scarce one half per cent. was actually paid, and government was obliged to have recourse to a lottery and other expedients.—*Translator.*

This can never happen in the mode of laying the tax upon consumption, where the collection is insensible, successive and gradual, and thereby gives time for the money to issue out of the public treasury, and circulate again through the public. A hundred observations, confirmed by experience, prove the truth of what I advance.

Nothing is more changeable than the fortune of individuals. Some are enriched while others are impoverished. A capitation, or universal tax, must be rectified every year; and in the first instance it must be a heavy tax that is an equivalent for all the rest. The machine would be for ever out of order. What an embarrassment! The impossibility of the project strikes in every view. A capitation can never be any thing but a supplemental measure; it never can produce a tenth part of the tax upon consumption. The utmost use that could be made of it would be to redeem the taxes which interrupt and retard the labor of the plough. In this single view it might perhaps be practicable and beneficial. As for the rest, experience must be our guide. It is certain, that formerly the farmers general in France amassed fortunes with an indecent rapidity; but this abuse is now greatly diminished. We no longer see that opulent quarantine,^(3.) nor those armies of one part of the nation employed to ruin the other. Among the number of financiers, there are true patriots, men of sense, and virtuous citizens. Their occupation is odious, but it appears to be necessary. Their subalterns sometimes commit acts of atrocious violence. But abuses of this kind exist in armies commanded by the best generals. Many of these financiers and their adherents, when they do not ruin themselves by an excessive, insulting luxury, are, without doubt, highly serviceable to

(3.) The farmers general are forty in number, with a standing army under them of clerks, taxgatherers, excisemen, &c.—Translator.

to the state. They are enabled to assist circulation and credit, and in spite of all that can be said by people who do not understand the principles of finance, it is the combination of those two agents that supports the machine. In Holland; the farms subsist, although the farmers are abolished. Collectors have been substituted in their room. The change of name was intended to satisfy the people, who never can be satisfied. The wisdom and patriotism of the stadtholder, supported by the zeal of the magistrates, have improved the finances, and corrected in part the abuses they were subject to, yet without abolishing the farms. The same thing ought to have been done in France, where the abuses are more considerable, and perhaps more difficult to correct, from the complication of laws and privileges in every province, and their distance from the centre of administration. I have endeavoured to make myself master of the management of the farms in France. It appears to me that misfortunes are often imputed to the farmers general, which it is not in their power to remedy, and which are always exaggerated. Yet, for the welfare of the kingdom, it were to be wished, that proper measures might be taken to remedy these inconveniences, which are not the less dreadful because they appear unavoidable. Heavy taxes are collected in England upon a more simple and less expensive plan. Their method perhaps may be assisted by the constitution and local circumstances of the country. Whether or no it be practicable in France, or whether it be possible to institute that register which all the world talks of, and nobody understands, is a question yet undetermined.

Monsieur de Mirabeau affirms, that the magistrates and municipal officers are the natural collectors of the tribute, which the subjects, in their respective jurisdictions, owe to their sovereign. The idea is seducing, and perhaps the measure may

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be right. Yet I do not know whether it would not meet with insurmountable difficulties in practice, and whether, after a certain interval, the same things would not be said of them, that are said of the persons now employed in the collection of the revenue. It is not generally admitted that the provinces of France, which remain *en pays d'Etat*, have any advantage over the rest. I am not sufficiently acquainted with the fact to pronounce upon that mode of collection. The minister undoubtedly perceives the effect of it, and probably knows what to trust to. He will adopt it, if it be such as it is represented. The succession of steps and hierarchical jurisdictions, which Monsieur de Mirabeau would fain proscribe, seem in some degree indispensable in every mode of collection. The increase of expence, arising from them, will be a stumbling-block in every system. As for the rest, I confess, that in the Theory of Taxation there are some sublime ideas, which I admire and respect. All that the author says upon the subject of salt and tobacco seems to deserve the attention of the French ministry. It has often been observed, before Monsieur de Mirabeau, that the produce of duties is in proportion to their lightness. A moderate duty should naturally put a stop to contraband, and save the wasteful expences of management. The overburthen of these expences falls upon the sale of the commodity, and lessens the consumption. These truths appear incontestable; yet in Holland we have often seen, that the diminution of duties at the custom-house has not taken effect, nor prevented contraband. European nations, though Christians, do not always follow the gospel; they do not always give unto Cæsar the things that are Cæsar's. Every tax, every duty, every custom, is paid with reluctance. We should endeavour to prevent this abuse; for the principles above mentioned appear to me essential. The same thing

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thing cannot, in my opinion, be said of his other principles. Such is the necessity, he supposes, of constituting a public treasure. I shall hereafter prove it to be a hurtful, dangerous, and useless measure. I have the same notion of his project of abolishing every imposition upon barren property, on stocks, houses, subsistence, employments, deeds, and luxury. It is a patriotic enthusiasm, founded upon metaphysical ideas, which never can be applied to the actual constitution of things. His declamation against the public funds, credit, and circulation, is of the same nature, and has been already refuted. Another observation occurs to me. The sovereigns of Spain and Portugal, with all their treasures of Peru, Mexico, and the Brazils, never conceived the idea of creating these public funds, to which the value of specie might be communicated, which might collect and give fixation to money, while it circulated elsewhere, and call it in again, in case of need, by the magic of circulation, and the credit imparted to those funds. Who knows whether this may not be precisely the reason why those kingdoms have not been enriched by their mines? There was no prop to support the building, while they were working upon the repairs. Spain and Portugal, depopulated by moral causes, might, I believe, in some degree, have recovered their population and agriculture, if the numerary riches of convention had realised the momentary passage of the gold and silver of their mines. Factitious property would have produced industry, and supplied a fund for improving the soil, with all those natural productions, which, in so fortunate a climate, are ripened by the sun. Commerce, opulence, and circulation, might perhaps have invited a number of new inhabitants of the religion of the country, since the want of a toleration does not admit others to settle there. Even this odious difficulty might have been surmounted

mounted by interest; whereas, at present, the inhabitants, notwithstanding they pay fewer taxes, are poorer than those of France or England. I do not state this conjecture as the only cause of the disproportion between the actual condition of Spain and Portugal, and the sources of metallic wealth, which both of them possess. I mean only to mark the advantage produced by circulation in countries where the metals are not so plentiful. The miserable state of the Spaniards in Peru and Mexico is a still stronger proof that gold and silver are nothing of themselves, but so far as they readily pass in exchange for articles of necessity and convenience. Monsieur de la Condamine assures us, that the people, who showed him the mines of Peru, were wretches without shoes to their feet.

Spain and Portugal are not in that condition. If, added to the fertility of the soil, and happiness of the climate, the two kingdoms were as well peopled as they ought to be, the productions of nature and industry, independent of their mines, would make them the most plentiful countries in the world. The exchange of their commodities might even create a commercial balance in their favor beyond the produce of their mines. But as this neither is, nor for a long time can be, the case, we must for the present consider the metals as a merchandise of their own growth, and the extraction thereof, to a certain degree, as necessary and useful. I am even inclined to think, that if all the advantages of agriculture, commerce, and manufactures, existed with activity in Spain and Portugal; and if at the same time they were to continue in possession of the gold and silver of Peru, Mexico, and the Brazils; the metals then, by reason of their abundance, might almost always perform their office in person, without fictitious signs, or the circulation of paper credit. I am nevertheless persuaded, that such a repletion of specie

specie would produce inconveniences eventually fatal to the manners, and even to the commerce and prosperity of the two nations, and that providence has not undefignedly given them the custody, or rather the distribution, of the treasures of America.

If Portugal had preserved the Moluccas and Ceylon, which it was in possession of before the mines of Brazil were discovered, the harmony of the commerce of Europe must have been destroyed. But if Holland had kept the Brazils, that harmony would still have been maintained. Holland, as we have frequently observed, has nothing to give in exchange. Industry, commerce, and spice trade, constitute all her opulence, and are supported by those fictitious funds, to which credit gives circulation, and which enlarge the contributive faculty of the people to pay the taxes imposed upon them. Taxes follow opulence and ease. Competition in the market, and a greater consumption, of course raise the price of provisions. Yet taxes are not to be multiplied without urgent necessity, and every prudent measure of police should be employed to prevent the exorbitant price of provisions. But, to return to my subject.

Many attempts have been made to calculate the proportion that ought to be preserved between specie and paper. It has been a long time fixed at the rate of three to one; that is, that there may safely be three times as much paper in circulation as money. Yet experience has evidently shown, that the quantity of paper may be considerably enlarged, and yet support itself without difficulty. To call this a disproportion is creating monsters on purpose to fight with them. It is contradicting experience, especially as the same pretended disproportion will be found to subsist between money and riches of every sort, such as land, houses, ships, jewels, &c. Yet we are not to confound bank notes, or bills of credit representing money, with that

that paper which constitutes the public funds, and bears interest; although, in some respects, there is a great analogy between them. A much greater quantity of stock may be created than of bank notes. The public funds do not exactly represent specie, though the creation of them augments the numerary wealth. They form a solid property, as much as land or houses, and yield a revenue without repairs or cultivation. The greatest advantage attending them is, that they make money, and that which represents it, circulate with more rapidity. Taken by parts, they may, in a certain sense, be considered as so much ready money, the office of which they frequently perform. A hundred thousand pounds in annuities may be converted into specie in 'Change Alley within four and twenty hours, with scarce any alteration in the price, and millions may be sold for time. These are facts not to be disputed. Of all kinds of property, this is the only one that partakes, as it were, of the quality of money, at the same time that, by the essence of its nature, it is a solid property. The observation is important, and I believe has not been made before. I shall add but one reflection more; that gold and silver coin has an arbitrary value of convention, and that there is no physical reason why it should represent all commodities, as well as the articles of first necessity, in preference to paper, by which itself is represented. The Indians make the same use of shells; and all the plausible objections to the creation of artificial signs in paper may be applied equally to the metals, which we can neither eat nor drink. But as in the present system a barter of commodities is impracticable, some general medium of exchange is wanted to be the measure of every thing; and this quality no more belongs to metal than it does to stocks and paper, when the circulation of them is supported

supported by credit and good faith, and by the interest they produce.

Monfieur de Mirabeau's principles are much the same with those of the author of the *Bilan*, to reduce every thing to the territorial produce. Yet I think the fallacy of them appears even from his own statements of the territorial revenue of France compared with experience. His system is open to objections, because it is contradicted by facts. How would it have been possible for France to have exceeded her strength in the article of taxation during so long a period, without having been exposed to some more fatal, and as it were more palpable, political convulsions? I shall hereafter make it appear, that the disorders in France have not so much proceeded from taxes, as from the long wars, and the want of credit in borrowing money. I have already proved, that credit and circulation are the only means to correct and soften the severity of taxes, and shall support my opinion by farther evidence. Observation, enquiries, and calculations of the territorial revenue, may be of service, if they are properly applied without exaggeration, and if they do not lead to consequences inconsistent with known facts, or to measures either impossible in practice, or whose supposed effect is not justified by experience. Yet, as it is possible that, without Galileo and Kepler, Newton might never have analysed the rays of light, or thoroughly discussed the principles of gravitation, it is to be hoped, that the works of speculative politicians will in like manner assist others in explaining the true principles, on which the finances should be administered for the welfare and happiness of mankind.

We are children still. Our children perhaps may be men. I cannot comprehend how Monfieur de Mirabeau can lay the whole burthen of taxation upon the territorial produce, after having

having so clearly demonstrated, that the vexations heaped upon the husbandman destroy those riches which, without such vexations, would be annually renewed; that large tracts of land lie fallow and deserted; that decay of population of course diminishes consumption, which he ought to consider as the source of the sovereign's revenue; that spoliation withers up the soil; that the arbitrary land tax, repairs of the roads, and other vexations, ought to be abolished. Yet he substitutes the same burthen under another denomination, and gives no relief to that part of the nation. He seems to me to contradict himself, when he proposes to lay the whole tax at the source of production; yet this is his favorite principle. Perhaps it may be my own fault; but I confess my ignorance; I do not understand his system; it appears to me to involve a contradiction. He advances another principle, which, in the abstract, seems nearer to truth, and more important; that no province, or city, or person, shall pretend, by virtue of any privilege or immunity, to be exempted from a general contribution. This is just. But to confine it to a capitation, or personal tax, proportioned to the rent of houses or lodgings, would be insufficient to answer the service, even if it were possible for the tax to be strictly collected. A capitation can be no more than a supplementary measure. He proscribes the only taxes that can ever answer the demands of government, viz. those upon edibles, luxury, and objects of constant use. The reader will find fresh proofs of this assertion in the sequel. All these schemes have been already attempted in Holland, in the year 1748, with a view to substitute one general tax in the room of all the duties upon consumption. Speculations of this kind embarrass the finances. They amuse the people with hopes, and make them pay with more reluctance the taxes on which their own welfare and preservation depend.

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The first principle laid down in the *Theory of Taxation*, and in the *Bilan of England*, is, that a cultivating state has no revenue but the produce of the earth, and that the whole is collected within the territorial revenue. This might be true, if there were any state in Europe that confined itself merely to the cultivation of the soil. The state of France, as well as of England, is composed of farmers, shepherds, fishermen, hunters, merchants, manufacturers, artists, and soldiers. Why then should we reduce the various produce of all the branches to the annual return of territorial revenue? Is it not representing the colossus of France under the figure of a skeleton? The principle, that the territorial produce is to be considered as the only source of revenue, has seduced many people; yet it is absolutely false, as well as the consequence drawn from it, that taxes should be laid at the source of production; a maxim destructive to cultivation, and that counteracts the author's purpose. To prove, with still stronger evidence, that it does so, let us draw a short analytical picture of all the kinds of property, of which a state is composed. We shall then discover from what sources an exact account of the finances of a kingdom is to be collected, and see at once upon what articles taxes may be imposed with the least degree of inconvenience, and in what class each state is to be reckoned.

Landed property is the first. This is incapable of being destroyed; but its value, more or less, depends upon cultivation, and without labor it makes no return. Its productions are neither voluntary, nor gratuitous. They require not only care, but expence; and before they nourish, they employ. But the annual fruits of the earth are consumed, and at the end of the year cease to exist; or, if consumption fails, they putrify, and are lost. The state can only be enriched by the internal con-

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sumption, and by the surplus exported to foreigners. In this first class I reckon arable lands, woods, and vineyards.

The second kind of property, which Monsieur de Mirabeau has almost forgotten, and yet is very considerable, consists of cattle, and the fields where they are fed. Cattle return more to the earth than they take from it. Some give milk twice a day, which supplies us with cheese. The ox not only contributes his labor to our service, but even his flesh and his skin. The sheep furnishes the first elements of the most useful manufactures. Wool is a source of riches to England and Spain.

The fisheries are a third kind of property. The sea contributes to nourish the inhabitants of the earth, as much as the earth itself, with still less expence. The great fisheries form an article of considerable importance in commerce, yet omitted in the Theory of Taxation.

Houses are the fourth. The rent, or the occupation, is so much real revenue. The object itself is perishable, but necessity and luxury keep it in constant repair. The laborer, the mechanic, and the artist, are employed.

The fifth kind of property consists of ships, wares, magazines, and in short of that innumerable detail of commercial articles, which furnish subsistence to a prodigious multitude of people, and produce immense sums every year, at the same time that the offices performed by money are multiplied by circulation. The revenue of this branch is of far different importance from that of the territorial produce, to which we are told that every thing should be reduced.

The sixth kind consists of notes, public funds, actions, royal securities bearing interest, the fruits or interest of which are not destroyed by consumption, like those of the earth, but are permanent and unperishable, and multiply in every hand they pass

pass through, yet, under the auspices of credit and circulation, preserve their fertility. This (with submission to those who are unacquainted with the true principles of finance) is the reason why a numerary, exceeding all the money in Europe, is annually expended in Paris and London, and why the state can levy so many taxes without ruin to the nation; a paradox, which speculative financiers are unable to comprehend, because they have no true idea of circulation and credit. These are the powers that create and multiply, that give life and activity, that produce and reproduce. They suffer nothing to stop or stagnate, but remove all obstructions, and circulate the blood through every vein.

The seventh kind of property consists of places of honor, offices and employments. From this source a number of persons are supplied with the means of expence, from which others again derive their subsistence. Industry and circulation are encouraged, and the public revenue improved, even by those who live at the expence of it.

The eighth kind consists of magazines of all sorts, fixtures, jewelry, trinkets, diamonds, gold and silver plate, curiosities, pictures, and books; all which augment the numerary, and, notwithstanding their slow circulation, contribute to support credit, and to prop the building.

The ninth consists of manufactures, principally those for exportation, by which foreigners are laid under contribution, and the subject enriched. Those of Lyons, and other places in France, far from destroying agriculture, encourage it. But this might be the subject of another dissertation, and would lead me too far. In the Elogium of Sully, one of the master-pieces of Monsieur Thomas, there is an argument upon this point, which appears to me too bold.

The tenth is a supernumerary to France. I mean the multitude of foreigners, whom curiosity attracts to Paris, and pleasure detains there. Their expence is a real numery, which not only augments that of the kingdom, but at the same time increases the materials and circulation of specie. Combined with the expences of those, through whom their money circulates, it improves the sovereign's revenue, which, though never stationary in his hands, always exists within the nation. The exorbitant price of furnished lodgings at Paris and upon the road, and the hire of carriages for the use of foreigners, is a kind of territorial produce, created by foreigners, without the charges of exportation.

The eleventh kind of property, consisting of mines of coal, tin, and iron, where there are any, has escaped Monsieur de Mirabeau.

Such is the true picture of the riches of a country, widely different from that impoverished state presented to us in the Theory of Taxation. In this picture the apparent contradictions between the objects and the produce of taxes, as well as between the faculties of the subject and the demands of the state, are reconciled. The gradation of taxes, according to this faithful representation, should proceed in the inverse ratio to that of Monsieur de Mirabeau's system. The sources of production, the earth and its first harvest, should be loaded least of all. The progress of taxes should follow the detail of consumption, and multiply upon every article of luxury. The mode of collection is another object, the abuses of which I am not qualified to discuss. But taxes return for the most part into the hand that pays them; and this, I presume, is the line of direction upon which the whole mystery of finance depends. In time it may be carried to perfection. For the present it is sufficient to observe, that by the assistance of circulation

lation the revenues of France amount to at least ten times the sum stated in the Theory of Taxation; and that it is absurd to say, that a man, whose income is but four hundred millions, pays six. If, as it is said, the collection costs near a third of the produce, it is certainly a shameful depredation; but quære, whether Monsieur de Mirabeau be not again mistaken in his assertion. The principles I adhere to are founded upon facts, and on the uniform experience of England, France, and Holland. They do not therefore involve such contradictions as appear upon the face of speculative writings, which flatter the people without giving them any real consolation or assistance, and promise them a relief not to be realised in practice, and which they never can receive. It is the universal remedy, or philosopher's stone, perpetually sought after, and never to be discovered. A nation that would submit to pay heavy taxes without reluctance, and that, as the author supposes, would pay them from a spirit of emulation, and where the application of the revenue should be constantly directed to the public good, without any part of it being diverted, would be a nation of angels, or rather of gods, and such a one as never will exist upon this mass of earth. My own system is reducible to this conclusion. 1°. That the pretended principle, of confining the whole contributive faculty of taxes entirely to the territorial produce, is fallacious; for, though the landed revenue forms an important article, it is still the smallest portion of the faculties of the subject.* 2°. That to lay taxes at the source of production

* While this work was in the press, I met with a new treatise, entitled "Dialogues on the Corn Trade." The remarks it contains are excellent, useful, brilliant, profound, and instructive. In this book the cultivation and exportation of corn are placed in their true point of view, without enthusiasm. Notwithstanding the familiar style of dialogue, every article is treated analytically. I found in it some of my own ideas. In other instances, where my ideas were loose and

production would injure agriculture, which ought to be protected and encouraged at its source by every privilege and recompence imaginable. 3°. That nothing but articles of consumption and luxury can produce a revenue proportioned to the necessities of the state; and that it is proved by practice and experience, that circulation in a great measure repairs the inconveniences that may be occasioned by taxes. 4°. That the mode of collection should be the least expensive or burthensome to the nation, taking particular care not to oppress the farmer; but this is a difficult point. Let me add, 5°. That the state of exports at the custom-house is the thermometer of a flourishing commerce, in a farming and manufacturing nation; that duties upon exports should be moderate; and that exportation, in some cases, should be encouraged by bounties.

Importation is of a different nature. It is a tribute paid to foreigners. In France and England it may be loaded without inconvenience, except the first elements of manufactures, which ought to be free. It is not the same with a power entirely commercial, such as Holland, that buys in order to sell, and to which the carrying trade is essentially necessary. The constitution of Holland is singular and peculiar, and the country must be governed by rules that are an exception to all others. It is a phenomenon in politics. History gives us no model of such a constitution. The thermometer of import and export at the custom-house in Holland, is sometimes in an inverse ratio to

and confused, I found myself corrected. Speaking of taxes, he says, "That, since the great Colbert, the nature of taxation is understood. A distinction is made between duties for the purpose of revenue, and duties for the purpose of encouragement. The virtue and effect of the book of rates are understood. Some duties, it is well known, are no more than political sluices, that direct the levels of the different canals of commerce; that they must be laid upon the importation of foreign manufactures, to encourage our own; and upon the exportation of raw materials, in order to promote the internal manufactures of the country."—*Author.*

to what it is in other countries. In this place it may be proper to insert a fine observation, which I lately met with in an English author. It is supposed that the bounty, granted by government upon the exportation of corn, is an expence to the state, or that the revenue suffers a diminution of £. 150,000 which the bounty amounts to. But this, says the author, is a mistake; for the custom-house recovers that sum with interest, by that increase in the duties on imports, which arises from a large exportation of corn. A considerable part of this export is exchanged for articles of luxury, which the nation is fond of, and which pay heavy duties at the custom-house. So that the encouragement given to agriculture turns to the profit of the customs. There is another observation equally curious, that the price of corn has not risen in England, since the institution of the bounty, nor even so far back as since the time of Edward III. making allowance for the different value of the mark of silver at the different periods. I have shown that France might follow this example, and encourage agriculture, yet without any diminution of the opulence of England.

Monsieur de Montesquieu observes, that a tax upon persons is the most natural to slavery, and a tax upon merchandises the most natural to liberty, because it does not refer so directly to the person. A capitation can never supply the place of every other tax, on account of the small number of persons on whom it would fall, in proportion to the multitude who, through the medium of consumption, insensibly swell the revenue, at the same time that the very money they pay is furnished in the last resort by the wealthy, on whom alone it is meant that the weight of the capitation should fall. Natural consumption, and even that of luxury, by means of a circulation multiplied through

through various channels, can alone supply such considerable sums, without exhausting the sources, or stopping the current of circulation.

From what I have said it follows, 6°. That the treasury restores to the public the money it receives, increasing the contributive faculty by the annuities and pensions it pays. The retribution, however, is not always exactly equal, with respect to individuals, but must be taken in gross. 7°. That the public funds increase riches, commerce, industry, consumption, and the contributive faculty. They are necessary in themselves, and differ widely from the idea hitherto conceived of them. 8°. That nevertheless the public debt should be redeemed to a certain point, in order to diminish taxes, which always appear to be an evil, constantly magnified by opinion; otherwise, if they were multiplied too far, some great difficulties would arise in the course of those fatal wars, which recur too often. 9°. That the true and exact distribution of all the branches of finance is a science, all the principles of which are not yet understood.

