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AN
ESSAY
UPON
POLITICAL ŒCONOMY;

BEING
AN INQUIRY INTO THE TRUTH OF THE TWO POSITIONS
OF THE FRENCH ŒCONOMISTS;
THAT LABOUR EMPLOYED IN MANUFACTURES IS
UNPRODUCTIVE;
AND
THAT ALL TAXES ULTIMATELY FALL UPON, OR
SETTLE IN THE SURPLUS PRODUCE OF LAND.

BY DANIEL WAKEFIELD, ESQ.

“ *Ἐστὶ δὲ τέχνη πᾶσα περὶ γένησιν.*” ARISTOTLE.
“ *Artis maxime proprium, creare et gignere.*” CICERO.

SECOND EDITION.

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TO THE
FIRST EDITION.

THE subjects discussed in the following pages appeared to the WRITER of them to be important, and though by strictly confining himself to the questions under consideration, the inquiry is comprized in a very few pages, he flatters himself it does not the less claim attention; the various ramifications of these subjects, pursued at any length, would fill a Volume, but the AUTHOUR preferred leaving the READER to draw his own conclusions: having fought rather to excite reflection than to gratify curiosity*.

Jan. 1, 1799.

* Il ne s'agit pas de faire lire, mais de faire penser," says the PRESIDENT DE MONTESQUIEU.—De l'Esprit des Loix, Livre II. Chapitre XX.

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TO THE

SECOND EDITION.

VARIOUS engagements and pursuits have occurred in the last five years, to prevent a *second* edition of this tract being prepared and forwarded to the press.

The correction of the original essay, and the extension of it to the present size, have been pursued at different times, and often in circumstances adverse to that concentration of thought, and access to information, so necessary in treating a subject of such importance, and depending so much upon the result of experience: though aware of its many imperfections, the AUTHOR hopes he has rendered his essay more worthy of the favour, with which the *first* edition was received.

Published by the same Authour.

A LETTER to THOMAS PAINE, in Reply to his
DECLINE and FALL of the ENGLISH SYSTEM
of FINANCE.

OBSERVATIONS on the CREDIT and FINANCES
of GREAT BRITAIN.

FACTS of IMPORTANCE relative to the PRESENT
STATE of GREAT BRITAIN.

An INVESTIGATION of Mr. MORGAN's Com-
parative VIEW of the PUBLICK FINANCES.

AN
ESSAY
UPON
POLITICAL ŒCONOMY.

§ 1. **T**HE FRENCH ŒCONOMISTS divide society into *two* classes, the productive and the unproductive; including in the former the PROPRIETORS and the CULTIVATORS of land, in the latter CAPITALISTS and MANUFACTURERS.

§ 2. To this division a variety of objections immediately arise, for it would certainly puzzle the most strenuous ADVOCATES of this school, to assign a reason for concluding, that the simple possession of a property in land, intitles a man to be considered as a productive member of society; nor is it less obnoxious to remark, that by this division, every species of labour employed upon land, as well as every production of the soil, is considered as productive

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and valuable, though it must be apparent, that articles of the least possible use, not unfrequently engage the labour and occupy the land of the CULTIVATOR.

§ 3. In some degree therefore, let the terms of the question be varied, keeping however its principle in view; and with the CHINESE state the proposition thus: that part of society only can be considered as productive, whose labour and skill are devoted to the cultivation of the soil, in order to the production of food.

§ 4. Now though it be true, that the sum of population can never exceed the sum of food necessary for its support, it does not consequentially follow, that food alone is enough for the sustentation and enjoyment of life; and if there be such a tendency to an excess of population above all possible production of food, that the larger portion of the vice and misery in the world, results from the necessity of pressing down population to a level with food; and if every augmentation of food, necessarily acts as a stimulus to the activity of procreation, thereby

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thereby rendering the pressure more severe; it must be almost self-evident, that, *that* labour, and that, *those* arts, which add to the comforts and multiply the enjoyments of life, without quickening this stimulus, must be most beneficial to man, and most productive of happiness.

SIR JAMES STEUART, that great MASTER of political science, to whose invaluable work succeeding WRITERS* have had recourse, as to the grand storehouse of knowledge and reasoning upon all subjects of domestick policy, was aware of these doctrines of the CHINESE, and anxiously recommended manufactures and commerce, as the only means of avoiding the evils of a vicious population †.

* Few WRITERS have been under equal obligations to another, as DOCTOR ADAM SMITH to SIR JAMES STEUART, and but few have been so entirely destitute of candour and gratitude, as in no place to acknowledge the debt, or to pay a tribute to the fame of their INSTRUCTOR. The style of the Wealth of Nations has rendered the work popular, though its reasoning is trammelled with a *système*, and obscurity frequently supplies the place of profundity.

† Inquiry into the Principles of Political Economy, books 1 and 2.

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§ 5. A similar error at the outset of their inquiries, has caused the conclusions of both ARCH-DEACON PALEY and the REV. T. R. MALTHUS to be incorrect.

The ARCH-DEACON attending rather to the general sum or quantity of happiness in a given district, than to the amount of the share possessed by each individual, concludes, that as a larger portion of happiness is enjoyed amongst *ten* persons possessing the means of healthy subsistence, than can be produced by *five* persons under every advantage of power, affluence, and luxury, the increase of population is the object, which ought in all countries to be aimed at, in preference to every other political purpose whatsoever*.

So MR. MALTHUS, involved in the same error of regarding the general sum in the place of the individual share, complains, when adducing this country as an evidence, in support of his doctrines, that the numbers

* Principles of Moral and Political Philosophy, book 6, chap. xi.

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of the people have not augmented proportionably to the increase of wealth; hence concluding, that the labour of the nation has been employed in procuring fictitious, in the room of real riches*.

§ 6. Had, however, the population of the country thus increased, each individual share would then have remained the same, and it could not have been said, that the condition of the people had been bettered †: and whenever a country is so extended and populous, that it can maintain its independancy, and secure its prosperity; the

* Essay on the Principles of Population, first edition, chap. xvi.; second edition, book 3, chap. ix.

