AN

ESSAY

UPON

MONEY and COINS.

Harris

PART I.

The Theories of COMMERCE, MONEY, and EXCHANGES.

LONDON,

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To the Honourable

RICHARD ARUNDELL, *Esq;*

As a teſtimony of Eſteem for his great Worth and Abilities, and as a grateful acknowlegement for many Marks of his Favour and Regard, during a long courſe of years; this Tract

Is humbly Inſcribed and Dedicated, by

His moſt faithful

and obedient Servant,

THE AUTHOR.

PREFACE.

THE main part of the following eſſay, was drawn up many years ſince for a truly great and good man; one who, if it had pleaſed God to have continued his life but a little longer, intended, amidſt his other great deſigns for the good of this country, to have made ſuch regulations in regard to our coins, as probably would have obviated all complaints about them for the future. The chief deſign of this firſt part, is to unfold the true nature and theory of money: A ſubject wherein every one is intereſted, and that in ſome meaſure in proportion to his property; and yet, a ſubject it ſeems, that very few underſtand; and concerning which, many, and thoſe too of ſome note, are under groſs miſtakes.

In order to clear the way, and for the better ſettling of things upon their firſt and true principles, it hath been thought neceſſary to take a general view of wealth and commerce, which is the ſubject of the firſt chapter; and the third, concerning exchanges, is not quite foreign to the main deſign.

Some of the points here touched upon, deſerved to have been diſcuſſed more at large, if the deſigned brevity of the whole would have permitted. The author is clear as to the goodneſs of his intention, and hopes that his ill ſtate of health, while theſe ſheets were printing, will be admitted as an apology for ſuch faults as may have happened in the execution.

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PART I.
The Theories of COMMERCE, MONEY, *and* EXCHANGES.

CHAPTER I.
Of the nature and origin of wealth and commerce.

I. *Of wealth, what, and wherein it conſiſts.*

Land and labour, the ſources of all wealth.

1. THE earth abounds with an infinite variety of materials, for the comfortable ſubſiſtence of human life: Beſides the great diverſity of food, vegetable and animal, more than ſufficient to ſatiate the moſt gluttonous appetite; how admirably are wood, ſtones, metals, *&c.* adapted to their various uſes! What is there left unprovided, and of what kind is that other material that could have added to human conveniency? But amidſt this vaſt profuſion of things, the earth ſpontaneouſly produces but few that are ready fitted for our uſe: Some pains and induſtry are required on our part, without which,

our condition upon this globe would, perhaps, be the moſt forlorn and uncomfortable of any of its inhabitants. But of this we have no cauſe to complain: Labour or bodily exerciſe, in a certain degree, is not only eaſy but pleaſant to us, conducive to our health, and every way ſuited to our nature; and we are endued with ample powers for adopting and fitting the materials about us, according to our various exigencies and occaſions. Land and labour together are the ſources of all wealth; without a competency of land, there would be no ſubſiſtence; and but a very poor and uncomfortable one, without labour. So that *wealth* or *riches* conſiſt either in a propriety in land, or in the products of land and labour.

In wealthy countries, the value of the labour is much greater than that of the land.

2. The proportional values of land and product, differ very much in different countries; as the ſoils are reſpectively more or leſs fertil, and the inhabitants more or leſs induſtrious, and ſkilful. Without ſome kind of tillage, much land will be requiſite to maintain a few inhabitants; and a ſmall field of wheat will afford nouriſhment to more people, than a large foreſt yielding nothing but acorns

acorns and wild fruits. The annual produce of labour in *England*, I imagine, is of much greater value than the rent of the land; but their exact proportion to each other, cannot be eaſily aſſigned. It is commonly ſuppoſed that a farmer, to be enabled to live comfortably, muſt make three rents of his land; and when we conſider the coarſeneſs of thoſe commodities, that are commonly expended in a farmer's houſe, in compariſon of many others conſumed by thoſe of more affluent fortunes; the value of labour to that of land, muſt be with us greater than that of 2 to 1. Wool wrought into cloth is much advanced in its value; thread may be of above 100 times the value of the flax whereof it was made. The value of the materials in * watches, and innumerable other things made of metals, is but ſmall in compariſon of the value of the workmanſhip. But we muſt not purſue this notion too far: The numbers employed about theſe coſtly things, may not bear a large proportion to thoſe who are either idle, or occupied about tillage, buildings, or other manufacturies; where the raw materials are worth near as much, or ſometimes more, than the labour beſtowed upon them.

* The balance ſpring in a good watch is worth above a million of times the value of the ſteel.

them. The *Britiſh merchant* computes the value of labour to that of land in *England* to be as 7 to 2 *. He ſuppoſes the people of *England* to be 7 millions, and each man at a medium to expend 7 pounds each, which makes the whole annual conſumption of *England* 49 millions; 45 millions of which he ſuppoſes to be our own product, 4 millions

* This ſhews the great value of arts and induſtry. But their uſefulneſs doth not terminate in the mere value of their productions; their benign influence extends much farther. By furniſhing employment, at the ſame time, both to the mind and body; they tend to improve the underſtanding, to humaniſe mankind, and to preſerve them from that brutal barbariſm, which is ever the attendant of ſtupid indolence and inactivity. Each individual, by a laudable induſtry, ſtriving to benefit himſelf; the whole community ſhare the fruits, and peace and good order is every where maintained.

But here occurs a difficult queſtion; how to employ uſefully all that are fit and able to work, and to maintain comfortably ſuch as cannot help themſelves? Our indulgent parent hath ſo ordered things, that it ſhould not be neceſſary for all to work: Some compute, that the labour of one-fourth of the people is ſufficient to maintain the other three-fourths; that one-fourth, as infants, old people, *&c.* are quite helpleſs; that one-fourth live upon their lands; whence one-fourth are left for the learned profeſſions, ſtate offices, and for being merchants, ſhopkeepers, ſoldiers, *&c.* Here then are three parts that are mere conſumers; and as a country grows in wealth, the candidates for genteel employments may become more numerous in proportion to the reſt, perhaps too much ſo for the land and labour to maintain: And thus, too many expecting a livelihood without labour; murmurs, complaints of the decay of trade, want of money, *&c.* will be loud. Amongſt the lower claſs, ſome profeſſions at times will be naturally overſtocked: But if there be want of employments upon the whole, there muſt be ſome defect in our police; as the produce of *England* is undoubtedly ſufficient, to employ and maintain comfortably, a much greater number of inhabitants.

lions foreign commodities; and the rents of the lands he makes 14 millions.

II. *Values of things, how eſtimated.*

3. Things in general are valued, not according to their real uſes in ſupplying the neceſſities of men; but rather in proportion to the land, labour and ſkill that are requiſite to produce them: It is according to this proportion nearly, that things or commodities are exchanged one for another; and it is by the ſaid ſcale, that the intrinſic values of moſt things are chiefly eſtimated. Water is of great uſe, and yet ordinarily of little or no value; becauſe in moſt places, water flows ſpontaneouſly in ſuch great plenty, as not to be with-held within the limits of private property; but all may have enough, without other expence than that of bringing or conducting it, when the caſe ſo requires. On the other hand, diamonds, being very ſcarce, have upon that account a great value, though they are but of little uſe. A quicker or ſlower demand for a particular commodity, will frequently raiſe or lower its price, though no alteration hath happened in its intrinſic value or prime coſt; men being always ready to take the advantage of

one another's fancies, whims or neceſſities; and the proportion of buyers to ſellers, or the demand for any particular commodity in reſpect to its quantity, will always have an influence on the market. The intrinſic value of a particular commodity may be alſo enhanced, though its quality is debaſed; as a buſhel of muſty grain at one ſeaſon, may be worth much more, than the like quantity of good grain at another.

Cheapneſs, how eſtimated.

4. Commodities are called bulky or ſaid to be * cheap, which bear but a ſmall proportion of value to others of equal bulk; and theſe are natural products, either growing ſpontaneouſly, or requiring no great art and labour in their cultivation; as grain of all ſorts, cattle for food or labour, timber and ſtone for building, fuel, *&c.* The goodneſs of Providence having ſo ordered things, that thoſe main ſupports of life ſhould abound every where, according to the exigencies of different climates. And of metals, that moſt uſeful one, iron, is in our happy clime the cheapeſt.

Natural

* Things are alſo ſaid to be cheap or dear, in reſpect to the prices they bore at ſome former market.

Natural products, &c. ſubject to a greater variation in their value, than artificial.

5. The quantity of corn, *&c.* produced from the ſame number of acres, and from the ſame quantity of labour, being ſometimes very different, according to the difference of ſeaſons; grain of all ſorts, as alſo cattle from mortality amongſt them, or other caſualties, are ſubject to much greater variations in their values, than artificial products; and a buſhel of corn may be worth twice or thrice as much cloth, at one time as at another. Corn muſt be had; and the farmers will endeavour to make as much of their ſmall ſtock, as when they had a greater plenty; on the other hand, when the market is full, they muſt lower their price; till, after reckoning the value of the land, the labour beſtowed in raiſing a buſhel of corn, and in fabricating the thing for which it is exchanged, are on both ſides nearly equal. Things of a more limited vent, are ſubject to vary yet more from their uſual price, than corn; as apples, hops, *&c.*

Things are the more valued, the farther they are from the place where they were firſt produced.

6. Things near the place where they are produced, whether by nature or art, have naturally a leſs value in proportion to other things, than they have in places more remote; and this in proportion to the riſques of all ſorts, and expences of carriage. Silver is naturally cheaper in *Mexico* than in *Spain*, and in *Spain* than in the reſt of *Europe*. Things that are rare, or for which there is no great demand, are generally dearer than in the above proportion: For, when there are but few dealers in any commodity, they ſeldom fail to enhance its price, and that ſometimes very exorbitantly. One great myſtery of trade, is to keep off new adventurers, by concealing its profits; and whilſt that may be done, the gains will be large.

III. *The price of labour, the chief ſtandard that regulates the values of all things.*

7. The values of land and labour do, as it were of themſelves, mutually ſettle or adjuſt one another; and as all things or commodities, are the products of thoſe two; ſo their

their ſeveral values are naturally adjuſted by them. But as in moſt productions, *labour* hath the greateſt ſhare; the value of labour is to be reckoned the chief ſtandard that regulates the values of all commodities; and more eſpecially as the value of land is, as it were, already allowed for in the value of labour itſelf.

Men's various neceſſities and appetites, oblige them to part with their own commodities, at a rate proportionable to the labour and ſkill that had been beſtowed upon thoſe things, which they want in exchange: If they will not comply with the market, their goods will remain on their hands; and if at firſt, one trade be more profitable than another, ſkill as well as labour and riſques of all ſorts, being taken into the account; more men will enter into that buſineſs, and in their outvying will underſell one another, till at length the great profit of it is brought down to a *par* with the reſt.

Some eſtimate of the value of labour.

8. It may be reaſonably allowed, that a labouring man ought to earn at leaſt, twice as much as will maintain himſelf in ordinary food and cloathing; that he may be enabled

enabled to breed up children, pay rent for a ſmall dwelling, find himſelf in neceſſary utenſils, *&c.* So much at leaſt the labourer muſt be allowed, that the community may be perpetuated: And as the world goes, there is no likelihood that the loweſt kind of labourers will be allowed more than a bare ſubſiſtence; if they will not be content with that, there will be others ready to ſtep into their places; and leſs, as above obſerved, cannot be given them. And hence the quantity of * land that goes to maintain a labourer, becomes his hire; and this hire again becomes the value of the land; the expences of manuring and tilling it, being alſo included. There is a difference in the proportion of the value of an acre of land to a given quantity of labour, all over the world; and this ariſeth, not only from the different goodneſs of the land, but alſo from the different ways of living of the peaſants in different places. For, where labour is very cheap, that is, where the labourers live very poorly, land will be alſo cheap; as the poor, from their numbers, are the principal conſumers of the groſſer products of the earth.

* Lands yielding uncommon products, as mines, *&c.* are not here conſidered; the uncommonneſs of them gives an opportunity to the owners of making more than ordinary profit by ſuch products.

earth. So that every where, I think, the price of land is influenced by the price of labour; that is, by the quality of food and raiment conſumed by the labourers; for of ſome ſort, they muſt have a ſufficient quantity: It ſeems then to be no good policy in the rich to deal too hardly with the poor; beſides, that ſuch treatment muſt needs greatly check arts and induſtry, diſcourage matrimony amongſt the lower claſs, and inſpire them with thoughts of quitting their homes, in hopes of bettering their ſtate elſewhere. But the benevolence here hinted at, is to be tempered with diſcretion: The children of the poor ſhould be brought up and inured, as early as may be, to ſome uſeful labour; and be taught with due care, the great principles of religion and morality. But all are not agreed that reading and writing, are qualifications neceſſary for the obtaining of thoſe ends; ſome think, that theſe accompliſhments are uſeful only in higher ſtations; and that to inſtruct at a public expence the youth of the lower claſs in reading, writing, *&c.* is a kind of intruſion upon the claſs next above them; that theſe qualifications, inſtead of being advantageous to the poor who poſſeſs them, ſerve only to render their ſtate more irkſome, and to inſpire them

with notions ſubverſive of ſociety. There muſt be labourers; and that moſt uſeful claſs of men ſhould be duly cheriſhed and taken care of: But books and pens will not alleviate the weight of the ſpade, or at all contribute to dry the ſweat off the labourer's brow.

Charitable contributions neceſſary.

9. The price of labour being fixed, ſo that one labourer can earn about twice as much, or ſomething more, than what will maintain himſelf; if he has ſeveral young children, a ſickly wife, an aged and helpleſs parent, or is himſelf diſabled; he will want, and will have a right to aſk, the charitable aid of ſome of his opulent neighbours: It is therefore almoſt unavoidable, but that ſome of the loweſt claſs will be deſtitute of ſubſiſtence, who muſt or ought to be maintained and taken due care of, by public contributions or eſtabliſhments *. If a man be ſingle, he will earn as much as the married man; for no regard to a man's circumſtances will be had in the price of his labour; and ſo the ſingle man may feed and clothe himſelf better than the other; and if

* Great care ſhould be taken that all charitable contributions are duly applied to their proper objects, and are not embezzled or wantonly ſquandered.

if he is frugal, he will ſave ſomewhat againſt he is married, which little ſavings may enable him to live more comfortably all the reſt of his life.

Mechanics earn more than labourers, &c.

10. To bring up a child to a trade, there is not only an expence in fitting him out, and during his apprenticeſhip, but alſo a riſque of his dying before he is out of his time; from which conſiderations a mechanic is entitled to better wages than a common labourer: And as any given trade is attended with greater riſques of any ſort, requires more ſkill, more truſt, more expence in ſetting up, *&c.* the artificer will be entitled to ſtill better wages. In like manner, thoſe profeſſions that require genius, great confidence, a liberal education, *&c.* have a right to be rewarded proportionably. And thus, the prices of labour and ſervices of different ſorts, have a conſiderable difference founded in the nature of them: But the wages of the lower claſs, wherein is to be included, as well the common artificers as the huſbandmen, ſeems to be the main and ultimate ſtandard that regulates the values of all commodities; and if thoſe wages be regulated by and paid in bullion, that

that ſpecific bullion will be the true and real money of the country where it is ſo applied, notwithſtanding what elſe may paſs in greater tranſactions.

IV. *Of trade or commerce.*

11. By the wiſe appointment of divine Providence, a mutual intercourſe and commerce amongſt men, is both conducive and neceſſary to their well being. Every man ſtands in need of the aid of others; and every country may reap advantages, by exchanging ſome of its ſuperfluous products, natural or artificial, for thoſe which it wants of foreign growth.

The firſt employments that a colony of people, newly ſettled in an uncultivated country, would naturally fall upon, would be to clear, till and ſow, or plant the ground with ſeeds and roots proper for their nouriſhment; and to provide themſelves with ſome kind of dwellings and garments, to ſhelter and protect them from the inclemencies of the weather: In order to obtain which, they would ſoon find themſelves under the neceſſity, and feel the comforts, of aſſociating together, and of eſtabliſhing a certain mode or form of government. For, all the labour and ſkill of any one man, or of

of any one family unconnected with others, would ſcarce be able to procure them the common neceſſaries of food and cloathing; and much leſs would they be ever able to furniſh themſelves with thoſe various conveniencies, which we now ſo plentifully enjoy.

Men are endued with various talents and propenſities, which naturally diſpoſe and fit them for different occupations; and are, as above obſerved, under a neceſſity of betaking themſelves to particular arts and employments, from their inability of otherwiſe acquiring all the neceſſaries they want, with eaſe and comfort *: This creates a dependance of one man upon another, and naturally unites men into ſocieties. In like manner, as all countries differ more or leſs, either in the kinds or goodneſs of their products, natural or artificial; particular men find their advantages, which extend to communities in general, by trading with the remoteſt nations.

It was the neceſſities of men that gave birth to the arts, and long experience hath brought many of them to a ſurprizing degree

* The mutual conveniencies accruing to individuals, from their betaking themſelves to particular occupations, is perhaps the chief cement that connects them together; the main ſource of commerce, and of large political communities.

gree of perfection. The moſt curious arts now ſubſiſting are the growth of *Europe*, and chiefly of the laſt and preſent age; and herein, our own country hath much to boaſt of *.

Uſefulneſs of diſtinct trades, farther illuſtrated.

12. The advantages accruing to mankind from their betaking themſelves ſeverally to different occupations, are very great and obvious:

* The name of NEWTON, to omit many others of great eminence in different kinds of knowledge, will do honour to this nation, whilſt men continue civilized, and preſerve the ſciences amongſt them. We have lately loſt a mechanic, whoſe aſſiſtance on many occaſions was eagerly courted, even by our vain and rival neighbours; a man well known, and, being known, admired, in all the principal courts, and learned academies of *Europe*. I need not ſay that I here mean the late GEORGE GRAHAM, whoſe eminent ſkill in mechanics, by which he was known to the world, was yet known to his friends to have been but a ſmall part of his merit. We have yet ſeveral artiſts who excel in their reſpective profeſſions, all that went before them. What Mr. HARRISON hath done about *clocks*, is truly admirable; and *mathematical inſtruments* were never made ſo perfect and exact, as they have been and ſtill are by Mr. BIRD: Theſe men ſtand unrivalled. I have many more very excellent artiſts in my eye, but I forbear naming any, leſt I ſhould do injuſtice to others who might have an equal ſhare of merit.