10°. That good order is not destroyed by exacting a contribution to the public stock, from all those who possess no capital, but live upon the retribution yielded to their labor. They receive it from the rich, from people in easy circumstances, and even from the state. Their labor becomes a little dearer, but the inconvenience still falls upon those who, it is meant, should bear this portion upon the plan of a single tax. The effect is the same. You only endeavour to alter the form, and the form you wish to substitute can never be adhered to in practice. It is the multitude of little streams that constitute the river. It is the number of subdivisions of classes that alone can supply

supply heavy taxes. The addition of the duty (4.) is confounded with the price of the commodity, and in effect is paid by the thing, not by the person. This is order itself, not the confusion of order.

“Power,” says Monsieur de Mirabeau, “cannot be exerted beyond the natural strength. Efforts that exceed our strength produce weakness.” This is true; but the principles themselves show how ill they are applied. France, England, and Holland more particularly, subsist still, and have subsisted for a considerable time, upon the very system now so much decried. In spite of the dreams of melancholy, they subsist and flourish. Yet this, I must repeat, is no reason why we should not labor, with constant attention, zeal, and ardor, to relieve the people by every possible method, and to proscribe for ever the detestable maxim, current in France in the last century, that vexation and oppression made the people work, and that ease made them indolent and lazy. Nothing but the civil wars, which were but lately ended, could have dictated so barbarous a maxim.

11°. That manufactories should be considered as one of the principal arteries of the public revenue. The exemption granted to raw materials increases the return they make to the treasury.

T 12°. To

(4.) One of the best arguments in favor of duties upon imports at the custom-house is, that they are the least felt by the people. “If prudently managed, the people hardly consider that they pay them at all; for the merchant is easy, being sensible he does not pay them for himself; and the consumer, who really pays them, confounds them with the price of the commodity, in the same manner as Tacitus observes, That the emperor Nero gained the reputation of abolishing the tax on the sale of slaves, though he only transferred it from the buyer to the seller; so that it was, as he expresses it, *remissum magis specie quam vi; quia cum venditor pendere juberetur, in partem pretii emptoribus accrescebat.*” Blackstone, i. 306.—Translator.

12°. To deny, as Monsieur de Mirabeau does, the reality of that successive enjoyment, which credit and circulation procure to every individual with the same specie, and to treat this truth as a plausible fallacious hypothesis, is as much as to affirm, that there is nothing intrinsically valuable but bread and water, and that every thing else is a superfluity of mere convention and opinion. At this rate one might affirm, that the landlord of a thousand acres in fact possesses but two feet when he stands up, and six when he lies down, because this is all the space he occupies. The sophistry is the same. Gold and silver, as signs, have no real intrinsic advantage over the objects, which multiply specie through the medium of circulation, and represent it through the medium of credit.

13°. The capital, in every country, is the central focus of consumption and luxury. Some benefits arise from it. The country round the capital is improved. Still however it is said to produce a number of mischiefs. If the population of the metropolis bears no proportion to the rest of the kingdom, the provinces may languish, the limbs of the political body may decay. The reader will see my opinion of the matter in the Fourth Chapter. An administration, that should correct the bad effects of this disproportion, and give life to the provinces, would render an essential service to the state.

14°. The accumulated expence, which the springs of circulation enable every individual to support, is the source of taxation. If, as Monsieur de Mirabeau affirms, the total amounts to six hundred and twenty-five millions that circulate through the state, this is the block out of which taxes are cut. He says, he has proved in another place, that the mass of coined (5.) money

(5.) Monsieur de Mirabeau writes *pecule*, which conveys no sense in this passage. It is supposed he meant *pecune*, coined money.—*Translator*.

money in a state ought never to be higher than the level of the total revenue, and that this is a truth long since admitted by every man, who understands the subject. Every thing else, says he, is only circulation. I am not sufficiently acquainted with this great principle, which, after all, may be a false one. But it has been proved that the total revenue considerably exceeds the territorial produce; that the return of circulation, from which he collects his state of expence, is infinitely greater than the mass of specie. Its existence in the public treasury is transitory and successive, but not the less real. The specie does not stagnate in the exchequer, but returns into circulation, and dissipates all the gloomy consequences created by the imagination.

15°. From what has been said, I would not have it understood that I any way deny the importance of agriculture, or the necessity of protecting it. What I affirm is, that to make it the only object, the universal instrument, the general agent, is a mere whim, (6.) or madness, an ideal being, an abstraction

T 2

(6.) The encouragement of manufactures has long since ceased to be a favorite, or rather a fashionable theme, among those French political writers, who have the good of their country most vehemently at heart. Within these few years it has been discovered in France, that their neglect of agriculture, and their attention to manufactures, have been the ruin of the nation. The upright and ingenious Monsieur de Mirabeau was one of the first, who sounded the alarm to his countrymen, and warned them of the danger of providing for the luxuries at the expence of the necessaries of life. Every ignorant pamphleteer now takes up the argument where Monsieur de Mirabeau left it, and carries it to an extreme that is only not ridiculous in a Frenchman. Surprised at the extraordinary efforts made and supported by the English nation, and struck with the singularity of our giving a bounty upon the exportation of corn, they conceive that our only or principal resource depends upon agriculture; and that, in order to acquire and maintain a superiority over us, proportioned to their greater extent of territory and number of inhabitants, they have nothing to do but to destroy their looms, and send all France.

of the mind, produced by patriotism ill understood, and degenerating into enthusiasm. It tends to destroy the true principle of finance; and though finance may be an evil, it is as necessary to

France to the plough. Some of these writers have carried their fancies so far, as to assert, that it has long been the * deliberate insidious policy of England to withdraw the attention of France from the cultivation of the soil, by suffering and encouraging her to take the lead of us in the softer arts of elegance and refinement; that, in order to make ourselves masters of the great article of first necessity, we have diverted their industry from its natural channel; that, instead of the manly labors of the field, we have furnished them with a delicate and sedentary employment in the shade, and thereby not only enervated the vigor of the nation, but obliged our enemies to depend upon ourselves for subsistence. To this curious plan of policy they never fail to attribute all our military successes against them. The bounty on the exportation of corn accounts for victories and triumphs in every corner of the world. We have artfully cut off the territorial resources of a superior enemy, and conquered the giant by lifting him from the earth. Such are the chimeras with which national vanity endeavours to compensate for national disgraces. It may be affirmed, with greater appearance of truth, that neither the mind nor body of a Frenchman are qualified for the vigorous but patient labors of the plough. Nature distributes her bounty in different proportions among her children. Our neighbours have received from her a quick, lively, presuming spirit, that qualifies them to succeed in the lighter arts of foppery or fancy. The sedentary manufacture, the embellishment of dress, the refinements of taste without the solid materials of luxury, fill up the circle of their industry.

“ Vobis picta croco & fulgenti murice vestis,
“ Desidia cordi; juvat indulgere choræis.”

Their occupations require the agility of the finger, rather than the vigor of the arm; or, if they expose themselves to the sun, it is only to tend the vine, that they may supply the pleasures of a richer and a wiser nation.—*Translator.*

* “ Les Anglois, en recevant nos manufactures, nous ouvrèrent eux-mêmes une porte à la ruine de la culture de nos terres. Le piège étoit bien tendu; il étoit difficile de résister à l'appas; notre ministère s’y laissa surprendre.”—*Intérêts de la France, i. 23.*

to the state, as eating is to the body. By eating too much, we contract crudities and indigestions.

16°. A continued peace, united with a prudent œconomy in the collection and application of the revenue, is the only way to relieve the people. Peace removes all impediments, creates plenty, encourages population, increases consumption, extends commerce, and quickens cultivation; while these, in their turn, augment the revenue. Taxes might then be lessened, without diminishing the public revenue, at the same time that the demands of the state would decrease.

17°. A capitation can never be any thing, in practice, but a supplementary measure.

18°. The specious principle of the Theory of Taxation, “ That idleness is the loss, and labor the profit of the state,” is an axiom without meaning; pompous words, that promise much, and signify nothing. An idle man, whose expence is decent, who pays taxes, who gives wages, whose money circulates, who causes a useful consumption, and supplies others with the means of doing the same, is not a burthen to the state. It is mere sophistry under the mask of a sentence. Labor is useful and necessary, but it is not always a profit to the state, unless it be a kind of labor that bears some analogy to the public welfare. The golden mine to the state is honest industry, not mere labor. Many a man labors to his own ruin, as well as to that of the state. So true it is that specious sentences, when thoroughly examined, are frequently no more than sounding expressions. We may reckon in the same class another apothegm of Monsieur de Mirabeau, “ That all labor is receipt, and that all idleness is expence, to the exchequer.” Fine words without reality.

19°. I must again repeat that, as things are now constituted, circulation and credit must be reckoned in the first rank among the means of prosperity.

20°. The eternal opposition, to which the most necessary taxes are exposed, make them at once more burthensome, and less beneficial.

21°. Of all the kinds of property in a kingdom, manufactures suffer the most by taxes. If the price of labor, or of raw materials, be ever so little raised, it becomes impossible to export in competition with foreigners. Yet there are cases, in which a cultivating nation, with a great extent of territory, may flourish, and become as powerful as its condition admits, by the mere industry of an internal commerce, without any considerable intercourse with foreigners.

22°. Independent of taxes, wherever there is most wealth, there every thing will be the dearest. From hence I conjecture, that France is not so wealthy as England. The gentry in England, I believe, are much richer than in France; whereas the higher nobility, including the princes of the blood, are richer in France. The middle rank in England undoubtedly has the advantage. The peasant, the laborer, and mechanic, are much more at their ease. Riches in general are much more equally dispersed through the English than through the French people; yet, in particular instances, there may always be exceptions. A single branch of manufacture may decline. Two hundred workmen, distressed and out of employment, make as much clamor with their distress, as if the whole world were perishing with hunger. The echo is repeated on all sides; the enemies of government join the chorus; and they, who listen to their clamors, think every thing is lost. To judge truly, we should extend our view to the whole mass.

23°. " Political

23°. " Political œconomy," says Monsieur de Mirabeau, " consists in making the people pay as much as possible, yet " think they pay as little." This can only be effected by taxing articles of consumption, where the tax is confounded with the price.

24°. " To ruin the farmer," says he, " is destruction to the " alimentary police. The rights of the plough-share should be " as sacred as those of the church, and never touched without " respect." *Sed est modus in rebus.*

25°. Certainly nothing can be more destructive than the devastation which arises from the oppression of the farmer, and persecution in matter of religion. The ravages of war are transitory, and the soil by degrees recovers from its own ruins. The value of it may be annihilated by the rapine of finance, and I believe it has sometimes happened so in France; but the wisdom of government is employed in correcting this abuse.

26°. Another of Monsieur de Mirabeau's great maxims is, " That it is better to sell the raw materials, than to abate any " thing of the first price, in favor of manufactures, which, " with respect to profit, have no other object but the price of " the labor; a profit which, in fact, is only a return of the " money it costs." This observation deserves to be considered.

27°. He says, that an unlimited power of imposing taxes would destroy all the rights of property, and, after ruining the nation, lay fetters upon itself. The subject cannot pay beyond his strength. An arbitrary tax could not fail of defeating its own purpose. There must be a proportion between the tax, on one side, and the nature of the thing on which it falls, and the persons who pay it (whether for luxury or necessity) on the other. The produce of the earth undoubtedly arises from a combination of two agents, the labor of man, and the bounty of

of nature. To separate them, says Monsieur de Mirabeau, is the great object of finance. He thinks that, by his method, he can distinguish between the sheaf that belongs to cultivation, and that which belongs to revenue. But his metaphysics in finance can never be reduced to practice.

28°. He says, that war is the most severe and fatal accident to a state. The revenue of the nation diminishes, while its expences increase. The greatest contribution is demanded when there is the least ability to pay it. To avoid war as much as possible, is the only remedy. The expedient, pointed out by the author, of providing a public treasure against unforeseen accidents, would increase the evil, because a considerable quantity of specie locked up would obstruct circulation, the effect of which is proportioned not to the sum, but to its current activity. The treasure must either be very considerable or useless. If it were sufficient to support a war for two years only, it would do the nation incomparably greater mischief, than the evil we endeavour to avoid. History proves that the reign of dissipation, which usually succeeds the reign of œconomy, does infinite prejudice to the state. Monsieur de Mirabeau gives no satisfactory answer to these objections. He pretends that the fortunes made, and depredations committed, by the farmers general, are inconveniences without any mixture of benefit. It is not so; these pretended fortunes circulate through the public.

29°. The indirect channels and strainers, through which taxes are drawn, should be made as simple as possible, in order to reduce the expence of collection. But pulling down the house is not the way to strengthen the foundation.

30°. It is not credit that has ruined the finances of France, as Monsieur de Mirabeau pretends. On the contrary, it was the failure of credit in time of need, that did the mischief, and probably

probably was the chief cause of the late disasters. If credit had been supported as it might have been, France would have been less in debt. At the beginning of the year 1715, the king was obliged to negotiate thirty-two millions in bills, in order to raise eight in specie.* (7.) If faith had been kept to the public creditor as inviolably in France, as it has been in England, half the present debt might have been avoided; the rate of interest would have been less than half what it is, and the state have gained infinitely more than it has done by those violent operations, which have annihilated credit. Expensive operations of finance, together with exorbitant interest, arising from nothing but want of credit, have caused debts to be contracted without value received. On one side, the funds to support the war were borrowed at a higher interest; on the other, failure of credit raised the price of every article purchased for the service. In this view the inconvenience is double; not to reckon loss of time, which follows want of credit, and makes every operation ineffectual. To find the supplies at the exact moment, or at the moment afterwards, determines the success of a campaign. Superior credit undoubtedly was the principal cause of the other advantages, which England had over France in the last war, U because

* Voltaire, Age of Lewis XIV. ch: 28.

(7.) It seems hardly credible, and yet it is unquestionably true, that Lewis XIV. a little before his death, in order to raise eight millions in specie, for which he had a pressing occasion, was obliged to make use of the credit of a private person and his partners, to circulate rescriptions, or assignments upon the revenue, to the amount of thirty-two millions, chiefly among foreigners; so that, for every hundred he received, he incurred a debt of four hundred. No wonder that, at this rate, he left a debt of above one hundred and eighty-four millions sterling. The first advice given to the regent was to make a general bankruptcy. Money at that time was so scarce, that the best bills could not be discounted at less than twenty, twenty-five, or thirty per cent.—Translator.

because it enabled the nation to exert and avail itself of the rest. The fact has been confirmed by other proofs in the first Chapter. It depended only upon France herself to have re-established her credit, if peace, so necessary to Europe, could have been firmly secured.

It may be laid down as certain, that the establishment of public funds depends upon the following regulations and circumstances. 1°. That the loans be national; that is, that the body of the nation shall be answerable for them, as in England; and although the French parliament is far from having the same weight in the constitution with that of England, yet the parliamentary creation of funds, and the security of that august body, would contribute not a little to support the credit of them. 2°. That funds to pay the interest should be secured, without the possibility of interruption; and that every loan should have its separate security. 3°. That the sinking fund be faithfully applied to the discharge of debt, and that its operation be uniform and uninterrupted. 4°. That, in order to gain the confidence of the public, every measure of finance be laid open, and all appearance of mystery banished. 5°. That with the same view an assurance be given to the nation, and to foreigners, with respect to future operations, that their interest shall never be reduced under any pretence whatsoever, without offering to repay the principal; and that the principal shall, at no time hereafter, be subject to any tax or defalcation, as it has happened heretofore; that in this respect the example of the English shall be followed, and that a loan of a hundred shall be always paid off at par, notwithstanding any specious arguments to the contrary; that this essential article shall no longer depend upon the minister's way of thinking. When the security offered by

by government is intimately united with that of the parliament, the public confidence may then be recovered.

Credit and confidence being restored upon this solid foundation, the French government will gain infinitely more by following the same plan inviolably, than they have hitherto gained by operations of a different nature. The rate of interest will be lowered, and when money is wanted, it will be raised without difficulty upon moderate terms. I speak of the future; but what I say is founded upon experience, not upon theory or speculation. It is the history of credit, stated with simplicity, zeal, and honest intentions. There are other measures, by which it is possible to discharge a considerable portion of debt, and to recover credit for a time; but it will fail when the occasion is most critical and important. I believe that France might have had some advantages over England, that would in part have compensated for the difference of the two constitutions, and given her a credit and circulation almost as extensive as that of the English, if proper measures had been seriously taken, and the peace had lasted long enough to have carried them into execution. But after all the confusion that has happened, this is not the business of a day.

31°. I have already shown, that excessive luxury is as ruinous to a nation, as an expence, proportioned to the wealth of individuals and their rank in life, is beneficial to it. A man ruined is a fruitful plant withered up, with respect to the public; his numerary wealth does not exist within the nation, as many people think, who do not understand the laws of circulation, and the nature of factitious property. Excessive luxury seems to encourage industry for a moment, and abandons it for ever. At the same time it corrupts the manners, enervates the strength, and has always been one of the principal causes of the ruin of a state. It would be an important secret in legislation to

find the middle term,^a at which excessive luxury might be stopped, yet without enacting sumptuary laws to restrain that decent expence, which is allowed to every subject, in proportion to his rank and fortune.

The following quotation from the Spirit of the Laws may also be considered as a general rule. " Taxes may be increased in proportion to the liberty of the subject. As slavery gains ground, they must of necessity be reduced. The rule is taken from nature, and never varies. It operates in every country, from England and Holland, through the various degradations of liberty, until it ends in Turkey. Switzerland seems to be an exception. The Swifs pay no taxes. But there is a particular reason for it, which confirms the rule. In those barren mountains provisions are so dear, and the country so populous, that a Swifs pays four times as much to nature, as a Turk does to the sultan." If this principle be as evident as the author affirms, the consequences to be drawn from it would confirm my system of taxation.

If it were possible for England, by means of a continued peace, by the application of the sinking fund, and an increase of commerce, to discharge almost all the national debt, it ought not to be done. It would be highly prejudicial to the kingdom not to preserve sixty millions at least of these fictitious treasures. The use and necessity of it has been already proved. If once the debt were reduced to this sum, parliament should relieve the nation from whatever taxes appeared the most burthenfome, and employ the residue of the sinking fund in the encouragement of manufactures, the settlement of colonies, and in other useful enterprises. A total discharge of the debt would be absolutely against the interest of the nation. I shall be of the same opinion with respect to France, whenever the govern-
ment

ment shall have succeeded in giving currency to the royal securities, and in restoring the faith and credit of those securities at a lower rate of interest. This might easily happen in a few years, if, in their future operations of finance, they would follow the system I propose. The French ministry are too well informed not to know the intrinsic contributive powers of the kingdom, and too humane to exact more than its strength can support.

There seems to be an easy way, as far as the nature of the thing will admit, to form a picture or barometer of these powers, by executing the plan laid down by Lewis XIV. in the year 1698, for the information of the duke of Burgundy.

* " He ordered each of the intendants to draw up a particular description of his province. By this means an exact account of the kingdom might have been obtained, and a just enumeration of the inhabitants. It was a useful work; though all the intendants had not the capacity and attention of Monsieur de Lamoignon de Baviile. Had what the king directed been as well executed, in regard to every province, as it was by this magistrate in his account of Languedoc, the collection would have been one of the most valuable monuments of the age. Some of them are well done; but the plan was imperfect, because all the intendants were not confined to the same rules. It were to be wished, that each of them had given, in columns, the number of inhabitants in each election; the nobles, citizens, laborers, artisans, and mechanics; the cattle of every kind; the good, the indifferent, and the bad lands; all the clergy, regular and secular; their revenues, those of the towns, and those of the communities.

" All

* Age of Lewis XIV. ch. 27.

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“ All these heads, in most of their accounts, are confounded;
 “ the several articles are not sufficiently examined, nor stated with
 “ exactness, and it is often necessary to search with great care and
 “ pains to find what is wanted; though a minister ought to have
 “ these things so disposed, as to be able instantly to discover the
 “ strength, the necessities, and the resources, of his country.
 “ The design was excellent, and would have been of the greatest
 “ service, had it been executed with judgment and uniformity.”

I agree with Mr. Voltaire in thinking that such a plan, well executed, would be of considerable assistance. But we are not to flatter ourselves, that it would be possible to ascertain the fortunes of wealthy individuals resident in cities. The fortune of the merchant, and of the citizen, should always be a mystery with respect to the public. * The register which has been so much talked of can never be complete, and in its nature must be subject to a variety of restrictions.

As we have travelled through the whole region of finance, it may be proper to say a word of the clergy. I cannot do better than insert what Mr. Voltaire has said upon the subject.

† “ It is matter of astonishment to all Europe, as well as to
 “ France, that the clergy should pay so little, seeing they are
 “ supposed to possess a third of the revenue of the whole
 “ kingdom. Were this the case, it is past dispute that they
 “ ought to bear likewise a third of the public charge, which,
 “ one year with another, would come to near thirty millions,
 “ independent of the duties on perishable commodities, which
 “ they pay in common with the rest of the subjects. But error
 “ and prejudice prevail in almost every thing. The church is
 “ supposed to possess a third of the whole annual revenue of the
 “ kingdom; just as we say at random that Paris contains a
 “ million

* Cadastre, 9.

† Age of Lewis XIV. ch. 31.

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“ million of inhabitants. Were we but to take the trouble of
 “ computing the revenues of the bishopricks, it would appear,
 “ by the leases granted about fifty years ago, that their whole
 “ annual amount at that time was not supposed to exceed four
 “ millions, and the commendatory abbies were rated at four
 “ million five hundred thousand livres. It is true, the declared
 “ estimate of the leases was about a third below the real value;
 “ and if to this we add the increase of the landed revenue since,
 “ the total sum of the rents of all the consistorial benefices will
 “ make about sixteen millions; but we ought to remember,
 “ that a considerable part of this sum goes yearly to Rome,
 “ and is so much absolutely lost to the nation. It must be
 “ allowed a great instance of liberality in the king towards the
 “ holy see, to suffer it to plunder the state of more than four
 “ hundred thousand marks of silver in the space of a century;
 “ which, in time, could not fail to impoverish the kingdom,
 “ did not commerce abundantly repair the loss.

“ To these benefices, which pay annates to Rome, we must
 “ join the curacies, convents, collegiate churches, and all the
 “ other ecclesiastical establishments in the kingdom. If we
 “ compute them at fifty millions yearly upon the whole, I
 “ believe we shall come pretty near the truth.