† A similar view of the subject occurs in a French work, (Felicité Publique, tom. ii. p. 141.) “ S’il existe une nation
“ qui, sans être très nombreuse; possède une grande quantité
“ de terres bien cultivées; si cette nation augmente journelle-
“ ment son agriculture et son commerce, sans que sa popula-
“ tion augmente en pareille proportion; enfin, si elle fait
“ naître beaucoup plus de subsistances sans nourrir plus
“ d’habitans, je dis; il faut que cette nation consomme spé-
“ cifiquement plus que les autres; il faut que le tarif de la
“ vie humaine y soit plus haut, et c’est là l’indice le plus
“ certain de la félicité des hommes.”

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further extension of its territory, and the increase of its population, become secondary to the moral improvement and individual happiness of its inhabitants.

§ 7. The discussion of the first question to which these doctrines* naturally gives rise, is—Whether labour employed in ma-

* The PERSIANS and CHINESE have for ages adopted these doctrines, which LOCKE in part maintained, and of which DOCTOR QUESNAY, in the middle of the last century, proved himself an able and zealous ADVOCATE: the speciousness of his opinions procured him many followers, who have been since known by the general appellation of FRENCH ŒCONOMISTS, though they are divided into *two* parties: the one adhering to the PERSIAN doctrines, at the head of which may be placed the name of TURGOT; the other attached to the CHINESE opinions, at the head of which the name of MALTHUS must certainly be placed, and next to his that of ARCH-DEACON PALEY. In the list of those who are adverse to these opinions of the FRENCH ŒCONOMISTS; may be found the names of XENOPHON and ARISTOTLE; the only WRITERS of antiquity upon domestick policy; that of D'AVENANT, who is held in such, deservedly, high estimation; that of COLBERT; those of LAW and STEUART; whom some modern WRITERS condemn at the very time they largely borrow from them without acknowledgment; and those of SMITH, NECKER, CASAux, HAMILTON, WALLACE, and CANARD.

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nufactures be productive? and before proceeding further, it will be highly necessary to define with accuracy the three principal words contained in this question.

§ 8. By the word labour, I understand every employment of the time and exercise of the skill or faculties of man.

§ 9. By the word manufactures, I understand every exercise of human labour upon a natural production, or raw material, either in heightening its original, or annexing to it some foreign properties, or in converting it into some other form.

§ 10. The word productive, or producing, admits of *two* definitions, and the course of this argument will evince the importance of distinguishing them: by the *first* definition of this word, I understand the yield or creation of a material thing, or of some property or quality not before in such thing, or so latent, that but for an exertion of labour it would neither have been apparent, nor of use; and to this definition I shall apply the single word productive. By

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the *second* definition of this word, I understand only such a yield or creation as I have just described, as shall be in value more than the cost of the labour expended in procuring such yield or creation; and to this definition I shall apply the term surplus value, or that of surplus production.

§ 11. Value likewise is a word of the utmost importance rightly to define, though perhaps it will appear that the whole scope and business of this tract is to ascertain the meaning annexed to this word. The CHINESE and MR. MALTHUS in the vocabulary of their political œconomy, confine its application to food; the PERSIANS and M. TURGOT apply it generally to all productions of the earth; while I consider it as applicable to every thing, and act, and quality, which augments national strength, and promotes private happiness*; no doubt
but

* DOCTOR CHARLES D'AVENANT, Part II. Discourse 1, on the Public Revenues, and on the Trade of ENGLAND, says, "We hold to be riches, what tends to make a people
" safe

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but the CHINESE would say, that food alone, and the PERSIANS, that the productions of the earth generally, are alone capable of thus augmenting national strength, and promoting private happiness. This, however, is the very question I am about to discuss.

§ 12. It is obvious, that the CULTIVATOR of land produces something, only by means of a previous annihilation, *first*, of his own intermediate support, between seed time and harvest; *secondly*, of the wear of his stock advances*; and *thirdly*, of the seed sown: the MANUFACTURER also produces something, only by means of a previous annihilation; *first*, of his own intermediate support between the beginning and completion of the manufacture; *secondly*, of the wear

" safe at home, and considerable abroad." And if the word " safe" be taken as including happiness, as was evidently the meaning of the AUTHOR, we have at once my definition of value.

* By this term, as applied to the CULTIVATOR, I mean what is generally denominated live and dead stock, as cattle for work, implements, sheds, &c.

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of his stock advances* ; and *thirdly*, of the raw material used. The rude produce of the CULTIVATOR is worth more than he has annihilated, it will exchange for more than his support, between the next feed-time and harvest, than the wear of his stock advances, and than as much feed as he will require to sow: this excess is therefore called his surplus value, or surplus production, which surplus is divided into *two* parts, the profits of his stock, and the rent of his land. The finished manufacture of the MANUFACTURER is also worth more than he has annihilated, it will exchange for more than his support, during the time of completing a similar manufacture, than the wear of his stock advances, and than as much raw material as he will require to work up: this excess is therefore called his surplus value, or surplus production, which surplus is also divided into *two* parts, the

* By this term, as applied to the MANUFACTURER, I mean tools, machines, buildings, &c.

profits

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profits of his stock, and the interest of his capital.

§ 13. It is proper here to remark, that in the foregoing argument the MANUFACTURER is supposed to exercise his industry on a borrowed capital, and the FARMER to rent the land he cultivates: nor does this assumption make even the smallest difference to the argument, or in the conclusion drawn; as if the capital of the MANUFACTURER were his own, he would expect to receive over and above the customary profits of stock, the customary interest of capital, though he will always confound his profits and his interest together. The CULTIVATOR of his own land likewise expects to receive, not only the profits of his stock, and to replace his labour and expence, but also the customary rent of land, though he will, in the same manner, confound his profits and his rent together*.

* Wealth of Nations, book 1, chap. vi.