Whilſt I am celebrating the ſuperior ſkill of ſome of our moſt eminent artiſts, I am not very wide from my ſubject: And I wiſh it was duly conſidered, by thoſe who ought to conſider it, what countenance and encouragement is due to ſuch men; what great benefactors they are to their country, what great reputation and wealth they bring to it, who by their fame and example create emulation in others, and ſo raiſe and ſupport a reputation of our artificial products in diſtant countries.

obvious: For thereby, each becoming expert and ſkilful in his own particular art; they are enabled to furniſh one another with the products of their reſpective labours, performed in a much better manner, and with much leſs toil, than any one of them could do of himſelf *. And the world now abounds with vaſtly greater quantities and varieties of artificial products, than could ever have been effected by the utmoſt efforts of ſmall and unconnected ſocieties. The farmer is the moſt likely perſon to be able to ſubſiſt of himſelf; but he would find it very difficult to get even implements for his huſbandry, without the aid of the ſmith and the carpenter; and they again, find it their intereſt to truck with him for what they want, inſtead of tilling the ground themſelves. In building and furniſhing a houſe, the buſineſs

* When our great load of taxes, reaching down to the meaneſt artificer, is conſidered; it would ſeem that labour is cheaper in *England* than in other countries; that is, that our arttſicers are more ſkilful, and produce more and better goods in a given time, than is uſually done elſewhere: For, in comparing the price of labour, the mere conſumptions or earnings of the labourers, are not alone ſufficient; what their labour produces, muſt be alſo taken into the account. Without ſuppoſing that labour, in effect, is really cheap with us, it would be difficult to account how ſuch large quantities of our artificial products could be vended abroad. But how long this ſuppoſed ſuperiority of our workmen, can be able to balance our other diſadvantages, deſerves ſeriouſly to be conſidered.

ſineſs becomes ſtill more complex; and more variety of arts are neceſſary. And ſhould any one undertake to provide a coat only, by going himſelf through the various operations of ſhearing the wool, carding, ſpinning, weaving, tucking, *&c.* half the labour and toil in his own particular profeſſion, would not only have equipped him with a better garment, but alſo procured him other neceſſaries *. Beſides the great incumbrance of tools, that would be requiſite for the finiſhing of moſt things from the beginning; it would be next to impoſſible for any one man, either to find time, or to acquire ſkill ſufficient, for the making of all thoſe tools; he would ſoon find himſelf at a loſs, and under a neceſſity of ſeeking the aid of others.

Uſefulneſs of dealers.

13. The uſefulneſs of people betaking and confining themſelves to particular arts, is very manifeſt. And from hence naturally ariſe employments for another claſs of men; I mean, dealers of all ſorts, from the meaneſt ſhop-keeper to the merchant: Theſe, without

* Agreeable to this is the old *adage*, "Jack-of-all-trades "will never be rich." And thoſe ſmattering geniuſes who will be meddling in various arts, rather than employ others in their proper callings, are but poor œconomiſts, as well as bad neighbours.

out applying themſelves to any of the manual arts, are buſied in collecting, and afterwards in diſtributing, the various ſorts of products or commodities; and by their arts and induſtry, the products of the remoteſt places are collected, as it were, into grand ſtore-houſes; where every one may be readily ſupplied, according to his deſires.

The dealers, like the artificers, are ſubdivided into diſtinct trades, and ſo, become mutually ſerviceable to each other. Without this ſubdiviſion, commerce would have been ſtrangely embarraſſed; many parts of it muſt have been totally neglected; and a monopoly here would have like bad effects, as if men tried themſelves to make all the things they wanted.

Uſefulneſs of commerce farther exemplified.

14. To exemplify the nature of commerce a little more particularly: Amidſt the farmers, which we will ſuppoſe are diſperſed at convenient diſtances over the whole country, there will be villages of different ſizes, diſperſed at yet greater diſtances. In theſe villages, beſides ſome farmers, and ſome poor huſbandmen; there will be moſt likely a ſmith, a carpenter, an alehouſe-keeper, perhaps a butcher; if not

a ſhoe-maker, at leaſt a cobler, a petty grocer, *&c.* In larger villages, there will be more of theſe trades, and ſome others beſides: All theſe have their food of the neighbouring farmers, and are ſupported by what they earn of them, and of one another. Their overplus, the farmers carry to the adjacent market-towns; wherein are a greater number, and a greater variety of artificers; more ſhops, and better ſorts of goods; more publicans, and better entertainments, than are in the villages. The ſeveral ſhop-keepers here, fetching many or moſt of their goods from remote places, in large quantities at a time, can afford to furniſh their reſpective cuſtomers at a much cheaper rate, than they could furniſh themſelves; as they ſave each of them the trouble, riſque, loſs of time, and expence of a long journey. Theſe ſhop-keepers know alſo, how to procure their goods at the beſt hand; and they take care to furniſh themſelves, with whatever is neceſſary for the conſumption of the adjacent country. The farmers, likewiſe, find it their advantage to diſpoſe of their ſuperfluous cattle, butter, cheeſe, *&c.* to drovers and chapmen, that come to meet them at known appointed fairs; and they again, know where to drive and carry, by wholeſale, thoſe commodities to a better market.

The trade of large towns, is again branched out into greater varieties; theſe not only ſupplying the leſſer towns, as they do the villages, but alſo affording many curioſities, fit only for the gentry and people of affluent fortunes. In like manner, manufacturers and dealers, find it their intereſt to ſeek each other: Knowing before-hand where and how to diſpoſe of his goods; the one, is enabled to purſue and cultivate his art, without that loſs of time and interruption, to which he would be otherwiſe liable; and the other, having in his warehouſe various ſortments of different goods, bought at the beſt hand from different manufacturers, furniſhes not only the petty ſhop-keepers or chapmen of his neighbourhood, but alſo many others in remote places, with all the ſorts they want; which would have been endleſs and too expenſive for them to have done, by going themſelves for their little quantities to the ſeveral manufacturies, which might be diſperſed at great diſtances.

Thus, as in the manual arts, it is the intereſt of each dealer, to confine himſelf within a certain diſtrict; and this, likewiſe, is of mutual advantage to the whole; By this œconomy, each particular trade becomes better

underſtood, better cultivated, and carried on eaſier and cheaper; the whole community is, as it were, thereby linked together in one general commerce; and by a daily intercourſe and correſpondence, a large country becomes in effect as one great city; greater numbers, creating more employments, and contributing to each other's better ſubſiſtence: It being a conſtant obſervation, that the pooreſt living is in thin inhabited countries. Indeed, it is trade that makes countries populous, as well as what procures the inhabitants a comfortable ſubſiſtence. Again, by the diligence of the merchant, in inveſtigating and diſperſing the products of different countries; all nations become, as it were, connected together in a commercial intereſt; and all enjoy the benefits of the various productions of different climates.

Of foreign commerce.

15. In a nation ſkilful in arts, and abounding in products for the neceſſaries of life; the due ordering of its own internal trade, muſt be its greateſt concern: But yet foreign commerce is advantageous, in many reſpects. By the great and almoſt inexplicable circuit and labyrinth of trade, the peculiar riches of each reſpective country, are diſperſed

diſperſed every where, to the mutual benefit of all mankind; and the whole world becomes, as it were, one community or great trading city; every climate, by the means of commerce, enjoying the peculiar fruits of the reſt: By commerce, not only commodities natural and artificial, but the arts themſelves are alſo communicated, improved, and extended; induſtry promoted, and uſeful employments found for a greater number of hands. There is perhaps no nation in the world, but what might ſubſiſt of itſelf; moſt countries abounding with means of ſuſtaining life, ſuitable to their reſpective climates; and yet, perhaps, there is no country ſo fertil, or nation ſo polite, but what may be greatly benefited by a foreign commerce. In the *Weſt-Indies*, where labour is toilſome, a ſmall degree of it ſuffices to procure plenty of roots for bread; and a ſufficiency of fleſh, fiſh, and fowl, are eaſily obtained. But the artificial products of *Europe*, are a beneficial exchange for the produce of the cane; and this again is convenient and acceptable to the *Europeans*.

Every nation ſhould have a watchful eye over its foreign commerce; for it might ſo happen, that a trade which enriches the merchant, might impoveriſh the public.

That trade is moſt beneficial, which exports thoſe commodities that are leaſt wanted at home, and upon which moſt labour hath been beſtowed; and which brings in return the reverſe ſort; that is, ſimple products, either neceſſary for immediate conſumption, in the form they are imported; or as materials to be wrought into commodities, wanted either for home uſe or exportation. In few words, that trade is beſt, which tends moſt to promote induſtry at home, by finding employment for moſt hands; and which furniſhes the nation with ſuch foreign commodities, as are either uſeful and neceſſary for our defence, or more comfortable ſubſiſtence. And that trade is the worſt, that exports the leaſt of the product of labour; that furniſhes materials for manufacturies in other countries, which afterwards might interfere with ſome of its own; and which brings home unneceſſary commodities, either ſoon periſhable, or of a precarious value. But no nation can in all caſes chuſe for itſelf: The immediate diſadvantages of ſome trades are to be overlooked, if in the long run and great circle of commerce, they at laſt turn out to be beneficial. Natural alliances, and natural

natural rivalſhips, for ſuch there are, and ever will be, betwixt particular nations, are alſo ſubjects of great moment to the ſtateſman, though not to the merchant, in the conſideration of a beneficial commerce. And to a maritime country, the increaſe of ſhipping and of mariners, is an object of great importance.

I am unwarily entered upon a large field; but my view under this head, being only to give a general idea of the nature and benefit of trade, by ſketching out ſome of the principal lines, I muſt here proceed no farther: To treat this ſubject with tolerable accuracy, would be a large, curious and uſeful undertaking *.

V.

* This would be no leſs, than the taking a general view of the whole political œconomy of eſtabliſhed communities; it would be ſhewing how the ſeveral parts are neceſſarily connected, mutually dependent on and ſubſervient to each other, and to the whole: Such a work might be of ſingular uſe to the ſtateſman, by pointing out to him, what parts are growing too luxuriant, and what parts want further nouriſhment and countenance; and perhaps, in the whole ſyſtem of politics, if the whole doth not ultimately terminate there, no part is of that importance as the preſerving of a due order in all things at home.

How trades beget and nouriſh each other, is beautifully deſcribed in a book, containing many judicious obſervations upon that ſubject, entitled, *A plan of the Engliſh commerce*, page 20 to 27. The author, after ſuppoſing fifty farmers, each with two hundred pounds ſtock, ſettled in a kind of circle of a convenient extent in ſome uninhabited part of *England*, ſhews how in a little time a town with various trades, would be naturally built and ſettled in the midſt

V. *Of the comparative riches or wealth of nations.*

16. The comparative riches and ſtrength of nations, are not to be reckoned from the extent of their dominions, or ſimply from their numbers of people; but rather from the fertility and aptneſs of the ſoil, for furniſhing uſeful and neceſſary products; from the induſtry of the inhabitants, and their ſkilfulneſs in arts; and beſides all this, from their having a well-modelled, and well-adminiſtered government: For a good government is itſelf a moſt valuable treaſure, a main ſource of riches, and of all temporal bleſſings. The *Ruſſian* map, takes in a larger extent of country than all *Europe*; and yet that nation till of late, made no great figure upon the ſtage of the world. I am inclined to think that the territory of *Great Britain*, is more * valuable, though leſs extenſive, than

midſt of them; and how theſe farmers and their families, which he ſuppoſes to conſiſt of 350 perſons, would bring to them and find maintenance for at leaſt 1000 perſons more. The whole detail is too long for this place, and to abridge would be to maim it. This book was printed for *C. Rivington* in *St. Paul's Church-yard*, anno 1718.

* Beſides having of our own growth, plenty of all ſorts of proviſions, materials for buildings, apparel, *&c.* we have alſo *lead*, *tin*, *copper*, *iron*, *calamy*, *coal*, *culm*, *allom*, *copperas*, *fullers earth*, and ſundry other minerals; ſome of which are in a manner the peculiar growth of this country, and very deſirable

than *France*; and the *Engliſh* artiſts upon the whole, take the lead of all the world. The *French* are much more numerous than we are, and perhaps alſo more ſkilful in the arts of war; and their government, for ſudden enterpriſes, is * better framed than ours: But the *Engliſh* commonalty are more robuſt, brave and intrepid when rouſed; and have from their ſoil and ſkill in arts, ſuch great reſources and advantages, that if they do but preſerve their † conſtitution entire, maintain a public ſpirit, with union and concord amongſt themſelves; they may continue their independency upon other nations, to the lateſt times. But futurity is not ours: Let us, whilſt we are, each in his place, act our parts like men, and all will be well.

The ſtock of a nation in all ſorts of productions, natural and artificial, is to be included in the idea of its riches; and more eſpecially its ſtock of thoſe things that are neceſſary for the ſupport of life, and for defence againſt enemies: For as men are circumſtanced, this laſt

deſirable abroad: But I do not recollect to have heard, that *France* yields any one natural product wanted by us.

* This advantage is, in many other reſpects, much overbalanced by the milder and more temperate frame of our government.

† The freedom of this nation, is the true parent of its grandeur: If ever it becomes enſlaved, its auguſt and mighty monarch, will dwindle into an inconſiderable and petty tyrant.

laſt alſo is a neceſſary ingredient. An induſtrious and ſkilful nation, having the land well ſtocked; the houſes well furniſhed; the ſhops, warehouſes, granaries and magazines of all ſorts, well filled; may with great propriety be ſaid to be rich: To this eſtimate, muſt be alſo added all the goods in foreign warehouſes, that are the property of its merchants. When the riches of a country, are conſidered under this extenſive view; the whole amount of its caſh or bullion, cannot make ſo conſiderable a part, as people are apt to imagine. We ſhall conſider more particularly hereafter, in what ſenſe, and how far, gold and ſilver are riches: But we are not to form an idea of the riches of paſt ages, from the abundance they had of thoſe metals. The *Inca's* of *Peru* were not the richer, for the immenſe maſſes of gold they poſſeſſed; and its being ſo greedily coveted, proved the cauſe of the loſs of their country: Could they have changed their gold into iron, it would have been vaſtly more ſerviceable to them; and with it, they might probably have defended their country, againſt thoſe mercileſs invaders, that uſed them ſo barbarouſly. We ſhould not yet perhaps, reckon thoſe people ſo very deſpicable and poor, becauſe they had but few of

of the arts amongſt them: They were in poſſeſſion of a goodly country; had plenty of ſuſtenance; of ſuch apparel and buildings, as gave them content: If they had no learning, they yet had good manners, probity, and a regular government; worthy, in many reſpects, the imitation of the politeſt *Europeans*. But we, having taſted the ſweet fruits of arts, could not part with them, without feeling the utmoſt reluctance; without being in a high degree ſenſible of the calamitous diſtreſſes of poverty. It is in the product of arts, that riches chiefly conſiſt; and if we reckon by this ſtandard, the preſent age is probably richer than any of the paſt; and our own nation is herein, not inferior to any of its neighbours.

Of ſumptuary laws.

17. The deſire of increaſing in wealth and riches, is univerſal; many cry out againſt luxury, and wiſh to have it ſtopped by *ſumptuary laws*. But this is a matter of great delicacy, and requires a nice judgment: Such laws, if not well conſidered, might be productive of effects, contrary to their intention. The curious arts of all ſorts, are beneficial to a country; and the diſcouraging any of them, will, inſtead of beget-

begetting riches, bring on poverty. If men had contented themſelves with bare neceſſaries, we ſhould have wanted a thouſand conveniencies, which we now enjoy; and many of the talents given to us, would have been quite uſeleſs, for want of opportunities of exerting them. The word *luxury* hath uſually annexed to it, a kind of opprobrious idea; but ſo far as it encourages the arts, whets the inventions of men, and finds employments for more of our own people; its influence is benign, and beneficial to the whole ſociety. But if luxury, or faſhion, tend to diſcourage the arts and induſtry at home; to ſtock the nation too much with coſtly trifles from abroad, of no real uſe; or with conſumable commodities, not really wanted; thereby, transferring the employments from our own poor, to thoſe of other nations; to nations, it may be, not our friends; luxury then, degenerates into evil, and ſhould be ſuppreſſed in time. Vanity, though it ruins many individuals, is yet perhaps beneficial to the community; and the ways of indulging it, ſhould not be too much ſtraightened: Prevent its leading to any intemperances, that may affect either the healths, morals, or induſtry of the people, and no harm will be done.

VI.

VI. *Induſtry the ſource of wealth, and good order that of induſtry: Public ſpirit the great fountain of national grandeur, and happineſs.*

18. I ſhall conclude this chapter, with obſerving again; that labour, ſkill, and induſtry, are the true ſources of wealth; and the means of diſtributing it, in a due proportion, among all the members of the body politic. It is not any ſpecific quantity of money, but the due diſtribution of it, that renders that body healthy and vigorous in all its parts. Idleneſs is the bane of ſociety; the great ſource of vice and confuſion; the fore-runner of public diſtreſs and calamity. Induſtry produces the contrary effects; and is to be promoted by all poſſible methods: Theſe are various; they are chiefly good laws, ſpeedily, righteouſly, and cheaply executed; wiſe regulations of commerce, as well internal as foreign; good examples; a watchful care in the magiſtrates, to ſuppreſs in the firſt inſtances, vice, ſloth, and all kinds of immoralities; a due care of the indigent and feeble, that none periſh for want, when there is more than ſufficient for all; the ſecuring of private property; a due diſ-

dain

dain of all chicanery, quibbling and ſophiſtry, more eſpecially, in ſchools and courts of juſtice; ability, uprightneſs and diſpatch in public offices; the countenancing of probity, of plain dealing, of arts and ſciences; and in all caſes, an inviolable maintenance of public faith. Theſe, are ſome of the ways, to breed and cheriſh a public ſpirit, among all ranks of people; without which, no nation can be happy; no community can long ſubſiſt.