“ Those, who have examined this matter with the utmost
 “ severity and attention, have not been able to extend the
 “ revenues of the whole Gallican church, secular and regular,
 “ beyond eighty million of livres. The sum is far from being
 “ exorbitant, when we consider it as destined to support ninety
 “ thousand monks and nuns, and about an hundred and sixty
 “ thousand ecclesiastics, which was the number in 1700. And
 “ of these ninety thousand monks one third is maintained by
 “ alms and masses. There are many conventual monks, who do
 “ not cost their monastery two hundred livres a year; there are
 “ regular

“ regular abbots, whose income exceeds two hundred thousand
 “ livres. It is this enormous disproportion that occasions so many
 “ complaints and murmurs. We are concerned for a country
 “ curate, whose laborious discharge of the duties of his profession
 “ entitles him only to a scanty income of three, four, or five
 “ hundred livres, while a lazy monk, not the less lazy for being
 “ made an abbot, enjoys an immense fortune, and exacts
 “ pompous titles from those under his jurisdiction. These
 “ abuses are much more glaring in Flanders, in Spain, and
 “ especially in the catholic circles of Germany, where we
 “ sometimes meet with monks who are princes.

“ Abuses, by degrees, pass into laws in almost all countries.
 “ Were a number of the wisest men to assemble with design to
 “ compose a body of laws, what state would be suffered to
 “ subsist exactly in its present form?”

The sketch I have laid before the reader will, I hope, convince him that the abuses, which in every country attend the collection of taxes, are frequently exaggerated, and that the means of correcting them are not what the public may conceive. In the Fourth Chapter I shall again insist upon the multitude of classes which form the picture of the state, and upon the frequent wars which have depopulated Europe. It is in vain to take restoratives, if the convalescent continues to bleed every day. His health and vigor will never be recovered by jellies or cordials. This is exactly the case of Europe with respect to population. Modern writers upon population, commerce and taxes, lament the evil, and prescribe analeptics; but they forget the regimen, without which no medicine can succeed. The regimen is peace. A truth so important cannot be too clearly illustrated, nor repeated too often.

P A R T IV.

New Considerations upon the same Subjects.

IT has long been affirmed, that the kingdom of France, though enlarged by the acquisition of Franche Comté, Alsace, Lorraine and French Flanders, has not more inhabitants than before those acquisitions were made. We are also told that the unequal distribution of taxes, the confusion occasioned by the Aides and Gabelles, the arbitrary land tax, and repair of the high roads, are the true and only causes of the depopulation of France; and that, in consequence of taxes and oppression, large tracts of land, from which a considerable return was collected before the reign of Lewis XIV. are actually uncultivated. The general cry of the nation cannot be entirely without foundation. Reason, common sense, and experience, tell us, that, when the husbandman is oppressed, and the cultivation of the soil costs so much that the produce is hardly sufficient to maintain him, he is compelled to abandon it. It is a general complaint, that all the duties imposed upon the transportation of commodities from one province to another, as well as upon exportation at the custom-house, are so many fetters laid upon sale and consumption, and must diminish the revenue by the very means employed to improve it.

Without doubt there is a great deal of truth in these complaints. The vexations they refer to must have contributed in part to the waste of so much land; but I cannot persuade myself

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myself that they were the principal cause of it. It must rather be attributed to a sudden failure of consumption, arising from a violent and continued depopulation. This depopulation has proceeded chiefly from the long wars which Lewis XIV. carried on with armies much more numerous than ever were kept up by any of his predecessors. Since that period, a single campaign destroys more men than three campaigns in the time of Harry IV. The marine, navigation, and the colonies, prevent the progress of population. The revocation of the edict of Nantz, want of toleration, the multitude of religious of both sexes, and excessive luxury, have done the rest. Wars and colonies have also depopulated England, but not in the same proportion. 1°. Because the refugees have in some measure repaired the breach. 2°. Because there are fewer unmarried persons. 3°. Because their armies, besides being less numerous, have been composed of foreigners. In spite of these advantages depopulation begins to be felt in England. Projects to prevent it signify nothing. The great mischief is not to be repaired but by time and a continued peace, without which every other expedient will be found insufficient, useless, or impracticable.

France and England are as rich in land and money as they can be. Their wealth and power can receive no addition, but by collecting their strength towards the centre of the state. Consumption increases circulation. A greater circulation creates new property, and gives life to all the riches of the state. A million of subjects more, settled in Great Britain, would add more to the revenue of the nation, and of the exchequer, and to the power of the sovereign, than all the produce of Canada and the colonies. France could maintain three or four millions more inhabitants. The circulation, produced by this increase of consumption, would be more profitable to the sovereign than
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the possession of Mexico and Peru. The circulation of specie quickens rapidly as it passes through the inferior ranks. It is the great consumption of the multitude that enlarges the revenue. That part of the people in France has been diminished by wars, and want of toleration. Taxes have heightened the mischief, and made it more sensibly felt; but they were not the cause of it. The wars of Lewis XIV. and the revocation of the edict of Nantz, have cost more men than all the wars of the two preceding centuries. The depopulation of Germany will be felt in France and England, as well with respect to commerce, as to manufactures. These are losses which a whole century cannot repair. Monsieur Voltaire has observed upon this subject, "That Sir William Petty had proved, that for
" a nation to increase one twentieth in a hundred years requires
" the most favorable circumstances. His calculation shows
" the folly of writers who people the earth with a stroke of
" their pen, and in a century or two cover the globe with inhabitants. If it be asked, Why there is a third more people in
" England now, than in the time of Queen Elizabeth? the
" answer is exactly, Because England has been in the most
" favorable circumstances; because multitudes of Germans,
" Flemish, and French, have established themselves in the
" country; because it is computed, that sixty thousand monks,
" ten thousand nuns, and ten thousand secular priests, have been
" restored to propagation, and to the state; and because population has been encouraged by plenty. The reverse of what
" we observe in the pope's territory and Portugal has happened
" in England. Govern your farm-yard ill, and you will have
" no poultry. Govern it well, and you will have poultry in
" abundance."

X 2

Population

Population is not the work of a day. It may be encouraged in time of peace; but continual wars, in the modern style, will defeat every measure that the wisest administration can possibly employ for this important purpose.

I have lately seen a very scarce and curious book, called *A Detail of France under the present Reign*, printed at Brussels in 1712. It was written about the end of the last century, and printed at Rouen in 1698.* This work is attributed to Bois Guillebert, attorney-general in the parliament of Rouen. It contains the substance of Monsieur de Mirabeau's Theory of Taxation, the remonstrances made by the parliaments, and all the visionary projects of finance, with which France has been over-run, upon the subject of taxes, duties, customs, agriculture, &c. I shall begin my remarks upon it with one preliminary observation. Though written before those calamities, which attended the latter part of Lewis the XIVth's reign, it represents the kingdom as then upon the verge of destruction. Seventy years have since elapsed, and in the course of that time there has been a period, under the administration of Cardinal Fleury, at which commerce was carried to its greatest extent, and every thing flourished in the kingdom. Of three wars, which have happened within the last seventy years, the second was ruinous, though accompanied with brilliant successes; the third was very unfortunate. And yet I am convinced that France, after all her disasters, is not in a worse condition than in the year 1698, when the book was first published; though (setting aside the conquests) the state of the kingdom may perhaps be worse than it was in the year 1660.

Part

* The title of the Rouen edition is, *Detail of France, or Essay on the Cause of the Diminution of the Property of the Kingdom, and the Means of correcting it*. There was another edition much enlarged in 1707, and a third in 1708, under the title of *Political Testament of Marshal Vauban*, without naming where it was printed.—*Author*.

Part of the abuses, particularly the arbitrary land-tax, have been corrected; though it is but lately that the ministry have been seriously employed in going to the bottom of those vexations, which stop the progress of agriculture and commerce. The measures they are now taking will, I believe, in time, produce considerable advantages; but I affirm that, without a lasting peace to encourage population, which of itself increases consumption, and of course must quicken circulation, all the expedients they can adopt will only give a momentary coloring to the surface. The destructive system, on which war has been carried on both by sea and land, since the end of the last century, is the true primordial source of depopulation. The loss of consumption, that follows it, lessens the relative revenue of the sovereign, and the strength of the nation. If it were not for the factitious circulation created by loans, the ravages of war, and religious persecution, which have done so much mischief to population and agriculture, would have been still more sensibly felt. Let us consider this important question again, and turn it in every possible shape. We cannot examine it with too much attention.

We vie with each other in praising the Duke of Sully; and God forbid I should undervalue the distinguished merit of that great man. Yet it ought to be considered, that his upright intentions were assisted by circumstances, of which the ministers who succeeded him had not the advantage.

France, just relieved from the horrors of a civil war, was in the situation of a robust and vigorous young man, who, after a violent fit of sickness, escapes from the jaws of death with new strength, and a healthier constitution. The kingdom had not been impoverished, because the wars had been carried on chiefly within the country, or immediately upon the frontiers, and with small armies. Spain, in order to support the league, had
spent

spent money enough in France to enrich the kingdom. The Huguenots had drawn large quantities of plate out of the churches and monasteries, which was coined and circulated. The seeds of opulence existed every where. To unfold and bring them forward, required nothing but peace and a prudent administration. Sully corrected the abuses which opposed this salutary work, and gave life to every branch of administration. The wants were inconsiderable, the resources were copious, and he availed himself of them all. The splendor of his administration glitters to this day, and will never be eclipsed in the eyes of posterity. But it would be unjust to expect that his successors, under circumstances of greater difficulty, should make an equal progress in the same time. France was like a beautiful woman ill dressed, who wanted nothing but a better habit to appear with distinction. Henry IV. had none of that pomp which now is thought essential to the lustre of the crown. Versailles, Marli, Bellevue, which have swallowed up so much money, were not then in existence. The wants of government are multiplied since that time. When sickness and frequent bleeding have weakened the constitution, it is with difficulty the convalescent recovers.

It is also to be observed that, according to the *Detail of France*, Cardinal Richelieu, who soon succeeded Sully, made an equal progress in improving the finances; the king's revenue having doubled under the Cardinal's administration. He was far from possessing the merit of Sully, but the nerve of the state was still in its vigor. Sully had shown what it was capable of performing. We should apply to him what Montesquieu says of Richelieu, "He drew the principles of the monarchy out of chaos, taught France the secret of her strength, and Spain the secret of her weakness." In spite of abuses of administration, the progress of improvement appeared

appeared more and more, until the work was completed by *Colbert*. This was the period of the highest prosperity to France. From that time, the kingdom insensibly lost its strength by abusing it, in the midst, and even in consequence, of the most brilliant successes. They were purchased with the loss of so many men, that the sovereign, though constantly enlarging his dominion, and extending his frontiers, did not increase the number of his subjects. Land lost its value more and more, for want of cultivation and consumption. In these circumstances every tax upon land had a fatal effect; and if commerce and the circulation of government securities had not, in some measure, repaired the mischief, the kingdom would really have been reduced to that deplorable condition in which it has been described. The picture, now too much loaded, would then have been true. The fact is, that France has not increased her power in proportion to her conquests; that the oppression of the husbandman, and the difficulties imposed upon commerce, both foreign and domestic, augment the evil; that failure of credit, in borrowing money, has made the matter worse; that the circulation, which still subsists, in some degree repairs the mischief; that these abuses may and ought to be corrected; but that, without a continued peace, no remedy can be effectual.

I find, in the *Detail of France*, the same principle which I have already refuted; *that all revenue is reduced to the territorial produce*. This work however contains many excellent observations, though disfigured by exaggeration, or improperly applied. The author sees every object with a microscopic eye, and by constantly mixing error with truth, destroys the utility of his work. It may be true, that the mode of levying a tax (whether land tax, wine duty, or customs) may be more grievous than the tax itself; and these oppressions may be considered as

one reason why large tracts of land, which formerly made a great return, are now left uncultivated. The consequences extend to consumption and commerce, and even to population.

The author pretends that, in the year 1696, France had already lost half her wealth, and that the national revenue was less by five hundred millions than it was forty years before. He observes that, from the death of Charles VII. in 1461 to the year 1660, the revenues of the kingdom had gradually doubled every thirty years; whereas it would appear that, since the year 1660, the king's revenue had only increased about a third, (even including the conquests, all which pay a complete tithe to government) and that the national revenue had not quite increased in the proportion of one half. He affirms, that any diminution in the revenue of land always occasions a diminution in the revenue of industry. The cause of the ruin of consumption, says he, is the only point we need enquire into. Two things essentially contribute to it; the uncertainty of the land tax, and the duties paid not only upon exportation at the custom-house, but upon conveyance from one province to another within the kingdom. Internal consumption diminishes, exportation is impossible, and the produce of the earth perishes on the spot where it grew. They, who by their employment are exempt from land tax, fling the whole burthen upon the merchant and mechanic, who have no fund but their industry. The author proves, by arguments equally solid and ingenious, that the loss reverts even upon the persons who are exempted. He does not blame the taxes so much as the mode of collecting them. He lays it down as a principle, that consumption and revenue are the same, consequently that any check to consumption is loss of revenue. The principle is true; but his application of it is defective, because he considers nothing but the soil.

In

In his eyes nothing else has an existence. Bating a few exaggerations, all that he says is literally true with respect to cultivation, the produce of which might however be reduced to one half, without the whole kingdom's declining in the same proportion. He is deceived in thinking, that abuses are the only cause of depopulation. Long wars are the principal occasion of it. I believe he exaggerates in saying, that a duty, which only produces a hundred thousand livres to the king, destroys a consumption equal to two millions upon the price or the quantity. This, in fact, means a diminution of two millions in revenue. "All the provinces (says he) lose for want of a commercial intercourse with each other, and consumption becomes impracticable." This abuse undoubtedly was of a most grievous nature; his whole argument upon the subject is clear and satisfactory.

Some of his principles are not so evident. He says, for instance, that it is beyond contradiction, that a diminution in the revenue of land has diminished the revenue of industry. The principle is not universally true. In Holland and Switzerland the barrenness of the soil has improved the industry and revenue of the inhabitants. I make this observation, by the bye, to show the fallacy of general rules. The author saw that, from a concurrence of various circumstances, the province of Normandy and the election of Mantes were fallen to decay; and that taxes, provincial duties, and other exactions, were the principal cause of it. He was struck with several abstract truths respecting circulation, consumption, the connection of interests, and social harmony of all the orders of the state. He compared the history of the preceding century with that of his own; and all these ideas, separately true in themselves, mixed with the zeal of patriotism, and fermented in his mind. The

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volume

volume of every object swelled in his view beyond its solid substance. He exaggerates every thing, and with the surest principles and deepest knowledge misleads the understanding. His idea of the general state of the kingdom was collected from what he saw in Normandy, and the election of Mantes. He says, that the difficulty of communication between one province and another has sunk the value of their respective produce, at the same time that duties upon exportation have annihilated commerce, and impoverished the kingdom. All this may, in some degree, be true; but to pretend that it has diminished the revenue of the kingdom one half, that it has occasioned an annual loss of fifteen hundred millions, besides destroying millions of subjects, and that all this may be recovered in four-and-twenty hours, and with a few days labor, is to the last degree extravagant. Writers, who have followed him in treating the same subject, have softened his exaggerations, which time had confuted; yet still they almost all go too far, not being able to renounce their first false principle, *that every thing is comprehended in the territorial produce*; nor considering, that successive wars have been the chief cause of depopulation, and that consumption of course diminished for want of consumers. Yet there are a number of fine and useful remarks in this work, provided we confine them to their true value. The author had a tolerably clear idea of circulation; yet even this he carries too far. He says, for instance, that a hundred crowns, taken from the laborer for the expence of collection, create a loss of five or six thousand livres to the body of the state. He repeatedly asserts, that in his time the revenues of France had sunk above fifteen hundred millions in the space of forty years; whereas the increase of revenue to the sovereign, which occasioned that loss, was not more than a hundred millions. All this proves too much.

much. If in fact there be such quantities of land in France entirely deserted because the produce does not answer the expence of cultivation, I believe that means might be found to cultivate it on the king's account. I am surpris'd, that nobody has yet seriously thought of carrying such a project into execution. It would appear perhaps to be the most beneficial and practicable scheme that has yet been imagined. The operation of a few millions employed by the king in reinstating his own subjects, who are reduced to misery, and in securing a portion of property to foreigners, would shortly be felt. Assisted by peace and commerce, it would soon restore population, consumption, and circulation, revive the paralytic branches of the state, and in a few years considerably increase the revenue of the sovereign, yet lessen the burthen of taxes. Such a plan of agriculture might be executed in England with still greater ease and expedition. In France there are more obstacles to be removed. The rubbish of old ruins would at first retard the construction of a new building. All difficulties of communication between the provinces, all checks upon exportation, should be previously removed. The oppressions heaped upon the farmer should cease. The privileges, as well as the property granted to foreigners, should be firmly secured. A plan of this nature may be reckoned among the number of political visions. Yet some of my readers may be sensible of the value of it, especially when they observe the success it has already had in the following example. Frederick William of Prussia formed the project, and had the good fortune to carry it into execution. His country was a vast desert. With an expence of only twelve millions of florins he cleared the land, built villages, and filled them with inhabitants. He brought whole families from Suabia and Franconia. He invited emigrants from Saltzbourg, and supplied them with the means

of settling, and with implements of labor. He formed a new state, which gave him a new power. Europe has felt the weight of it, without profiting by the example. Such an instance is worth more than a hundred treatises upon agriculture and finance. The English have done the same, in many parts of America, that Frederick William did in Europe, with singular advantages to the nation. The premature population of the colonies has not much weakened Great Britain, because the English have had accidents in their favor. The multitude of refugees who settled in England after the revocation of the edict of Nantz, as well as of emigrants from Germany and elsewhere, enabled them to people their colonies without depopulating the mother country. Yet if, on the Prussian plan, they had begun by improving the whole of their soil in Europe, and encouraged population as far as the extent of their territory and commercial advantages might admit, I believe their power would have been fixed upon a more solid foundation. The subsequent settlement of colonies would have proceeded with so much the more rapidity, as the kingdom would then have men to spare, and wanted a vent for the surplus of its subjects. England and France may yet be in this situation, if the divine system of peace should prevail through the principal courts of Europe. In the mean time it is absurd to deny, that the English derive essential advantages from their colonies. The apprehension, that the American colonies may one day become independent of the mother country, is, for the present, a mere chimera. That event at least can only be looked forward to in a very distant perspective. Exclusive of the example of the Spaniards, who have long been the subject of these gratuitous predictions, it is certain that the English colonies can never enter into alliances dangerous to the mother country, as well from the connection of their interest with

with Great Britain, as from the spirit of jealousy and rivalry which prevails among themselves. None of these countries separately can ever arrive at independence, and to unite them is impossible. With a moderate degree of consistency in the administration at home, Great Britain will long preserve her authority over these vast establishments. In theory they may perplex the politician, but the management of them in fact will easily be compassed by a prudent government. From this digression, which I thought material, I now return to the attorney general of Rouen.

His account of the finances of France is extremely curious. He says that, after the death of Francis I. Catharine of Medicis, who loved pomp and luxury, sent for Italians to administer the king's revenues, and that the science of finance and raising money by loans was taught by those people. They were banished by *Sully*, recalled by *Mary of Medicis*, set aside by *Richelieu*, and after his death appeared upon the stage again. The parallels drawn by the author between different periods preceding the reign of the financiers, and particularly some historical remarks upon the time of Francis I. are plausible and seducing. He attributes every thing to a single cause, as *Descartes* explains all difficulties with the help of subtle matter. Yet he condescends to admit that Francis I. had not quite such numerous armies as are maintained at present. Is it not ridiculous and extravagant to compare the necessities of the state and the lustre of the crown, in the reign of that monarch, with the present condition of the kingdom? (1.)

Nothing

(1.) During the reign of Lewis XIV. the splendor, which surrounded the throne and person of the monarch, supported the pride and courage of the people for a long time after the real foundation of national pride and courage was removed.

The

Nothing can be more judicious, nor profound, than his remarks upon the exportation of corn. He proves that, the more corn is carried out of France, the less reason there will ever be to apprehend any extreme scarcity; and that the very low price of corn is a sign of indigestion in the state, arising from too great an abundance, and prejudicial to every rank of life. It is a worm that gnaws, and gradually undermines the state. What he says on this article is deep in itself, and has been confirmed by the experience of France and England. The subject now engages the whole attention of the French ministry, and I believe would have done so long ago, if truth had been represented with less heat, and not pushed to an absurdity; as, for instance, where he says that abuses in these branches, in the first instance, occasioned a real loss to the kingdom of five hundred millions, and that the loss now is treble what it was at first. Exaggerations of this nature have spoiled a picture in itself true and affecting. The same defect prevails through all the writings that have been copied upon

The French soldier, who had never seen a Louis d'or, felt a noble compensation for his poverty, in the spirit of saying, *I have the honor to be a Frenchman*. Since that time, the state of France has suffered a woeful reduction. The pride of national superiority is gone, and the French monarch does not know what he has lost. No man now says, *I have the honor to be a Frenchman*. The character of the people is altered, not so much by private distress, though universal, as by the mortifying sense of national degradation. The French are actually the gravest people in Europe; and, what is not always applicable to their deportment, they have good reason for being so. Yet their ingenuity finds a salvo for their vanity. When distress has driven a Frenchman to lay down his coach, and walk the streets in a frock, he calls it a philosophical imitation of English simplicity; and, when you see despair painted in his countenance, he tells you, with a politeness very expressive of condescension, that English gravity is becoming, and that a wise man may profit by the example of his inferiors. But this is a wretched farce, which no degree of vanity can long support. He sinks under his situation, and in every instance yields the precedence to the English.—*Translator*.

upon this work. An empirical way of representing the disorder has probably retarded the application of a remedy. They assign only one cause for an evil, that springs from a complication of disorders. The chief of these are frequent wars, and the new method of conducting them. By this kind of empiricism, instead of healing the wound, they only encourage the patient to expose himself to the same dangers; they inflame the disorder, and make the cure of it impossible. The true cure consists in a regimen, without which no other remedy can operate; and that regimen is peace.

Violent exaggerations being always contradicted by experience, even truth itself at last is suspected, and passes for speculation. If a Spanish or Portuguese Jew, settled at Constantinople or Amsterdam, should affirm, that the unjust expulsion of the people of his religion out of Spain had done great mischief to that kingdom as well as to Portugal, he certainly would have reason on his side. The Jews in Spain and Portugal were a very innocent set of people, quiet subjects, and useful citizens to the state. They were very numerous, and kept industry and commerce alive. Many of them were men of learning, and much respected. They had even been admitted to a share in the administration. Alphonfus the Fifth of Portugal trusted Abarbanel with the most important employment, and was served by him with zeal, honor, and ability. Our Jew might add, with strict truth, that the expulsion of these people contributed to depopulate Spain and Portugal. He might even observe, that particular cities were ruined by it. All this is very possible; but if his enthusiasm carried him so far beyond the line of truth as to affirm, that the violence offered to the Jews was the single and only cause of the depopulation of Spain, the assertion would be too absurd to be supported. This is exactly the way of reasoning

soning of the attorney-general of Rouen. He judged of the whole kingdom of France from what he saw in a particular province, where the effect of fiscal abuses might perhaps have been more sensibly observed. His enthusiasm has carried him as far beyond the truth as our honest Israelite's reasoning about Spain. The prodigious devastation of that kingdom arises from the banishment of the Jews, the discovery of America, the expulsion of the Moors, the multitude of religious orders, and the frequent wars carried on by Charles V. and his successors. To reduce all these causes to one, is false and ridiculous. A refugee might truly affirm, that the massacre of St. Bartholomew, and the revocation of the edict of Nantes, have been very prejudicial to population, commerce, and industry, in France. The fact is unquestionable; but it would be equally false and ridiculous to pretend, that these events alone occasioned the decline of the kingdom. The vexations heaped upon the farmer may have contributed to it in some measure, though not so much as the revocation of the edict of Nantes, nor any thing like so much as the author pretends. Excessive luxury does its part, and monastic orders contribute not a little. But it is the continued succession of bloody wars that has been the immediate, efficient cause of the depopulation of France. Spain, from a number of peculiar circumstances, is still more depopulated. A variety of causes may concur in producing the same effect. A man, who observes only one of them, is dazzled by the single object before him. With one general solution he accounts for every appearance, and leads himself insensibly to the most absurd conclusions.