§ 14. To

§ 14. To this argument, in behalf of the productiveness of labour employed in manufactures, it will be objected, that the increase of the MANUFACTURER is only nominal: that, though to him it is an increase, to the community it is only a transfer of produce, from the class of CULTIVATORS to that of MANUFACTURERS. In return it may be asked, how is it ascertained, that the increase of the CULTIVATOR is not equally nominal? the answer will be, by the labour of the CULTIVATOR yielding a return, which will exchange for more than his support, between the next seed time and harvest, than the wear of his stock advances, and than as much seed as he sowed: in other words, by the labour of the CULTIVATOR yielding a value, greater than the value or the cost of what he annihilated in order to procure his harvest*: those, however, who maintain,

* MR. MALTHUS does not consider rent, or a surplus produce, as an evidence to the productiveness of agricultural labour, but contends that such labour is productive, because it

maintain, that the labour of the MANUFACTURER produces a surplus above the value or the cost of what he annihilates, in order to procure his manufacture, argue, that it yields a material, or act, or quality, which will exchange for more, or which is worth more in the estimation of the CONSUMER, than his support during the time of completing a similar manufacture, than the wear of his stock advances, and than as much raw material as he worked up; and it is contended, that the estimation of the CONSUMER is an evidence to the value of the labour of the MANUFACTURER: for if it is not to be taken as such, what shall be

it augments the funds for the maintenance of man, which the labour of the MANUFACTURER, he says, does not. Essay on the Principle of Population, first edition, chap. xvii. second edition, book 3, chap. viii. In other words, he considers not any thing to be valuable but food. Turgot, whom I have already remarked is at the head of another sect of this school, argues for the productiveness of agricultural labour, and the barrenness of that employed in manufactures, because of the rent or surplus value which it yields, without any regard to the nature or quality of the produce. Reflections on Wealth, propositions 5, 7, 11, 14, 17, and 98.

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considered as evidence? If a feeling of convenience and advantage so natural and instinctive, that all men both have and are guided by it, is not to be considered as conclusive, in support of the principal branch of my definition of value, private happiness, I really am at a loss to discover what is to be considered*.

That the labour of the MANUFACTURER is requisite to complete the other branch of my definition of value, no one, I believe, will venture to deny, for something beyond a naked, unarmed population is evidently wanting to constitute national strength.

§ 15. The surplus of the MANUFACTURER, whether real or nominal, resolves itself into profits of stock and interest of capital; while that of the CULTIVATOR resolves itself

* Unless it is agreed, that any yield in the shape of food is a proof of the productiveness of the labour employed to procure it, by what evidence shall the return of the CULTIVATOR be concluded, to be of greater value than his annihilation, if the estimation of the CONSUMER be not taken to be such evidence.

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into profits of stock and rent of land: an inquiry, therefore, whether an analogy subsists between interest of capital and rent of land, will tend very much to the elucidation of the question I am discussing, for if there be any such analogy, and if it can be shewn that the causes of the interest of capital are also the causes of the rent of land, it will go near to prove, that the labour of the MANUFACTURER yields a surplus value*.

§ 16. The

* Having since the publication of the *first* edition of this tract, found my ideas confirmed by preceding WRITERS of authority, for their talents and information, I have now endeavoured to note these passages, particularly where the proposition is one not very generally received. In support of an analogy between rent and interest, MR. LOCKE (Some Considerations of the lowering of Interest, in the edition of his works, anno 1794, vol. iv. p. 32 and 33) says, “ the value
“ of land consists in this, that, by its constant production of
“ saleable commodities, it brings in a certain yearly income.
“ The value of commodities consists in this, that, as portable and useful things, they, by their exchange or consumption, supply the necessaries or conveniences of life.
“ In money there is a double value, answering to both of these: first, as it is capable, by its interest, to yield us
“ such

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§ 16. The real or natural rent of land,
or that portion of its produce which the
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“ such a yearly income; and in this it has the nature of land,
“ (the income of one being called rent, of the other use) only
“ with this difference, that the land, in its soil being differ-
“ ent, as some fertile, some barren, and the products of it
“ very various, both in their sorts, goodness, and vent, is
“ not capable of any fixed estimate by its quantity.” Again,
page 37. “ It being evident, that he that has skill in traf-
“ fick, but has not money enough to exercise it, has not only
“ reason to borrow money, to drive his trade, and get a live-
“ liness, but as much reason to pay use for that money, as
“ he, who having skill in husbandry, but no land of his own
“ to employ it in, has not only reason to rent land, but to
“ pay money for the use of it.” M. TURGOT, though
adverse to the argument I am maintaining, and subsequently
drawing a distinction between rent and interest, on which I
shall comment before the close of this tract, is constrained to
observe, (*Reflections on Wealth*, proposition 71) “ Lending
“ on interest is only a trade, in which the LENDER is a
“ man who sells the use of his money, and the BORROWER
“ one who buys; *precisely* the same as the PROPRIETOR of
“ an estate, or the person who farms it, buys and sells respec-
“ tively the use of the hired land.” And again, in proposi-
tion 95: “ In the profits of the two laborious classes, either
“ in the culture of the earth, or industry, there is a disposable
“ portion, namely, that which answers to the interest of the
“ advances, calculated on the current rate of interest of money
“ lent.”

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LAND-OWNER expects to receive, and the
RENTER of the land proposes to pay, is the
surplus

MR. WALLACE, in his ingenious Essay on the Manufac-
tures of IRELAND, quotes MR. HAMILTON's Report to
CONGRESS on the Manufactures of the UNITED STATES
upon this subject, which he illustrates with great ability, and
I lament I have not ever been able to meet with the original
report.—“ That the labour employed on manufactures yields
“ nothing equivalent to the rent of land, or to that net sur-
“ plus, as it is called, which accrues to the PROPRIETOR
“ of the soil, rests on a distinction, which, however important
“ it may have been considered, appears rather verbal than
“ substantial. It is easily discernible, that what in the *first*
“ instance is divided into *two* parts under the denominations
“ of the ordinary profit of the stock of the FARMER, and the
“ rent to the LANDLORD, is, in the *second* instance, united
“ under the general appellation of the ordinary profit on the
“ stock of the UNDERTAKER; and that this formal, or verbal
“ distribution, constitutes the whole difference in the *two*
“ cases. It seems to have been overlooked, that the land is
“ itself a stock, or capital, advanced or lent by its OWNER
“ to the OCCUPIER, or TENANT; and that the rent he re-
“ ceives is only the ordinary profit of a certain stock in land,
“ not managed by the PROPRIETOR himself, but by ano-
“ ther, to whom he lends or lets it, and who, on his part,
“ advances a *second* capital to stock and improve the land,
“ upon which he also receives the usual profit. The rent of
“ the LANDLORD and the profit of the FARMER are, there-
“ fore, nothing more than the ordinary profits of *two* capitals
“ belonging