A nation ſkilful in arts, abounding in products, untainted in its morals; where public ſpirit prevails, above local and perſonal intereſts; and under a wiſe and righteous government, duly tempered, ſo as to be ſecure itſelf, and all under it ſecure; a nation, I ſay, under theſe circumſtances, muſt needs within itſelf, be rich, flouriſhing and happy. But power, grandeur, and influence abroad, depend chiefly on the numbers of induſtrious inhabitants at home. A limited number, cannot acquire above a limited degree of wealth, or ſtrength: The way to increaſe both, is to break down the barricadoes of local enfranchiſements; to encourage matrimony among the lower claſs, by giving ſome privileges to thoſe who have children; finding employments for thoſe who

who are able; and ſupplying with neceſſaries, the helpleſs and indigent. Moreover, if you pleaſe, you may invite hither foreign Proteſtants; by giving the privileges of free deniſons, to all that are deſirous of incorporating themſelves under the banner of our laws, and enjoying the benefits of our happy conſtitution. But ſome better regulations ſhould be made with regard to our own poor, before ſtrangers can be induced to come among us.

CHAPTER II.

Of MONEY, *and* COINS.

I. *Of Barter.*

19. THE firſt commerce amongſt men, was undoubtedly carried on by *barter*, or the exchange of one commodity for another; and indeed, this is the true and ultimate end of all commerce, whether foreign or domeſtic. But as men and arts increaſed, a mere barter of commodities became inconvenient, and inſufficient, in abundance of inſtances. For it muſt needs frequently happen, that one man would want goods of another, that wanted none at the preſent, of thoſe goods which he had to give him in exchange; and therefore to him, theſe goods would be but of ſmall value; and it might be a tedious and intricate courſe, before the goods of the firſt man could be ſo often bartered, till at length they became exchanged into that particular commodity, which the ſecond wanted. The ſame inconvenience would attend private bills, or promiſſory notes; for the *note* could not well be

be diſcharged, till the man who gave it, met with a cuſtomer, that had goods which ſuited him, to whom the ſaid note had been given. Add to this, that contracts payable in goods were uncertain; for goods even of the ſame kind, differ in value. One horſe is worth more than another horſe: Wheat off one field, is better than wheat off another. Cows, horſes, ſwine, *&c.* wheat, barley, oats, *&c.* might differ greatly in their value; a great diſparity alſo would frequently happen, between artificial things of the ſame ſort, as one workman excelled another. So that in this ſtate of barter, beſides the endleſs difficulties people were under to ſuit one another; there was no ſcale, or meaſure, by which the proportion of value which goods had to one another, could be aſcertained *.

* In a ſtate of barter, there can be but little trade, and few artizans. For want of a ready exchange for their goods, people would look little farther than to get food, and ſome coarſe raiment: The landed men would till only ſo much land, as ſufficed their own families; and to procure them thoſe few rude neceſſaries, which the country afforded. Hence, without ſome kind of money, the arts can make no progreſs; and without the arts, a country cannot flouriſh or grow populous. Ignorance and idleneſs will naturally beget treſpaſſes, incroachments, wars and contentions, ever deſtructive to the growth of people. Does not this account for what we daily ſee, even amongſt nations reckoned polite? And how important is it, that the rulers of the earth ſhould be more liberally educated?

II. MONEY, *what, and whence it aroſe.*

20. To avoid the great inconveniencies of mere barter, a material or commodity that ſhould be univerſally accepted in exchange for all other things, was ſoon agreed upon; and this is what we call * MONEY. As ſoon as

* The firſt ſtep from mere barter to the invention of money, was probably by *pledges* or depoſites, which the owner was to redeem. And metals being durable, diviſible without loſs, and eaſy of carriage; and having from their uſefulneſs a value ſet upon them, like other things; men coveted to have metals for their pledges, and ſome one metal, preferable to the reſt; and this deſire becoming univerſal, that metal, from being uſed as a mere pledge, ſoon became money. Suppoſe this metal was ſilver: "He who had "more goods than he had occaſion for, would chuſe to barter them for ſilver, though he had no uſe for it; becauſe "ſilver would not decay upon his hands, or be of any expence to him in keeping; and with it he could purchaſe "other goods as he had occaſion, in whole or in part, at "home or abroad; ſilver being diviſible without loſs, and "of the ſame value in different places. *Ex.* If *A* had "100 ſheep, and deſired to exchange them for horſes: *B* "had 10 horſes, which were equal to, or worth the 100 "ſheep, and was willing to exchange: But *A* not having "preſent occaſion for the horſes, rather than be at the expence of keeping them, he would barter his ſheep with *C*, "who had the value to give in ſilver, with which he could "purchaſe the horſes at the time he had occaſion. Or, if "*C* had not ſilver, but was willing to give his bond for the "ſilver, or the horſes, payable at the time *A* wanted them: "*A* would chuſe to take the bond payable in ſilver, rather "than in horſes; becauſe ſilver was certain in quality, and "horſes differed much. So ſilver was uſed as the value in "which contracts were made payable." And thus the tranſitions from *bartering* to *pledging*, and from *pledges* to *money*, were very natural and obvious.

The above extract is taken from an ingenious piece, tho' not free from ſome grievous miſtakes, of the celebrated Mr. *John Law's*, entitled, *Money and trade conſidered*, printed at *London* in 1720.

as this invention became eſtabliſhed, men reckoned the value of their goods by money; and the terms *prices*, *buying*, and *ſelling* came in uſe; a greater or leſs quantity of money going to the purchaſe of all things, in proportion to the reſpective values which before had been ſet upon them, as well in reſpect of that commodity now made money, as of one another.

Thus, MONEY *is a* STANDARD MEASURE, *by which the values of all things, are regulated and aſcertained; and is it ſelf, at the ſame time, the* VALUE *or* EQUIVALENT, *by which, goods are exchanged, and in which, contracts are made payable.* So that money, is not a pledge, to be afterwards redeemed, but is both an equivalent and a meaſure; being in all contracts, the very thing uſually bargained for, as well as the meaſure of the bargain: Or, if one thing be bartered for another; the meaſure of the bargain, is uſually the quantity of money, which each of the things bartered, are conceived to be worth.

To illuſtrate this ſubject farther, let us ſuppoſe *ſilver* to be that commodity, which was fixed upon as money. Silver had before a known value, from its uſes as a metal; and being durable, portable, diviſible with-

without loſs, and of equal goodneſs every where, as will be explained hereafter, was found every way convenient for the purpoſe of money; and having been applied to that uſe, ſilver received an additional value to that which it had before, as a mere metal, from the greater demand for it thence ariſing. As ſoon as ſilver was made money, it was uſed, both as the value in which contracts were made payable, and alſo as the meaſure, by which goods were valued; and conſequently, of the proportion of value of different goods to one another. Thus, as Mr. *Locke* obſerves, "the value of lead to wheat, for "inſtance, and of either of them to a cer- "tain ſort of cloth, is known by the prices "of each, or their value in ſilver or mo- "ney. As if a yard of cloth be worth or "ſells for half an ounce of ſilver, a buſhel "of wheat for one ounce, and a hundred "weight of lead for two ounces; any one "preſently ſees and ſays, that a buſhel of "wheat is double the value of a yard of "that cloth, and but half the value of an "hundred weight of lead." And according to theſe proportions, any quantity of the above commodities will exchange, either for money, or for one another. So that, as before obſerved, money is always the ſtandard

dard that * meaſures the values of commodities; and, moſt commonly, is alſo what is given for them, or the equivalent with or for which they are purchaſed.

How money differs from other meaſures, and alſo from commodities.

21. In the idea of money, the quality of the material is ſuppoſed to be unchangeable, and to be univerſally or every where the ſame: And therefore, the material being once fixed or agreed upon; all that is to be included in the idea of money, is the quantity only of that material, as in other ſtandard meaſures, whether of weight or extenſion: And the only eſſential difference betwixt them, is this; that money is not only a meaſure, but alſo an equivalent, and as ſuch paſſes from one to another; whilſt other

* In like manner, money is uſed as the meaſure by which goods to be delivered in different places, are valued. *Ex.* If a piece of wine was to be delivered at *London* by *A*, merchant there, to the order of *B*, vintner at *Brecknock*; and the value to be delivered in butter at *Brecknock*, by *B* to the order of *A*. The wine is not be valued by the quantity of butter it is worth at *London*, nor the butter by the quantity of wine it is worth at *Brecknock*. The way to know what quantity of butter is equal to the wine, is, by the quantity of money, each is worth at the places where they are to be delivered: Thus, ſuppoſing as before, ſilver to be money; if the piece of wine be worth at *London* 20 ounces of ſilver, and 20 ounces of ſilver be worth 24 ſtones of butter at *Brecknock*; then 24 ſtones is the quantity of butter to be given there, in return for the wine.

measures, may reſt indifferently in the buyer's or ſeller's, or a third perſon's hands, it matters not whoſe they be.

Money alſo differs from all commodities in this, that, as ſuch, its value is permanent or unalterable; that is, money being the meaſure of the values of all other things, and that, like all other ſtandard meaſures, by its quantity only; its own value is to be deemed invariable: And all contracts or engagements, are to be deemed fully diſcharged and ſatisfied, by the payment of the ſpecific quantity or ſum of money, agreed upon; without having any regard to the value of money, with reſpect to other things, at the different times of contracting and diſcharging of debts.

This is a fundamental characteriſtic of money, without which, it would loſe its uſe as ſuch; nor can money, with any propriety, be conſidered as being ſubject to vary in its value, without referring it to ſomething elſe as a ſtandard; and thereby, departing from its uſe as money, and making it a mere commodity.

Of ſome requiſite properties in the material of money.

22. That money may continue in eſteem, and preſerve the public eſtimation, as an equi-

equivalent, and a ſtandard meaſure; it is neceſſary that it be made of a material or commodity, which is not too common, not too cheap or bulky, not growing ſpontaneouſly, or to be found without a valuable conſideration in labour or land; not very ſubject to be conſumed with uſe, or to be ſpoiled for the want of uſe, nor ſubject to expence in keeping. For money, like other things, whatever pains may be taken to ſhew, or ſome may think to the contrary; will ſoon find a value, in proportion to the labour and ſkill, that are neceſſary to acquire it; or in a reciprocal proportion to its plenty. Though we reckon by money; yet labour and ſkill, are the main * ſtandards, by which, the values of all or moſt things are ultimately aſcertained; and there will require a greater or leſs bulk of money, to purchaſe the very ſame thing, according as there is a greater or leſs quantity of money in circulation; that is, according as the material of money is cheaper or dearer, or in greater or leſſer plenty.

The uſe of money is very general, as well as antient; and many poor ſtates, that had ſcarce any arts or traffic amongſt them, had yet

* Art. 7.

+ Prospectus D'un Nouveau Dictionnaire De Commerce. P. 122. 134. 141.

yet a ſort of money. In ſome parts of *Africa*, the ſmall ſhells called by us *couries*, paſſed as money; and in ſome other parts of that barbarous continent, *ſalt*, being very ſcarce, and therefore much valued, was uſed as money: In the one place, a certain number of ſhells; and in the other, a certain meaſure or weight of ſalt; going to the purchaſe of ſuch and ſuch a commodity. But among trading and polite nations, ſuch common materials or commodities, would not do for money; their money muſt be ſuch as hath an intrinſic value, and thence, an univerſal eſteem among thoſe they traffic with.

In page 34. Money is declared to be a measure of Value as well as an equivalent by which goods are exchanged. Every thing used as money must therefore be valuable. A thing without value could not be used as a measure of value than a Mathematical Point as a measure of Dimension. See Note P. 60.

A nation ſecluded from the reſt of the world, might indeed, fall upon various methods of ſupplying the uſe of money: And we ſee that ſome of our plantations, make a ſhift without any money, properly ſo called; uſing only bits of ſtamped paper, of no real value. But, wherever that material, which paſſeth as or inſtead of money, hath no intrinſic value, ariſing from its uſefulneſs, ſcarcity, and neceſſary expence of labour in procuring it; there, private property will be precarious; and ſo long as that continues to be the caſe, it will be next to impoſſible for ſuch people, to arrive at any great degree of power and ſplendor *.

Metals, the fitteſt materials of money.

23. For the purpoſe of univerſal commerce, metals ſeem the fitteſt materials for a ſtandard meaſure, or *money*; as *copper*, *ſilver*, or *gold*; they having all the properties above required: They are moreover diviſible into minute parts, which parts retain nevertheleſs an intrinſic value, in proportion to their quantity or weight; becauſe thoſe parts may, without injuring the metal, be again united together into a greater maſs. Theſe metals are durable, and alſo ſuſceptible

* There is a very wide and eſſential difference, betwixt money and bills: The one, having an intrinſic value, is in all contracts and dealings, the equivalent, as well as the meaſure. Bills are nothing, but mere promiſes or obligations of payment: And even public bills, for ſuch only uſually paſs as money, have only a local credit, being limited to the territories of the ſtate that iſſued them; and depending merely upon their faith, thoſe that are in private hands are, to ſay no worſe, ſubject every day to be debaſed by the creation of more new bills. For bills, whilſt they paſs as money, partake ſo far of its nature, that the more, or for a greater ſum, there are of them in currency, the leſs will be the value of any given bill, or a bill for a given ſum.

Some of our plantations, have ſeverely felt the ill effects of thoſe weak, unjuſt and deſtructive meaſures, of increaſing the quantities of bills; whilſt the *Philadelphians*, by keeping ſacredly to a certain number or ſum total of bills, have not only preſerved their credit amongſt themſelves; but even extended it, to ſome of the neighbouring provinces; where, I am informed, a *Philadelphian* bill will fetch more than one of their own, made for the ſame or a like ſum.

ſuſceptible of any form, mark, or impreſſion; and are convertible from money or coins, into utenſils of various kinds; and from theſe, into money again. Theſe properties are what give money, which is generally made of one or other of the above metals, a real and intrinſic value. There is ſcarce room to imagine, that money, made of a material good for no other purpoſe, would long continue in eſteem, as ſuch; the uſefulneſs and ſcarcity of the materials, are both conſidered in the common eſtimation of money.

Baſe metals not fit materials of money.

24. Again, it is requiſite that that metal which is made money, or the ſtandard meaſure of commerce, ſhould be either of equal goodneſs every where, according to its quantity or weight; or, that there ſhould be ſome certain criterion, by which might be aſcertained, the true proportional value of any given maſs of that metal, when compared with any other given maſs of the ſame metal. Money cannot be a proper or exact meaſure of the values of other things, if its own value is queſtionable; for if it could be doubted, whether my ounce of money, be preciſely of the ſame value with any

any other perſon's ounce of money; it would create ſuch a diſtraction in all kinds of traffic, that would fruſtrate the very end and deſign of money.

The *baſe metals*, as *copper*, *tin*, *lead*, and *iron*, have none of them the above quality, or that preciſe certainty of value, required in money. For, although the artiſts employed about them, can ſoon find that this maſs of copper, for inſtance, is better or worſe than that other maſs, at leaſt for their particular purpoſes; yet, there is no method of aſcertaining, to any exactneſs, what is their reſpective pureneſs; or what is the ſpecific difference betwixt, or what is the true proportional value of, different maſſes of that metal in reſpect of one another. And therefore * copper, is not a fit material for money: And the other baſe metals, are ſtill more unfit; for the like, and other reaſons, that are ſufficiently obvious. Their great plenty and cheapneſs, is a farther objection to the making money of any of the baſer metals.

III.

* Copper coins with us are properly not money, but a kind of *tokens* paſſing by way of exchange inſtead of parts of the ſmalleſt pieces of ſilver coin; and as ſuch, very uſeful in ſmall home traffic.

III. *Fine ſilver and fine gold, of equal goodneſs every where.*

25. Silver and gold, when pure and unmixed with baſe metals, are called *fine*, or *fine ſilver*, and *fine gold*. And theſe, called the *precious* and *noble metals*, when thus pure, have every where the ſame characteriſtics, and in all reſpects the ſame qualities, ſo far as hath hitherto been diſcovered; that is, an ounce of any fine ſilver, is exactly of the ſame intrinſic worth or value, with an ounce of any other fine ſilver: And the ſame of fine gold, with reſpect to fine gold.

But theſe precious metals, are ſeldom found pure, till they are made ſo by art for particular purpoſes; and when they are not pure, the metal commixed with them is called *alloy*. This alloy is reckoned of no value; that is, if to an ounce of fine ſilver be ſuperadded, ſuppoſe, an ounce of copper; this addition of copper, though it increaſes the maſs to double the quantity, yet gives that maſs no additional value: So that one ounce of fine ſilver, is of as * great value

* A certain proportion of copper will even depreciate the value of the ſilver mixed with it; if this proportion be ſo great, as to make the ſilver not fit for common purpoſes, without refining.

value as the two ounces of this mixed maſs. And the reaſon of it is, becauſe theſe metals cannot be again ſeparated, either without a total loſs of the copper, or without more coſt than profit. In like manner, not only copper, but ſilver alſo, is an alloy to gold; and when they are commixed together, the ſilver is reckoned of no value, unleſs it be in ſuch proportion to the gold, as to make it worth the refiner's while to ſeparate them *.

Silver and gold, when alloyed, are ſaid to be of ſuch a fineneſs, according to the proportion there is of fine ſilver or fine gold, to the whole maſs. Thus, a maſs of ſilver, containing eleven parts of pure or fine ſilver, and one part of alloy, is ſaid to be $\frac{11}{12}$ fine; or with us in *England*, eleven ounces fine; becauſe our pound for weighing gold and ſilver, is ſubdivided into twelve ounces.