A judicious reader, who corrects the errors of exaggeration, will find in this work a number of curious, useful, and solid observations. It is a pity that an author, who sets out with true principles,

principles, and the most sublime ideas, should be led astray by enthusiasm. I am inclined to think, that succeeding writers upon the same subject have said nothing material, that may not be found in his treatise. It is true, that, in the discussion of exactly the same questions, it is hardly possible that the ideas of different authors should not sometimes concur. Of all the writings I have seen, no one comes so near as this to my own ideas of circulation. In truth, he is the only author who seems to me to have had a clear conception of the subject. All the other writers, I have seen, wander from the mark. Yet it is possible there may be many excellent performances, which have not come to my knowledge. I have always confined myself to an attentive observation of facts, and to my own meditations. After I had committed my first ideas to writing, I looked for farther instruction from books. My labors, I hope, will not be wholly unprofitable. The welfare of mankind is my object. I have no view to interest or reputation. My career is almost ended, and the world has lost its charms. All I wish, is to leave it with tranquillity. But to return to my subject.

The most exact justice in the distribution of taxes in the interior of the kingdom, and the care to be taken not to establish expensive offices of collection for the sake of a trifling revenue, are objects of such importance, that I persuade myself some remedy must have been thought of in all the time since abuses in these matters have been complained of. We have seen a wretch, who had nothing but his hands to support himself and his family, reduced to such misery as to be obliged to sell even the tools with which he earned his subsistence. The author of the *Detail of France* affirms, that it was matter of public notoriety, that these abuses occasioned the annual loss of three hundred thousand souls, that perished in misery, particularly infants;

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that there was not subsistence for half the children of the poor at that age. The mother extenuated with labor and want of nourishment, the infant perishing at the breast for want of milk, and even those of a more advanced age, having nothing to live on but bread and water, without bedding, clothes, or medicine in case of sickness, were all involved in the same wretchedness, and sunk under it. If, instead of three hundred thousand, only twenty thousand souls were annually lost, what glory would it be to a sovereign, what pleasure, what happiness, to be able to relieve so many complicated distresses!—To be the father, the tutelar god of the unfortunate, and to restore them to happiness; this is the only real charm that can alleviate the burthen of a crown. I should think as I do, if all the expence were to be lost to the sovereign, without any return to his revenue, but the happiness of his people; how much more so, when his own interest equally invites him to it! The same operation, that relieved the subject, would give wealth and power to the crown.

The author, sensible of the effect of circulation, judiciously observes that a crown, taken from a man of fortune, is never (he should have said *seldom*) any more than a crown, as well with respect to the individual, as to the body of the state; whereas, if taken from the indigent laborer, or little tradesman, it annihilates at one stroke a consumption equal to a hundred crowns in the course of a year. Among that class of people, every thing perhaps turns upon the single crown. This little sum, constantly reviving from one hand to another, constitutes all their circulation. If all his calculations were as exact as this, he would not have computed the annual loss of the state at fifteen hundred millions. Notwithstanding all the corrections added to it, the sum is too extravagant. If the tenth part of the money, spent by

by sovereign princes in destroying mankind, (out of which a hundred, or two hundred individuals, may perhaps make their fortunes) were applied, for ten years together, in promoting the happiness of their own subjects, and of foreign settlers, who might be willing to employ their strength and industry in the improvement of the soil, population would sensibly recover, the earth would be cultivated, and manufactures encouraged. The king's revenue, even with a diminution of taxes, could not fail of improving considerably from the prodigious increase of consumption, and the quickening of circulation through every order of the state.

As long as the state of Europe bears any resemblance to its fabulous origin, depopulation will continue to be felt. In vain may Cadmus sow the dragon's teeth, if the children of the earth are to rise in arms, and employ them in destroying one another. Princes, as well as individuals, look for happiness and advancement at a distance, when perhaps they might find both one and the other at home. Real power is only to be acquired by living in peace with our neighbours, and preserving order and tranquillity among ourselves.

A new work has lately appeared, called the *Rural Philosopher*, in which there are some very fine observations, though clouded by the enthusiasm of agriculture. The author's whole argument turns upon the same false principle, which I have already refuted in the other Treatise. Every thing is confined to the territorial produce. This is his motto, and the burthen of his song. In his opinion all the rest is fallacy and ruin. Annuitants are nothing but devouring wolves. He does them the honor of placing them in the rank of beggars. Manufactures are pernicious. Money is a chimera. In short, it is a mere enthusiasm, borrowing enchanting colors from calculation. These arbitrary calculations, on subjects no way susceptible of them,

are enough to make reason itself run mad. When Monsieur de Mirabeau, for instance, in supporting his system, finds himself embarrassed by facts, and by the experience of such a nation as Holland, he tells us that that country, *which some people call a nation*, is only an open factory, where money transactions are carried on upon momentary credit. This is a strange way of treating a people, who formerly defended their liberty against the first power in Europe; who were powerful enough to conquer almost all the Spanish possessions in the East Indies as well as the Brazils, and upon whose resolutions the fate of Europe has frequently depended. Without the assistance of loans and fictitious riches, neither England nor the republic could have carried on so extensive a commerce as they have done, nor supported such enormous expences abroad. Facts and experience are for ever at variance with Monsieur de Mirabeau's general rules. In this new treatise he affirms that, if the national debt were carried to such an extreme, that the state of the annuitant should be chosen in preference to any other, we might then bid adieu to all expence; annuities, commerce, lands, every thing would be alienated, every thing would be overthrown, and fall to ruin. Yet it is to be observed, that land in England is better cultivated, and has risen considerably in value, since the national debt has increased the number of annuitants, or rather of those who have part of their property in annuities, and who for the most part are either men of rank who improve their estates, or capital merchants, or wealthy tradesmen. The author pretends to prove, upon evidence of fact, that annuities are to the profit of him who receives them, and to the detriment of him who pays them.

“What creditable family is there that does not consider it as the first object, in matter of business, to pay off every mortgage that

“that incumbers their estate? Is there a father of a family, who wishes for an independent fortune with respect to his expences, and for an idle life with respect to the place of his residence; and do we not hear him affirm, ever since this unhappy custom has prevailed, that, to be at his ease, he must have at least a third of his property placed out at interest? The proof then is, that every man thinks it his interest to lend, but no man to borrow; that annuities are to the profit of him who receives, and to the prejudice of him who pays; and that money lent at interest is ruinous to the borrower. Whatever is inconsistent with the interest of a single family, must be equally inconsistent with the interest of all the families in a state. The state itself is only one great family, formed by the union of several. The separate ruin of each is the aggregate ruin of the nation. The universe is one immense state, composed of great families under the title of nations. The same causes, that destroy a nation, operate equally to the ruin of the world, and of mankind.”

This is an admirable sermon, but unluckily it misses the mark. The principle is not universally true, and the application is defective. Money lent at interest, so far from injuring the borrower, is of service to the merchant, and promotes trade. In Holland, England, and all commercial countries, many of the wealthiest merchants borrow money at three or four per cent. and by employing it in trade make double and triple the profit by it. This advantage, which merchants first met with in Holland, has contributed not a little to facilitate commerce, and to the glory and welfare of the state. Monsieur de Mirabeau has no true idea of these matters. The liberty of drawing upon a correspondent, the interest paid him for the money he advances, are so many loans in effect, infinitely to the advantage of the borrower.

borrower. When the father of a family vests *all* his property in annuities, (which seldom happens) he then, and only then, may be said to give up all thoughts of business, and to aim at nothing but an independent subsistence. In that case it may be his interest to pay off every debt that incumbers his family. We see then how much the principle must be qualified, to make it true with respect to individuals. The application of it to the state is absolutely false. That which ruins an individual, does not always ruin the state. The money a man lays out for his subsistence, or in articles of luxury, does not return again into his family; whereas the internal expences of a monarch, or of the state, return into the nation, encourage and improve it. The nation in a body pays these expences, or rather lends the money for its own advantage. With the assistance of loans a war may be supported by moderate taxes, in comparison with what the nation would otherwise be obliged to pay, at the same time that the numerary wealth and circulation increase with the debt, as we have already demonstrated. If other obstacles did not lie in the way, we should find that both population and agriculture would be promoted by that quick and easy motion which loans impress upon the springs of a prudent administration. Loans judiciously made, and wisely applied, under favor of peace, constitute the only means of recovering population, and improving the soil.

It is not true that, in the revealed law, God forbids all interest on money borrowed, as usurious. That passage in the Holy Scriptures has never been understood; and has given occasion to many atrocious calumnies against the Jews, which, instead of affecting that people, are so many blasphemies against the word of God. In the Hebrew language there are two expressions; *nessig*, which signifies Interest; and *tarbit*, which signifies Usury.

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How often has Voltaire affirmed, that, in the maledictions pronounced by Moses against the Jews, he threatens them, that they shall borrow on usury, and not be able to lend on the same terms? The charge is false and scandalous. In the chapter of Benedictions, the text says, *Thou shalt lend to divers nations, and thou shalt not borrow.* In the chapter of Curses, the text says, *Thou shalt borrow of divers nations, and thou shalt not lend;* without one word of usury or interest. I could not avoid taking notice of so gross a mistake. It is true, however, that among the Jews the rich are forbidden from taking interest of the poor; but Moses does not extend the prohibition to people of fortune among one another. The Jewish government was theocratical, depending merely on the cultivation of the soil, which was distributed among the people with an exact equality. The legislature appointed a jubilee for the abolition of debts, and for the restoration of every family to the lands they had alienated; but insolvent debtors paid for this advantage with the loss of their liberty, until the period of restitution arrived. Their political constitution is no way applicable to Europe. In the same spirit Moses permits the Jews to take interest of strangers; but it is absurd to say, that usury was ever commanded. *Lanochry tassig.* *Tassig* comes from *nessig*, and can only signify Legal Interest, which they were permitted to take from strangers. *Tarbit* signifies Augmentation, or Usury, which God never commanded his people to exact. A reproach of this kind is blasphemy in the mouth of a Christian, and folly in the mind of a philosopher. But to return.

An equal distribution of property was much in the spirit of the Greek and Roman legislation. We know what agitation was produced by the agrarian law among the Romans. In our constitutions this chimerical system is given up. The number

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of new classes created by industry, commerce, and abundance, have established a sort of distribution unknown to the ancients. Through the medium of national loans, the possessors of this new property become co-usufructuaries of the soil, with signal advantage to the state. From the whole of this treatise it appears that they multiply the numerary, quicken circulation, and encourage commerce, manufactures, agriculture, revenue, and population.

Gold and silver are useless in a desert; whereas these metals, or whatever represents them, in a populous country surrounded by polished nations, supply every want, and quicken every resource, by means of a general convention. The wise man had reason to say, "Money answers to every thing." To deny these propositions, is an abuse of truth, and of the understanding, and confounds the simplest ideas. All men cannot be proprietors of land. To proscribe the other classes is an insupportable absurdity. The anathema, pronounced against them by the *Rural Philosopher*, is equally unjust and ridiculous. The number of mere annuitants is very inconsiderable. Their pretended idleness is not supported by the labor of others. They, on the contrary, support that labor by their expence. But these idle annuitants, who have neither land, nor office, nor employment civil or military, are very rare. Interest on money is useful and necessary. Usury is dangerous and destructive. To confound the two objects, is to forbid the use of fire, because it burns those who go too close to it.

The *Rural Philosopher* is very severe upon manufactures. It is true the manufacturer, the artist, the merchant, and the banker, can more easily remove into another country. Their property is not so intimately attached to the state, or rather to the soil. "Their wealth," says he, "is dispersed and unknown. And.

"And all riches that depend upon speculation, or are capable of being hoarded, give no hold to the sovereign power." This rule however is not universally true. It can only hold with respect to individuals, not to the whole class. For example, half a dozen manufacturers of Lyons, a few merchants belonging to Marseilles, or St. Maloe's, and a banker of Paris, may quit their country without difficulty in the course of a day, and establish themselves elsewhere. In the same manner a landlord may sell his estate, and purchase land in another country; but it is absurd to suppose that all the manufacturers of Lyons, that all the merchants of Marseilles or Bourdeaux, or that all the bankers of Paris, can find occupation elsewhere for their trade, industry, and abilities.

The landlord would be the first to suffer, if the merchant, the mechanic, the annuitant, the nobility, and even the artist of luxury, did not give a venal value to the superfluous produce of the earth, by quickening circulation and consumption. To decide this question, or to state it in rational terms, I should be glad that these profound, eternal calculators, who pretend to understand the art of agriculture so thoroughly, would make a simple, exact, and unexaggerated calculation of the number of people necessary to cultivate and improve all the soil of France; that is, as much of it as is suited to the production of corn, or fit to be laid out in vineyards. The woods are necessary for various uses, and occupy but a few hands. The improvement of the heaths at Bourdeaux is not to be reckoned, while such quantities of good land remain uncultivated. It will not easily be believed how few hands are necessary to make a rich soil produce sufficient nourishment for a great number of consumers. The earth is so fertile, and nature is so bountiful,

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that multitudes may subsist upon the labor of a few. Nothing but commerce, mutual intercourse, and free exportation, can give a venal value to all the superfluous produce. Every restraint upon the vent of it is injurious to the body of the state, and checks population in other branches. As these classes, so severely proscribed by Monsieur de Mirabeau, multiply in the state, internal consumption will increase, and foreign trade and exportation become so much the less necessary. As manufactures flourish, the freedom of commerce will improve. Annuity-takers, bankers, merchants, and other citizens, will circulate so much the more money, and employ so many more hands in mercantile occupations, which we are told are so unfruitful a soil. Population will improve, and agriculture be much more encouraged, by the consumption of the manufacturer, than population can be encouraged by agriculture. But to return to the calculation. It will be found that, if wars, colonies, and some particular moral causes had not depopulated Europe, the lands in general would have been better cultivated, and their value improved; and that this consumption and value would proceed from the multitude of useful and industrious citizens, whose expence and circulation set every thing in motion. England in proportion is much better peopled than France, and the soil more improved. Yet their exportation of corn is immense. The *internal* consumption and population of the kingdom might therefore be much greater than they are. But this population, which, of course would increase the class of farmers, could not exist without a proportionate increase in all those classes, against which the enthusiastic apostles of agriculture have pronounced their anathema. I should willingly concur with them in opinion, if they were contented with extolling the immense

immense utility of their favorite object, without excluding others equally useful, and even necessary to the improvement of agriculture itself. An able calculator might demonstrate that, if other nations did not cavil with the Dutch about those branches of industry which have fallen to their lot, and which in truth are their only inheritance, Amsterdam, Middleburgh, Dort, and Rotterdam, might contain double their present number of inhabitants, with a considerable addition to the general opulence of the republic. Population, which in Holland is much greater in proportion than in any part of Europe, would continue to increase, with prodigious advantage to those nations that cultivate their soil. This single reflection qualifies all exaggerations, and reduces the question to those terms of policy and reason, which I am endeavouring to establish.

Let us not deceive ourselves. The harmony of a state arises from the agreement of its various parts. They borrow a mutual assistance from each other. Time, that consumes every thing, will correct a number of mistakes. The new world, which now in the philosopher's eye seems useless, hurtful, and even dangerous to the old one, shall one day or other become necessary, when the population of Europe shall be carried to its highest point of improvement. We know that in China the legislature are obliged to check population; the example of China and Holland proves the truth of what I advance. If all the arable land in Europe were laid out in the production of corn, a great part of it, I am convinced, would perish for want of consumers. To create a consumption equal to so extensive a cultivation, we must multiply the population of great cities, towns and villages. There neither should, nor can be, more than one Paris in France, nor one London in England; but there might be, as in China,

fifty cities more populous than Lyons, Nantes, Rochelle, and Bourdeaux; and every village might be better inhabited than it is. This is the way to raise the power of the prince, and the value of land; which never can be accomplished but by a continued peace, and by removing those moral obstacles that make it difficult for the farmer to subsist, and counteract population. A free exportation of the produce of the earth is essential. The rest is the work of time, and of a good administration, under which, commerce, manufactures, circulation, and public credit act their respective parts, and all concur in promoting the same purpose. But every branch has its limits and relative proportion to the rest. While they preserve this proportion, they assist, when they depart from it, they destroy one another.

The inhabitants of cities, says Monsieur de Montesquieu, judge of the opulence of a kingdom by the glittering luxury of those who are the ruin of it. They deceive themselves undoubtedly. At the same time we are not to judge of the state of a whole kingdom from the decay of a single province. The metropolis, we are told, with all its barren opulence, is only a magazine, like ancient Rome, in which the spoils of the provinces are collected; but the difference is very material. Paris and London are inhabited by industrious classes of men, who promote agriculture, commerce, and consumption. The extent of the two cities exceeds their due proportion to the state, which is depopulated by other causes. For this reason, Paris appears, in the philosopher's eye, a mass of several cities transplanted, and which might be more advantageously situated elsewhere. This transplantation, says Monsieur de Mirabeau, can only have been effected by a sort of chymical extraction, considering the loss of all the alimentary juices imbibed by the channels through
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which they pass, before they reach the capital. The surplus, received by the metropolis, may perhaps be ill distributed, variable, precarious, and transitory, owing to a concurrence of various effects, which prevent the proportionate population of the kingdom, and the cultivation of the soil. But I affirm that France might be more populous, the land better cultivated, and Paris as great, and even better inhabited, than it actually is; and that, if a due harmony and proportion were preserved in the other parts, the greatness of the capital, and multitude of its citizens, would be an encouragement to agriculture, which must stand still, if it were not for the number of consumers in the different classes of citizens. Such, in short, is my opinion upon this important question.

A number of examples might be quoted, but they would lead me into a detail of the proportions and balance to be preserved in every class. When one class invades another, the prejudice they suffer is reciprocal. The first advantage may seem specious, but the loss of harmony and proportion makes it transitory and destructive. The many passages in history, which show the political inconvenience of too copious a population, would lead us too far. The eternal laws of providence have implanted the seed of generation and perpetuity in every substance, but they seem also to have set bounds to their multiplication. The works of nature subsist by devouring one another. Every thing in its turn is pasture and a grave. Final causes are placed beyond our reach. The quantity of acorns lost or consumed is prodigious. Very few produce oaks. Every thing has its use. Out of a thousand melon-seeds scarce one perpetuates the plant. The attraction, which the Author of nature has annexed to the act that perpetuates our being, is oftener a dream of pleasure, than
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an effort to immortalise the species. If nature, in some instances, appears too prodigal, it is because we are unacquainted with the immutable laws by which her oeconomy is directed. America perhaps, after depopulating Europe, may serve hereafter to relieve us from too abundant a population.

To make it apparent that there is a maximum in agriculture and population, the reader is requested to employ his imagination upon the following remarks. Suppose, in the first place, that all Europe were as well peopled as it might be. By computation it would contain four or five times as many inhabitants, as it has at present. In that case, it would be indispensably necessary to cultivate every foot of land, in order to maintain such a multitude of people; and let it be admitted that, by a superior system of legislation and government, the several classes should be distributed in due gradations; and, in a word, that an exact proportion and harmony should be preserved among all the parts of so many different states. When Europe had once arrived at this period of agriculture and population, what would be the consequence? Must the farther progress of population be stopt? By what means could it be done? We should be compelled to send colonies to America and elsewhere. Even this resource would not be sufficient. The fatal assistance of war would be called in, to supply the office of pestilence and famine. They too in their turn would soon be severely felt. The very population we suppose would introduce them. The annual produce of the earth would be annually consumed by the respective inhabitants of every country. Now it is certain that, after a few years, the harvest fails in all countries. All of them then must successively perish by famine; because every country would want the whole of its own produce for the internal consumption

sumption of its inhabitants, and could spare nothing for the supply of its neighbours.

Some naturalists pretend, that our terrestrial globe is only surrounded by a vegetative crust, gradually exhausted by cultivation, until at last it becomes dry and unfruitful. They tell us that the deserts of Arabia were once a fertile country, and the earliest habitation of mankind. Without sifting the question too minutely, we all know that the earth recovers its youth, and preserves its fertility, by repose. We know with what eager impatient vegetation a new soil rewards the first labors of the plough. To promote the order, harmony, and preservation of the whole, there must be an alternate succession of cultivation and repose; a store of provisions must be reserved; some lands must be fallow; some countries must be uninhabited; it probably does not enter into the design of Providence, that the earth should be equally peopled and cultivated all over. Such a state of perfection and opulence, if it could exist for a moment, would introduce the severest calamities. We know not what our supreme good consists in. Apparent imperfections contribute to the general security. We only see part of the picture, and are dazzled by false lights. Perfection cannot belong to the single part before us, but must result from the whole.

Excessive population has constantly given birth to war, which, turning against its parent, diminishes and destroys it.

To multiply men, says Monsieur de Mirabeau, without multiplying subsistence, is devoting them to the misery of famine. The phenomenon is rare, and can never happen, but through some defect in administration and police. On the other hand, to multiply subsistence without multiplying consumers, is a ruinous chimera, that never can hold above a year. The physical.

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tical limits of population in any country are not inviolably confined by the produce of its own territory, when trade and navigation prosper, and are assisted by credit, circulation, and fictitious wealth. Let Holland be the example. It is rather true that cultivation is inviolably confined by the internal consumption, or precarious foreign exportation. When population exceeds wealth, the defect is inherent in the body of the state. The whole political machine is out of order. Whenever this happens, every part will demand our attention at the same moment. The remedy must be general, and equally applied to every defect. We must then, as Lord Bacon observes upon another subject, endeavour to imitate the great operations of nature, not those of art, which are always slow, feeble, and imperfect. The statuary forms his statue successively by parts; sometimes working upon the head, sometimes upon the limbs; but it is our business to follow the conduct of nature in whatever she produces; *rudimenta partium omnium simul parit et producit*. She at once lays the plan of the whole being, and furnishes all the parts together. Vegetables and animals increase in size, and improve in their strength; but they are the same from the moment they begin to exist. There must be one coercive power to confine the several orders of the state, as the key-stone of the arch holds the building together. In a great kingdom, to preserve the harmony of the state, the good order and prosperity of the nation, agriculture, commerce, manufactures, circulation, public credit, internal police, finance, military establishment, colonies, navigation, marine, and moderate luxury, should proceed together in a reciprocal proportion.