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surplus of its produce, which remains after replacing the value of the labour bestowed upon

“ belonging to two different persons, and united in the cultivation of a farm. As in the other case, the surplus which arises upon any manufacture after replacing the expences of carrying it on, answers to the ordinary profits of one or more capitals engaged in the prosecution of such manufacture. It is said one or more capitals; because, in fact, the same thing which is contemplated in the case of the farm, sometimes happens in that of a manufactory. There is one who furnishes a part of the capital, or lends a part of the money by which it is carried on, with the addition of his own capital, out of the surplus which remains, after defraying expences, an interest is paid to the MONEY-LENDER, for the portion of capital furnished by him, which exactly agrees with the rent paid to the LANDLORD, and the residue of that surplus constitutes the profit of the UNDERTAKER, or MANUFACTURER, and agrees with what is denominated the ordinary profits on the stock of the FARMER. Both together make the ordinary profits of two capitals employed in a manufactory, as in the other case the rent of the LANDLORD, and the revenue of the FARMER, composes the ordinary profits of two capitals employed in the cultivation of a farm. The rent, therefore, accruing to the PROPRIETOR of the land, far from being a criterion of exclusive productiveness, as has been argued, is no criterion even of superior productiveness. The question must still be, whether the surplus, after defraying the expences of a given capital employed in the
“ purchase

upon the land; the seed sown; and the wear, the profits, and the interest of the stock

“ purchase and improvement of a piece of land, is greater or less than that of a like capital employed in the prosecution of a manufacture; or whether the whole value produced from a given capital, and a given quantity of labour employed in one way, be greater or less than the whole value produced from an equal capital, and an equal quantity of labour employed in the other way; or rather, perhaps, whether the business of agriculture, or that of manufactures, will yield the greatest product, according to a compound ratio of the quantity of the capital, and the quantity of labour which are employed in the one, or in the other.”

MR. CANARD, who with so much ability has discussed some parts of the science of political economy in his Principes d'Economie Politique, draws a similar parallel, when he remarks, (sect. 5) “ Souvent le PROPRIETAIRE FONCIER cede à un FERMIER le produit du travail industriel de la culture, se réserve seulement le produit net, ou la rente des fonds qu'il a fallu sacrifier à l'acquisition de la propriété. De même le PROPRIETAIRE d'une richesse mobilière s'en réserve la rente ou le produit net, et cede à d'autres tout le produit industriel, en prêtant sa richesse mobilière moyennant un intérêt: c'est ce qui fait la rente ou l'intérêt de l'argent: de sorte que celui qui emprunte des fonds à intérêt pour mettre en valeur son industrie, est le FERMIER du PROPRIETAIRE MOBILIER.”

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stock or capital employed by the FARMER *.
It now rarely happens, that rent of land is
paid

Indeed if we reflect on the general barrenness of land, before human labour has been bestowed upon it, the value of uncultivated land can scarcely deserve to be included in the consideration of this question; and if the poverty of the peasantry of FRANCE, ITALY, and SPAIN, labouring upon soil of eminent fertility, be contrasted with the wealth of the same order in this country, evidently arising from the necessity of expensive cultivation, we cannot fail feeling much repugnance to the doctrines of the FRENCH ECONOMISTS, whose sect appears

* M. DE CASAUX, in his *Considérations sur les Effets de l'Impôt, première époque*, well remarks, that it is impossible to derive any advantage from a capital in land, without a further capital, which he calls *travaux antérieurs*, or stock advances, and also a *third* capital, termed by him *travaux annuels*, or the current expences of cultivation. MR. LOCKE, PROFESSOR OGILVIE, and M. CANARD, join in considering this *first* capital as an accumulation of labour fixed and realized in the soil, for which, as of any other capital, the owner expects to receive an interest. LOCKE, of *Civil Government*, book ii. § 40. OGILVIE, *Essay on the Right of Property in Land*, § 12.

CANARD, *Principes d'Economie Politique*, § 3.—“Ainsi
“ la rente de la terre n'est autre chose que la rente d'une
“ somme de travail superflu, qui lui a été appliquée pour
“ l'acquérir ou pour la défricher.”

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paid in produce, as a money rent has been substituted, which is intended, at the time the LAND-OWNER and the FARMER agree upon the terms of the lease of a farm, to amount to so much, but to no more than so much, as the price for which this surplus would sell; and this is called the nominal

appears to have arisen, or rather to have been revived in that country, from the circumstance of the earth yielding so largely, at so small a cost of skill, labour, and advances. But had the inquiry been extended, it would have been discovered, that there was a time, when the soil of FRANCE was as stubborn and unprofitable as most, and that prodigious sums of capital, or labour, have been expended in its reclamation, improvement, and cultivation. Not many, hardly any, of the productions of FRANCE are indigenous more than in ENGLAND, excepting common timber, grasses, and corn. The OLIVE, the VINE, the MULBERRY, the CHESNUT, and a variety of other productions, are not only exotics, but at first would not thrive; repeated trials, expensive preparation and cultivation were required. What further tends to the support of this remark is, that fertility is nearly in exact proportion to the sum and continuance of human labour expended upon the soil, and in regular progress gradually lessens, from CHINA, to HINDUSTAN, to EGYPT, to GREECE, to ITALY, to SPAIN, to FRANCE, to ENGLAND, to GERMANY, to HUNGARY, and is in its lowest state round the BALTIC, where in ancient times the land received scarcely any improvement.