IV.

* For the ſame reaſon, a proportion even of gold mixed with ſilver, that is leſs than a penny weight in a pound Troy, doth not add to the value of the ſilver, excepting ſo far as it increaſes the maſs; the gold, in this caſe, being reckoned only as ſilver, and not conſidered as increaſing the value of that ſilver, with which it is mixed. And I am informed, that a penny weight of gold in a pound weight of ſilver, is the leaſt proportion of gold, that will pay for refining; this being reckoned a profit only, of about one farthing *per* ounce.

IV. *Silver and gold the only proper and fit materials of money.*

26. The degrees of fineneſs of both ſilver and gold, are diſcoverable, by ſkilful aſſay-maſters, to great exactneſs; and theſe metals, being univerſally of equal goodneſs, according to their purity, they are proper materials of money. And indeed, they have manifeſtly a peculiar fitneſs for that purpoſe, above any other material hitherto known; and accordingly, theſe metals only are uſed as ſuch, by all the polite and trading nations of the world.

V. *Of* COINS.

27. As the intrinſic qualities, or degrees of fineneſs of given maſſes of ſilver and gold, are not diſcoverable without art, trouble and expence; the expediency of coining was ſoon diſcovered. The public ſtamp upon coins, is a voucher and ſecurity to every one, that the coins that wear it, are of a certain fineneſs, and intrinſic value, according to their ſize or weight: And coins alſo, being more diſtributive than bullion, are, upon that account likewiſe, more convenient for trade, and in the common affairs of life.

Names

Names of coins, and of integral ſums of money, taken chiefly from weights.

28. In antient times, the names of given ſums of money, do not ſeem to have been properly the names of any ſpecies of coin, but of different proportions of weights: As the *talent*, *ſheckle*, *mina*, *drachma*, &c. and in later times, *pound*, *mark*, &c. The mark is now diſuſed by us; but in ſeveral of the neighbouring countries, it is ſtill their integer for weighing metals, and is ſubdivided into eight ounces. And when the art of coining became eſtabliſhed, the coins took their names from certain weights, uſed in the reſpective countries; to which weights, the coins at firſt exactly correſponded. The integral ſums of money, were alſo denominated, from integral weights; as the *livre* in *France*, and the *pound* in *England* and *Scotland*; and ſo many of the coins as made the *ſum* of one pound, or a *money* pound, made alſo exactly a pound in *weight*. At preſent, we have only the names *pound* and *penny*, that are common both to money and weights: Antiently, a *ſhilling* was here the name of a given weight; and 240 pennies made the *ſum*, as at preſent, of one

pound, and a pound weight. But now, a ſilver penny is only the $\frac{1}{31}$ of a penny-weight Troy; which is a little more, than a third of what a penny weighed at the conqueſt.

Of our preſent weights, and diviſions of money.

29. It is thought that the *livre*, or pound weight, of ſilver, was inſtituted as the *money integer*, by CHARLEMAGNE: And this he ſubdivided into *ſols*, and *deniers*, which bore exactly the ſame proportion to the *pound*, as our *ſhillings* and *pence*, now do, to our *money pound*, or *pound ſterling*. I have not met with any diſtinct account of the *Saxon* weights; but it is very probable, that the weight called the *pound of the Tower of London*, was the old *Saxon pound*. This pound contained $11\frac{1}{4}$ ounces Troy; and did not very ſenſibly differ, from 12 ounces of the weight ſtill uſed in the money affairs of *Germany*; and there known, by the name of *Colonia* weight. The *Tower weight* continued in uſe at the mint there, from the conqueſt till the 18th year of the reign of *Henry* VIII; at which time it was laid aſide, and the *Troy weight* introduced in its ſtead. The *Saxon* or *Tower pound weight*, was divided,

vided, as our *money pound* now is, into *ſhillings*, *pennies* and *farthings*; and it ſeems very probable that antiently, the weights anſwering to theſe names and ſubdiviſions, were thoſe in common uſe.

I was obliged to my late learned friend MARTIN FOLKES, Eſq; for this account of the *Saxon* weight, *&c.* long before he publiſhed his curious *Table of Engliſh ſilver coins*, where the ſame is to be met with: A work which none, who are deſirous of having an exact hiſtory of our coins, ſhould be without; and from which, as a farther illuſtration of this ſubject, I beg leave to make the * following extract.

The

* *Page* 1, 2. The Troy weight, *Pondus Trecenſe*, from *Troyes* in *Champagne*, is generally ſuppoſed to have been introduced here by the *Normans*; but does not ſeem to have been immediately eſtabliſhed. It is moſt probable that the pound of the *Tower*, or the monyers pound, was alſo the pound in common uſe before the conqueſt; and that it continued to be ſo for a conſiderable time after, till the Troy pound, perhaps from its greater weight, got the preference by degrees. It is obſervable, that in the old ſtatute called *Aſſiſa panis & cereviſiæ*, 51 *Hen.* III. and which it ſelf refers to "older ordinances made in the time of the king's proge-"nitors," the weights of the ſeveral quantities of bread, *&c.* therein mentioned, are not expreſſed in Troy but in money weights, that is, in pounds, ſhillings, pennies, and farthings. "When a quarter of wheat is ſold for xii *d.* then "waſtel breade of a ferthing ſhall weigh vi *li.* and xvi *s.* "Breade cocket of a ferthing of the ſame corne and bultel, "ſhall weigh more than waſtel by ii *s.* Cocket breade made "of corne that is of leſs price, ſhall weigh more than waſ-"tel by v *s.* A ſimnel of a ferthing ſhall weigh ii *s.* leſs "than waſtel, *&c.*"

That coins in all or moſt countries have, at different times, been debaſed; but the ſame denominations ſtill continued.

30. The antient denominations given to money, in the ſeveral countries, have been ſtill continued; but the coins which made up the ſums ſo denominated, have been ſince, at different times, greatly debaſed or diminiſhed in their value *. And now coins, are

Our learned author goes on, and brings ſeveral more authorities to ſhew, that the money or *Tower* weights, known alſo in *France*, were thoſe antiently uſed in *England*. But I ſhall treſpaſs no farther upon him here, than in adding the following extract of a *verdict relating to the coinage of 30th Octob.* 18 *Hen.* VIII, remaining in the Receipt of the Exchequer at *Weſtminſter*, in which are the following words. "And whereas "heretofore the merchaunte paid for coynage of every "pounde *Towre* of fyne gold, weighing xi oz. quarter "Troye, ii*s.* vi*d.* Nowe it is determyned by the king's "highneſs, and his ſaid councelle, that the foreſaid pounde "*Towre*, ſhall be no more uſed and occupied, but al maner "of golde and ſylver ſhall be wayed by the pounde Troye, "which exceedith the pounde *Towre* in weight iii quarters "of the oz."

The above citation ſhews the preciſe time when the *Tower* or old *Saxon weight*, was laid aſide, *viz.* 30th *Octob.* 1527; and that the proportion of the *Tower* pound to the Troy pound, was exactly as 15 to 16.

* Our money pound is at preſent only $\frac{1}{2}\frac{0}{9},\frac{}{0625}$, or about one-third, of what it was at the conqueſt; for then it contained $11\frac{1}{4}$ ounces of our preſent Troy weight, and now it is $\frac{2}{6}\frac{0}{2}$ of a Troy pound. By this rule, the readers of Mr. *Lowndes* and of ſome other authors, may correct the accounts which he gives of our coins. At the acceſſion of King *James* I. to this throne, the *Scotch money pound* was but equal to the $\frac{1}{12}$ of ours; and the *French livre* is at preſent, only about half the value of the *Scotch pound*.

are ſo far from being ſerviceable as weights, which they once were; that, with us, as well as in the neigbouring countries, the weight of each piece is not readily known; being very different, from any of the weights in common uſe.

The original ſtandards of coins, having been once impaired; and the ſame names ſtill remaining, after the ſubſtance had been diminiſhed, people did not know where to ſtop; and they ſeem to have thought, that coins had their value, ſome how, from the ſtamp they bore. And hence, for no better reaſon can be aſſigned, ſprang thoſe * adulterations of the coins, and the diſtractions and complaints conſequent thereupon, that are to be met with in the hiſtories of moſt countries.

VI. *Standard of monies.*

31. *Coins* being ſo very convenient, they only, are commonly conſidered and uſed, as *money*; whilſt *bullion*, or gold and ſilver unwrought and unſtamped, are reckoned mere commodities. And in all countries, there is eſtabliſhed a certain *ſtandard*, both

* The *Engliſh*, to their great honour, have adulterated their coins leſs than moſt of their neighbours. A ſummary account of theſe adulterations with us, will be given hereafter.

as to fineneſs and weight, of the ſeveral ſpecies of their coins. In *England*, the ſilver monies are to contain 111 parts of fine ſilver, and 9 parts alloy; and 62 of thoſe coins called ſhillings, are to weigh a pound Troy: That is, the pound Troy with us, contains 11 ounces 2 penny-weights of fine ſilver, and 18 penny-weights of alloy; and of a pound Troy of this ſtandard ſilver, our money pound called the *pound* * *ſterling*, contains $\frac{20}{62}$ parts; or the pound ſterling is $= \frac{20}{62}$ of $\frac{111}{12}$ of a pound Troy of fine ſilver. And this ſtandard hath continued with us invariably, ever ſince the 43d year of the reign of Queen *Elizabeth*.

The ſtandard of our preſent gold coins, is 11 parts of fine gold, and 1 part of alloy; and $44\frac{1}{2}$ guineas are cut out of a pound Troy; ſo that a guinea is $= \frac{1}{44\frac{1}{2}}$ of 11 ounces of fine gold. The fineneſs of gold is not with us, reckoned by the common weights, but by imaginary ones, called † *carats*: The higheſt degree of fineneſs, or pure

* The ſilver monies of *England*, are now known by the name of *ſterling* or *ſterling money*: A name ſuppoſed to be derived from ſome *Netherlanders*, who were formerly here employed in coining money, and then called here *Eaſterlings*.

† Mr. *Roberts*, in his *map of commerce*, page 24, 199, takes notice, that at *Venice* they have a real weight called *carat*; whence we had the name *carat*, and alſo the weight ſo

pure gold, is called 24 carats; ſo that our ſtandard is 22 carats of fine gold, and 2 carats of alloy. The carats are ſubdivided into 4 parts called *grains*, and theſe again into quarters; ſo that a *carat grain*, with reſpect to the common diviſions of a pound Troy, is equivalent to $2\frac{1}{2}$ penny-weights.

The ſtandard of money farther explained.

32. It is carefully to be remembered, that by the *ſtandard of money*, is always meant, the quantity of pure or fine metal contained in a given ſum; and not merely the degree of purity or fineneſs of that metal; but the fineneſs and groſs weight are both included. Thus, the ſtandard of a pound ſterling, is 3 oz. 11 dwt. $14\frac{22}{31}$ grains Troy of fine ſilver; which is equal to 3 oz. 17 dwt. $10\frac{2}{3}$ gr. of ſilver 11 oz. 2 dwt. fine, which is our ſtandard of fineneſs. The ſtandard of a ſhilling, is $73\frac{29}{31}$ grains Troy of fine ſilver, or $80\frac{28}{31}$ grains of ſilver $\frac{111}{12}$ fine.

ſo called by jewellers; and that the *Venetians* had this weight from the *Indians* or *Moors*. This author ſays, that 150 *Venetian* carats, make one ounce Troy; ſo that one carat is equal to $3\frac{1}{5}$ grains Troy, which is nearly the weight of the carat uſed by our jewellers. The late learned and curious MARTIN FOLKES, Eſq; found by a nice examination when he was at *Venice*, that a *Venetian* carat doth weigh as above, or that 150 of thoſe carats do make pretty exactly one ounce Troy.

The ſtandard of our money, ſtrictly ſpeaking, remains the ſame, ſo long as there is the ſame quantity of pure ſilver in the reſpective coins having the old or given denominations; though the coins may be varied, by making them, either of finer ſilver and lighter, or of coarſer ſilver and heavier. But ſuch deviations from the old method of coining, would be imprudent; as it might create ſuſpicion of ſome unfair dealings, and would anſwer no good purpoſe. On the other hand, the ſtandard may be debaſed or lowered, either by coining the ſeveral ſpecies lighter, but of the old fineneſs; or by retaining the old weights, and making them of coarſer ſilver; or without altering the reſpective coins, by making a ſmaller number of them go to the *pound ſterling*, which is our *Unit* or money ſtandard. And by debaſing the ſtandard, I every where mean, the leſſening of the quantity of pure ſilver in the pound ſterling, or in the reſpective ſpecie which by law is ordained to make up that ſum; without regarding the particular manner, in or by which, this may be done.

Why

Why coins and plate have alloy.

33. As the alloy mixed with ſilver and gold, is reckoned of no value; it may be aſked, why any alloy is put into coins, and plate? The reaſons are theſe: 1. It is ſeldom or ever, that ſilver or gold, are found pure in the mines; and the trouble of refining to make them ſo, would be very great and expenſive: And 2. a certain proportion of alloy, renders theſe metals harder, and fitter for the uſes, to which they are commonly applied. The ſtandard of about $\frac{11}{12}$ fine, is very convenient: For, if it be much coarſer, both ſilver and gold will loſe of their colour, beauty, and ductility; and if the ſtandard be much finer; thoſe metals will be too ſoft for many purpoſes, and a great expence of refining will be unavoidable.

VII. *There can be but one ſtandard of money.*

34. Hitherto, we have conſidered both ſilver and gold, as being either of them a fit material to be made, or uſed as money. But although there may be good reaſons for coining each of them; yet it is very certain, that one only of theſe metals can be the

money,

money, or *ſtandard meaſure of commerce*, in any country. For the ſtandard meaſure muſt be invariable, and keep the ſame proportion of value, in all its parts: Such is ſilver with reſpect to ſilver, and gold to gold; that is, an ounce of ſilver is always worth juſt an ounce of ſilver; and two ounces of the one or the other of theſe metals, is juſt double the value of one ounce of the ſame. But ſilver and gold, with reſpect to one another, are, like other commodities, variable in their value; according as the plenty of either, may be increaſed or diminiſhed; and an ounce of gold that is worth a given quantity of ſilver to-day, may be worth more or leſs ſilver, a while hence. And therefore it is impoſſible, that both theſe metals, can be a ſtandard meaſure of the values of other things, at the ſame time; and one of them muſt be a mere commodity, with reſpect to the other.

Silver the money or ſtandard meaſure of the greateſt part, if not of all Europe.

35. Silver coin is, and time immemorial hath been, the money of accompt of the greateſt part of the world; and in all countries where it is ſo, *ſilver* is truly the *ſtandard*

meaſure of commerce; and all other metals, gold as well as lead, are but commodities rateable by ſilver.

In *England*, accounts are kept or reckoned by the *pound ſterling*; which, as hath been before obſerved, is a certain quantity of fine ſilver appointed by law for a ſtandard. It is according to this ſtandard, that the public revenues are eſtabliſhed; lands are let; ſalaries, ſtipends, and wages ſettled; and univerſally, all ſorts of contracts both public and private, are made and governed by this ſtandard. And altho' it be ſuppoſed, that with us, more payments, or of greater value, are made in gold than in ſilver coins; yet that doth not alter the ſtandard, whilſt the accounts are kept in ſilver; ſo long, in all our internal dealings at leaſt, the gold can be only a commodity, ſuppoſed to be worth ſo much ſilver as it paſſeth for *: And the caſe would be the ſame, although our ſilver coins ſhould grow yet ſcarcer.

VIII. *Silver the fitteſt material, hitherto known, for money.*

36. All nations having, for ſo many ages, made uſe of ſilver for the ſtandard meaſure of

* This whole matter relating to the ſtandard of our money, ſhall be farther diſcuſſed hereafter.

of the values of other things; that alone, ſeems to be a ſufficient reaſon for continuing the ſame ſtandard; and the altering it now, from ſilver to gold, was the thing it ſelf practicable, would beget great perplexities in all kinds of dealings and accompts. But farther, ſilver being of a more moderate value than gold, is, * for that reaſon, better ſuited for the purpoſe of money. For the integer and its ſeveral parts, ſhould bear an exact and due proportion of value to each other; and this would be impoſſible, if they were made of different materials. There muſt be coins of about the values of ſhillings, and ſix-pences; and it would be better, if we had ſome that were ſtill ſmaller: Thoſe ſorts of coins are the moſt frequently wanted; and there is no doing without them, or ſome ſubſtitutes in their ſtead. But theſe ſubſtitutes, being made of a different material from the ſtandard money, are not themſelves to be reckoned money; for the uſing ſuch, would be a deviation from the true uſe and intent of money;

* It is alſo for the ſame reaſon, better ſuited for the making of various ſorts of utenſils; and money, as hath been before obſerved, is intrinſically valuable, becauſe, by melting, the material is convertible into ſomething uſeful. And it may be queſtioned, whether coins, had preſerved their value, and been continued as money, if ſilver and gold had not been applicable to other purpoſes.

ney; and would ſubject the people where they paſſed, to loſſes and perplexities. A coin of a ſhilling, or even of half a crown value, would be too ſmall in gold; and therefore at preſent, gold is much too valuable for a ſtandard of money. And it would be a ridiculous and vain attempt, to make a ſtandard integer of gold, whoſe parts ſhould be ſilver; or to make a motly ſtandard, part gold and part ſilver. Theſe different materials could not long agree in value; and ſilver being the moſt common and uſeful coin, would ſoon regain its antient place of a *ſtandard meaſurer*.