Extent of frontier alone does not constitute the power of a state; but it is a considerable advantage, as it offers a subsistence

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to a greater number of subjects. Yet number alone, with a mere physical subsistence, is not enough. They must subsist with ease; and, to make a great number subsist with ease, they must be divided into classes. To confine them to the single occupation of agriculture, is impossible. If the population of France were complete, the external vent or exportation of corn would be of little or no use. As things are circumstanced, exportation must be considered as a supplementary consumption, in favor of agriculture, or as a remedy for the want of population. This vehicle of commerce supports agriculture, and increases the number of subjects. But the increase of population is not the true secret of government; it consists in maintaining the harmony of parts, and the equilibrium of the whole.

T H E E N D.

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L E T T E R

UPON THE

JEALOUSY OF COMMERCE.

THOSE times, in which mankind are robbed of their inheritance, those ages of barbarism, in which every thing perishes, are always introduced by war, and attended by famine and depopulation. Mankind, who have no power but in number, no strength but in society, no happiness but in peace, are mad enough to take up arms against one another, and to employ them in their mutual destruction. Excited by insatiable avarice, or blinded by ambition still more insatiable, they bid adieu to all sentiments of humanity, turn their strength against each other, endeavour to destroy, and fatally succeed in their design. At last, when the days of blood and carnage are over, when the vain cloud of glory is dispersed, they contemplate their own work with sorrow; they see the earth depopulated, arts overwhelmed, nations dispersed, the human race enfeebled, their own happiness destroyed, and their real power reduced to nothing.—*Buffon.*

L E T T E R

UPON THE

JEALOUSY OF COMMERCE.

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YOU absolutely insist upon it, that I shall treat, seriously and in writing, the proposition which I advanced the other day at your house. Permit me then to remind you of the corrective I added to it. I said, that the proof required a head better furnished than mine. The lights I possess are not sufficiently extensive; my knowledge is too superficial to demonstrate so complicated a truth, which yet I feel myself, though unable to make it evident to others. Such is this proposition. "The essential interests of commercial powers, rivals and neighbours, would not clash, at least in the degree that is believed, if private interests did not frequently intervene."

Private interest usually assumes the masque of public good. I believe it possible to reconcile the separate interests of every nation with the common and reciprocal advantage of them all. From that moment the system of the Abbé de St. Pierre would cease to be considered as the dream of an honest man. The happiness of a state consists in the number of its subjects, the facility of their subsistence, and in the power of the prince. This power is at its highest point, when it procures to its subjects every advantage

advantage that the territory will admit of, when every class or gradation of inhabitants enjoys its respective condition, and all the classes find themselves ranged in a political proportion. If the nature of the soil or climate refuses any thing to convenience or opinion, it is the business of commerce and industry to obtain a supply of that deficiency from foreigners, to whom in return we should endeavour to dispose of our own superfluity, whether it be of that produce which the nature of the soil furnishes for the support of the inhabitants, or of the produce of their industry. This, I believe, is the clearest idea of the origin, utility, and necessity of commerce.

At first it was the necessity of receiving from our neighbours whatever fell short at home in the supply of our real wants; afterwards, in the supply of our sensuality; and lastly, in that of our luxury. If on our side there be a superfluity which our neighbours want, we only make an exchange. But as the measure cannot at all times be equal, the surplus constitutes the balance of trade, which the more indigent of the two parties, on closing their account, pays in money to the other, which, at that moment, happens to be the richer. Since wants are reciprocal, and since the winning parties can have no profit but at the expence of some one who pays the surplus, or balance, in money, it follows, that they cannot destroy the losing party without exhausting the source of their own happiness. What would one say of a man who should cut the udder of a cow in order to draw more milk from it? All professions, in every country, labor for each other, and lend each other a mutual support. When they supply the wants of their neighbours, they are in fact securing their own existence. One profession destroyed would alter the harmony of society, or the well-being of almost all. No man buys a commodity, or any part of the produce of
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his neighbour's industry, but under a tacit condition, that the seller shall do as much by the buyer, either immediately himself, or by the interposition of several hands who are concerned in the circulation; and money is the pledge for the performance of the condition. If the interest, or utility, be not in some sense reciprocal, the advantage is fallacious; like a meteor that disappears and alarms at the moment that it glitters. But the same thing, which happens among the different professions in the same country, would also happen among neighbouring commercial powers.

Commerce is a game, and with beggars it is impossible to win. If we were to win constantly, in every article, and from every body we played with, we must agree to return the chief part of our winnings, in order to begin the game again. Such a devouring commerce would destroy itself. Our neighbours, reduced to misery, would not have wherewithal to pay for our commodities, or our industry. This principle shows that a universal commerce, and all exclusive or excessive advantages, are as absurd as they are unjust. If a political harmony consists in a proportionate though unequal distribution of various advantages, the greatest advantage of each party would be to possess that which suited itself the best, without injuring others; and I am persuaded that some of those specious advantages, which we most affect, would, if taken out of the hands of a neighbour, whom we are jealous of without reason, be in effect prejudicial to us. It often happens that the profits, derived to us indirectly, are reasonable enough, and perhaps greater, and less embarrassing, than if we had a direct possession of the object ourselves.

It is clear, that the preservation and happiness of the whole constitute the preservation and happiness of every part. This principle is incontestable. There is another equally true, that

a particular commercial advantage, almost useless to one nation, is necessary and essential to the preservation of another. The possession of the Molucca Islands would be as useless to Portugal, since her discovery of the mines of Brazil, as it is necessary to the republic of Holland. Portugal already possesses too much metal. There would be a repletion of it, if the cultivation and other advantages of the kingdom were in a state of activity. Gold may be considered there as a merchandise, the exportation of which is useful; whereas Holland, destitute of territorial wealth, and from the high price of labor incapable of a competition in manufactures, would soon be undone, if it were not for some important article, that restores the equilibrium of money, and creates a balance in her favor, which all the other states profit by, as will appear hereafter.

From these two principles I would venture to draw a third,
 " That it is frequently the interest of all the commercial powers,
 " that some particular advantage should belong to some one
 " particular power, in preference to any other; and that, far
 " from being a just cause of jealousy to other powers, it is on
 " the contrary their interest to preserve it." A fourth principle,
 which also to me appears evident, though it be little observed,
 is, That we seldom possess any branch of commerce in all its
 parts. We are compelled to have recourse to our neighbours, and
 as it were to divide the cake. The party, that seems to be in
 possession, frequently has the smallest share. Another principle,
 of which I am persuaded, is, That Europe being a family, or
 body composed of various members, it is impossible to destroy
 one of them without damage to the rest; and that Holland is the
 power, to which this principle most manifestly applies. In the
 sequel I hope to prove it clearly.

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I must premise, that I consider Europe as it is now constituted, and mankind according to their present manners, which I do not mean to criticise. Otherwise it would be necessary to enter into a philosophical enquiry, whether commerce, the actual whim of the age, be essential to human happiness; to what degree luxury is useful, at what point it becomes mischievous, and how far it has been abused. The present question is only to catch the spirit of the age we live in, and endeavour to combine, in the most just proportion possible, the several branches of reciprocal wants between different nations, in order to procure the importation of foreign productions, and the exportation of our own. It is certain that, if any state could succeed in obtaining, what all parties seem to pursue, the means of supplying itself with a subsistence entirely national, it might from that moment exist as an insulated state. No longer making a part of the whole, commerce would be of no use to it. But such a state, though not repugnant to nature, from which we have too far departed, is incompatible with our manners. Hunting, fishing, and agriculture, originally furnished the universal subsistence. Factitious multiplied wants have given birth to commerce and manufactures, the children of industry and pleasure. But we labor to no purpose. There is such a concatenation in the interests of commerce, that no one party can carry it on alone. We must necessarily have recourse to our neighbours, who divide the profit with us.

Let us come to a particular example. England has lately made the acquisition of Canada. I believe it is a mistake to suppose that this part of the world is entirely lost to the commerce of France. There are a number of things, without which, I conceive, the commerce of Canada must decline, and which the English are obliged to receive from France. The wines for

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the use of the colony, and the brandies, of which the savages, unfortunately for them, make so great a consumption, must be furnished by France. I shall here observe, by the by, that however great the opulence of England, or of any other commercial power, may be, that part of it, which results from commerce and credit, is always more precarious than that which arises from the nature of the soil. It is more casual, and depends upon a train of lucky accidents, which contrary accidents may destroy.

The base may lose its proportion to the rest of the building. The kernel perhaps, if I may so express myself, might in time be insufficient to nourish the rind. In many cases we must have recourse to our neighbours, and share with them. The English can never make their soil produce wine. To procure this pleasure for themselves, and to supply their colonies, they will always enrich France.

The English will probably never catch the taste of this nation for inventing fashions, nor overcome the inclination of others to adopt them. French manufactures will always be preferred, from caprice, fancy, fashion, and because they are always the cheapest. Labor in France is not so dear as in England, and might be still cheaper, if, by means of a continued peace, it were possible to re-establish the finances, to encourage population, and lessen the weight of taxes. The immense tribute, which the rest of Europe pay to France in return for trifles, will increase in proportion to the moderate price of manufactures. At present it is sufficient to show that France already derives a real profit from the English colonies in general, and even from those which seem to be entirely lost to her in point of commerce. The English will undoubtedly for the future import from France more wines, brandy, salt, vinegar, oil of
Provence,

Provence, linens, thread, silks, ribbands, and even sugar and indigo, than they did before; because Canada cannot subsist without these articles. Add to this the saving of men, (far more valuable than any commodities) which it cost France to support this colony, and it will appear that, although England may have gained greatly, France has not lost the whole.

The island of Grenada, and the Grenadillas, must in time make a rich return to England. But, besides the treasures which it cost to conquer them during the war, the English have purchased them a second time at the peace, having paid large sums to France for the plantations and improvements already made there. The French inhabitants, on quitting the island, sold the soil to the English for double what the same plantations were worth before the last war. This circumstance surely should cure us of the rage of conquest. France had gained a real and solid increase of its numerary wealth returned into the kingdom, while the profits of the English were yet in expectation. These islands at present make a great return to England. Let it be observed that, when I say these possessions have cost the English large sums, it is because I think that the possessions yielded to them by the peace should be considered as the only equivalent for the expences of the war, and for the loss of so many men. On one side then we must reckon Canada, Florida, the Grenadillas, and Senegal; on the other, the whole expence of the war, and loss of men; then make the computation. I question whether the English government will, for a long time, receive an increase of revenue proportioned to the load of interest due on the new loans; or whether the nation in general will soon receive a compensation more than sufficient to balance the new burthen of taxes, and the interest paid to foreigners concerned in the public funds. In an abstract view, the kingdom must be a loser,

if a part, or rather the whole of its taxes, did not return again into the hands of the nation; and if its numerary wealth were not augmented by the increase of the national debt, as I have demonstrated elsewhere. Without this compensation, and the security of their former settlements, the advantage of England in the last peace would have been very inconsiderable.

But without attempting a complete solution of this problem, let us continue to enquire into the interests of nations as they actually stand. France *undoubtedly* draws a profit from the commerce of Canada, and the other English colonies, owing to the connection of interests inseparable in a commercial system. The more these colonies flourish, the greater will be their demand for French commodities, now become necessary to them. On the other hand, the more France shall flourish, and the more plentiful her harvests are, at so much the cheaper rate will she be able to afford her commodities; and the happiness of France will revert upon England. The essential interests of commercial powers, rivals and neighbours, far from clashing, are a reciprocal support to each other. As France increases in opulence, she will draw from Great Britain a greater quantity of coals, leather, corn, lead, tin, allum, tallow, cheese, rice, tobacco, salt beef, soap, &c. Here then we see a reciprocal reverberation of mutual interest, which places the system I profess in the fairest point of view; a system, the most useful to mankind, if it could be demonstrated; the most fortunate, if it could be pursued. The benefit of one party constituting the benefit of the other, it becomes their mutual interest to lend assistance to each other. Every monopoly, exercised against our neighbours, lays a new burthen upon, and injures the quality of, those productions which **must** be offered to us in return for our own. It is the saying of a sage, that a misguided covetousness defeats its
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own purpose. Let us proceed to another article. The fishery, for example, is physically, and even morally necessary to France. A Frenchman is a fish-eater, not only from pleasure, but a principle of religion. A supply of fish is essential to a people, who are frequently obliged to abstain from flesh-meat. This nutritive art is at the same time a nursery for seamen. It is their occupation in time of peace. But to carry on a fishery, in order to form seamen for war, is a sanguinary motive that tends to the destruction of the species. To carry it on for the sustenance of our people, is a motive of preservation. I take it for granted then, that, to maintain that harmony of mutual interests, which I have in view, France must preserve an extensive cod fishery. She can no more do without it, than Holland can without the herring fishery, which is almost as essential to the republic as the spice trade. Her preservation depends upon it, and upon her preservation depends that of almost all the commerce of Europe.

Holland is a very rich country, almost the whole of whose riches, being artificial, factitious, and of convention, exist only by commerce, by the fisheries, by credit, and circulation. The ready money in Holland serves as a prop to an infinity of imaginary riches in vessels, commodities, paper, and public funds; and the commercial powers of Europe are so closely connected with the Dutch, that the latter are, as it were, their factors, their partners, and, if I may be allowed to say it, their bankers. The artificial currency of Holland gives value to the artificial currency of France and England; and if, by any misfortune, the city of Amsterdam should happen to decline, which must be the case as soon as her commerce, fisheries, and credit fail her, from that moment the whole currency of France and England **must** sink prodigiously. In the year 1763, the fall of one or
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two commercial houses in Holland produced losses in all quarters. The commerce of Europe seemed to be shaken. The English stocks fell ten per cent. The convulsion, occasioned by this little accident in all places of trade, shows us what would be the consequence of a more general failure. It is not the same with the republic of Holland, as with other states. It may be indifferent, for instance, to Europe, whether Silesia belong to the house of Austria, or to the great Prince who has been able to preserve his glorious conquest; although the number of men lost in the war, occasioned by this province, be not a matter of indifference to Europe. Commerce feels it. Decrease of inhabitants is decrease of consumption. Whereas, if the republic of Holland were conquered, it would no longer be the same state. The soil is next to nothing. The riches of Holland would disappear. Amsterdam, Rotterdam, Middleburgh, would no longer be a bridge of communication, the mart of Europe, the magazines of the universe. Their paper, which gives value to that of every other state, would be annihilated, and choke up circulation. Millions of currency would dissolve in an instant. Half the merchants of Europe would be ruined. Sovereigns would be affected, and half a century would not be sufficient to repair the mischief. Some great revolution must ensue. I may venture then to affirm, as a principle not to be disputed, that almost all the powers of Europe are intimately concerned in the preservation of the republic. Holland is undoubtedly a masterpiece of industry and labor. Her existence is nevertheless very precarious. It is only to the internal wisdom of her government, and to the moderation of her neighbours, that she owes her preservation. I say, *their moderation*; for I suppose them unhappily not sufficiently convinced of my great principle, that the opulence of Holland communicates itself to her neighbours,

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and that the prejudice they must suffer from her destruction, or decline, would be immense. The causes, which produced the greatness of the republic, no longer exist. The competition in commerce, now more extensive; Hamburg, now become the staple of the north; and other circumstances, have not only stopped the farther progress of the republic, but have already occasioned her decline. Oeconomy, the source of her power, degenerates into a luxury incompatible with her constitution. The exclusive spice trade, and the herring fishery, are the only advantages she has left for her preservation, and to support her in that commerce, in which she meets with competition. These are the two hinges, on which the remainder of the machine still turns. The profits of the carrying trade, so necessary to these republicans, diminish every day. Holland was once enabled, by her commerce of oeconomy, to purchase in one country, and sell in another, frequently upon cheaper terms, than if those countries had traded directly with each other. A great kingdom may do without this trade. (1.) *Nolo eundem populum imperatorem et portitorem esse terrarum.* I do not like, says Tully, that the same people shall be at once the lords and carriers of the world.

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(1.) This passage can have no relation to the powers of Europe, unless some one of them should arrive at universal empire. But nothing could be more just than Cicero's application of it to the Roman people. He thought it both dishonorable and impolitic, that, in a great empire, composed of various nations, the governing people should employ themselves in any thing but governing; that, if they engaged in commerce, they should at least abstain from the inferior branches of it; that they should leave all articles of petty profit to the nations under their subjection, and that the master's employment should be, as much as possible, distinguished from that of the servant. Besides the apprehension of degrading the superior power in point of dignity and reputation, he was too wise a man not to see, and too good a man not to feel, the consequence of suffering the governing people to be rivals to their subjects. We ourselves have seen it in an instance perhaps of as

great

The more Holland and her commerce flourish, the greater will be her importation, from France, of wines of all sorts, brandies, vinegar, salt, oil of Provence, sugars, indigo, coffee, all

great magnitude and importance, as any political or commercial abuse, that could possibly have existed in the Roman empire. The moment our greatest trading company became sovereigns in India, both justice and policy required, that the persons, to whom the executive and legislative authority of their government in that country was committed, should cease to be merchants. Their engaging in the internal trade of the country amounted, in effect, to a prohibition against the natives. There can be no competition between the sovereign and the subject. Freedom and equality of privileges, at least to all the subjects of the same state, are the foundation of commerce. Every exclusive privilege, every favorable distinction, whether granted to individuals or to communities, counteract the first principles of commerce, create monopolies, and, instead of being beneficial to trade, in general defeat the purpose they were intended to promote. But when the most extravagant exemptions are assumed by authority, and maintained by violence; when the sovereign, or his immediate representatives, appear in a character incompatible with their political duties; when they engage as merchants in a traffic, which their power as legislators enables them to monopolise; where could so unnatural, so anti-commercial a system be expected to end, but where it has done, in the ruin of trade and industry, the depopulation of the country, and finally in the destruction or manifest hazard of the governing power? Private plunder and rapine could have gone no farther than to the corruption of individuals, and to the annual embezzlement of the public revenue. But for the governing power to engage upon their own terms, and with the advantage of their situation, in the inland trade of the country, could not fail to destroy all freedom of trade, and at once cut off the source of all future revenue. Mere speculation and mismanagement may be recovered by care and œconomy. But trade, once lost or diverted, is not easily brought back to its former channel; but industry, once checked, is not easily revived; nor is it easy to repeople a great country, of which a government equally absurd and oppressive, if indeed it deserves the name of government, has made a desert. You cannot recall the merchant whom you have banished; much less can you recover the confidence of a timid, helpless people, whom your tyranny has driven to despair. This at least must be the work of time, and the consequence of a new system of measures. Those measures must be conducted by men acting

all sorts of drapery, mercery, hardware, plate glass, clock work, watches, silk and cotton stuffs, laces, and tapestry. All Europe has an interest in maintaining the republic in its present state, and

acting under another and higher authority than that of the company; by men whose great appointments leave them equally without temptation to trespass, or without excuse if they depart from their duty; by men, in short, whose continuance in office does not depend upon the pleasure of a company, which hitherto has neither known how to reward merit, or punish demerit, among their own servants. The train of facts, to which these observations refer, are, by this time, tolerably well understood in England. Yet among the proceedings of the company's servants at Bengal, there is one fact, to which they have a more immediate reference, and which deserves to be recorded and insisted on, not only for its great singularity, but as a proof how dangerous it is to trust the mercantile spirit with the powers of sovereignty. At the same time, when we see a rich and powerful body of men, unexpectedly involved in difficulties that approach to ruin, it may be a moral lesson to remember, that fraud and injustice were the source of them. From the period, at which Meer Jaffer was raised to the dignity of nabob, the company's servants began to entertain new ideas of the extent of their privileges. Under color of the original firman, granted to the company by the Mogol, and to which they gave their own arbitrary interpretation, they claimed, and for some years exercised, a right of carrying on the inland trade of the country, free from any duties whatsoever. But the exemption, which they demanded for themselves, would have been of little benefit to them, if they had suffered it to be extended to the natives of the country. Not contented with paying no duties themselves, they insisted that no relief should be given to the country merchants; and when Cossim Ally Kawn, the nominal sovereign of the country, seeing his revenues reduced to nothing, his own merchants excluded from a traffic which naturally belonged to them, his officers insulted, and his subjects universally oppressed, had determined to lay the trade open by abolishing all duties whatsoever in his dominions, it was resolved by a great majority of the council at Fort William, that this just and necessary act of sovereignty was a breach of the company's privileges, and that the nabob should be positively required to recall it. If we shudder at the massacre of a small number of our own countrymen, is it possible to reflect without indignation upon the conduct of a set of men, whose avarice, folly, and injustice, were not only the cause of that shocking event, but of the murder of thousands, and of the ruin of millions?

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and should concur in securing to her the possession of the two branches above mentioned. Of all Europe, Holland is the state, whose value and produce most exceed the produce and value

millions? In this country we have already severely felt the effect of a sudden glut of wealth, acquired without industry, and unnaturally forced without digestion into the mass of circulation. But of evils of this kind we shall probably have no reason to complain hereafter. Inanition is the natural remedy of repletion. The first step to a reformation of abuses in India is to confine the merchant, as much as possible, to that trade which is properly his business. That the same persons, who act as merchants upon the spot, should enjoy any share in the sovereign or executive power, is almost as evident a contradiction to natural justice, as that the party should be judge.

The reflections, contained in *A View of the English Government in Bengal*, upon the impossibility of introducing our laws into that country, are drawn up with equal strength of argument, and elegance of composition. Yet, I think, the author has concluded too hastily, at least without premises sufficient to satisfy a reader otherwise uninformed, that a new arrangement will soon revive the industry of the inhabitants, bring the waste lands into cultivation, restore the manufactures and internal trade of the country, and improve the revenue. "Bengal may reach a height of prosperity heretofore unknown in India. The wounds, which this country has sustained, are great; and the checks, which industry has here received, might, in a more northern climate, almost starve a people. But in Bengal, where the demands of nature are few, where manufactures, from various causes, have been preserved amidst successive revolutions, these losses will be quickly retrieved." It is much to be feared, that all these good purposes will not be so easily accomplished, as the author apprehends. If in Bengal the wants of nature are few, how does it happen, that they are so ill supplied, that provinces are sometimes depopulated by famine? Should it be said, that these calamitous accounts have been grossly exaggerated on one side, to serve an interested purpose, there may be reason to suspect, that they are palliated with some intention on the other. It may be doubted whether the promise of a better government for the future will recall the inhabitant, whom the experience of the worst government possible has driven away, and who has either perished in misery, or found a settlement elsewhere. It may be questioned whether trade, though invited by every advantage of climate and situation, will so easily revert to a channel it has once deserted; and when we consider with what cruelty the manu-
facturers

value of her territory, of which however she makes a greater advantage than nature seems to permit. It is a sort of political creation. France and England are still very far from having all their soil in improvement, as well as from that degree of population, of which the two kingdoms are capable. Until we arrive at that point, an excentric commerce, and distant colonies, are less necessary. A palpable truth, though little known, or little observed in practice.