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or artificial rent of land. The real rent of land is not then regulated by what the avarice of the LAND-OWNER might tempt him to ask, but is what remains of its produce after defraying the cost of its cultivation*.

§ 17. The real or natural interest of capital †, or that portion of its produce which the CAPITALIST expects to receive, and the BORROWER proposes to pay, is the surplus of the produce, which the use of the capital

* The description of rent by M. TURGOT is so similar to the one I have given, that I cannot refrain from extracting it from his Reflections on Wealth, prop. 14.—“ The produce of the land divides into two parts: the one comprehends the subsistence and the profits of the HUSBANDMAN, which are the rewards for his labour, and the conditions on which he agrees to cultivate the field of the PROPRIETOR; the other which remains, is that independent and disposeable part, which the earth produces as a free gift to the PROPRIETOR over and above what he has disbursed.” LOCKE, CASAUX, OGILVIE, and CANARD would say, “ in return for what he has disbursed in clearing, inclosing, and improving the land.”

† The READER will keep in mind, that I am considering capital borrowed with a view to profit, and not for purposes of expence, though land may be hired by the idle and luxurious for purposes of gratification and fancy, so well as capital borrowed to supply the demands of extravagance.

has

has enabled the BORROWER to make, which remains after replacing the value of the labour employed in the use of the capital; the raw material used; and the wear and the profits of the stock of the BORROWER. But the interest of capital is now like the rent of land paid in money, which, at the time the CAPITALIST and the BORROWER agree upon the terms of the loan, is also intended to amount to so much, but to no more than so much, as the price for which this surplus would sell; and this may with propriety be called the nominal or artificial interest of capital. The real interest of capital is not then regulated by what the avarice of the CAPITALIST might tempt him to ask, but is what remains of its produce, after defraying the cost of its employment*.

§ 18. In

* The attentive consideration of M. TURGOT's 70th proposition, in his Reflections on Wealth, will satisfy the reader of the similarity of our ideas upon the origin and nature of interest.—“ Since capitals are the indispensable foundation of all lucrative enterprises; since with money we can furnish means for culture, establish manufactures, and raise a

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“ commerce,

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§ 18. In a cultivated and advancing society, so high a price is given for the rude produce of land, and so low are the profits of all kinds of stock, that the nominal rent of land rises above the price for which the surplus of its produce will sell, and the LAND-OWNER consequently receives more than his due proportion; but in a barbarous or declining society, the rude produce of the land being greater than the consumption of its inhabitants, its price falls; and as at the same time, the profits of stock rise, the nominal rent of land sinks below the price, for which the surplus of its rude produce will sell, and the LAND-OWNER receives

“ commerce, the profits of which being accumulated and
 “ frugally laid up, will become a new capital; since, in a
 “ word, money is the principal means to beget money, those
 “ who with industry and the love of labour are destitute of
 “ capital, and have not sufficient for the undertaking they
 “ wish to embark in, have no difficulty in resolving to give
 “ up to the PROPRIETORS of such capital or money, who
 “ are willing to trust them, a portion of the profits which
 “ they are in expectation of gaining, over and above their
 “ advances.”

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less than his due proportion*. The correctness of thus accounting for the rise and fall of

* This account of the rise and fall of rent is confirmed by M. TURGOT, (Reflections on Wealth, prop. 63 and 64.)
 “ The competition between rich UNDERTAKERS of cultivation, fixes the current price of leases, in proportion to the
 “ fertility of the soil, and of the rate at which its productions
 “ are sold, always according to the calculation which
 “ FARMERS make both of their expenditures, and of the
 “ profits they ought to draw from their advances. They
 “ cannot give to the OWNERS more than the overplus. But
 “ when the competition amongst them happens to be more
 “ animated, they sometimes render him the whole overplus,
 “ the PROPRIETOR leasing his land to him that offers the
 “ greatest rent. When, on the contrary, there are no rich
 “ men that possess capitals large enough to embark in enter-
 “ prizes of agriculture; when, through the low rate of the
 “ productions of the earth, or any other cause, the crops are
 “ not sufficient to insure to the UNDERTAKERS, besides the
 “ re-imbursment of their capital, emoluments adequate at
 “ least to those they would derive from their money, by
 “ employing it in some other channel; there are no FARMERS
 “ that offer to lease lands, the PROPRIETORS are constrained
 “ to hire MERCENARIES or METAYERS, which are equally
 “ unable to make any advances, or duly to cultivate it.”

It will not be improper, if I here sketch the causes, which regulate the years purchase of land and capital. The value of a capital in land will depend upon the security of the title; the state of the country, which may, or may not, promise
 TENANTS,

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of the nominal rent of land, above or below its real rent, is demonstrated from land sometimes yielding no nominal, though in most cases it yields a real rent or surplus.

§ 19. In a cultivated and advancing society, so high a price is given for raw material, and so great is the money reward of labour, that notwithstanding the lowness of the profits of stock, the nominal interest of capital falls below the price, for which the surplus of its manufactured produce will sell, and the CAPITALIST receives less than his due proportion; but in a barbarous or declining society, raw material being at a low price, and the money reward of labour being also low, the nominal interest of

TENANTS, and a punctual payment of rent; the state of the public prosperity, which may indicate either a rise, or a fall of rent; the honours and other advantages to be derived from the possession of land; and the facility with which such a property may be transferred. The value of a capital in wealth will depend upon the state of society, which regulates the natural rate of use, properly so called; the degree of odium incurred by the character of USURER; and the laws of debtor and creditor, which so materially affect the risk of the loan.

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capital rises above the price, for which the surplus of its manufactured produce will sell, notwithstanding the highness of the profits of stock, and the CAPITALIST receives more than his due proportion*.