Silver, I think, is leſs ſubject to variation in its value, than gold. For ſilver having been diſtributed in great quantities over all *Europe*, as well in coin as in plate of various ſorts; a ſudden influx, or efflux of it, by a quicker or ſlower production of the mines, doth not ſo ſoon affect the whole maſs. The wages of day-labour, being alſo uſually paid in ſilver, may be another great reaſon, of a more even and permanent value of this metal. But without laying much ſtreſs, upon the greater variations in the value of gold; which perhaps may be alſo partly owing, to its being every where in the eyes of the laws a mere commodity;

modity; I think, it is ſufficiently evident that ſilver at preſent, is a much fitter ſtandard to meaſure with, than gold.

Silver a fit ſtandard, though its plenty varies.

37. It may be here objected, that as the value of ſilver, like all other commodities, muſt needs be variable, according as the plenty of it is increaſed or diminiſhed; ſilver cannot be a * fixed ſtandard, like that of mere extenſion as a yard or a buſhel, for mea-

* Mr. LOCKE well obſerves, that that grain which is the moſt conſtant and general food of any country, as *wheat* in *England*, and *rice* in *Turkey*, is the moſt likely thing to keep the ſame proportion to its vent for a long courſe of time; and therefore the fitteſt thing to reſerve a rent in, which is deſigned to be conſtantly the ſame in all future ages; and the fitteſt meaſure whereby to judge of the altered values of things in any long tract of time. For in *England*, and in this part of the world, wheat being the conſtant and moſt general food, not altering with the faſhion, not growing by chance; but as the farmers ſow more or leſs of it, which they endeavour to proportion, as near as can be gueſſed, to the conſumption; it muſt needs fall out that it keeps the neareſt proportion to its conſumption, (which is more ſtudied and deſigned in this than other commodities) of any thing, if you take it for ſeven or twenty years together: Though perhaps the plenty or ſcarcity of one year, cauſed by the accidents of the ſeaſon, may very much vary it from the immediately precedent or following, But wheat, or any other grain, cannot ſerve inſtead of money; becauſe of its bulkineſs, and too quick change of its quantity. For had I a bond to pay me 100 buſhels of wheat next year, it might be a fourth part loſs or gain to me; too great an inequality, to be ventured in trade: Beſides the different goodneſs of ſeveral parcels of wheat in the ſame year. But money is the beſt meaſure of the altered value of things in a few years; becauſe its vent is the ſame, and its quantity alters but ſlowly. *Locke's works, vol.* II. p. 23, 24.

meaſuring the values of other things. It probably cannot; and perhaps ſilver is now quantity for quantity, of three or four times leſs value, than it was two or three centuries ago. But yet, ſilver being durable, well known, eſteemed, diſtributed in conſiderable quantities over all *Europe*; and its growth, plenty, goodneſs or intrinſic qualities, not immediately depending upon ſeaſons of weather and other caſualties; the alteration of its value hath been, for the moſt part, gradual; and is not likely hereafter to be very conſiderable of a ſudden, though it may in a long courſe of time. And therefore, ſilver is as good a ſtandard meaſure or money, as the preſent ſtate of things will admit of; and very fit and uſeful to be continued as ſuch.

We are at preſent but little concerned, with what might be the value of ſilver in former times; and as little, with what may be its value hereafter. The prices of things will naturally conform to the ſtandard, whilſt the alterations in it are ſlow and gradual, and not forced. But, from the nature of things, the proportion of money to goods, is ever ſubject to ſome variations; and all that can be done, to prevent the inconveniencies that might thence ariſe, is to limit contracts within a moderate term of years: For,

For, in contracts, quantity only is to be conſidered; and no regard can be had to the future value of money, without deviating entirely from its uſe as ſuch, and rendering all contracts uncertain.

IX. *Gold coins ſhould paſs as money.*

38. Although ſilver is the only ſtandard meaſure of all our contracts; yet gold having every other quality fitting it for money, excepting its being too dear; it may be very fit and uſeful to coin gold, to aſcertain its fineneſs; and to let theſe coins paſs in lieu of money, at ſome * given rate: For gold coins are very convenient, in large payments. But it ſhould not be ſaid or underſtood, that a *guinea*, for inſtance, ſhould be always an equivalent for the ſame quantity of ſilver. For as gold, like other commodities, muſt be ever ſubject to alter in its value, with reſpect to ſilver; the price of this dazzling metal can be no otherwiſe ſettled, than

* As there can be but one ſtandard of money, and ſilver is and ought to be that ſtandard; Mr. *Locke* was, and others are, of the opinion, that gold coins ſhould be left to find their own value, without having any eſtabliſhed legal rates. But this is a matter, I think, of too much importance to be entruſted to private judgment; and, if left at large, might ſubject the nation in general to great impoſitions, by a combination of the traders in coins. But of this ſubject, and alſo of copper coins, more hereafter.

than *pro tempore*. And in all contracts, the price of gold at the time of payment is only to be conſidered; and not what price it might bear, at the times when the contracts were made.

X. *Of* TOKENS, *or baſe coins.*

39. Although ſilver, bulk for bulk, is now about 26 times cheaper than gold; yet ſilver is too dear to be coined into ſpecie of the loweſt denominations of our money. A ſilver penny is too ſmall for common uſe; and yet pence, and their halfs, and quarters, enter daily into accounts. To ſupply the want of very ſmall ſilver coins, a kind of TOKENS or ſubſtitutes have been inſtituted; theſe, are now with us, all made of copper, and of two ſpecies only, called *halfpence*, and *farthings*; and theſe are a legal tender in all ſums below ſix-pence, which now is our ſmalleſt current ſilver coin.

The uſe of copper coins ſhould be ſtrictly confined within the above limit; and therein they are very convenient: But theſe baſe coins ſhould never be thruſt upon the public in too great abundance; or be made to paſs for more than the value of the copper, and the neceſſary expence of workmanſhip; otherwiſe, they will be counterfeited,

feited, notwithſtanding any laws to the contrary. And to leſſen the call for copper coins, it were to be wiſhed that we had in common currency, either ſilver three-pences, or ſilver groats, and two-pences.

XI. *Money finds its own value, according to the whole quantity of it in circulation.*

40. The quantities of all commodities are proportioned, as near as may be, according to the demand or vent for them; and their ultimate prices include the prime coſt, and the profits taken by the ſeveral dealers, thro' whoſe hands they paſs: If the quantity of any commodity exceeds, or falls ſhort of that proportion, its price will fall or riſe accordingly; and ſometimes, a change of faſhion, or humour, may reduce the price of a particular commodity, almoſt to nothing. The prices of things in general are proportioned ſufficiently near, according to the above rule; or, according to their prime coſt to the manufacturer, and the progreſs they make from him to the conſumer. But ſome things, as above obſerved, are ſubject to be reduced by caprice much below this ſtandard; whilſt others are raiſed much above it, by the arts and avarice of monopolizers. And although the ſilver and gold

gold mines, are in few hands; yet, perhaps, there is nothing whoſe value is ſo little in the power of men to regulate, or that keeps ſo even a pace with the quantity ſent to the great market of the world, as bullion. For,

Money, exchanging univerſally for all commodities, the demand for it is without any limits; it is every where coveted, and never out of faſhion: And therefore, on the one ſide, the whole quantity of money, cannot exceed the whole demand; and on the other ſide, the whole demand muſt not exceed, or it muſt reſt ſatisfied with, the whole quantity. For money, is not like food, cloaths, and other things, that muſt be proportioned to our bodies.

Therefore, as ſoon as money becomes properly diffuſed throughout any community; the value of the ſum total of it in circulation, will be equal to the whole quantity of commodities in traffic, in that country: For ſo much money and goods as lie dormant, or are out of currency and traffic, fall not within the preſent conſideration *. And ſo far as gold and ſilver, make the

* There is always a great part of the property of mankind, lying dormant, or out of traffic: But as things are continually ſhifting, and thoſe commodities, and thoſe ſums of money, which are out of trade to-day, may be in trade to-

the money of the world; ſo far, the whole quantity of theſe metals in circulation, may be ſaid to be equal in value to all the commodities of the world, exchangeable by them: And as the total of the one, is to the total of the other; ſo will any given part of the one, be to a like part or proportion of the other.

And hence, the value of a given quantity or ſum of money, in any country, will be leſs or more, according as the ſum total, or the whole quantity of money in currency, is greater or leſs, in proportion to the whole of the commodities of that country, exchangeable for money: Or, *the value of a given ſum of money will be always, pretty exactly, in a reciprocal proportion to the ſum total, or the whole quantity in circulation*; that is, the more money there is in currency, the leſs will be the value of a given ſum in proportion to other things; and *vice verſâ*. Hence again, it naturally follows, that, *if, in any country, the whole quantity of money in circulation, be either increaſed, or diminiſhed; the value of a given ſum will be accordingly leſſened or increaſed* *; *and*

to-morrow; the prices of things always fundamentally depend upon the above rule; that is, on the proportion of the total of things to the total of money.

* Thus, if in any country, a given ſum *A* be the hundredth part of the total money of that country: If that ſum

and that in proportion, as the ſaid ſum becomes thereby, a leſſer or a greater part, of the whole ſtock in currency.

The above * propoſition, is a very fundamental one as to the property of money; and the doctrine it contains is undoubtedly proved, as far as the nature of the thing will admit of, by univerſal experience: Nor is there room for any doubt to remain, when it is conſidered that money, by its very inſtitution, is an exchange for all commodities; and applicable, as money, to no other purpoſe whatſoever. Money being univerſally diffuſed, no one hath the power to command the market, or to ſettle the prices of things; and every one being deſirous to have his ſhare of things, according to his income; all the money, in the long run, will be brought into the great market of the world; and its value, or the prices of things, will naturally be adjuſted, notwithſtanding any efforts to the contrary, according to the proportions above explained.

ſum total be doubled, the value of the ſum *A* will be thereby reduced to one half, as being now but a two hundredth part of the whole; and had the ſum total been reduced to a half, the value of *A* would have been doubled.

* From this propoſition, all the following ones in this chapter, naturally flow as corollaries; but on the account of their importance, they are treated and illuſtrated ſeverally.

By way of farther illuſtration of this ſubject: Let us ſuppoſe that in a certain diſtrict, there is ordinarily conſumed a thouſand buſhels of corn a week; and that, (after their money is duly proportioned for the purchaſing of all other neceſſaries, according to the ways of living of the inhabitants,) the weekly allotment for the purchaſe of corn, is a thouſand ounces of money: The price of a buſhel of corn, at an average of the ſeveral markets within this diſtrict, will be an ounce of money. Let us ſuppoſe again, that within the ſaid diſtrict, the ordinary * conſumption of a labouring man, or rather of a poor family, is about the value of a buſhel of corn a week; part of which is expended in bread, part in other food, and the remainder is reſerved for the purchaſe of cloaths, fuel, for the payment of rent, *&c.* Here then, the price of labour will be at the rate of about an ounce of money *per* week; the loweſt kind of labourers having a little leſs, and the common artificers a little more, than

* The way of living of the lower claſs of people, will be naturally beſt and moſt comfortable, in the happy regions of liberty; where property is duly diffuſed; where there is a gradual and an eaſy tranſition from rank to rank; without that ghaſtly and fearful void between peers and peaſants, betwixt tyrants and ſlaves, which is ever the baneful fruit of arbitrary governments.

than in the ſaid proportion. And hence, labour becomes naturally ſettled, in a certain proportion to the whole ſtock of money in circulation; and this price again becomes, as hath been before obſerved, a natural ſtandard of the values or prices of moſt commodities.

XII. *Laws cannot regulate or alter the value of money.*

41. Silver being made money, and thereby becoming, as it were, a commodity univerſally coveted; wherein every one deals, and to which every one hath a right, according to his reſpective ſhare of property: No ſet of men have it in their power to ſettle, alter, or in any wiſe regulate the value of money; nor can laws do any thing in the caſe, otherwiſe than as by their influence, they may increaſe or diminiſh, the whole quantity in circulation; and ſo affect the value of a given ſum, or the prices of things.

The prices of particular commodities are every day ſubject to change, from natural cauſes; and the ſame may be brought about, by artificial means. But to alter the value of money, would be to alter uniformly and univerſally, the prices of all commodities;

a thing manifeſtly out of the reach of laws, and no other way to be accompliſhed, than by altering the proportion between the ſum total of the one, and the ſum total of the other; and this, perhaps, is continually done, though gradually and inſenſibly, by the common courſe of things.

It is the buſineſs of laws to eſtabliſh rules for coining; that is, to fix a ſtandard, both as to weight and fineneſs, for coins having certain denominations; and a ſtandard being fixed, it would be difficult to ſhew, why it ſhould be afterwards deviated from. For, do what you can; coins, as ſoon as they are out of the mint, are quite free throughout their whole progreſs, to find their own value, according to the quantity of pure metal they contain; that is, to purchaſe as much of any thing, as the market-price will allow. And it ſeems quite a paralogiſm to ſay, which yet I have often heard ſaid, that in any country, money is either too cheap or too dear; or, that its value is in any wiſe ſubject to legal reſtraints or regulations, otherwiſe than as ſuch regulations might affect the quantity of the whole ſtock in currency.

Value

Value of bullion not according to the prime coſt at the mines.

42. The value of bullion doth not, like moſt other things, keep pace with the prime coſt, at the mines. If the mines continue working, ſo that the quantity of bullion is increaſed beyond the conſumption; altho' the expence to the proprietor of the mine continues the ſame, or even be increaſed; yet, if the additional quantity of bullion be thrown as money into circulation, and is not hoarded, or worked up into plate, *&c.* the value of a given part of this bullion will be diminiſhed; and that in proportion, as it is now a leſs part of the whole, than it was of the old ſtock in circulation. The owner of the mine, muſt either take leſs profit, or proportion his works more adequately to the conſumption of his products.

An increaſe of any commodity beyond the conſumption, will, after the ſame manner, depreciate the value of a given part; but perhaps in no caſe ſo uniformly, as in that of bullion or money.

As the profits from the *American* mines, have, more than probably, been continually decreaſing, ever ſince the time of their firſt diſcovery; it may be wondered, that they

they have held out ſo long to yield profit ſufficient to tempt the owners to work them. This is to be accounted for, by ſuppoſing, what is very natural to ſuppoſe, that at firſt, the profits of theſe mines, were exorbitantly great: Suppoſe that the firſt cargo of bullion, brought from thence into *Europe*, yielded a profit of 100 to 1: If this cargo was ſufficient to double the quantity of bullion before in *Europe*, the profits of the next would be reduced to one half, or as 50 to 1; and ſo on, the value of a given part would be decreaſed, as the ſum total was increaſed.

But as the navigation to the *Eaſt-Indies*, was diſcovered much about the ſame time, and a vent was found there for a conſiderable quantity of bullion; this hath prevented its value from decreaſing, in the proportion that the quantity brought into *Europe* hath increaſed; and ſufficient profits may yet ariſe from thoſe mines, for a conſiderable time to come. But, although we ſhould ſuppoſe thoſe mines to be inexhauſtible; yet, if no new vent be found for their products, they muſt in time be left to reſt; that is, as ſoon as they ceaſe to yield a profit.

XIII.

XIII. *Money alters its value by ſlow degrees.*

43. It is very manifeſt, that many commodities are ſubject to conſiderable variations in their prices, from natural cauſes; as dearth, plenty, *&c.* and the prices of others, may be enhanced or debaſed by artificial methods; by taxing them, or by a change of faſhion, *&c.* But money being univerſally coveted, and its vent in no wiſe depending upon faſhion; its value, in reſpect of other things, will be, as before obſerved, in proportion to the whole quantities of the one and the other in the market; that is, in a reciprocal proportion to the whole quantity of money in circulation. If one commodity be cried down, another will ariſe in its ſtead; and people will, according to their means, part with their money for ſuch things, and in ſuch proportion too, as they like beſt, notwithſtanding any laws to the contrary. Buyers and ſellers muſt be left free to make their own bargains; and there are natural cauſes that regulate the market.

But money is leſs ſubject to a ſudden riſe or fall of its value, than other commodities, and is therefore ſo far the ſafeſt treaſure

ſure for hoarding; becauſe its value is greatly affected by ſettled eſtabliſhments of revenues, rents, ſtipends, *&c.* and it muſt have time alſo to penetrate throughout the whole community. Yet nevertheleſs, an increaſe or decreaſe of money will operate as ſurely, though by ſlower and more inſenſible degrees, as an increaſe or decreaſe of any commodity.

Why the effect of an increaſe of money, is not more ſenſibly felt.

44. As there hath been a great quantity of bullion annually imported from *America*, beſides what is furniſhed by the *European* mines; it may be reaſonably concluded, that the quantity of money in *Europe*, hath been increaſing for many years; and the preſent prices of things in general, compared with what they bore a good while ago, very manifeſtly ſhews that it hath increaſed. But if we take a ſhort ſpace, as a year or two, the effects of the increaſe of money in that time, are not uſually perceptible; becauſe the ſuperadded quantity, though in its ſelf a large ſum, may yet bear but a ſmall proportion to the whole ſtock, real or imaginary, in circulation; and it may be in a manner diſſipated, before it hath reached to all

ſorts of commodities. Yet, if there be no obſtructions, the effects of an increaſe or decreaſe of money, will in time reach to the remoteſt parts; though, by reaſon of their ſlowneſs or ſmallneſs, thoſe effects may not be ſenſible.

The natural and frequent alterations in the prices of many commodities, ariſing from their greater plenty or ſcarcity, in proportion to the demand for them; take off our attention from the ſhare that belongs to money, and render the effects of an increaſe or decreaſe of its quantity, the leſs conſpicuous. But yet theſe effects, in the long run, will not be the leſs certain: And we may ſafely repeat here, what hath been before advanced, *viz.*

Any given ſum or quantity of money, will have its value in a certain proportion, as it is a part of the whole ſtock or quantity in currency; and any increaſe or diminution of the whole, will in proportion, leſſen or increaſe the value of any given ſum.

Why the prices of commodities, have not roſe in proportion to the increaſe of money.