I return to Holland, which I consider as the rudder of the commercial vessel of Europe. She furnishes the sails too. It is she that blows the gale of factitious credit, and facilitates the motion of a very heavy machine. Her destruction would produce a universal palsy, and she wants the support and assistance of her neighbours. It is an old oak, whose leaves still appear green, but whose root begins to decay, and that threatens to crush its neighbours by its fall. (2.) It is not so much a dangerous rival, as a useful associate. A country of little
extent,

facturers have been treated, and how long their country has been the seat of war, plunder, and oppression, we may reasonably doubt the possibility of manufactures having been preserved in any degree of elegance or perfection. General maxims, founded upon the invariable experience of other nations, certainly make against the author, and exceptions to such maxims require a clear explanation. Some of the letters from the select committee acknowledge the almost total loss of the foreign trade, without any prospect of recovering it. The annual balance of that trade, in favor of Bengal, amounted, not many years ago, to more than a million sterling, but was reduced to nothing in the year 1767. A melancholy proof of the decay of manufactures, which formerly found their way to the remotest parts of *Indostan*, when specie flowed in by a thousand channels, which are at present lost or obstructed; and that the select committee and Mr. Verelst himself had too much reason to describe Bengal, as a sinking country—a declining and exhausted country. Vide page 59 and 87 of the Appendix.—Translator.

(2.) These metaphors are too much crowded, and not strictly correct. In style perhaps there is nothing more injudicious than a curious endeavour to adorn a subject,
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extent, that has no arable land, no woods, no vineyards, no mines, whose soil is ungrateful, barren and expensive, should not be the object of jealousy. To envy her commerce and her fisheries, is a signal injustice, to which the apologue of the prophet to David may well be applied. This injustice must appear the greater, as it is contrary to the interest of those who are guilty of it, considering the consumption of their commodities and manufactures in Holland. The artificial currency of Holland supports that of France and England, and vice versa. These three powers, by their reciprocal harmony, partake of the commerce of Spain, that mother from whom they derive their nourishment, and who perhaps feels the effect of nourishing three such children. France derives a considerable advantage from the riches of Holland, in the large consumption of her wines, and in the utterance of her manufactures of all sorts. France unquestionably gains more by the opulence of Holland, than she would have done if Lewis XIV. had succeeded in destroying the republic. England also has her advantage, since she sells to the Dutch more than she buys of them. They supply her with money in time of war. Holland served as a bridge of communication in the last war, and with no less benefit to France than to England. Holland, it is true, has profited

subject, in itself not susceptible of ornament, or only of such as are grave and rich, not fanciful. Books, like men, should be dressed in character. A serious writer, upon a serious subject, may be heated by the motion of his own thoughts, and sometimes alter his pace; but it is only from slow to quick, from grave to animated, from progress to expedition. A thoughtful mind, intent upon its object, is often rapid, never nimble. Between the best English and French writers I think I perceive this constant distinction of style, that whereas the Englishman proceeds without measuring his steps, and heats himself without intending it, the Frenchman, on the contrary, minces his motions when he means to be genteel, or cuts capers to keep himself warm.—*Translator.*

profited by it. But ought this to be a subject of jealousy? It is an accidental tribute, which her situation makes necessary to her. Without such casual profits, and without her spices, the commerce of the republic must long since have been annihilated. A fall of the fortune of Holland would revert, with sensible mischief, upon the commerce of France and England. Hitherto the competitors of the Dutch have frequently benefited themselves at their expence, because the Dutch had traded with scarce any competition, and by a concurrence of various accidents had for some time enjoyed an almost universal and exclusive commerce. But those times are past. To cavil with them upon the little they have left, cannot but be prejudicial to Europe in general, and in particular to the cavillers themselves. It appears then clearly from all that has been said, that all the powers are interested in preserving Holland in her present state. (3.) But this will

(3.) Though we should agree with the author in his main proposition, that Holland, in her present state, is not an object of jealousy, and that it is the general interest of Europe to support the republic; his way of proving it does not seem quite conclusive, nor consistent with some of his own principles. If Holland be in reality so destitute, as he represents her, of all internal resources, it follows, that whatever wealth she acquires must, some way or other, be at the expence of her neighbours. If commerce be a game, and there be no winning with beggars, upon what terms is an opulent nation to trade with a people, who have neither commodities to exchange for ours, nor specie to pay for what they purchase? Such a people may not now be the object of jealousy, but their operations should at all times be observed with suspicion; and though at present there be but little appearance of their being able to renew those scenes of fraud and violence, to which, much more than to their industry, they are indebted for the establishment of the most lucrative branches of their trade, the character which produced those scenes, if it should not appear to be greatly improved, deserves a constant attention. The offensive part of it should set other trading nations upon their guard. The prudent part of it may serve them for an example. Their policy in purchasing raw materials

will be impossible, if she be thwarted in those objects which are essential to her preservation. The commerce of the republic is more precarious than that of any other power. We have seen

a materials from their neighbours, in order to employ their own manufacturers, is certainly not to be condemned. Yet the fact, upon the face of it, supposes them to exist by a trade of contraband. Their neighbours are themselves manufacturers, and the laws of every manufacturing nation concur in prohibiting the exportation of raw materials. The spice trade is their own, and they possess it without a rival.

With respect to their fisheries, the sea is undoubtedly open to their industry. Whatever they draw from that source, is an addition of wealth to the common stock of Europe. But whether the liberty of fishing in the open seas implies a right of fishing immediately upon the coasts of their neighbours, is a question of greater political than commercial importance. It is no less than whether the immediate coasts of a maritime state make part of its territorial domain. If they do not, we have no property in our creeks, bays, rivers, or any other waters, that communicate with the sea. A neutral power has no right to prohibit acts of hostility between neighbouring powers at war with each other, though they should be committed within a few yards of the shore, or even in their harbours. If they do, the stranger who without licence avails himself of the produce of the sea upon that coast, invades his neighbour's territorial right. The next step is to reap the harvest upon the shore. Rights of property, among nations as well as among individuals, are positive, and, for the peace of society, must be strictly preserved. In former times, the Dutch never presumed to begin their fishery upon the English coast, without first obtaining leave from the governors of Scarborough castle. The man, who takes what belongs to his neighbour, though for an innocent or useful purpose, establishes a dangerous precedent against himself. Pretences for injustice are but too easily invented. But supposing the right to be in theory as doubtful and obscure, as the learning of a Selden and a Grotius can make it, there is no doubt whatsoever, that the exercise of it must always be invidious, and naturally tend to create jealousy and ill blood between nations, that otherwise might live in amity, and pursue their separate interests without interfering with each other.

Through all this author's writings there is an apparent bias in favor of Holland, which, supposing him to be a native of that country, does him no dishonor. But it is not necessary that the translator, or the reader, should implicitly adopt every opinion

a perfect picture of it in those well digested remonstrances, which were presented by some able merchants to the late stadtholder, of glorious memory, a little before his death. They went back to the original causes, which, in former times, so prodigiously favored a commerce essential to the constitution of the state, marking out, and distinguishing at the same time, those causes of its decline which are inevitable, from those which might still admit of a remedy. The following, as well as I can recollect, are the topics, on which this important memorial turned.

They set forth the total change of system in the commerce of Europe, and examined into the causes, which formerly concurred in fixing it, with so much advantage, in the republic. In tracing these original causes, they distinguished, first the physical, secondly the moral, and lastly the accidental causes, which had concurred with the others. The physical causes, for instance, consist in the advantageous situation of the country. The republic, placed between the northern and southern seas, stands as a centre to Europe, and of course lies conveniently for traders of all nations to make it an universal staple. Here they assembled from every quarter to exchange their merchandises, supplying the necessities of some with the superfluity of others to their mutual advantage.

The opinion of the author; nor does it lessen the merit of an ingenious writer, that all his opinions are not to be adopted. The best book is not that, perhaps, which contains the greatest quantity of direct information; but rather that which invites, or compels the reader to think for himself. Wealth and indolence have the mean, unhappy privilege of subsisting upon the genius, or industry, of others. If the cultivation and improvement of our faculties were regarded, we should prefer that kind of instruction, which leaves something for ourselves to finish, which supplies us with the raw materials of thinking, and sets the understanding to work. The mind itself has a commercial interest, and, if not capable of the first invention, in some degree appropriates whatever it improves.—Translator.

The barrenness of the soil contributed to their success, by compelling the inhabitants to exert their industry to provide themselves with the necessaries of life. It made them more industrious, more laborious, and obliged them to seek for that supply in other countries, which failed them in their own. The situation of the republic puts it in her reach to avail herself of the fishery in the neighbouring seas, where the abundance of fish has not only enabled her to provide for her own subsistence, but to supply foreigners. In the produce of her fishery she finds a compensation for that dearth of provisions, which attends a barren soil, and a very limited territory.

Among the moral causes we may reckon liberty of conscience, as one of the means which have contributed most to people the Seven Provinces, by inviting a multitude of foreigners to reside there. The protection, granted to foreigners against the violence of persecution, has been another source of opulence. The Dutch have profited by the persecutions in other countries. Strangers, who found an asylum here, brought with them not only their property and their money, but their industry; introducing various fabrics, manufactures, trades, arts, and sciences; and this too, in spite of the difficulty they met with, in finding themselves unprovided with all the elements or first materials of manufactures, which the country itself does not produce, and which they are obliged to import from abroad at a considerable expence.

The constitution of their government, and the civil liberty resulting from it, has contributed not a little to the prosperity of their commerce. The administration of justice has always been unblemished, without respect of persons. It were to be wished, that we had equal reason to be satisfied with the speedy dispatch of proceedings, since this point has a great influence upon commerce.

merce. Among the moral and political causes of their former success in commerce, we may reckon their wise policy and circumspection in avoiding war, and preserving peace, without looking for chimerical advantages in ruinous wars. Such are the political maxims which have constituted the glory of the republic, which have inspired foreigners with that confidence they have always reposed in her government, and which of course have invited a multitude of useful citizens, who have increased her commerce and her riches.

Among the accidental and external causes, which have contributed to the success of her commerce, the following may be observed.

At the time when the republic put in practice the wise maxims, which she had adopted for protecting her trade, that of her neighbours was almost entirely neglected. We need only read the history of those times to see how much the persecution, on the score of religion, in Spain, Flanders, and other kingdoms, have contributed to advance the commerce of the republic. The civil wars in France and Germany, and afterwards in England, have contributed not a little to the establishment of her manufactures. In the very heat of the war, which Holland maintained against Spain and Portugal, a period in other respects ruinous to commerce, those two powers neglected their marine, while that of the republic grew formidable, and was at once in a condition to protect her own commerce, and to destroy that of her enemies. Such are the principal causes which have established and encouraged the commerce of the republic. Before we speak of its actual state, it may be proper to enquire which of these causes still subsist, and which have disappeared; the surest way to discover the means of promoting commerce in its different branches.

As to natural and physical causes, it is certain that things are nearly in the same situation, except perhaps some little alteration in the mouths of rivers, where sand may have collected, and made the passage of vessels more difficult. As to the sea, the Dutch had once the sole possession of the fishery. At present they share it with their neighbours. From thence arises the diminution of their herring, cod, and whale fishery. As to accidental causes, and any changes among the powers which surround the republic, it cannot be denied that revolutions have happened, fatal to her commerce, which had thriven by the persecutions in other countries, by the contempt her neighbours entertained for commerce, their negligence in the practice, and their ignorance of the theory. All these circumstances are evidently altered. The powers of Europe have adopted the maxims of the republic. With the advantages of soil and territorial production, they vie with each other in protecting trade, manufactures, fabrics, and fishery. This cannot but have a fatal influence upon the commerce of so small a state. She feels too sensibly the progress of her neighbours. Our Dutch merchants complain, that formerly they supplied the north and east country with the productions, fruits, and commodities, of France, Spain, Portugal, and Italy, and these in return with the productions of the former; whereas, at present, the expence of freight and other charges are managed without them. It is but a very few years since Amsterdam was a general magazine, of indigo among the rest, and other drugs used in dyeing. Hardly any traces of it remain at present. Germany has begun for some years to import directly what merchandises she wants from France, Spain, Portugal, and Italy, introducing them by way of Altena and Hamburgh.

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The merchants observed that, by the last accounts of the exportation of sugar, coffee, and indigo, from the 1st of June, 1750, to the 31st of May, 1751, and by a comparison of the same articles exported from Nantz to Amsterdam and Hamburgh, from the 1st of October, 1750, to the 1st of August, 1751, it appears that not above a fourth of those articles were shipped for Holland, and that the remaining three fourths were shipped directly for Hamburgh. A little before this period, the proportion was in the inverse ratio.

Where are now, say the merchants, those ladings which we formerly used to see of hemp, flax, and other merchandises of the Baltic, for Spain, France, and Portugal? We need only consult the registers of the Sound, to see that all these nations import those merchandises without our assistance. We no longer see any Dutch houses in Spain. It is astonishing how little the republic is concerned in the galloons, and how lower Levant trade is fallen. The great number of presses for printing cotton, houses for refining of sugars, and other fabrics established within a short time past at Hamburgh and Bremen, and very lately in Flanders and Brabant, are so many proofs of a decay in the commerce of the republic. Formerly she alone carried on the trade of all Europe. Strangers paid her without enquiry whatever she demanded, their ignorance in matter of commerce not permitting them to think of reducing their expences by means of a direct navigation. But since the last century, the system of Europe is wholly changed. Foreign nations observed, that it was by commerce only that the republic had arrived at that degree of power. This consideration, added to that of the taxes they paid in Holland, suggested to them the idea not only of applying themselves to commerce, but of doing entirely without the Dutch, by conveying the superfluity of their

own productions directly to the places where the consumption was greatest, and, on the other hand, by repairing to the fountain head for what they wanted themselves.

Such are, in general, the chief causes of the greatness and decay of the commerce of Holland. Excessive taxes, custom-house duties, and other impositions, with which the necessities of the public have loaded commerce, operate as accessory causes, have hastened, and continue to hasten its decline. On this side the merchants affirmed that the remedy must be sought; or at least that the duties must be diminished, to stop the progress of the decay. A deep enquiry into this matter would lead us too far, and does not concern the rest of Europe. I shall only repeat that they observed, that an increase of the duties of importation at the custom-house is fallacious; and they proved it thus. After the severe winter of the year 1740, all the produce of the earth being destroyed, the mortality which happened among the cattle occasioned a considerable increase in the revenues of the custom-house, on account of the great introduction of foreign commodities and foreign cattle, to answer the internal consumption. We should be grossly deceived, if we attributed this kind of increase to any augmentation of commerce. The English give a drawback, or restitution of the duties of importation upon commodities and merchandises of passage, in order to favor the exportation and sale in foreign countries; the sign of a flourishing commerce. There is this difference between Holland and other commercial countries, that, having unfortunately scarce any thing of her own growth, her commerce, as far as it concerns navigation, consists solely in the exchange of foreign commodities introduced for the single purpose of sending them abroad; an operation which should be favored and encouraged in the republic by every method imaginable. If excessive luxury had not altered the manners of the
Dutch,

Dutch, this country would be the only one proper for a general fair. The œconomy of the inhabitants, (4.) and the low interest of money, enable the Dutch to benefit both themselves and their neighbours, by acting as carriers for them in certain articles of trade, particularly in the herring fishery, which they alone know how to manage with the necessary œconomy and cleanliness.

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(4.) There is not perhaps œconomy enough in the genius of the English to qualify them for succeeding in any branch of trade, or in any other enterprise, in which they must, ab initio, be contented to take a great deal of pains, without the hopes of more than a moderate profit. Perhaps the form and magnitude of their commerce place them above the necessity of little traffic, which passes under the name of Pedling. A kingdom, that has a great stock of its own, and that can preserve itself without a great naval power, may certainly do without the carrying trade; that is, its people may be better employed. It is also true, in a mere commercial view to profit, that, since every advance upon the freight is in effect an advance in the price of all imports and exports, it is both the merchant's and the consumer's interest to employ those carriers who serve them upon the most moderate terms. But, besides that there is a wide difference between not carrying for others, and employing others to carry for us, a great maritime power must attend to the increase and maintenance of a large body of seamen. We may be husbandmen and manufacturers; but if we do not trade in our own ships, and navigate them with our own seamen, we must renounce that naval superiority, which, if it were not essentially necessary to our security, should be still maintained for ostentation. A real, or fancied national pre-eminence cannot be purchased too dear. It exalts the spirit of the people, and qualifies them for great actions. It is in view to this object, and to the security of the dependence of the colonies on the mother country, that the navigation act may be said to be founded in principles of political wisdom. The commercial interest, singly considered, of a nation that has an extensive territory to cultivate, and a great natural produce to dispose of, does not, in the first instance at least, depend upon ship-building, or seamen. It rather consists in inviting as many foreigners as possible, whether buyers or sellers, to traffic with you in your own harbours. Your buying their goods at a low price, and your selling your own at a high one, depends upon the numbers of sellers and buyers who frequent the market. The discouragements and restraints, laid upon foreigners, arise from the jealous spirit of mercantile competition, and no way belong to the liberal genius of commerce.—*Translator.*

To the situation of the republic, to the rivers and canals which intersect the country, we may add the œconomy of her inhabitants. In this article their seafaring people surpass every other nation. They equip a vessel with eighteen men, for which other nations require twenty-six or twenty eight. The sparing diet of their seamen, the construction of their vessels, and the long time they make them last by a cleanliness which appears trifling; all these circumstances united, enable the Dutch to be the carriers of certain articles at a lower rate than any other nation. It is unjust to envy them such an advantage. The abundance of money among them, and the moderate profits that satisfy the Dutch, are benefits that revert upon their neighbours. It is not fair then to cavil with them continually, or to deprive them from day to day of those feeble advantages of which they still preserve so inconsiderable a share. But without entering into a more minute detail, I flatter myself this picture shows, that the commerce of Holland, upon its present footing, far from being an object of jealousy to her neighbours, ought, on the contrary, to be considered as necessary to their own preservation and prosperity; that any greater decay of it must be attended with ruin to the republic; and that her ruin would be the cause of irreparable mischief to the rest of Europe, whose commerce prospers by that circulation and consumption, which Holland maintains in a greater degree than any other nation. It is also for the common good, if I do not deceive myself, that Spain should have the possession, or rather the custody, of the treasures of America. France enjoys every thing that can render her kingdom rich and happy, with strength enough to deter others from attempting to molest her. England has all the possessions necessary, and every imaginable advantage to maintain the prosperity of a commerce now at its apogee, and rather liable to be

be bloated than nourished by any farther augmentation. There is a measure which cannot be exceeded. To pass that point, is to overshoot the mark. When the consumption of any commodity is arrived at its highest period of gradation, the quantity cannot be increased without overstocking the trade, which ends in a decay. Nature has prescribed limits to the human stature, on either side of which she makes dwarfs or giants; so, with regard to the happiest constitution of a state, there is a certain boundary, to which it ought to reach, and beyond which it ought not to be extended. In every political body there is a maximum of strength, not to be exceeded. Beyond that point, to aggrandise is to enervate. In some cases, undoubtedly, a moiety is worth more than the whole. The Midas of the fable may be found in history. Every nation, I think, should be divided into several classes. In each order of society, the number should be proportioned to the rank; that is, the inferior ranks should be the most numerous; otherwise the harmony of the state is discomposed. The proportion I speak of should resemble the structure of a pyramid, enlarging in extent as it approaches to its basis. A body too great for its constitution depresses itself, and sinks under its own weight. Let us, for a moment, conceive a state, in which every body should be rich. It could not subsist without calling in the service of indigent foreigners. The sovereign power is the summit of the building; it should be single in itself, and gradually supported by the inferior orders, of which the people are the foundation. Too much wealth, whether accumulated or dispersed, supposes us to wish for a pyramid, while we destroy the essence of it, or that a body may be supported without feet. I do not insist upon the disorder resulting from it in point of morality, which yet has a greater effect than we are aware of in every political system,

system. A very rich nation may subdue another less rich than itself, but poor nations will always subdue the most opulent.

Let England therefore consider (and in England there are many respectable persons of this opinion) that a greater commerce may become not only injurious to her, but fatal. The greedy branches exhaust the trunk. It was said to Cræsus, "You have gold in abundance; but he who understands the use of iron better than you do, will plunder you of your gold."—Too much wealth extinguishes industry. Corruption of manners prevails through every rank, and all is lost. I indulge myself in the hope, that the deep and sublime imagination of the English may brood over these principles, and quicken them into practice. They will improve in fertility, and human nature will profit by it. I see the truth, though faintly. I feel it myself. But I want the power of expression to place it in the clearest point of view, and to make it equally sensible to others.

The same political progress may be applied to other powers. It will appear that, if men would live like brothers, all parties would find their account in it.

It cannot be disputed, that political strength consists in having a greater number of subjects who subsist with ease; who cause an extensive consumption, who turn the soil to advantage, and exert their industry to subsist as much as possible without the assistance of foreigners, whom yet they supply with the produce of their soil, and the labor of their hands. The labor and industry of many are infinitely more useful to the sovereign, than the accumulated riches of a few. There is then a maximum for riches also. Even too great a population might do mischief. It might produce sickness, epidemical diseases, plague, famine, and revolt. Every excess is dangerous. In politics it
very

very often happens, that nothing is less true than what appears most probable. An apparent prosperity is frequently a mask to the ruin of the state. A great misfortune sometimes brings great advantages along with it. Take the following instance. The loss of Minorca, which the English suffered in the beginning of the war, seemed to threaten them with still greater disasters, and to be greatly to their disadvantage. Far otherwise. Besides that this extraordinary event roused the nation, whose errors are soon corrected by their fortunate constitution, and where concord often arises from disunion itself, as harmony in music results from discords.

The loss of Minorca made them still greater mariners than they were, by forcing them to defy all seasons in the Mediterranean; the English squadrons formerly loitered at Mahon, and the porters of the Mediterranean frequently left the key in the door. In the war of 1744, we have often seen the French and Spanish squadrons unite, and sail into or out of the Mediterranean, while the English were at Minorca. In the last war, * a division of Monsieur De la Clue's squadron, intended to carry troops and ammunition to Cape Breton, was intercepted before Carthagena, in the middle of winter, by the English fleet, which, in so severe a season, would probably have been at Mahon, if the English had been in possession of the island. Upon this single event perhaps may have depended almost all their subsequent successes in America. It appears then, that misfortunes frequently give birth to successes, which in their turn bring about the greatest disasters; an important lesson, and too little considered.

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(5.) The action, to which the author refers, happened on the 28th of February, 1758. Cape Breton was taken in July following.—Translator.

The symptoms of opulence in a state are often equivocal. An increase, for instance, in the revenue of the customs, is a very defective barometer to determine whether commerce flourishes or not. Exportation is the only criterion. It appears that, from the year 1740, the revenue of the custom-house, which they call the Admiralty in Holland, had increased considerably; yet, that this augmentation was ruinous to the state, because it arose from a mortality among the horned cattle, large supplies of which were introduced from Denmark, and paid for with money that never returned. In the same manner, if England purchases more foreign commodities to supply her colonies, the revenue of the customs may increase, to the prejudice of the kingdom; unless the return from the colonies shall introduce, in exchange, a superabundance of commodities, which, being carried to a foreign market, may make good the first loss, and convert it into a real profit. Time will prove the advantage; a good administration may procure it. Markets, at which the growing manufactures of a country may be disposed of, are a real advantage, because they necessarily increase the number of manufacturers, and consequently population and consumption. Manufactures usually invite foreigners, who repair the breach made by the colonies in the population of the mother country. All these principles must be combined, to judge of the importance and utility of a new colony.