§ 20. It hence appears, that the same causes affect both rent of land and interest

* In order to simplify the subject as much as I could, I have not only left out any consideration of capital borrowed with a view to expence, but I have also omitted all consideration of the effect the risk of the principal has upon the rate of the interest, as I merely sought to exhibit the analogy subsisting between interest and rent as far as the capitals whence they are derived were employed with a view to production. The remark of M. TURGOT, (Reflections on Wealth, prop. 76,) "when there are many BORROWERS who are in want of money, the interest of money rises; when there are many POSSESSORS who are ready to lend, it falls;" instead of being valid against my reasoning, upon the causes which affect the rate of interest, involves in it all the popular errors, of considering supply and demand, to even regulate the price of the stock of commodities in the market, much less alone to regulate the sum of future productions. Can it for a moment be concluded, however numerous and eager the BORROWERS, and however few and cautious the LENDERS, that when borrowing with a view to profit, the BORROWERS can ever offer an interest higher than their prospect of profit can afford: they will not offer an interest equal to the whole of this prospect; they cannot offer one that shall exceed it.

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of capital, though the effects which they cause are of an opposite kind: rents being low, when interest is high; and interest low, when rents are high*: which makes me incline, even in this early stage of the argument, to conclude, that rent and interest are equally caused by the labour and ingenuity of MAN, producing a surplus value, whether employed on land or capital, in agriculture or manufactures.

§ 21. If my account of interest be in any degree correct, it will help to elucidate an important question, of both law and political œconomy; for while it is by some contended, that all use for capital lent is unlawful, or in vulgar language usury; others maintain, that there is not any such thing in the nature of the bargain, and that the line drawn by the law, between interest and usury, is fanciful, absurd, and oppres-

* AMERICAN experience will not afford a sound objection to this passage, as that country exhibits a complete union of both states of society.

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five*. This account of interest, however, leads at once to a sure and easy mode of ascertaining the limits which separate a just interest for capital lent from usury; while the interest of capital does not exceed its real or natural rate, the interest is just; but when it exceeds this real or natural rate, the interest becomes unjust and usurious: and the state of society in past ages, which tended to make the nominal rate of interest exceed its natural rate, may be the reason why, in those times, usury was so practised, and was a subject of such general complaint. At the present time, when the state of society tends to depress the rate of interest below its natural rate, we do not hear of any complaints upon the subject.

§ 22. So rent, which in the early stages of society was below its real rate, has now from natural causes risen above it, and the exorbitance of rents has of late become a fruitful source of calumny and theme of

* M. TURGOT's Reflections on Wealth, prop. 76; and Mr. J. BENTHAM on Usury.

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lamentation. The various nature and value of soils will, however, prevent the possibility of any legislative interference, though the casuist will readily discern a boundary, not only to the rise of rents, but also to the rise of prices, beyond which the consciences of men should not permit their avarice to ask.

§ 23. The cost of any article consists of the sum of labour, profit, interest, rent, and taxes, which enter into its composition: this is the sum of its cost to the individual producing it. To the nation, such article costs but the sum of the labour, profit, interest, and rent, of which it is composed. And the lowest price, for which it can be sold, is the sum of these *four* costs, at their lowest rates, with the amount of the taxes levied upon them individually, and upon the whole cost collectively, or in other words, upon the article when produced.

§ 24. If, from any circumstances, the price of the commodity should sink below this sum, the WORKMAN, UNDERTAKER,

CAPITALIST, OR LANDLORD, must suffer; and as the lowest rates of their rewards are the lowest possible for their existence, according to the condition and habits of their country, it is evident, that accident, or temporary causes only, can effect this unnatural depression, and that it cannot last.

§ 25. On the other hand, the HIRER of capital, or land, or the PURCHASER of an article, with a view to production, or sale, is limited in the price he can give, by the prospect he has of profit in its return: when, however, capital, or land, is hired, or commodities are purchased, for purposes of gratification, expence, or use, the price given for them is limited by the passions, wants, and means of the PURCHASER. And as the prospect of profit, or the sale of the productions of capital, and land, and the re-sale of commodities, depend upon the causes which limit hire and price in the last instance, we may conclude, that all hire of capital and land, as well as the price of every species of commodities, is limited by
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the passions, wants, and means of their USER, OR CONSUMER.

§ 26. Circumstances however may exist, which shall raise the prices of commodities above this limit, and complaint will then be more general, than when they are depressed below the sum of their cost; for the reason, that in the last instance, a remedy can be found, in turning labour, stock, capital, and land, to some other use; but in the first, when the means of purchasing are exhausted, the passions and desires of men are mortified, and their wants are unsupplied, without the possibility of a remedy.

During the late dearths, the rare combination was exhibited, of the cost of commodities rising above the means of the PURCHASERS; so that the loss and suffering of the CONSUMERS was not, even to the state, compensated by the profit of the PRODUCERS of subsistence. Such a combination, however, can only exist, in the case of a dearth of provisions.

§ 27. The

§ 27. The causes which writers usually conclude affect the prices of commodities, act only on the vibrations of price between these two natural limits; and all of them compose what SIR JAMES STEUART aptly terms the balance of competition. For what are the proportions between the number of BUYERS and SELLERS; supply and demand; and the indirect action of an inadequate circulating medium, destroying the credit of the BUYERS; but this very balance?

§ 28. It is a very common error, to consider the prices of commodities as depending chiefly upon the sum of the circulating medium in a country, and hence a principal excitement of the clamour against paper credit*.

If, however, a nation be advancing in industry, wealth, and consumption, the condition of the WORKMEN and other classes will be easy, labour and enterprise

* Into this error LOCKE, MONTESQUIEU, HUME, SMITH, and BOYD have fallen.

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will be on the spring, wealth being diffused, consumption will augment, and prices will rise.

§ 29. Though it be difficult to suppose the combination of an advance in prices with a decrease of money, yet the effect such a case would exhibit, will greatly help to elucidate this subject: for it must be clear, that the augmented sum and number of exchanges, opposed to a decreased circulation, must cramp and inconvenience the transactions of agriculture, manufactures, and trade.

Hence some individuals wanting money, wherewith to effect the exchanges of their respective commodities, agree to grant a credit to each other, and to use money only in balancing their accounts. This naturally suggested the idea, of giving an acknowledgement of the debts respectively owing. It was an easy progress from this, to make such acknowledgements payable to an order, afterwards to BEARER.