45. It is next to impoſſible to aſcertain, to any exactneſs, the proportion between what is the preſent caſh of *Europe*, and what

what it was two or three centuries ago; for one of the *Indies*, drains away a great part of the ſuperfluous bullion of the other. Nor will the price of any particular commodity, or of even labour it ſelf, which is perhaps the beſt ſtandard of all, enable us to make a true eſtimate. For, the improvements of arts, leſſen the values or prices of particular commodities; and the improvements of huſbandry, in particular, leſſen the prices of corn and cattle; and thence again, the price of labour will be leſſened.

From all theſe conſiderations, it is natural to ſuppoſe that the quantities of goods in *Europe*, have increaſed, ſince the diſcovery of the *Indies*, far beyond the people; and therefore, the value of any given commodity hath leſſened, in proportion as the ſum total or whole ſtock of commodities hath been increaſed. And if all the above circumſtances could be accurately ballanced; I make no doubt but it would be found, that the prices of things are agreeable to the rule before laid down; that is, the *value* of any particular commodity, will bear nearly the ſame proportion to the ſum total of commodities, diſpoſed of within a given term; as the ſaid *value* bears to the ſum total of money, circulating within that term.

The

The totals on both ſides, being always equal, or nearly equal, in value; ſo that either can purchaſe the other.

But, without conſidering the increaſe of commodities; there may be another cauſe of preventing the value of money from decreaſing, in the ſame proportion that the quantity of bullion brought to *Europe* is increaſed. If the annual conſumption of bullion in *Europe*, both by the *Eaſt-India* trade, and by the converſion of it into plate, be equal to what the *American* mines annually ſupply; the value of money taken abſtractedly, or without referring it to commodities, will remain invariable: But if the ſaid conſumption be leſs, or more, than the ſaid produce of the mines; the whole quantity of money will be accordingly increaſed, or diminiſhed; and the value of a given part or ſum, will be leſſened, or increaſed, in that proportion.

It is the real quantity of coins, or of their ſubſtitutes, that affects the value of money. And this, together with the improvements of arts and increaſe of commodities; is the reaſon, why things in general have not raiſed in their prices, in proportion to the ſuppoſed increaſe of bullion in *Europe*, during the laſt 200 years.

XIV.

XIV. *A nation having no foreign commerce, will not ſtand in need of any ſpecific quantity of money.*

46. In a country having no foreign commerce, any quantity of money will, in a manner, be ſufficient for all purpoſes; and any increaſe or diminution of the original ſtock, if it be but gradual and ſlow, will ſcarce be attended with any conſequences of moment. This, although to many it may ſeem a paradox, yet clearly follows from what hath been already ſhewed. But as a farther illuſtration of this ſubject:

Let us ſuppoſe that many ages ago, a certain nation conſiſted of half a million of people, and that they had in the whole a million of pounds ſterling; and that afterwards the mines or the mint were no farther worked, than to keep the money exactly to the ſame or the original quantity of a million. We may ſuppoſe alſo, that a regular government, and all the neceſſary arts, were eſtabliſhed amongſt them; and likewiſe that all the money was diſtributed betwixt them, in due proportion according to their ſeveral ranks; ſo that the hire of a labourer, we will ſuppoſe, was ten-pence

a day. By degrees, they increaſe in number one tenth; and with the people, all ſorts of commodities, naturally increaſe in proportion: But the whole quantity of money remaining the ſame, its value increaſed alſo one tenth; and nine-pence now going as far as ten-pence would before, the wages of a day-labourer is reduced one penny: But this he doth not feel the want of; and he hath as much plenty of all ſorts of neceſſaries now, as he had formerly.

In proceſs of time, and that before they had any foreign commerce, the people are increaſed to five millions; and the price of labour, which at firſt was ten-pence, is now reduced to a penny a day. All this while, there were no complaints of the want of money, though every one's ſhare came to but a tenth part of what his anceſtors poſſeſſed. On the contrary, by the improvements of the arts they had ſet out with, and the inventions of many new ones; all ranks of people lived more comfortably, with more eaſe and affluence than their fore-fathers had done.

By theſe improvements of the arts, the whole ſtock of commodities was increaſed beyond the increaſe of the people; and each particular commodity bore leſs than

a tenth part of its antient price: More people in proportion could be ſpared from labour, for particular ſervices and profeſſions; for in many of the arts, one man could perform now, more than two men could formerly. With the increaſe of the people, the taxes on each individual grew naturally lighter; and yet the government grew daily more powerful and ſplendid: Altho' rents and all other things, ſunk in their nominal values; yet a greater affluence and ſplendor of living, was every where to be ſeen. So true it is, that numbers of induſtrious people, and not money, is what enriches a country.

Had the money increaſed with the people, that would have made no manner of difference in the values of things with reſpect to one another; nor would it have been very material, if the orignal ſtock of money had decreaſed upon their hands; the only difference which that would have created, would have been in the nominal prices of things with reſpect to money. Had the money increaſed faſter than the people, ſuppoſe 24 times; the price of labour would have become then 20 ſhillings a day, and yet the workman would have been no ways benefited by that greatneſs of wages.

The

The caſe above ſuppoſed of the quantity of money remaining invariable, whilſt the people increaſed, is the very ſame in effect, as if we had ſuppoſed the number of people to have continued the ſame, whilſt the original ſtock of money had continually decreaſed.

XV. *Any ſudden fluctation of money, would be pernicious.*

47. Money as ſuch, though very uſeful and neceſſary in all ſorts of traffic, yet ſcarce falls within the idea of riches *. Money in its very inſtitution, is profeſſedly of no uſe, but to meaſure the value of, and as an exchange for, things that are uſeful: It is ſo much coveted, not for its own ſake, but for what it will bring; and it is very manifeſt, that in a regular and well-eſtabliſhed community, a greater or leſs ſtock of money doth ſcarce at all affect its wealth and proſperity †. The greateſt effect of money is in its fluctuation, and this if it be ſudden will be generally pernicious in its conſequences.

* Money is here conſidered in the abſtract; but as it is reducible into bullion, plate, *&c.* in that ſenſe it is wealth like other commodities.

† This hath been ſhewed in the preceding, as to a nation having no foreign commerce; how far ſuch a commerce alters the caſe, will be conſidered a little farther on.

If money be a flowing in, ſome branches of trade will be enlivened, and in reality great numbers of individuals will grow richer; as what they pay in taxes, rents, and for * natural products, will be leſs or of leſs value than before; till you come to the loweſt claſs, who, though their wages are raiſed, will yet find little or no advantage by this torrent of money. On the other hand, the government will grow weaker, the nobility, and in general all who live upon eſtates and eſtabliſhed ſtipends, will become poorer; till by an increaſe of taxes, advancement of rents, *&c.* things can be re-eſtabliſhed. But before this can be accompliſhed, many and great alterations will naturally happen: The government being thus weakened and diſtreſſed, diſorders will inevitably ariſe; as peace and good order cannot be preſerved, unleſs the ſtrength of the government bears a due proportion to that of the governed: The nobility muſt change their faſhion of life, and abate of their antient ſplendor; new debts will be contracted, increaſed, lands mortgaged; and before

* It will be ſome time before this ſuppoſed additional money can penetrate through all the branches of trade, and whilſt ſome traders have exorbitant gains, others will grow poorer, becauſe of their additional expence in many articles; however by degrees all dealers will help themſelves, and grow rich at the expence of thoſe who are mere conſumers.

before the antient owners have a right underſtanding of the cauſe of their diſtreſſes, many muſt part with their eſtates, and give place to new comers.

And this is a natural conſequence of a ſudden flux of money; * the enriching of one part of the community, at the expence of the other; a change of manners amongſt all ranks, ſome perhaps for the better, and ſome for the worſe; until, this tide having ſpent itſelf, things are again reſettled, tho' perhaps in quite a new form.

On the other hand, if the tide of money is a running out; during this ebb, trade will ſtagnate, ſome merchants and ſhopkeepers will break, ſome manufactures will be laid aſide, many hands will be unemployed, and murmurs and complaints will be heard among all ſorts of people concerned in trade. Theſe diſtreſſes will continue, till by an abatement of taxes, lowering of rents, of wages, of ſtipends, *&c.* a due equilibrium among the different ranks of people is again reſtored; and then, altho'

* How far this may have been the caſe of ſome particular country, I do not here conſider. But I think it is manifeſt enough, that an overflow of money in one place, may be the cauſe of poverty and diſtreſſes in another; and that a government may be declining, whilſt duties and cuſtoms are increaſing.

a great part of the money is gone, riches, plenty, and good order, will again abound.

Thus it is manifeſt, that a ſudden fluctuation of money, would be pernicious whilſt it laſted, and for ſome time afterwards *; and that whether the tide be flowing in or going out. But whilſt it glides and circulates ſmoothly and freely, in its natural courſe and channels, money is not only a harmleſs but a beneficial thing; it cheriſhes and invigorates the whole community, and this equally, whether the ſtream be large or ſlender.

XVI. *Ballance of trade, what.*

48. The ultimate ballance of trade is reckoned in money; and it is by this ſcale that the profits of trade are uſually computed. But as money in it ſelf is of no farther uſe, but merely as a kind of inſtrument for the circulation of products or commodities; a very beneficial commerce may be carried on between different nations, without any of them having any money to receive at the cloſe of their accounts. Not only the mariners navigating the ſhips, but alſo

* The effects of the imaginary increaſe of money in the year 1720, and of the real increaſe of factitious money at different periods ſince, do greatly illuſtrate and corroborate what hath been here advanced.

alſo the whole train of artificers employed in the various branches of manufactures, bred and nouriſhed by ſuch a commerce, innumerable brokers, *&c.* gain all of them a comfortable ſubſiſtence: Each country is accommodated, with what it wanted of the products of the other; and the * merchants on all ſides increaſe in wealth, though at laſt their accounts are even as to money, or yet though one pays a ballance in money to the other.

If bullion be the ſole or chief end of commerce; why are ſhips ſent to any other ports, beſides *Cadiz* and *Liſbon?* Silver and gold are in a manner, the peculiar commodities of *Spain* and *Portugal*; and in the uſual phraſe, theſe nations muſt pay a ballance upon their trade to all the world. And yet they, as well as the reſt of the world, are gainers by trade; they obtain various neceſſaries and conveniences, which their bullion could not have procured them, whilſt they kept it at home; and ſo long as they keep working the mines, ſo long probably they will ſtand in more need of

* That is, each merchant is a gainer, if his returns, after paying all his expences of the voyage, are worth at home more, or will purchaſe again a greater quantity of goods than he had exported: This overplus is the merchant's profit, without which he would no longer trade.

the aid of foreign commerce, than other nations.

A ballance paid in money, doth not neceſſarily infer a loſs by trade: Suppoſe that laſt year, *Great Britain* paid a ballance upon the whole of its foreign trade, of a hundred thouſand pounds in ſpecie; but that the national ſtock of neceſſaries, in naval ſtores of various ſorts, *&c.* were increaſed to double that value: By the uſual reckoning, we muſt have loſt the laſt year, an 100,000 *l.* by our trade; but by mine, we were gainers by it to the net value of that whole ſum. But had the above ſuppoſed additional ſtock of foreign commodities, been in wines, brandies, fine linnens, toys, or even jewels, *&c.* which were to be all conſumed at home, I ſhould readily have joined in the common eſtimation, of our having been loſers by our trade. Gold and ſilver are valuable commodities, becauſe they are neither periſhable, nor over bulky; and becauſe the monies of the world are made of theſe metals, they retain a more even and permanent value, and are more univerſally coveted than other things. But the *Spaniards* are an inſtance, that a nation may be injured, weakened and impoveriſhed, by an over-ſtock of theſe metals.

How-

However, any nation having gained upon the whole of its commerce a ballance in bullion, may be truly ſaid to be a gainer for that time of ſo much as that bullion amounts to; and if it can keep that bullion as a dead ſtock, either by turning it into plate or by any other method, ſo as to prevent its getting into trade as money; it may continue to go on increaſing in more bullion, which in this caſe will be a real increaſe of wealth. For as bullion hath little or no workmanſhip beſtowed upon it, and is every where after it hath once got from the miner's hands, a kind of dead ſtock, applied to no uſe like other commodities; a nation that pays ultimately upon its trade a ballance in bullion, is a loſer of ſo much of its dead ſtock; and a loſer alſo, if its exports maintained fewer of its own inhabitants, than its imports did of thoſe of foreign nations. Let an increaſed ſtock of bullion get out again into trade, and it will ſoon turn the ballance the other way.

XVII. *The quantity of money every where, will naturally find a certain level or proportion.*

49. It is a received opinion, at leaſt with many people, that a certain ſpe-

cific quantity of money, is neceſſary for the carrying on of foreign commerce; and that any nation not abounding in money, will trade to a great diſadvantage with the reſt of the world: Were this the caſe, thoſe nations who have moſt money, ſhould reap moſt advantage by trade; and *Spain* and *Portugal* ought to carry the prize from all the world. But if this matter be examined, ever ſo ſlightly, it will appear in a different light; and it will appear alſo, that no trading nation can be long in want of money, or be able to keep above a certain quantity of circulating caſh, in proportion to its trade. What is hoarded and kept out of the market, either in caſh, bullion, plate or furniture of any ſort, is out of the preſent queſtion.

Suppoſe that the preſent ſtock of circulating caſh in *England*, was at once reduced to one half, by each perſon's loſing a moiety of his own ſhare. This would ſtrike a great conſternation in all, and be matter of real calamity to many; as the prices of things would not at once abate, in proportion to this great loſs of money. But thoſe diſtreſſes would not laſt long: The prices of all commodities, and of labour, would fall by degrees; this cheapneſs would give them

them a quicker vent in all foreign markets, and all ſorts of manufactures would be carried on here briſker than ever; whilſt at the ſame time, and for the ſame cauſe, the conſumption of foreign commodities with us would be greatly diminiſhed. By the cheapneſs of labour, *England* becoming the beſt market for bullion; that is, bullion fetching more labour and commodities here than in other countries, it would naturally be ſent hither preferable to other things; and bullion would not ceaſe flowing in upon us, till it became as cheap, that is, in as great plenty here, in proportion to our traffic, as in other places.

This ſuppoſed ſudden loſs of money would at firſt, as hath been before illuſtrated, create many diſorders: By the ſudden change it would cauſe in the proportion of property, a damp would be thrown upon manufactures, until the price of labour could be duly reduced; and the nation would be under a great diſadvantage, in the purchaſing of foreign commodities for ready caſh. But theſe diſadvantages would not laſt long; and whilſt things were advancing towards their former ſtate, it is probable that people in general, eſpecially the lower claſs, who are the moſt numerous, would

would abound more in affluence than at any other period. Labour would be more valuable here, in proportion to commodities; becauſe of the great demand for thoſe commodities, in thoſe countries where money was cheaper, and labour dearer; until at length the equilibrium of money was again reſtored. Had we ſuppoſed the loſs of money to have been leſs, as only, for inſtance, the tenth part; the conſequences thereupon, though leſs perceptible, would have been, upon the whole, the ſame in a proportionable degree.

Let us ſuppoſe our former ſtock of money to be now completely reſtored to us, and it would not be long before it returned again: If we think to increaſe this ſtock much farther, we ſhall be diſappointed; the cauſes that brought it to a certain level, will prevent its riſing much above that level. Where money is grown into great plenty, whatever be the cauſes of that over-plenty; labour, and all ſorts of manufactures will grow dear, too dear for foreign markets: And at the ſame time that the exportation of home-commodities is decreaſing, that of bullion for foreign goods will be increaſing; till at length the tide of the over-plenty of money hath ſpent its ſelf;

ſelf; leaving behind it perhaps, too much the marks of profuſion, and diſorders of various kinds.

In order to illuſtrate this ſubject, I have ſuppoſed caſes that are not likely to happen; the ſtate of things, altho' ever fluctuating, yet change by ſlow degrees. Riches are comparative things; and one nation's growing or declining in wealth, is to be reckoned either with reſpect to its former ſtate, or the preſent ſtate of its neighbours. But the queſtion before us being ſolely about money, which ever way that is turned, it ſeems to me evident, that commerce will ſettle the due proportion of money every where; I mean the proportion in reſpect to the whole wealth and traffic of any country, and not the proportion between one country and another; for this laſt will be ever different and ever variable. Every one ſees that an increaſe of his own caſh would be an advantage to him, and hence money is univerſally coveted; but no one ſees or conſiders, that his own peculiar advantage would ceaſe, if every body's caſh was increaſed in the ſame proportion with his own. Another hath in his eye ſome beneficial trade, which he could enter into if he

he had but money*: It is none of his buſineſs to conſider, that the trade of the world is limited; that his entering into it, would not extend trade in general. It is the want of vent, and not the want of money, that limits trade; and ſometimes alſo the want of able and ſkilful workmen removes trade from one province or kingdom into another.

All that hath been here advanced, is well illuſtrated and corroborated, by the courſe that manufacturies have taken in our own country. They have been firſt erected in parts that had but little money in common currency; that is, in places where labour, proviſions, and all the neceſſaries of life were cheap: By degrees they enriched thoſe provinces, till at length proviſions of all ſorts, and conſequently labour, became very dear; too dear to ſuſtain, or to be ſuſtained by thoſe manufacturies any longer. This naturally carried them to other places, where money

* The common trite ſaying, "that if a merchant had a "a larger ſtock, he could afford to ſell cheaper," anſwers it ſelf: If his ſtock is but ſmall, he ſhould himſelf conſume leſs. If a rich galleon was to be divided among a certain number of our merchants, this would enable them indeed to buy dearer and to ſell cheaper; but this would be detrimental both to their cotemporaries and ſucceſſors, and I think, in the long run, to their country in general. For ſo far as it went, it would enhance the price of commodities at home, and leſſen their vent at foreign markets.

money was in leſs plenty: And this will ever be the caſe, unleſs part of the increaſed ſtock of money is kept out of the common circulation, and is either hoarded or directed into ſome new channel; without this, not only trade will move to different provinces of the ſame country, but it will move alſo into different countries.