If then it be almost problematical, whether great acquisitions, in consequence of great successes in war, be hardly a compensation for the evils it creates; so much the more reason is there never to commence a war in the uncertainty of success. If we reasoned from our principles, this should henceforward be the age of peace; since, it seems, it is the general wish, that com-
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merce should be protected in the principal countries of Europe, in France, England, Spain, Holland, Portugal, and all the north. It is the general interest of these powers to maintain a profound peace, and to compose or banish those petty disputes among princes, which tend to involve their neighbours in a war. While the commercial powers are united in eluding all occasions of war, it may with ease be avoided. One great difficulty presents itself, I confess; the English, for their own security, to support their splendor, and to indulge their taste for expence, and the generosity natural to the nation, think they should maintain a superiority at sea. Their situation, the constitution of their government, and that extensive commerce, which they seem to have more need of than any other power, appear to require it. But it is not yet time to enter into the detail of this important question. Let us first say a word of the India trade.

The commerce to the Indies is supposed to be destructive, on account of the money sent thither, if a considerable part of the returns are not again disposed of to foreigners. The great principle however, universally cited, "That, if we are obliged to purchase the commodities of India from foreigners for our own consumption, it is rather our interest to import them ourselves," may be liable to some exceptions; for this reason. The money we carry into Asia is lost to Europe; whereas the money we spend among our neighbours increases the general circulation, and we ourselves profit by it. The greater number of rivals we send into Asia, so much the more do we advance the price of India goods, so many more risques do we run, and so much the more do we reciprocally injure one another.

This trade, at first so lucrative to one or two nations, is at length become of little importance, not to say more, to the

others that have engaged in it. It is inconvenient, therefore, that all the powers should meddle with it; I mean, it is not for the general interest of Europe. Upon this point I have hardly courage to deliver my opinion; I leave it to men of greater abilities and experience to unfold, and go to the bottom of my own principles. This alone I believe I may assert, that it is for the benefit of all Europe, that the Dutch in particular should preserve a considerable share in the India trade, especially in the articles of spice and cinnamon. If France or England possessed the Moluccas, Ceylon, Peru, Mexico, and the Brazils, they would in a little time engross all the money in Europe, and be made unhappy by the disproportion among the inferior classes, so productive of dissension and cabal, and by the jealousy of all their neighbours, whose poverty would make them formidable. In a great kingdom the gradations from opulence to poverty should be numerous; and at every step of the descent, the number of individuals should be greatly augmented.

The republic of Holland is not an active, dangerous power, but passive and vivifying. Amidst the marshes she has drained, she has no resource but commerce, no subsistence but industry. Peace is her element. The preservation of her state is all her ambition. She is serviceable to her neighbours, and can never give umbrage while they leave her unmolested. Yet, if driven to despair, she might still become formidable. Without the herring fishery (by two thirds less at present than it was before the wars with Cromwell and Charles II.) and without the India and carrying trade, the republic could not long subsist. It is the interest of Europe to maintain her in possession of these three objects, for the general good, and to support the actual system of Europe, the system of commerce, credit, circulation,
public

public funds, imaginary and artificial riches, manufactures, and luxury. Few people know that Holland, maintained in a flourishing state, is one of the main arches of the building. If ever, as appearances seem to threaten, the mines of Mexico and Peru should be exhausted like those of Spain, this whole system must fall to the ground. From that moment the India trade will become, in every sense, pernicious, and impoverish Europe. All the currency of paper credit will vanish; the establishments and fortunes of individuals will be successively and rapidly overturned. There will be a revolution in the universal system. But this event being yet at a distance, it is certain, that the Dutch, by means of an artificial circulation supported by a due proportion of specie, and by means of their œconomy, may supply their neighbours, from one to the other, with commodities cheaper than if they were directly to import them themselves. No other nation has succeeded in pickling herrings, either so well, or at so low a rate. Their neighbours, I presume, would gain more by furnishing them with salt, than by engaging in the pickling trade themselves. This supports one of the principles I advanced in the beginning of my letter.

If the harmony of the political picture of commercial Europe be attended to, it will be found, that it is no way incompatible with the common interest of all parties, that the mines of Peru should belong to Spain, those of Brazil to Portugal, the spice trade and herring fishery to Holland; the sugars, indigo, and other produce of St. Domingo, Martinique, and Guadeloupe, as well as a share in the great fisheries, to France; and that England, at the same time, may and ought to preserve an universal command over all the commerce, of which North America, Jamaica, and the Great Indies (except the Moluccas and Ceylon) are the basis. If the principal sugar colonies belonged

belonged to the English, their commerce with Portugal might suffer by it. I believe the English, by their commerce, encourage the produce of the Brazils, and are well rewarded for it by the tribute they draw from that country. But it cannot be denied, that it is the interest of all Europe, that the principal sugar colonies should belong to France, in order to supply the consumption of Germany, and the trade of Holland. First, because France can furnish sugar at a lower rate, which is an immediate advantage to Germany, Holland, and the north country. Secondly, if England had all the other sugar colonies, those of Brazil would be useless to Portugal. That kingdom would suffer by it; and England, in the diminution of her Portugal trade, would lose a great part of the excessive, but fallacious profits, which she might gain on the other side, to the prejudice of all Europe. If I were better acquainted with the detail of commerce, I am persuaded that other examples might be produced in support of these principles.* England is united with Portugal by mutual interests; their reciprocal commerce is necessary to the two nations; one consumes the produce of the other, without any great disadvantage to other powers, who enjoy other compensations.

Let it not be thought that I mean to introduce into politics the optimism of Leibnitz. I do not pretend to say that all is exactly right; some arrangements might certainly be better than they are. But I affirm, that all the commercial powers may, in time of peace and on the present footing, subsist in a state of prosperity; and if there be any branch of commerce not exactly in its place, or which we may think we have occasion for, it is better to go without it, than, in order to obtain it, to engage in a war which destroys all the other branches. It is better to endure

* See the Note at the end of the Letter.

endure a slight distemper, than to ruin the constitution by violent remedies.

A passage in the History of the Age of Lewis XIV. by Voltaire, is worth quoting. "In Christian monarchies, the people have scarce ever any interest in the wars carried on by their sovereigns. Mercenary armies, raised by order of a minister, and commanded by a general, who blindly obeys that minister, make several ruinous campaigns; while the princes, in whose name they fight, neither expect nor intend to possess themselves of the patrimony of each other. The nation that conquers, never gains any thing by the spoils of the conquered party, yet pays all the expence. In the success of their arms they suffer as much as when they miscarry; and peace becomes almost as necessary after the greatest victory, as when the enemy are in possession of their frontier towns. This is almost always true. The exceptions are rare."

Rouffeau, in his project for a perpetual peace, confirms my principles; let us listen to this great writer. "If all princes are not yet cured of the folly of making conquests, it seems at least, that the wisest of them begin to perceive that they sometimes cost more than they are worth. Without entering into distinctions that would lead us too far, it may be said in general, that a prince, who to extend his frontier loses as many of his ancient subjects as he gains of new ones, weakens himself by increasing his greatness; because, with a greater territory to defend, he has no greater numbers to defend it. But it cannot be unknown that, in the way in which war is conducted at present, the least part of the depopulation occasioned by it, is that which happens immediately in the field. That loss is indeed the most apparent and sensible; but the loss, which the whole state suffers at the same time, is

" is more grievous and more irreparable than that of the men
 " who perish; the loss of those who are not born, the increase
 " of taxes, the interruption of commerce, the desertion from
 " the country, and the abandoning of agriculture. This is an
 " evil not perceived at first, but cruelly felt in its consequences.
 " We then wonder at finding ourselves so weak, with such an
 " apparent addition of strength. What renders conquests less
 " interesting is, that we now understand by what means power
 " may be doubled and trebled, not only without extending our
 " territory, but, as the Emperor Adrian did very wisely, some-
 " times by contracting it. We know that men alone constitute
 " the strength of kings. This proposition flows from what I
 " have already said, that of two states, containing an equal
 " number of inhabitants, that which occupies the smallest ter-
 " ritory is in reality the stronger. It is by good laws, by a
 " wise police, and by great œconomical views, that a judicious
 " prince is sure of increasing his strength, without committing
 " any thing to chance. The useful establishments, which he
 " forms in his own dominions, are the only real conquests made
 " over his neighbours; every subject he acquires is an enemy
 " destroyed."

The corollary resulting from these observations confirms my
 principles, and comes in aid of my system. The devastation of
 Bavaria, in 1743, affected the whole commerce of Europe. The
 ruin of so many provinces in Germany, in the last war, will be
 felt for a considerable time. The powers concerned in the
 commerce with Poland perceive a gradual diminution of their
 profits from year to year. That kingdom, having nothing but
 corn to give in exchange for the many commodities she wants,
 is impoverished; the sources of her commerce are exhausted.
 These ancient Sarmatians will become so much the more formi-
 dable. The poor nations of the north formerly plundered and
 conquered

conquered all Europe, and the masters of Mexico and Peru have
 lost a considerable part of their dominions. European nations
 would be less to blame, if, instead of tearing one another to
 pieces, they turned their arms towards Africa. Those barba-
 rous states perpetually insult us; to civilise such barbarians, and
 to revive in Africa the times of the Carthaginians, of Syphax,
 and Massanissa, might be attended with advantage. An object,
 still more easy and less unjust, would be to turn our views to
 America, not for acts of hostility, but for establishments of
 commerce. In that quarter, the commercial powers have busi-
 ness enough to employ them for some ages. As we advance in
 making the Americans sensual and voluptuous, by means of good
 treatment, mildness, and humanity, their luxury will increase,
 and the commerce of Europe flourish in proportion. They
 would be kept in a state of dependence, and perhaps, in another
 point of view, made miserable by their improvement. But man
 must have an object to occupy his ambition. To civilise savages
 by subduing them, seems to be a good mixed with evil; which
 of the two preponderate, is a problem not easily resolved.
 Rousseau, the poet, tells us that instinct conducts the savage,
 while reason leads us astray.

" La nature, en trefors fertile,
 " Lui fait abondamment trouver
 " Tout ce qui lui peut être utile,
 " Soigneuse de le conserver.
 " Content du partage modeste
 " Qu'il tient de la bonté céleste,
 " Il vit sans trouble & sans ennui;
 " Et si son climat lui refuse
 " Quelques biens dont l'Europe abuse,
 " Ce ne sont pas des biens pour lui.

G g

" Couché

" Couché dans un antre rustique,
 " Du nord il brave la rigueur,
 " Et notre luxe Afiatique
 " N'a point énérvé sa vigueur.
 " Il ne regrette point la perte
 " De ces arts, dont la découverte
 " A l'homme a couté tant de soins ;
 " Et qui, devenus nécessaires,
 " N' ont fait qu' augmenter nos miseres,
 " En multipliant nos besoins."

We all have these verses by heart, but the heart is not penetrated with the truth of them. It is because the factitious and artificial man is always at variance with man in his original and natural state. We are constantly striving to exist out of ourselves, and seldom turn our thoughts inwards to reduce ourselves to our true dimensions. We depart from what we are, and lose the knowledge of ourselves for ever. What happens to an individual, happens to a nation. An European nation thinks that by increasing her wants, and by establishing herself at the same moment in Asia, Africa, and America, she multiplies her being, and extends her existence. From thence follow the contradictory conclusions of speculation and experience, of theory and practice. Every thing belonging to man is a contradiction. The bishop of Cloyne, after enumerating the prodigious quantity of beef, pork, butter, and cheese, exported every year from Ireland, asks, how a stranger can conceive that half the inhabitants should die of hunger in so plentiful a country. It is one of the contradictions incident to human nature, and not to be otherwise accounted for. The tin mines of Cornwall are rich; the county itself is poor; because the wealthy merchant, who works the mine, resides in London, not in the province. Our incon-

inconsiderate eagerness to be happy prevents us from being so. This is a truth, which holds equally with respect to individuals, and with respect to nations. The powers of Europe would almost always find those advantages in the preservation of peace, which they vainly seek for in war.

In our own times we see a contradiction still more fatal. Almost all the princes, who reign at present, are inclined to peace, from motives of wisdom and humanity; yet, by some unhappy fatality, have been often engaged in the most destructive wars. It is to be wished, that they may not recur so frequently hereafter. They who think, says Voltaire, that kings and their ministers sacrifice every thing to their ambition incessantly, and without measure, are as much deceived as if they thought that kings and ministers sacrificed every thing to the happiness of mankind. I do not know whether we may flatter ourselves, that mankind, as they grow older, may one day or other grow wiser upon some subjects in which their happiness and well-being are concerned. The art of war, so generally understood, is carried to such a point, that almost every country is now secure from those sudden invasions by which kingdoms are overturned. The expences of a campaign are become so great, and the advantage to be drawn from success so inconsiderable, owing to the resources which the enemy still possesses, even after a defeat, that the most violent ambition is balanced by the counterpoise of avarice, or rather by the impossibility of supporting the continual expences of a war. A monarch, cotemporary with us, and not inferior to Alexander or to Cæsar, has, like them, been obliged to exhaust all the resources of military art and labor to preserve a province, the conquest of which, under favor of certain circumstances, was easy to him at first. Yet even this success is a phenomenon which astonishes

Europe. The expences, to which the English owe their great successes, cannot be mentioned too often. This balance of Europe, purchased with the blood of our ancestors, is now so well established, that we need not for a long time dread a superiority in any one power, sufficient to disturb the rest of Europe. Commerce is become the apple of discord; yet, if we reflect, that peace is the element, and war the destruction of trade, it is to be hoped, that we shall be more circumspect in departing from the one to engage in the other.

Reason and interest concur with our increasing inability to support continued wars. In former times, war was supported by annual taxes equal to the expence of it. This at present is impossible. One time or other it will be felt, that to aggrandise a kingdom, or the territory of a kingdom, is not increasing the power of the prince, which consists in a great number of subjects subsisting at their ease. Experience shows what resources an enemy may discover after the severest losses. It is only beginning again upon a new account. The famine in 1709, and the general ruin of France, supplied Lewis XIV. with a fatal resource, but an useful one for the moment. As the country remained uncultivated, the poverty of the people facilitated the levy of recruits, so that France brought armies into the field more numerous than her enemies, who were always successful. She gained time, and was saved by accidents that always happen when we have time to wait for them. But, assuredly, no monarch would willingly expose himself to such a crisis, though it be in the order of events. In our own times we have seen more than one sketch of this picture. In a word, it is possible, that the general knowledge which every day enlightens the world, that humanity, experience, and wisdom, concurring with interest and necessity, may in time establish a solid and durable peace

peace in Europe, and secure the happiness of mankind. In this point the wishes of every reasonable and humane person should unite. Their wit, their interest, and their knowledge, should all be exerted to inspire others with the same sentiments, and to establish the same system.

There is still something to be said in favor of the English, whom, according to this system, I may be accused of depressing too much. No, Sir, I am a citizen of the world; not cold and indifferent, but zealous, and humane. I love all nations, because in all nations there are men who deserve to be beloved, and they all belong to human kind. I behold every national enmity with horror, because nothing is so unjust. I am pleading the cause of humanity. I affirm, that the English nation, now at the height of their glory, (if, by a wise administration, they make a proper use of it) have need of great precautions to guard their independence. It is not surprising that they should be jealous of advantages, which we all agree are precarious. France, by her extent, the number of her inhabitants, the goodness of her soil, the frugality and industry of her people, and by her situation, must always be a powerful kingdom, even without an extensive commerce, or without colonies. Her vast, compact dominion, and her double frontiers, are a security against a sudden invasion. But England, by her physical position, having nothing to depend upon but her wooden walls, and the superiority of her commerce, should endeavour to preserve an advantage, in point of marine, over a power which, in every other article, carries it against her. The English are not alarmed without reason; their fears are not quite imaginary; and here lies the fatal point which alone can disturb that fortunate harmony and proportion, which I wish to establish for the happiness of Europe, of human nature, and of two nations the most powerful

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powerful in the universe, and the most deserving of esteem. To find this just combination, to unfold this ill-digested mass of propositions, which I set forth with confidence, even in their present shapeless state, is a task, in which every honest man is invited to assist.

There are Englishmen who pretend to say, that, if it had not been for the preparations made in France in 1751 and 1752, and for the augmentation of the French marine, war would not have been declared, and that the differences in Asia and America would have been amicably adjusted; that they had every reason to dread their own destruction, if they had waited until the French marine had arrived at a state of consistency; that their security and preservation obliged them to prevent it. I shall not examine into the validity of this reasoning; but no good citizen can consider the consequences of it, without seeing how much it concerns humanity to obviate them for the future. France has an equal right to maintain a respectable marine for the defence of her colonies. The possession of them is precarious without it. France however seems to have no other occasion for a marine but to preserve an important accessory; whereas it is essential to the existence of England. Since all the powers of Europe aspire to the advantages of commerce, I conjure them to consider how much the long peace, which succeeded the war occasioned by the Spanish succession, was beneficial to them all, and how prejudicial war has been to population, and to various branches of commerce, even in that nation, whose astonishing successes have discovered to her the secret of her strength. If prodigious successes are scarce sufficient to compensate the mischief done by war, why should we so often run the risk of it? Of the three scourges to which nature has exposed us, war is the only one that providence has left in our own hands, and it recurs the ofteneft.

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ofteneft. What would become of us, if we were at liberty to introduce pestilence and famine?

“But,” say the English, “if a neighbouring power, whose coasts we cannot remove, which has double the number of inhabitants, thrice the extent, and greater resources than we have, should possess a marine superior or even equal to ours, we should be exposed to the imminent danger of invasion and conquest. It is not a commercial jealousy, but a reasonable apprehension of her superior strength, that makes us active.— France would have preserved her colonies, if she had not been afraid of losing them.” How far France may carry her marine for the protection of her colonies, without alarming a neighbour always anxious for the security of her coast and of her commerce, is a question I am not qualified to decide;

Non nostrum inter vos tantas componere lites.

But I am persuaded that, if friendship and confidence could be established upon the foundation of mutual interest and convenience well understood, and demonstrated in conformity to my principles, it would not be impossible to find the point in question, yet without fixing any positive and determinate rule about it. It cannot be denied, that a formidable marine is necessary to a great island, which has no other defence but her fleet against an invasion; that it is necessary for the defence of colonies, and distant possessions, and even to succeed in the expensive conquest of the distant colonies of other powers, who have a weak or inferior marine. It is in this sense only, that they, who are masters at sea, can now be said to be masters at land; and that.

The trident is the sceptre of the world.

Whoever

Whoever examines this proposition should attend to the restrictions annexed to it.

Since each state is distinguished from every other by local situation, extent, climate, soil, religion, external relations, and by the nature of its government, it follows, that each state must have a different political constitution. The marine of the Athenians, Carthaginians, and Romans, (abstracted from commerce, which was then in its infancy) and considered only as constituting the naval power of the state, was of a different nature from ours. At that time the rival fleets always sought an engagement; at present they frequently endeavour to avoid one. (6.) At Salamis, Plataea, and Actium, the sea seemed to be boarded over, and immovable under their galleys. They inevitably approached by means of their oars, rushed together with a shock, and destroyed each other with fire and sword. Victory made the conqueror master both of sea and land. A battle or two at land had the same effect. At present every frontier is bordered with fortresses. The conqueror is obliged to stop at every step he takes. Turenne, Condé, Marlborough, Villars, Eugene, and Marshal Saxe, have gained more victories than Alexander and Cæsar; yet the conquests of our modern heroes bear no proportion to those of the ancient. If the causes of these great and astonishing changes be thoroughly examined, diversity of circumstances will show us the necessity of departing from some of our political maxims, that seem the most fundamental. When the means are no longer proportioned to the effect

(6.) The author would be puzzled to name an instance of a British fleet, or any part of it, having avoided an engagement. Excepting in the undecided affair off Mahon, 1756, it does not appear that our admirals or captains ever regarded the superiority of the enemy.—*Translator.*

effect they ought to produce, they should be improved, corrected, or abandoned.

To judge how little a maritime force in Europe contributes to conquests upon terra firma, let us observe the success of our great armaments in the last ages. Setting aside the invincible armada of Philip II. let us come nearer to our own times. Have the powerful and numerous fleets of England, France, and Holland, ever produced an effect proportioned to their strength, or to the enormous expence of equipping them? Have not the English, in the last war, miscarried on the coasts of France? Was Lewis XIV. with a formidable marine, even able to conquer Ireland, where king James had a party that favored his designs? Formerly the Saxons, Danes, and Normans, with inferior forces, conquered England. If the time, foretold by the prophet, of *a new heaven and a new earth*, be not yet arrived, we must agree that the form at least is altered in every thing that regards the military. In this instance we have a new world, widely different from the ancient. The invention of gunpowder, the art of engineering, the studies of Vauban and Coehorn, the science of marches brought to perfection by Turenne, by Condé, and Montecuculi, have prolonged and multiplied the resources of defence. Experience proves that the great actions performed by Ruiter, Du Quesne, and Blake, were fitter to excite admiration, than to procure any solid advantages. It is in the distant conquests of islands and colonies that the English have distinguished themselves, and met with prodigious success. General engagements at sea are almost entirely given up; boarding is out of the question; and I much doubt whether, in France at least, the advantages to be expected from great naval armaments are in any degree answerable to the enormous expence of them. I do not mean that the marine should be entirely neglected; I only wish that the

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degree, to which it may be useful or necessary, as well as the time and means of forming it, were carefully considered. I wish that a comparison were made between real and imaginary losses, between what is saved by the marine, and what it costs; that it should be calculated what naval force is necessary to a power, which, in time of peace, maintains two hundred thousand men; whether the maintenance of a marine, equally formidable, may not safely be dispensed with, and whether the immense expences of this service might not be employed to greater advantage in other branches of administration; and that the essential distinction between this nation, and those which are called *maritime powers*, should be thoroughly understood, in order that the apprehension of future danger may not expose to immediate disasters. I know that I am attacking a received principle, an universal prejudice; and yet I wish that, once for all, it might be seriously enquired, whether the kingdom of France might not find a source of riches more solid, and less precarious, within her own bosom, in her soil, in her entrails, and in the labor and increase of her inhabitants, than those which are sought after at a distance, with so much toil, danger, and expence; and whether too great a navigation, as well as too many colonies upon distant continents, be not contrary to the constitution, and injurious to a country, in which there are already so many causes of depopulation, so much luxury, and so many persons in a state of celibacy. Every sort of commerce is not equally fit for every country. One branch of commerce may enrich individuals, and be prejudicial to the state; or it may suit one nation, and be dangerous for another.