§ 30. Here

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§ 30. Here it will be necessary to distinguish between the two species of credit, by which exchanges are facilitated: that which I shall term loan-credit, is the credit given by a rich to a poor man, lending him commodities for his consumption, in return for his future labour, or in expectation that his skill and industry will enable him to repay the loan. That which I shall term exchange credit, originates, as I have before described, in the necessities of a circulation, insufficient to carry on the exchanges of a country, and exists between men of property, or what amounts in practice to the same thing, between a man of property and one of supposed property or credit.

§ 31. Persons possessing credit, have availed themselves of the confusion into which practice casts the principles and causes of action, and have issued paper as a positive loan, by which, if some detriment has arisen, the unquestionable benefit has been caused, of quickening industry, and expanding the views of enterprize. However we

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must be careful not to mistake a credit-loan, from a real loan of capital: the *first* has all the effect of the last to the individual BORROWER, but is ineffective to the state: credit cannot create capital, it only facilitates transfers.

§ 32. The circumstance of prices being lower in SPAIN, a country abounding in the precious metals, and stationary in its prosperity, than in ENGLAND, a country in which they are comparatively scarce, and in a rapidly advancing state of prosperity, confirms this reasoning; and when joined to the imaginary coin of some of the AFRICAN states, sanctions SIR JAMES STEUART'S important proposition of the money unit. The money unit of every country is the lowest denomination of coin, which possesses either currency in exchange, or is used in accompt. What practical idea has any ENGLISHMAN now of a value less than a farthing*? The pound sterling of accompt,

* Formerly of a doight.

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consisting of *nine hundred and sixty* of these unit values, is invariable, and exists independently of any variation in the coin, or alteration of prices, or fluctuation of exchange.

§ 33. Though in the theory of exchange, if a *thousand* ounces of silver are owing from LONDON to AMSTERDAM, LONDON will have to pay in addition, the freight and insurance of the money, which in the theory constitutes the price of the bill, yet in practice, especially since exchange has become a particular business, credits are granted by the EXCHANGERS of LONDON and foreign places to one another, according as the balance of payments vibrate, and are regulated by the ideal monies, composed of the money units of their respective countries, and the prices of bills or rate of exchange, is determined by those causes which regulate the rise and fall of prices; and the case is not beyond probability, of a nation's having a favourable exchange with advancing prices, wholly without any species of circu-

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lating medium. In such a country, there will exist an ideal money unit, and a money of accmpt, made up of a certain number of these unit values; which will regulate both internal and external exchanges.

§ 34. The rude produce of land is resolvable into the materials of food, of clothing, and of lodging*. That part of

* The following quotations from TURGOT'S Reflections on Wealth: propositions 26 and 27, may almost require some apology, but they so clearly prove the possibility of labour augmenting, even of creating, a value, that I felt anxious to exhibit them to the READER. It is true this labour is expended upon the soil, but it is also true that it is from accumulated labour or advances, and from annual labour or cultivation, that the soil is rendered productive. In the like manner it is, by accumulated and annual labour expended upon a raw material, that the value of such raw material is enhanced, and it is in this way, that manufacturing labour produces a value, which had not any existence before. " Rich and intelligent CULTIVATORS, who saw to what " perfection an active and well directed cultivation, for " which neither labour nor expence were spared, would " raise the fruitfulness of land," " as the rich CULTI- " VATORS are in a situation to bestow more labour and ma- " nure upon the ground, there results thence a prodigious " augmentation in the production, and in the revenue of " land."

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it resolvable into food may be of use, though it is very rarely the case, without the intervention of any labour, between the CULTIVATOR and the CONSUMER, but it is of a perishable nature, and were a state to accumulate ever so large a stock of such produce, after a few years intermission from labour, it would be destitute of food; for though the labour of a year employed in agriculture, should yield food for *three* years, with the consumption of but that of *one* year; and *ten* years of agricultural labour, should yield a surplus of food for *twenty* years, yet from the nature of the produce, the state could not be supported by it, for more than *three* or *four* years; those parts of the rude produce of land, resolvable into materials for clothing and lodging, are indeed less perishable than that part resolvable into materials for food, but unless the labour of the MANUFACTURER be bestowed upon them they are wholly useless; they will not serve for clothing, nor lodging, nor for any one purpose of necessity, or luxury.

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luxury. By the exercise of his labour and ingenuity on this rude produce or raw material*, the MANUFACTURER is enabled to render that, which before was perishable, or useless, durable and useful; and he therefore has added to the real wealth of society †.

§ 35.

* M. GARNIER, in his Traduction nouvelle recherches sur la nature et les causes de la richesse des nations par ADAM SMITH: préface page ix; though attached to the principles of the FRENCH ŒCONOMISTS has an observation, original, just, applicable to the subject in hand, and powerfully aiding the argument I am maintaining. “ Dans le commerce, il est vrai, ces productions encore brutes sont évaluées comme de véritables richesses; mais il ne faut pas perdre de vue qu’elles doivent cet avantage à la certitude qu’a toujours leur possesseur d’en faire à sa volonté des choses consommables, en les soumettant aux divers degrés de main-d’œuvre qui leur sont nécessaires. Elles n’ont alors qu’une valeur virtuelle, comme celle d’un billet qui passe pour comptant, parce que le porteur est assuré de le convertir en argent quand il lui plaira.”

† MR. LOCKE, of Civil Government, book II, sect. 40, and 42; broadly states and ably maintains this doctrine, when he says “ the property of labour is able to overbalance the community of land: for it is labour indeed that puts the difference of value on every thing; and let any one consider

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§ 35. If however it is chosen to exclude from the definition of productiveness, properties and

“ consider what the difference is between an acre of land
“ planted with tobacco or sugar, sown with wheat or barley,
“ and an acre of the same land lying in common, without
“ any husbandry upon it, and he will find, that the improvement of labour makes the far greater part of the value. I think it will be but a very modest computation to say, that of the products of the earth useful to the life of man, *nine-tenths* are the effects of labour: nay, if we will rightly estimate things as they come to our use, and cast up the several expences about them, what in them is purely owing to nature, and what to labour, we shall find, that in most of them *ninety-nine hundredths* are wholly to be put on the account of labour.”