XVIII. *Any artificial methods of increaſing tale-money, pernicious.*

50. Any artificial methods of increaſing the quantity of tale-money in circulation, beyond its natural bounds, will be attended with pernicious conſequences; and this effect is perhaps not the leaſt evil of our great national debt. As the values of all things are meaſured by money, it is, I think, by this time ſufficiently manifeſt, that their prices will be in a certain proportion to the whole quantity of caſh in circulation. If this quantity be greater in proportion to the trade of the nation, than in foreign countries; things manufactured at home will become too dear for foreign markets, as is the caſe of *Spain* and *Portugal*. As we have no mines, trade will keep, as before obſerved, real money to a proper level; but yet this level may be exceeded by artificial ſub-

ſubſtitutes, as paper-bills, having no bullion locked up in their ſtead, and light coins having leſs value than what they paſs for; and by both theſe methods the nation is injured: By making all things dearer at home, the public is not only defrauded of ſo much bullion as theſe ſubſtitutes amount to; that is, to the whole amount of the paper above the bullion locked up in its ſtead; but it alſo ſuffers by the loſs of the whole deficiency upon the light coins.

Although this ſubject hath been in effect illuſtrated before, yet is it of that importance as to deſerve to be farther exemplified. Let us ſuppoſe that one tenth of the whole ſtock of circulating caſh in this country, and 'tis not material to our argument what the ſpecific ſum amounts to, is ſome way loſt or deſtroyed: If no artificial ſubſtitutes be made to intervene; it has been before ſhewed, that trade will gradually reſtore this ſuppoſed loſs of bullion; as, till this be accompliſhed, bullion will be dearer or fetch more commodities here, than in other countries.

On the other hand, ſuppoſing the ſum total of money, real and fictitious, now annually circulating in this country, to be 100 millions; 20 millions of which is in caſh, and

and the reſt in paper credit both public and private: If this paper credit be increaſed, by the creating of more bills, ſuppoſe to the amount of ten millions; one of the following will neceſſarily be the conſequence: Either all our commodities will riſe ten *per cent.* in their nominal value, which will render them too dear for foreign markets; or, this addition of paper bills will drain away ten millions of our caſh, and ſo impoveriſh us in reality to that whole amount; or, the effect moſt likely will be, partly the one, and partly the other; but which ever it is, the nation will be equally endamaged. May this be ever a caution to ſtateſmen, how they liſten to projects that muſt clog our trade, baniſh our coin, and in the end bring on a general bankruptcy.

Let us ſuppoſe again, that the ſame quantity of tale or nominal money continues, but that the real ſubſtance of the current coin is diminiſhed one tenth. So long as the people pay no regard to this diminution, the prices of things will continue the ſame as before, and the nation will be a loſer of this tenth part of its treaſure. For, if the currency of the light coins had been ſtopped; or, which is the ſame thing, if they had been reſtrained from paſſing otherwiſe

than by weight; trade would have furniſhed the ſame quantity of tale in heavy money, as there is now of light; as it is manifeſt that in both caſes, the nominal prices of things would be the ſame; and every one would receive for the ſame ſervice or commodity, the ſame number of heavy coins in the one caſe, as he would of light coins in the other. Foreign exchange may make ſome difference here; but as the ballance of foreign trade is but ſmall in compariſon of fixed eſtabliſhments at home, the difference upon that account will not be very conſiderable, till things come towards an extremity.

What hath been ſaid of the national loſs by the paſſing of light coins, will hold the very ſame, if bills be paſſed to a greater value than there is bullion in their ſtead. All private ſecurities alſo are productive of equal evils, and frequently of more. To cloſe this ſubject, I would obſerve here one eſſential difference there is between bills and light coins. Every one hath a right to call upon the iſſuer of a bill, to make it good in ſtandard or lawful money. But he that hath light coins in his poſſeſſion, is liable to bear the whole loſs that there may be upon them; he took them in full conſideration

tion of a given ſum, and if they prove deficient, he hath no body to blame but himſelf; and he merits the leſs compaſſion, as by his unwarineſs he was a ſharer in, and a promoter of, a public evil.

Hoarding the precious metals, beneficial.

51. Gold and ſilver, for many reaſons, are the fitteſt materials hitherto known for hoarding: They are durable; convertible without damage into any form; of great value in proportion to their bulk; and being the money of the world, they are the readieſt exchange for all things, and what moſt readily and ſurely command all kinds of ſervices. In the days of proſperity therefore, it would be prudent to lay up a kind of dead ſtock of the precious metals, againſt any emergencies that might happen. This ſtock muſt be kept out from the circulating caſh; for an increaſe there, would not anſwer the end; and indeed an overflow of money in circulation, would ſpend it ſelf, by draining up the ſources that produced it. But people in general will not hoard up caſh; all like to diſplay their wealth, and to lay out their ſuperfluities in ſome coſtly things. There ſeems then no method ſo effectual for the ſecuring of a dead ſtock of

treaſure, in any country, as the encouraging the uſe of plate; by making it faſhionable, preferable to more brittle or more periſhable * commodities. Plate would be a national reſource in caſe of emergency, and not the leſs ſo, becauſe the precious metals had not as yet received the ſhape of coins. But this dead ſtock, whilſt it remained ſuch, would not be without its uſe; real wealth is ever accompanied with credit, and the influence of credit is frequently of the greateſt moment. He that is ready armed, is leſs liable to be aſſailed; and ſilver and gold are keen and deſtructive weapons.

XIX. *Of Banks.*

52. The ſeveral banks now ſubſiſting in *Europe*, are of a modern date; but it is not my intention here to meddle either with their hiſtories or particular conſtitutions. In great trading cities, a public bank that iſſued no bills without an equivalent in real treaſure, whether in caſh or bullion it matters

* I have ſpoke before in favour of the arts, and I would not here be underſtood to mean, that any of thoſe whereby ſome of our own people gain a livelihood, ſhould be diſcouraged; nor yet that thoſe of narrow circumſtances, ſhould aim at having plate: But thoſe of affluent fortunes might ſave themſelves the expence of many ſuperfluities, without affecting labour with us; and theſe ſavings laid out in plate would be of more benefit to their country, and to their own poſterity.

ters not much, muſt needs, I think, be very convenient; as therein, merchants and others may ſafely depoſite large ſums, and thence again draw their money out at ſuch times, and in ſuch ſmall parcels, as may ſuit with their ſeveral occaſions. Such a bank may be alſo of ſome ſupport to national credit, as the great ſums known to be there locked up, would be ready upon an emergency. Bills of undoubted credit, are of great conveniency in large payments, and beſides, ſave the wear of coin. But their extent ſhould be reſtrained within due bounds: Should they increaſe much beyond the real ſtock of bullion that ought to be in their ſtead, they would prove miſchievous two ways; by increaſing in effect the quantity of circulating caſh beyond its natural level; and by endangering, in a cloudy day, their own credit. But the profits to be made by lending, as I may ſay, of credit, are temptations too ſtrong to be reſiſted; and it may be queſtioned, if any of the banks now ſubſiſting, keep exactly within the above rule, tho' ſome of them are formed upon the very model here laid down.

Banks inſtituted to prevent the abuſes from bad coins, and from adulterations in the ſtandards of monies.

53. The oldeſt bank now in *Europe*, I think, is that of *Venice*; and the chief, if not all, of the reſt, were inſtituted in the laſt century, and much upon the ſame model. The bank of *Amſterdam* was eſtabliſhed in 1607; that of *Hamburgh* in 1619, and that of *Nuremburgh* in 1621 *.

It appears, that the main if not the ſole deſign of erecting theſe banks, was for the fixing a kind of an indelible ſtandard of money; and thereby, to ſecure merchants and others from loſſes by bad coins, whether baſe or light; and from the dire effects of adulterating the ſtandards of monies, either at home, or by the neighbouring ſtates. Theſe banks have anſwered admirably well the ends of their inſtitution; and it were to be wiſhed, that thoſe ends had been more regarded in the eſtabliſhment of our own. At the times of eſtabliſhing the above banks, certain known coins of given weights and fineneſs, then current at certain rates in the reſpective

* See more upon this head, in the *Univerſal Merchant*, a work containing ſome judicious obſervations concerning trade.

reſpective places, were fixed upon as a perpetual ſtandard, which from thenceforward were called BANK MONEY. As the current coins became afterwards diminiſhed, either by legal adulterations at the mints, or by wear, or otherwiſe, a diſtinction was made between current and bank money, called AGGIO; and according to the real difference between theſe two ſorts of money, the *aggio* amounted to more or leſs *per cent*. Theſe wiſe eſtabliſhments contributed greatly, towards ſtopping thoſe baneful meaſures of adulterating the ſtandards of money, that had been ſo frequently and ſo generally practiſed, in the dark preceding ages. The genius of trade breathes and requires a certain degree of ſecurity and freedom; and banks, ſuch as we have been ſpeaking of, can hardly ever take place under arbitrary governments.

Bank money, what.

Aggio, what.

Complaints of the want of money, whence.

54. The doctrine that we have been inculcating is ſo contrary to the common notions, that a want of money is a common cry. All the ſcramble is for money; few think they have enough, and many complain. This probably will be ever the caſe, nor would ſetting the mint to work cure

the evil; and perhaps there is no where more want, than where there is moſt money. The beggar hath no property, nothing to exchange for money; and if he will not work, none would come to his ſhare, if the common ſtock was ever ſo much increaſed; a greater plenty of money would be ſo far from being advantageous to him, that he would run the greater riſk of ſtarving, as bread and proviſions of all ſorts would then be ſo much the dearer. The farmer complains, and thinks that if there was more money in the country, his corn and cattle would fetch a better price: They would fetch more money, but not more of any thing elſe that he wants; and he would not be at all bettered by this higher price, unleſs ſo far as a ſudden increaſe of money might eaſe him in his rent, by leſſening the intrinſic value of the ſpecific ſum which he had agreed to pay. The ſame may be ſaid to the merchant, ſhop-keeper, *&c.* while all commodities keep the ſame proportion of value in reſpect of one another, no one reaps any advantage by the raiſing of the price in reſpect of money, of his particular commodity. The complaints of particular perſons ariſe, not from a deficiency of money or counters in circulation; but from their

This paſsage is taken from a Book entitled Dis=courses upon Trade page 1–12. printed 1691.

their own want of property, want of ſkill, addreſs, or opportunity of getting more money; or perhaps only for want of frugality, in ſpending more than their income or proper ſhare. Anticipation is the grand ſource of diſtreſs and poverty, and is an evil that takes off much from the uſe of credit.

There is a limit to the vent and conſumption of all ſorts of commodities. If, from an uncommon prolific ſeaſon, or becauſe of a great demand at ſome late market, or from any other cauſe, as a new courſe of trade, *&c.* more of any ſpecific commodity be produced, than what the uſual or neceſſary conſumption requires; the price of it will fall, and ſome will be left on the owner's hands. Things growing out of faſhion will frequently undergo the ſame fate; and in both caſes, the manufacturers and dealers in thoſe commodities will be complaining, the workmen will be turned adrift, and all imputing their loſſes and diſappointments to the want of money in the country. But a greater plenty of money would not mend or better their condition; thoſe who have it, will not be perſuaded to purchaſe more of this or that commodity, than what their own wants, conveniency, or

or fancy prompt them to; and thoſe who cannot make ſo much profit in their reſpective profeſſions as formerly, muſt either turn themſelves ſome other way, or be content to live more frugally. But all will not be wiſe in time; emulation in ſhow is a powerful incentive; few can bear the thoughts of retrenching while it is yet time, and many finding themſelves upon the decline, will grow deſperate and precipitate themſelves the faſter. In all great towns, bankruptcies will happen, and perhaps no where more frequent, than where wealth and money moſt abound. Theſe evils, if upon the whole they be evils, are what the mines cannot cure, but are rather what have been introduced and foſtered by them.

CHAP-

CHAPTER III.

Of EXCHANGES.

AS the accounts of particular perſons living in remote places, are frequently liquidated and diſcharged by *bills of exchange*, without the intervention of money; and this being a ſubject of importance, and not generally underſtood, excepting by particular merchants, it may not be amiſs in this place to give a brief account of the nature and uſe of exchanges.

I. *Bills of exchange, what.*

55. It hath been before obſerved, that the chief end or object of commerce betwixt nations, is a mutual exchange of commodities one with another; and this may be, and frequently is, carried to a great extent without the intervention of money. But nevertheleſs the accounts are every where kept and ſtated in money; and it is almoſt unavoidable, but that in all great trading towns, there will be merchants, ſome having bullion owing to them in one place, ſome in another; ſome or other again that are

are indebted to all thoſe places, or to ſome other place which is indebted to ſome one of thoſe; and ſo, by a kind of chain, all trading countries become in ſome ſort accomptants with each other.

To avoid the charge, trouble and hazard of tranſporting bullion backwards and forwards, for the ſupplying of theſe different occaſions; the method of diſcharging debts, by *bills of exchange* was introduced. This was an excellent * invention; theſe bills being

* This was the greateſt ſecurity to merchants both as to their perſons and effects, and conſequently the greateſt encouragement to commerce, and the greateſt blow to deſpotiſm, of any thing that ever was invented. For, by this ſort of correſpondence, merchants can imperceptibly convey away their effects when and wherever they pleaſe; and this they will never fail doing, if they are in any wiſe moleſted or threatened with danger. But at the ſame time, that this is ſo beneficial to commerce, and to liberty, both in certain degrees, ineſtimable bleſſings; it weakens the attatchments, and, as I may ſay, the allegiances of tradeſmen to their mother-country. And I ſhould not, for many reaſons, chuſe to have my abode where the chief property and the chief rule was in mercantile hands. For, as an alloy to its very great advantages, there is ſomething ſelfiſh, ungenerous and illiberal in the nature and views of trade, that tends to debaſe and ſink the mind below its natural ſtate. Somewhat of this muſt be allowed to be the natural genius and bent of trade. Labourers or working people of all ſorts, are quite excluded out of the preſent conſideration; and what is here ſaid is not intended as any reflection upon or diſparagement to the other ranks of tradeſmen: We live happily in a country, where various claſſes of men by their daily intercourſes do, as it were, humanize, and benefit one the other a thouſand ways, and correct thoſe errors and notions, which men confined to a particular ſphere, are but too apt to fall into.

ing as ſubſervient in foreign commerce, as coins are in home traffic; for by ſhifting of debts and credits from one place to another, they ſo far anſwer all the purpoſes of money. Bills drawn betwixt places in the ſame country, are called *Inland bills*; as thoſe drawn between different countries, are called *Foreign bills of exchange*.

In all countries there are peculiar laws and cuſtoms, relating to this buſineſs of exchanges, which merchants and others immediately concerned ſhould be well verſed in. It is not my deſign here to meddle with the practical part of this uſeful commerce, but to explain its theory or principles as briefly as I can. A part of what I here propoſe is ſo very well done to my hands in the **British Merchant*, that I cannot do better in this place, than giving the following extract from that uſeful work.

" Suppoſe the tenant in *Wiltſhire* is to " pay for rent 100 *l.* to his landlord in *Lon-* " *don*; and the *woollen-draper* in *London* is " to pay the like ſum to his *clothier* in *Wilt-* " *ſhire*: Both theſe debts may be paid, with- " out tranſmitting one farthing from the " one place to the other, by bills of ex- " change, or by exchanging one debtor for " the

* Vol. III. ſmall edition, p. 97, 98, 99.

" the other, thus: That is, the tenant " may receive his landlord's order to pay " 100 *l.* to the *clothier* in the country; and " the *woollen-draper* may receive his *clothier*'s " order to pay the like ſum to the landlord " in town. Theſe two orders are properly " call'd bills of exchange; the debts are " exchanged by them, that is, the *woollen-* " *draper* in town, inſtead of the tenant " in the country, is become debtor to the " landlord; and the tenant in the country, " inſtead of the *woollen-draper* in town, is " become debtor to the *clothier:* And when " theſe orders are comply'd with, the two " debts between *London* and the country " are diſcharged, without ſending one ſhil- " ling in ſpecie from the one to the other."

" In like manner, the warehouſe-man " in *London* is indebted in 100 *l.* for ſtuffs, " to the *weaver* in *Norwich*; and the *li-* " *nen-draper* in *Norwich* is indebted in the " like ſum to the *Hamborough* merchant in " *London*; both theſe debts may be paid " by bills of exchange, or by the exchange " of one debtor for the other, by placing " one debtor in the other's ſtead; that is, " the warehouſe-man may receive the or- " der of his *weaver*, to pay 100 *l.* to the " *Hamborough* merchant; and the *linen-* " *draper*

" *draper* may receive the order of the *Ham-* " *borough* merchant to pay the like ſum to " the *weaver*. Theſe orders are bills of " exchange; the debtor in one place, is " changed for the debtor in the other: and " thus both debts may be paid, without " ſending one ſingle ſhilling in ſpecie from " the one city to the other."

" If the debts reciprocally due between " *London* and *Norwich*, are equal; whe- " ther they are 100 *l.* or 10,000 *l.* they " may be all diſcharged in this manner by " bills of exchange, without ſending any " money in *ſpecie* from the one to the " other."

" But if the debts due from both places " are not equal, then only the ſame quan- " tity of debts on both ſides, can be paid " by bills of exchange. The ballance muſt " be ſent in money from the city, from " whence the greateſt ſums are due. For " example: If by the trade between *London* " and *Norwich*, the former owes 10,000 *l.* " to the latter, and the latter no more than " 9000 *l.* to the former; it is manifeſt, that " only the debts of 9000 *l.* on each ſide " can be diſcharg'd by bills of exchange; " the ballance of 1000 *l.* muſt be ſent ei- " ther from *London* or ſome other place in- " debted

Nature of a ballance in trade.