The most brilliant branch of commerce frequently costs more blood and treasure to preserve it by a war, than it pays for by its returns during the cessation of arms. Peace, unhappily, is in general only the interval in which open hostilities subside, in order

order to begin again with greater vigor. Every age has its system of politics, as well as philosophy. The new discoveries in Asia and America succeeded to the crusades; then came the wars of religion; and afterwards the pretended system of equilibrium, or balance of power. For some time past, nothing has been thought of but commerce, navigation, and marine. The most distinguished successes of Lewis XIV. happened before the great marine was formed. It never can be established but at the expence of the land forces; so true it is, that we cannot serve two masters at a time. The progress which a collection of fishermen have made, by means of commerce and their India company, has dazzled Europe, and turned the eyes of every body towards trade. But let it be considered that circumstances are very different from what they were; the situation of this people in a country overflowed by the sea, the necessity of making some advantage of an element which threatens them incessantly, the impossibility of doing better, and their laborious œconomy, have enriched them in a commerce which was a long time exclusive. But things have greatly altered since other nations have shared in the profits; the mass of wealth has lost in depth what it has gained in surface.

France, within her own bosom, has a lucrative and superior commerce, which nothing can affect, as long as the price of labor is lower than in any other nation. The taste and frugality of her artificers is an inexhaustible source for the conception of new manufactures, the contrivance of precious trifles, studied conveniences, and fashions of every sort. All Europe is fond of French fashions; and Fashion, that fickle daughter of Levity and Caprice, governs and exacts a tribute from all other nations, while she submits to the dominion of France. The vineyards are a real Peru to that country. The cod fishery is an important

object, not so much as a nursery for seamen, as because it is itself a nutritive art. But, in such a country as France, agriculture and manufactures should be the first spring in a wise administration.

One cannot pay too great an attention to a truth which I have heretofore so often endeavoured to inculcate, viz. that one, and perhaps the principal cause of the increased greatness of the English power, is the care they have taken to forward the cultivation of their lands. Corn has been a new mine, to which government, in the first instance, sacrificed some fallacious duties. The bounty upon exportation has been the support of agriculture. By giving money to the farmer to export his corn, all the soil has been brought into improvement; and this has supported the power of the nation. If half the treasure, which a state is often obliged to lavish upon her marine, or in a war that might be deferred, were employed upon this object, it would, in ten years, produce wherewithal to form and maintain a marine upon solid principles. Upon the whole, I conclude that commercial powers would do infinitely better to leave the decision of their differences, whenever differences unfortunately arise, to the event of a sort of lottery, than to the fate of arms. War, at all times dreadful, in general offers us nothing but a fatal alternative between humiliating misfortunes and expensive successes. It was no exaggeration to affirm, that all the vices of every age, and every country, do not equal the evils produced by a single campaign; and that war is a crime, which includes all other crimes. It is a destructive madness, which makes the earth the habitation of robbers, one vast and horrible sepulchre.

The consequences to be drawn from all these vague reflections and principles might perhaps lead us to discover the middle term, at which the marine of one nation may be considerable enough

enough to defend her commerce and her colonies, yet without giving umbrage to another. Preservation and defence do not require so powerful an effort. When once we banish the idea of hostile projects, great expence and labor may be spared on both sides, yet without departing from their reciprocal proportion. An intimate alliance with the commercial powers, a solemn and mutual guarantee of colonies, possessions, and commercial privileges, founded upon common interest and the general good, might establish confidence, and erect a new system, which would be the happiness of mankind, and the glory of the age. These powers acting always in concert, and with good faith to each other, might contribute to appease, or prevent a rupture among the rest. Twenty years peace would be sufficient to make every nation happy.

When the present picture of Europe shall be well understood, every power may find its preservation and prosperity therein, provided they do not thwart each other for imaginary interests. Every commercial power has employment for at least twenty years, to re-establish and improve its internal administration, and that commerce which lies within the sphere of its strength. Until all these objects are accomplished, and every possible advantage made of them, distant objects, which by their extent go beyond the sphere of strength, are foreign and hurtful to commerce, and to the real interest of nations; this is a truth demonstrated by the event of almost all our wars. We should never engage in hostilities, if attention were paid to so many important objects, which cannot be thought of but in a profound and continued peace. I shall mark briefly what these objects are, as a short recapitulation of the whole.

It is only in peace that a good administration can protect the provinces wasted to support the opulence of the capital. The

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more the head enlarges, beyond its proportion with the limbs, so much the more does the body politic represent the infancy of the natural body, and the feebleness of that age.

Agriculture, manufactures, and commerce, may restore a proportion, now lost, between the head and the limbs. They, who reproach Colbert with having protected manufactures too much, did not attend to the turn of the age. Since luxury is become a necessary or unavoidable evil, every possible advantage must be made of it. We must weigh and consider circumstances as they exist, without regarding possible suppositions. It is agreed, that manufactures are of a transitory precarious nature, and liable to be removed by any trifling event. For this reason, in my political picture, I give them but the second rank after agriculture, which holds the first in the æconomical order of the state. It is not of a perishable quality, since it furnishes the first materials, and belongs to nature, and to the soil. But arts and trades follow close upon agriculture. We may, if we please, consider manufactures as the remedy of an evil; but the evil exists, and would be mortal without the remedy. External commerce with our neighbours succeeds to manufactures; and next to this follows the eccentric or distant commerce of colonies, which is only necessary when a too great abundance of people, and a superfluity of productions, require an outlet, and when they bring back a plentiful return, which may be exported to foreigners, and procure a new source of fertility to the state. All the unnecessary wars, undertaken for this distant object, have been made at the expence of objects more important, more immediately urgent, more useful, necessary, and easy, and which nothing but a continued peace could bring to perfection. When France and England shall have brought all their soil into improvement, when all their provinces shall have arrived at the highest

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highest degree of population that their territory allows of, when a circulation and political proportion shall be established between the capital and the provinces, when the theory of taxation shall have fixed an exact equilibrium between the services and the means, when manufactures shall have found every possible internal and external channel of supplying the nation, the foreigner, and the colonies which these two nations possess at present—when all these objects are accomplished, that will be the period, at which it may become a question—Whether new pretensions can be advantageous to either of them? But to arrive at this point, would require a peace of fifty years continuance at least. Nothing appears to me more evident than these principles. They rest upon proofs, which I defy any man to invalidate. Enough has been said for those who are willing to understand me; too much perhaps for those who are determined never to adopt such a system. It cannot however be condemned, since every part of it breathes humanity and the public welfare.

I have the honor to be

Your's, &c.

(7.) "L'Angleterre est unie avec le Portugal par des intérêts mutuels. Ce commerce réciproque est nécessaire aux deux nations. L'une consomme les produits de l'autre, et cela ne fait pas grand tort aux autres puissances, qui jouissent d'autres compensations."—Page 266.

• England is united with Portugal by mutual interests. Their reciprocal commerce is necessary to the two nations. One consumes the produce of the other, without any great disadvantage to other powers, who enjoy other compensations.—Pa. 222. *Translation.*

* The union of Great Britain and Portugal is undoubtedly founded on their mutual interest. It would probably have been stricter and more cordial than it has

has been, if the interests, on which it was originally founded, and which must be the support of it as long as it lasts, had been better understood by both nations, or a little more resolutely maintained by one of them. Our affairs in Portugal could hardly have taken the unfavorable turn they have done of late years, if there had been either true wisdom in the councils of Portugal, or a greater degree of firmness in those of Great Britain. I am not sufficiently acquainted with the present state of facts, to know whether this be a subject any longer interesting to the public. If it be, it may receive some light from an opinion, that mediates between the merchant and the minister. If merchants have been too apt to urge their complaints with violence and asperity, ministers have been equally ready to conclude that they complained without reason. So easy a conclusion gave facility to business, and lessened the burthen of office. The great mistake with respect to the union of England and Portugal, and which seems to have hitherto governed the argument, is, that it is founded in an equal and reciprocal concession of commercial advantages. It is an undoubted truth, though not readily admitted by Portugal, that Great Britain and Ireland are the only nations, with which Portugal can trade to advantage. No other nations take off their wines and fruit in the quantity that we do. But this is a benefit arising from the favorable turn their trade has taken, and from the indulgence of this country, not from the form or spirit of treaties. Compared, as a fact, with the true principle of union between the two nations, it improves and enforces the national argument against Portugal. The less we owe them in the scale of commerce, so much the more it will be found they are our debtors in the political balance. The principle they now contend for, that commercial equality is the basis of the alliance, if once admitted on our part, or not firmly denied, must open an endless field for negotiation with a court, one of whose principal resources, to maintain its dignity, consists in negotiation. I am far from meaning to lower the importance of a crown respectable in itself, and raised by its alliance with this country. But it is time that some regard should be paid to truth, as well as to ceremony, and that we should no longer be diverted, by forms, from the necessary support of essential interests. A British minister, who is not possessed of the true meaning and spirit of our treaties with Portugal, who does not consider the scope of those treaties in a general view, will find it difficult to answer the court of Portugal, when they justify the breach of particular stipulations in our favor, by alledging some general declarations of equality of privileges, which are to be found in all the treaties; and when they conclude from thence, that our claim is no farther valid than as we, in our turn, admit theirs to be equal to it. Upon the idea that commercial interests only are the basis of the alliance, their argument would

would be unanswerable. If nothing but an apparent equality of commercial privileges had been in contemplation, there could be no reason why we should be allowed a judge conservator at Lisbon, or a right (hitherto not exercised) of employing our own factors in their American settlements, unless we allowed the Portuguese the same privileges in return. It is not to be conceived that Portugal would have submitted to such conditions, without receiving an equivalent in some shape or other. The question then remains, Of what nature was the equivalent intended to be? If equal compensations of a commercial nature were intended, why were they not specifically stipulated; or why have they never been formally demanded? The use the court of Portugal make of their newly-assumed principle is, to defend their invasion of our privileges, not to assert any commercial claims of their own. If it were better founded than it is, or if, by common consent, the connection between the two countries were reduced to mere commercial intercourse, without any particular claim to preference or favor on either side, and without any tacit or specific terms of alliance or political engagements whatsoever; I believe it would be found that this nation, as things are now situated, would be no loser by the agreement. We might then open the wine trade with France on terms of infinitely greater advantage to this country than any that arises from the sale of our woollen goods in Portugal, which only maintain their ground there from their superior quality and cheapness, not from any favor on the part of the Portuguese government, who, contrary to an express stipulation, for which we give them an equivalent, have, till very lately, admitted French woollen goods, as readily as ours. We should not then be called upon, particularly and singly, to bear the burthen of protecting a nation, incapable of assisting us if we wanted her assistance, and from which we receive no preference in point of trade, the only way in which it is possible for them to offer us a compensation. We should cease to think ourselves bound by an obligation, after the condition of it was withdrawn. The original and only rational principle of union between the two nations, is, that great commercial advantages, yielded on one side, shall be the compensation for national protection on the other. This may be a topic ungrateful and offensive to the ears of a Portuguese minister, therefore unfit to be urged in every petty difference or discussion that may occur between the two courts; but it is absolutely necessary to be insisted upon and admitted, once for all, as the basis of all negotiation between them, and the only foundation of their alliance. If the advantages we once enjoyed in Portugal are withdrawn, if the nature of the commerce be altered, or if it be the policy of the court of Portugal to lay their trade open to all the nations of Europe indifferently; it follows, that Portugal puts nothing in the scale to balance the expence and hazard at which England constantly engages in her defence, and that whatever interest this country has in

maintaining the independence of the crown of Portugal is only an interest common to us with the other trading nations of Europe, who all trade to Portugal upon the same, if not better terms than we do. It is not necessary to support so plain and dispassionate an argument, by a detail of grievances repeatedly set forth by the merchants, or by insisting upon instances of particular enmity, apparent in the councils of Portugal, against the British nation. A great part of it may have arisen from personal ill-will, or want of wisdom, in the reigning minister, and perhaps may cease with his administration. The rest is only a mean, ill-founded jealousy, arising from a total ignorance of the true principles of commerce, and which could not exist in a more enlightened court. They are yet to learn, that it is the industry of the other European nations, which brings the gold into Portugal; and that, if it were not for the manufactures of those nations, which produce this splendid return from the Brazils, they themselves would lose even the transitory benefit of its passage through Portugal. But without descending to engage in ill-tempered and useless altercations, without entertaining the most distant idea of hostility against Portugal, it is but just and reasonable that the councils of England should no longer be governed by principles, which cease to be motives of conduct, when they cease to correspond with the actual state of facts. If the system of trade between the two countries be totally altered, and if there be no likelihood of recovering the advantages we have lost, it follows that a new system of policy also should be adopted for the future. The independence of the crown of Portugal is not now an object of particular moment to Great Britain. If it should be attacked hereafter, it may perhaps be thought advisable to contribute something to its defence. But common sense and sound policy require that our contribution should be proportioned to our real interest in the object, and that Holland, Germany, Denmark, Sweden, and France, should be called upon to take a share in the burthen. The consequence of adhering firmly to this simple and rational system of conduct would be, that Portugal, in the moment of danger, would find herself deserted by every other state, and have no resource left, but in the single arm of Great Britain. We should then have an opportunity of insisting upon some reasonable equivalent for the expence and hazard, in which the defence of her cause might involve us, and of showing a court, which presumes upon our forbearance, that Oliver Cromwell and Charles II. have not left us a wise example to no purpose. It is not many years since such an opportunity presented itself, and was unaccountably neglected; but ere long it cannot fail of occurring to us again.

Having imputed the oppression of our merchants, and the ruin of our trade with Portugal, in a great measure, to want of wisdom in the reigning minister, it may
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be necessary to justify that opinion. It is not easy to say what idea the Portuguese themselves may entertain of the rate and extent of his abilities. They have but few opportunities of expressing their sentiments with freedom, and perhaps their abstract information may not reach far enough to judge of the wisdom of political or commercial measures, but as they feel themselves affected by the consequences. Their general detestation of his person and government concludes only against that part of the human character, on which he places the lowest value, not immediately against his understanding. In England it is the general turn to consider him as a minister personally and politically hostile to the interests of this country, but in other respects active, sagacious, and intrepid. No man has yet been hardy enough to question his abilities; much less to pronounce upon evidence, that he is defective in every quality that constitutes a clear, solid, superior understanding. To state this matter impartially, may be of importance to both nations. Though his own life cannot last long, his system of commerce and politics may exist after him. His long influence over the councils of Portugal has given a bias to the ideas of that court, which his successors may not have judgment or resolution enough to correct. The opinion of his great superiority, impressed upon the mind of his royal master, and of a subordinate council composed of his own pupils, may perpetuate the plan of his administration. If this opinion can be shaken, or removed; if it can be made evident that he is, in no shape, qualified to conduct the affairs of a nation; it will not follow that he can be dispossessed of the confidence of his sovereign; but it may produce this happy effect, that his authority may not extend beyond the period of his power, and that the system of his policy may be suffered to perish with him. When we see a minister for twenty years together invested with unlimited power, meeting with no controul whatsoever, domestic or external, professing to have the interests of his country at heart, and perpetually occupied in one project or other, with infinite industry and perseverance, it seems natural to ask, *What good has he done?* Are agriculture and manufactures upon a better footing in Portugal than when he first assumed the reins of government? Has he recovered commerce from a languishing state, and is he likely to leave it in a flourishing condition? Has he secured the independence of the defenceless crown of Portugal, by confirming ancient alliances, or contracting new ones? In short, are the people richer and happier than he found them? The answer which every man, acquainted with the state of Portugal, makes to these questions, is a direct negative, and the conclusion against his abilities is impossible to be evaded. They who insist warmly upon his zeal however unsuccessful, and urge the rectitude of his intentions however unhappily disappointed, forget they are

deciding severely against his understanding. It is not in fortune, constantly to defeat a minister, who possesses absolute power, and uniformly employs it in the support of wise and judicious measures. His pretended zeal for the improvement of agriculture, and increase of population, produced the exclusive wine company which monopolises the chief produce of the soil. The silk manufacture at Lisbon, undertaken in the last reign at a great expence, assisted by prohibitions, and supported by all the influence of the court, has languished under his care, and is actually in a state of decay. The other manufactures may contribute a little to the supply of the lower ranks in the internal consumption of the kingdom; but neither are they objects of importance, nor do they owe any thing to his encouragement. The trade of Portugal was in as prosperous a state, as that of any country can be, which has not produce enough of its own to answer the demand of great and populous colonies. The colonies, it is true, were chiefly supplied by the industry of other nations, who only performed an office which the resources of the mother country were not equal to. But Portugal was the mart of trade, and centre of communication. Instead of vainly attempting to detain the gold in the country, sometimes by tricks and contrivances, sometimes by fraud and violence, the object of Portugal should have been to encourage a large importation into the colonies, by which her own navigation must of course be extended, and by making the mother country profit, as much as possible, by an immense and rapid circulation. All the commercial ideas of the minister are founded upon one general maxim, that trade, in order to be prosperous, should not be free. Accordingly, he has heaped project upon project, and regulation upon regulation; and destroyed a healthy constitution, by confining it to a sickly regimen, and by loading it with prescriptions. He has made it his study to distress foreign merchants, and to drive them out of the kingdom. He has put the vineyards and their produce, the only internal source of wealth to Portugal, under the check and controul of a monopoly; and he has confined a considerable part of the Brazil trade to two exclusive companies, the principle and spirit of which is, to make the greatest profits upon the smallest outset or venture. If the Pernambucco and Maranh companies had succeeded, it was his intention to have taken the same care of the Bahia and Rio trade. But the first subscriptions were completed with so much difficulty, that it would have been in vain to attempt new ones. One would think that he meant to contract the commerce of his country, and to stifle industry at its birth. The event has corresponded with the design. In the year 1759, the fleet from Pernambucco consisted of forty-five ships. In the year 1772, the trade to that settlement employed only eighteen. To support the credit of the new companies, he thought it

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advisable * to issue an edict, which ordered that their actions should be a legal tender, and be accepted, at an arbitrary valuation fixed by the directors, as so much specie; that is, in other words, that the natives, who are constantly the debtors, should remove the burthen from themselves, and impose it upon their foreign creditors. This, however, was an attempt too extravagant to be supported. Such are the general plans, and such the temporary expedients, from which we are to collect an opinion of the minister's capacity. The facts I refer to are notorious. In a country, where the true principles of trade are understood, it is unnecessary to prove that, in theory, no better consequences were to be expected from a system so false and anti-commercial. The Portuguese must be taught by experience.

To form a judgment of his political measures, we should compare the defenceless state of Portugal with the general plan of ambition of the united house of Bourbon, and the particular claims and enmity of the crown of Spain. The independence of Portugal can only be maintained by cultivating the friendship of the other powers of Europe, particularly by confirming the ancient alliance with the only nation that ever has, or ever can engage effectually in her defence. These are essential objects, not to be compared with any temporary advantages, and from which a wise minister will not suffer his attention to be diverted. It is needless to say how little they have been regarded in the political system of the Marquis of Pombal. Upon the whole, it must be admitted, that the proofs of his ministerial abilities are of an extraordinary nature. His commercial experience and information have led him to divide the trade of his country into monopolies. His policy has taught him to provoke the natural enemies, and to alienate the natural allies, of the crown. His two systems correspond and co-operate with each other. In consequence of receiving all foreigners upon the same footing in Portugal, and of laying all foreign trade under equal restraint, it ceases to be a great natural interest to any one nation to maintain the independence of the kingdom. A union of inferior states, in favor of a court with whom they have no solid foundation of alliance, is not to be expected, nor would it be effectual. His country then, with a small internal force, and destitute of all alliance, is left exposed to the invasion of a superior enemy, whose claims are not obsolete, and who do not always wait for just or decent pretences to act against Portugal; nor is there a

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* In the royal edict of the 21st of June, 1766, it is asserted, that to refuse the actions of a trading company, as so much ready money, is contrary to the universal practice of all the commercial nations of Europe, *opposita à pratica universal do commercio de toda a Europa*; and the minister was ignorant enough to imagine, that the authority of government in Portugal would produce the same effect that credit does in other countries. He was ignorant enough not to know, that the interposition of arbitrary power in matters of trade and property destroys all credit and confidence among men. The decree has since been repealed.

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power in Europe, to which his Most Faithful Majesty can say with truth, "It is your interest to protect me."

The last question to be considered is, Whether he has made the Portuguese richer or a happier people than he found them? If he has, it must be confessed, that the means he makes use of would hardly have produced that effect in any other country. If he has not, his maxim, *that sovereigns are not to be restrained by treaties from consulting the internal welfare of their subjects*, leaves him without the possibility of a defence.† If the measures, which he calls expedient, fail of success, he is precluded from pleading any obstructions that might arise from the engagements of the crown with foreign nations. The conclusion reverts, with accumulated force, against the wisdom and mildness of his administration. Hitherto it has been only marked by the blood of the principal nobility, and universal oppression of the people. There can be no increase of wealth in a country where industry is effectually discouraged, and no man's property secure. There can be no domestic content or happiness among a people, one half of which are spies upon the other. Racks, gibbets, and dungeons, are the emblems and resources of his government. It is but the natural consequence of such a government, that the Portuguese, with many advantages of personal character, and local situation, are the meanest and most degraded people, and the crown of Portugal the least respected, of any in Europe.

Sir Benjamin Keene, who knew the Marquis of Pombal early in life, emphatically describes him as a *conceited and puzzled head*. How far the intrepidity of his spirit may deserve the opinion conceived of it, can only be determined by experiment. He may have penetration enough to see into the genius of the people he treats with, and may proportion his own firmness to their apparent want of it. But this part of his character has never been fairly put to the proof, at least by Great Britain. If any farther presumption in favor of his abilities should be drawn from his having raised himself to an absolute dominion over his country, and maintained it so long, it may be weakened by considering, that the government of Portugal is despotic, and that the talents and intrigues which ingratiate a servant with his master are sometimes the least likely to qualify him for the government of a kingdom. He is sagacious; but having seldom the good fortune to reason upon right principles, his sagacity, in many important instances, serves only to mislead him.

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† Greater powers than Portugal have thought it no diminution of their sovereignty to submit to special restraints of this kind, for the sake of other advantages. By the commercial treaties between France and Holland, each party is expressly restrained from granting new privileges to their own subjects, to the prejudice of the other, "sans qu'il soit permis à l'un ou à l'autre de concéder, ou de faire à leurs sujets des immunités, dons gratuits, ou autres avantages, par dessus ceux de l'autre, ou à leur prejudice."

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He has had experience; but ill-considered facts, without principles or instruction, have perplexed his understanding. Of this we see a signal instance in the conclusions he drew from the establishment of one or two great exclusive trading companies in England and Holland. If his zeal for the good of his country be ardent, it certainly is not luminous. He is industrious beyond measure; but his industry, supported by a jealousy of all competition with him, has this dangerous effect, that while he engrosses more of the executive branch than he can possibly support, no one office of the state is executed as it should be, and business stands still. It is also to be apprehended, that, by his excluding the inferior ministers from confidence and information, the kingdom at his death will probably be left without a man in office, any way qualified to succeed him. This is the common policy of favorites; but it presents no idea of a great, superior mind. Considering his uniform plan of conduct towards the natural allies and natural enemies of Portugal, we may allow him a degree of personal intrepidity, which does no great honor to his discretion. The proofs of it, in his internal government, are more equivocal. It does not seem to require much firmness or resolution to employ an armed force in the oppression of a poor, spiritless, unresisting people. Tyrants, who have trembled on their thrones, have done it with success.

THE END.

E R R A T A.

Page 9, line 17, for *draws* read *draw*.

27, last line but one, for *Ragnal* read *Refnel*.

211, line 16, for *galleons* read *galleons*.