" debted to *London*, to even the accompt
" between both the cities."

The occaſion of the exchange riſing to one ſide or other.

" Let us ſuppoſe then, that to ſend and
" inſure 1000 *l.* in ſpecie to *Norwich*, would
" coſt 5 *l.* or 10 *s. per Cent.* which of the
" debtors in *London* would be willing to
" be at this charge? It is natural to believe
" that every one will endeavour to ſhift it
" off from himſelf, that every one will en-
" deavour to pay his money by a bill of
" exchange; it is natural to believe that
" every one, rather than ſtand the coſt and
" hazard of ſending 100 *l.* in ſpecie, would
" pay 100 *l.* 5 *s.* in *London* for a *debtor* in
" *Norwich*, upon condition that the *Nor-*
" *wich* debtor ſhould pay 100 *l.* for him
" in that city. By which means the *Nor-*
" *wich* debtor would pay his debt of 100 *l.*
" in *London* with leſs than that ſum, while
" the *London* debtor would be obliged to
" give more than that ſum for the pay-
" ment of 100 *l.* in *Norwich*. And if ſuch
" for years together were the courſe of ex-
" change between *London* and *Norwich*,
" there could be no queſtion to which of
" the two cities a ſum muſt be ſent in ſpecie
" to pay the ballance; that city undoubtedly
" pays the ballance that gives more than
" the par, that undoubtedly receives the
" ballance

" ballance that gives leſs than the par for
" the bills of exchange. The courſe of
" exchange in this caſe would ſufficiently
" decide, that the ballance of trade is on
" the ſide of that city that procures bills of
" exchange upon the moſt eaſy terms."

Courſe of exchange decides the ballance of trade.

Foreign exchanges further explained.

56. The above example taken between two *Engliſh* towns, explains the theory of exchanges very diſtinctly. And from hence it may be eaſily conceived, how the buſineſs of exchange may be carried on between any number of foreign towns. As, ſuppoſe that *London* is indebted to *Paris* in a ſum of 100,000 ounces; *Paris* in a like ſum to *Hamborough*; *Hamborough* in the ſame ſum to *Leghorn*; *Leghorn* to *Amſterdam*; *Amſterdam* in the like ſum to *London*. All theſe ſeveral debts may be cancelled and diſcharged by *bills of exchange*, without the tranſportation of one ounce of bullion or one penny of money. For inſtance, *London* diſcharges its debt at *Paris*, by a bill drawn upon *Amſterdam*; *Amſterdam* pays this bill by another drawn upon *Leghorn*; *Leghorn* again draws upon *Hamborough*; and laſtly, by this rotation the debt from *Paris* to *Hamborough* becomes likewiſe diſ-

charged; and all the above named towns reſpectively are cleared of all accounts with each other. And the ſeveral debts above ſuppoſed being equal, the debts of the reſpective places will be diſcharged with the exchange at *par*, or without loſs or gain to either. But as all the above towns may have mutual accounts, each with all the reſt, and with many others; the real practice of exchange branches out into an immenſe labyrinth, not eaſily unfolded without much experience and application.

II. PAR *of exchange, what.*

57. The exchange is ſaid to be at *par* or even, between two places, when a given ſum paid in the one, will purchaſe a bill for the like or a ſum of the ſame intrinſic value, to be received in the other. To avoid all ambiguity, the ſeveral accounts in the preceding article were ſtated in ounces. But as all countries keep and ſtate their accounts in their own money, and moſt places have peculiar coins of their own; this makes it neceſſary that merchants, who are citizens of the world in a ſtricter ſenſe than any other, ſhould know exactly the true proportional values of the monies of all countries in reſpect of one another; that is, how much fine ſilver, or

or fine gold, if the accompts are kept in gold, are contained in the reſpective ſtandards or monies of the ſeveral countries to or with which they traffic. Theſe proportions being known and ſtated, the monies of the world are thereby in effect reduced to one common ſtandard; and it may be readily ſeen, how much of the money of one country is an equivalent to, or contains an equal quantity of ſilver with, a given ſum in another country.

The equality of ſilver, expreſſed by different denominations of coins, conſtitutes what is uſually called the *par of exchange* betwixt any two countries. In ſtating this *par*, ſome particular ſpecie or ſum of the money in one country, is uſually made the *unit* or *integer*, which always remains fixed and unalterable; and the proportion or equality is expreſſed in ſpecie of a ſmaller value of the other country; and it is in theſe ſpecie that the price is expreſſed as the exchange varies: As if the exchange betwixt *London* and *Paris* be reckoned in *pence* and *ecu's*, and a *French ecu* contains as much ſilver as there is in $29\frac{1}{4}$ *pence ſterling*; then the *ecu* is the *unit*, and $29\frac{1}{4}$ is the *par* of exchange betwixt *London* and *Paris*. In the mercantile language of exchange, that

country wherein the unit is eſtabliſhed, as in the above inſtance *Paris* in reſpect of *London*, is ſaid to give the *certain* for the *uncertain*; as *London* again gives to *Paris* the uncertain for the certain. *London* gives the *certain* for the *uncertain*, that is, the *pound ſterling* for their *ſchillings*, to *Holland*, *Flanders* and *Hamborough*; and to *France*, *Spain*, *Portugal* and *Italy*, *London* gives an uncertain number of pence, as the exchange governs, for a certain ſum in their money.

Thoſe who are not accuſtomed to this buſineſs, are apt to be in doubt whether the exchange riſing, for inſtance, be in our favour or againſt us. This doubt may be always cleared by this ſhort rule: The higher the exchange between any two countries is, the more it is in favour of that wherein the unit or invariable ſum is eſtabliſhed; and the lower, the more in its disfavour. Thus, the higher is the exchange betwixt *London* and *Amſterdam*, the more is it in favour of *London*, as then the more *Dutch* ſchillings are given for the pound ſterling. On the contrary, the higher is the exchange between *London* and *Paris*, the more is it againſt *London*, as then the *French ecu* exchanges for a greater number of pence ſterling.

III.

III. *The true par of the exchange between different countries, difficult to be aſcertained.*

58. Thoſe who have made the proper experiments, find that moſt of the foreign mints are very inaccurate; and this makes it difficult to aſcertain what are the preciſe values in reſpect of one another, of the legal monies of different countries; and this is all that is uſually aimed at by the calculators of the *par of exchanges*. But this knowledge, if it could be obtained with ever ſo much preciſion, would be of very little ſervice to the merchant, as the ſtate of the coins in moſt places now ſtands. What the merchant muſt regard, is, the amount in bullion of what he uſually receives in conſideration of a given ſum *of money*.

If the ballance due from any country, be uſually remitted in coins, and thoſe coins be wore or otherwiſe diminiſhed below the legal ſtandard; this will make a ſeeming difference in the true *par*, and the exchange in appearance will be againſt that country when it is really even.

If in any country, gold be over-rated with reſpect to ſilver, this will naturally drain away its ſilver coin, and gold coins

will become moſt current in large payments; In this caſe, the merchant will make gold his ſtandard, and rate the exchange accordingly. This will create a difference from the nominal par of the exchange, which will be more or leſs, according as gold is more or leſs over-rated; and with this cauſe of over-rating gold, the lightneſs of the coins both gold and ſilver will alſo co-operate, in proportion to the quantities of them exported; from both which cauſes the difference between the true and nominal par may be very conſiderable.

Theſe obſervations may ſerve to diſpel the gloomy apprehenſions which ſome are apt to entertain, from the courſe of exchange in general appearing ſo much againſt *England*; and they alſo plainly ſhew that the courſe of exchange betwixt different countries, is not ſo critical and exact a rule for meaſuring the ballance of trade, as is commonly imagined; ſince it is hardly poſſible to aſcertain what is the *true par*. But the exportation of bullion, is a certain ſign of the exchange being really in favour of that country to which it is ſent; and the variations in the exchanges, point alſo the variations in the ballance of trade; though, in general, the rate of the exchange at a particular

particular time, is ſcarce ſufficient for determining on which ſide the ballance then turns.

IV. *Courſe of exchange, what.*

59. The price at a certain time and place, of bills of exchange for given ſums drawn upon another place, is called the *courſe of exchange* between thoſe two places at that time; and this is frequently different from the PAR, and more or leſs than an equivalent in fine ſilver or fine gold is to be paid in one place, for a given ſum to be received in the other. Thus, ſuppoſing the par of exchange betwixt *London* and *Paris* to be $29\frac{1}{4}$ pence ſterling for a *French* ecu; it might happen at one time that a bill upon *Paris* might be purchaſed at *London*, at the rate of 28 pence for an ecu; and that at another time no bill could be had under $30\frac{1}{2}$ or 31 pence.

As the ballance of accounts between the ſeveral trading nations of the world, muſt be continually varying, and frequently ſhifting to different ſides; ſo the courſe of exchange will be ever fluctuating, and it will be more advantageous to make remittances through certain channels at one time, and by different ways at another. But as it

would be difficult for the groſs body of merchants to unravel theſe intricate clues, and to find out and ſupply each other's wants and conveniences; particular perſons apply themſelves to this buſineſs, and *drawing* and *remitting* by bills of exchange is it ſelf a diſtinct trade. The *remitter* * or trader in bills of exchange, muſt have a real ſtock or credit in the ſeveral places with which he correſponds; for bills, ſtrictly ſpeaking, pay no debts; they only transfer credit from one place to another; and whenever the demand for bills to one place, are greater than the remitters can anſwer by their credit or ſtock in other places, they muſt then tranſport as much bullion as will ſatisfy their correſpondents. But the principal ſkill of a remitter conſiſts in finding where and when bullion will fetch moſt, or where credit or bills are to be had cheapeſt, and where and when to transfer this credit to moſt advantage. For bills of exchange being ſubſtitutes for bullion, are themſelves as much a commodity as bullion, or any thing elſe; and the dealers in them make their profits in the very ſame way

* Dealers in bills of exchange are in general terms uſually called *remitters:* But with reſpect to a particular tranſaction, he who ſells a bill, to be paid by his correſpondent in another place, is called the *drawer*; and he who buys the ſaid bill, and ſends it abroad to have the value received by a fourth perſon, is called the *remitter*.

way that other merchants do, by obſerving the advantages of different markets.

V. *Price of bullion how influenced.*

60. A demand for bills upon a particular place, raiſes their prices, as in other caſes; and when theſe prices have got up to a certain degree above par, the price of bullion will be alſo advanced above the ſtandard of the country. For, dearneſs of bills cauſes a demand for bullion to be exported, and in proportion of the demand to the ſtock in the market, the price of bullion will be raiſed. To take advantages when and wherever they offer, is the object and buſineſs of commerce. Again, by tranſporting of bullion the price of bills will be lowered; that again will gradually lower the price of bullion, until the prices of each are again brought to a par. The price of bills may be reduced below par; but bullion can never be lower than the eſtabliſhed ſtandard, the mint being always open to receive it at the ſtandard or mint price.

VI. *National intereſt, how influenced by the courſe of exchange.*

61. It ſeems, upon the firſt view of the thing, that a country which oweth a ballance to another, muſt pay a præmium upon all

all the bills that paſs between them. As, ſuppoſing that in the accounts betwixt *England* and *Holland*, we owe the *Dutch* an 100,000 ounces, and that they owe us 90,000 ounces; and ſuppoſing alſo that this ballance of 10,000 ounces which we owe to them, brings the exchange againſt us one *per cent.* It ſeems, I ſay, as if we muſt pay this one *per cent.* not merely upon the ballance of 10,000, but upon the whole 100,000; and on the other hand, that we ſhall receive ſhort from them one *per cent.* upon the whole 90,000 which they owed us; that is, that we muſt pay the *Dutch* 101,000, whilſt they will diſcharge their debt to us with 89,100; ſo that our whole loſs, upon the above ſuppoſitions, amounts to 1,900. This at firſt view ſeems to be the exact ſtate of the caſe; but upon examining this matter a little cloſer, I think, it will appear that the loſs to *England* by the exchange, is ordinarily no more than what falls upon the ballance of 10,000. Suppoſe the whole account at *London* to ſtand betwixt two perſons, both *Engliſhmen*; *B* at *London* oweth *D* at *Amſterdam* an 100,000; *C* another *Dutchman* at *Amſterdam* oweth *A* at *London* 90,000. *B* pays to *A* 91,000 for for a bill upon *C* to

to pay *D* 90,000; by this tranſaction the 90,000 *Dutch* debt at *London* is quite cleared, and what *B* loſt was gained by *A*. If the affair had been tranſacted at *Amſterdam*, the gain would have fallen to the ſhare of the debtor *C*, and the loſs on the creditor *D*; for *C* with 89,100 would have purchaſed of *D* a bill for 90,000 upon *B*. But although affairs of this kind are always tranſacted between ſeveral perſons, yet at laſt it comes to the ſame thing; and the whole gains, ſo far as bills will reach in liquidating the accounts, falls to the creditors on one ſide of the water, and to the debtors on the other. In the caſe above ſuppoſed, if ſome of the *Dutch* creditors reſide at *London*, or ſome of the *Engliſh* creditors at *Amſterdam*, this will turn the ſcale to the prejudice of *England*. Theſe obſervations plainly ſhew, that any calculations of national profit or loſs from the courſe of exchange, muſt needs be very precarious. Yet is it almoſt certain that by theſe tranſactions, that country will ſuſtain ſome loſs againſt which the exchange bears; and there is no other way of bringing the ballance even, but by the exportation of goods or bullion.

VII. *The courſe of exchange influenced by various cauſes.*

62. A demand for bills upon a particular place, may proceed from various cauſes; but theſe are chiefly reducible to the ballance of trade upon the whole, or between particular places. Bullion, like other commodities, traverſes through different climes, and is ever of leaſt value where it moſt abounds. *Spain* and *Portugal* being the chief ſources from whence this commodity is drawn to the reſt of *Europe*, it is there cheapeſt and their chief ſtaple; and hence, in the uſual phraſe, the ballance of trade and the courſe of exchange will be every where againſt them. This is natural, and is no more to their prejudice, than it would be to the *Engliſh* to have the ballance againſt them, if the money of *Europe* was tin; as would then be the caſe, becauſe we have the moſt conſiderable mines of that metal. In like manner, and for the ſame cauſe, it is natural that the ballance of trade, and with it the courſe of exchange, between the more ſouthern and the northern parts of *Europe*, ſhould be in favour of the latter; and this in general is the matter of fact.

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The buſineſs of exchange between *England* and *Germany*, and the northern countries, is chiefly tranſacted at *London* and *Amſterdam*. The courſe of exchange then between us and *Holland*, indicates how the ſtate of accounts ſtands between us and all thoſe countries in general, but not in reſpect of any one in particular. The ballance of our trade to *Holland* may be greatly in our favour, and yet the exchange to *Amſterdam* be generally againſt us; both which are ſuppoſed to be matters of fact. Our debt to foreigners operates in the ſame manner as a ballance of trade againſt us, to the whole amount of the dividends owing to them; and the ſame is true as to all foreign ſubſidies. If thoſe dividends paid to foreigners contribute to enlarge our manufacturies and exports, our loſs is thereby alleviated; but if they do not, that is, if our commerce remains in *ſtatu quo*, we are loſers to their whole amount, and that equally whether their produce is exported in goods or bullion; if they are ſent in goods, they prevent ſo much bullion from coming to us. This is an affecting conſideration, and the ſources of this country muſt be prodigious great to be enabled to ſuſtain ſo great

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a burden. But let us not be too ſecure, and neglect a matter of ſo much importance.

VIII. *Bullion is not exported till the exchange is at a certain limit from par.*

63. Merchants always prefer bills of exchange, whilſt they are to be had at moderate rates, before bullion or caſh, which with them is the ſame thing; and bullion is never tranſported from one place to another, till the exchange is at a certain diſtance from *par*; and this diſtance is again limited by the expence of tranſporting bullion, wherein is included, beſides the freight, commiſſion and inſurance. And hence, the whole fluctuation in the courſe of exchange is very different between different places. Betwixt *London* and *Paris*, the exchange muſt vary about $\frac{3}{4}$ *per cent.* from *par*, before bullion, at leaſt in any quantity, will be ſent from either ſide. The freight of bullion from *London* to *Calais* is about $\frac{1}{4}$ *per cent.* from thence to *Paris* about $\frac{1}{8}$, inſurance in the whole to *Paris* about $\frac{3}{8}$, which make altogether $\frac{3}{4}$ *per cent.*; and ſo much at leaſt the exchange muſt be againſt us, before any bullion will be ſent from *London* to *Paris*; and it muſt be as much in our favour,

vour, before any bullion will be brought hither from thence. By this reckoning, the exchange betwixt *London* and *Paris* may vary $1\frac{1}{2}$ *per cent.* before gold or ſilver will move towards either ſide. To *Amſterdam*, the expence of tranſporting bullion from *London*, is leſs than to *Paris*; to ſome other places, this expence is greater, and accordingly the exchange varies leſs or more between different countries; becauſe, as hath been before obſerved, the tranſportation of bullion keeps the courſe of exchange within a certain limit.

Bills are frequently drawn, and bullion carried, between two places that are even in their accounts, to pay debts in a third place. If the exchange betwixt *Calais* and *Paris* be againſt *Calais*, and it be at par directly between *Calais*, *London* and *Paris*; a merchant at *Calais* will pay his debts at *Paris* by a bill upon *London*: And if the exchange betwixt him and *Paris*, and betwixt *London* and *Paris* will permit, our *Calais* merchant will purchaſe a *London* bill by ſending gold thither, inſtead of ſending it directly to *Paris*. It is in finding and taking the advantages of the ſeveral markets, that the myſtery of this traffic by exchange doth principally conſiſt.

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This ſhort account may ſuffice to explain the general theory of exchanges; a theory curious in it ſelf, and the practical part is extreamly uſeful for the purpoſes of foreign commerce. But to meddle with that, doth not fall within the compaſs of my deſign.

The End of the FIRST PART.