“ To make this a little clear, let us but trace some of the ordinary provisions of life, through their several progresses, before they come to our use, and see how much of their value they receive from human industry. Bread, wine, and cloth, are things of daily use, and great plenty; yet notwithstanding, acorns, water, and leaves, or skins, must be our bread, drink, and clothing, did not labour furnish us with these more useful commodities: for whatever bread is more worth than acorns, wine than water, and cloth or silk than leaves, skins, or moss, that is solely owing to labour and industry; the one of these being the food and raiment which unassisted nature furnishes us with; the other, provisions which our industry and pains prepare for us: which how much they exceed the other in value, when

and qualities, we must then go even further than the FRENCH ŒCONOMISTS, and say, that

“ when any one hath computed, he will then see how much
“ labour makes the far greatest part of the value of things
“ we enjoy in this world: and the ground which produces
“ the materials, is scarce to be reckoned in, as any, or, at
“ most, but a very small part of it.” Following up these
ideas, MR. LOCKE proceeds to charge against the return of
the HUSBANDMAN, a variety of items almost intirely over-
looked by the FRENCH ŒCONOMISTS, and which most sa-
tisfactorily destroys the claims they make, on the part of
the CULTIVATOR, to exclusive productiveness: book ii,
sect. 43. “ It is labour then which puts the greatest part
“ of the value upon land, without which it would scarcely
“ be worth any thing: it is to that we owe the greatest part
“ of all its useful products; for all that the straw, bran,
“ bread, of that acre of wheat, is more worth than the pro-
“ duct of an acre of as good land, which lies waste, is all
“ the effect of labour: for it is not barely the PLOUGH-
“ MAN’S pains, the REAPER’S and the THRESHER’S toil,
“ and the BAKER’S sweat, is to be counted into the bread
“ we eat; the labour of those who broke the oxen, who
“ digged and wrought the iron and stones, who felled and
“ framed the timber employed about the plough, mill, oven,
“ or any other utensils, which are a vast number, requisite to
“ this corn, from its being seed to be sown, to its being
“ made bread, must all be charged on the account of labour,
“ and received as an effect of that: nature and the earth
“ furnished only the almost worthless materials, as in them-
“ selves.”

that nature is the only real physical pro-
ducer or creator, but that she, generally
speaking,

“ selves.” Even MR. TURGOT is obliged to concede, that
the production of the earth require “ preparing and com-
“ pleting,” proposition 4, and he falls into a train of rea-
soning and observations similar to those of MR. LOCKE and
myself in his third proposition; “ the productions which the
“ earth supplies to satisfy the different wants of man, will
“ not, for the most part, administer to those wants, in the
“ state nature affords them; it is necessary they should un-
“ dergo different operations, and be prepared by art. Wheat
“ must be converted into flour, then into bread; hides must
“ be dressed or tanned; wool and cotton must be spun; silk
“ must be taken from the cocoon; hemp and flax must be
“ soaked, peeled, spun, and wove into different textures;
“ then cut and sewed together again to make garments, &c.
“ If the same man who cultivates on his own land these dif-
“ ferent articles, and who raises them to supply his wants,
“ was obliged to perform all the intermediate operations
“ himself, it is certain he would succeed very badly. The
“ greater part of these preparations require care, attention,
“ and a long experience; all which are only to be acquired
“ by progressive labour, and that on a great quantity of
“ materials.”

DOCTOR PRIESTLEY, in the *second* volume of his Lec-
tures on History, p. 196 to 209; supports the same doctrine,
declaring that “ the only original source of wealth, and
“ every other advantage, is labour;” and afterwards
abridges the conclusive arguments of STEUART, that arts
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speaking, does not attach to her productions or creations, those properties and qualities, essential to their being of value or use in the business of life.

Thus iron ore, while in the bowels of the earth, is a production of nature; but until the labour of man has been exerted to dig it out of the mine, to smelt it into iron, and afterwards to fashion it into instruments of use or ornament, what is its value?

In the same way seeds, whether of corn or trees, are a production of nature; but unless labour be expended, in putting them into the ground, guarding their growth, reaping them when ripe, or cutting them down when grown to maturity, and thence

and manufactures create and store up, the only disposable fund of labour and strength, which a nation can possess. And Mr. GIBBON, ROMAN Empire, chap. lxxi, observes, that "the value of any object that supplies the wants or pleasures of mankind, is compounded of its substance and its form, of the materials and the manufacture."

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to procure either food or habitations, what are their value?

Clay earth also, is a production of nature, what however is its value, until labour has fashioned it into bricks? and of what value are these bricks, until a further expence of labour has been incurred, to build a house or a wall of them?

To enter into a more minute or longer detail on this subject, would fatigue more than it would instruct; though every additional inquiry will but confirm the conclusion, that even the earth itself, the great machine of nature*, lies by as it were, out of order and idle, unless it is set a going by its main-spring and directing impulse, the skill and labour of man: for it has pleased the ALMIGHTY to impose upon man the necessity of labour †, allowing

* Canard, principes d'économie politique: section 92;
 " la terre est un instrument dont le travail se sert, et dans ce
 " cas elle doit être considérée comme tous les autres instru-
 " mens créés par l'industrie humaine."

† Genesis, chap. iii. verses 17, 18, and 19; " cursed is
 " the

ing nothing to be in its natural or original state, complete and fitted for use or of value, until some exertion of industry and skill shall have given it a finish or completion.

That it is HIS pleasure, thus to fulfil the purposes of his power and HIS wisdom, who can doubt! who credits the revelation of HIS will; or who deny! who looking upon the mighty effects of HIS word*, witnesses all things incomplete and unuseable, until subjected to the will, and fashioned by the wit and industry of man.

§ 36. There is a distinction drawn by some WRITERS † between labour consumed in use, and labour employed in production, which does not appear to me sound. I am not going to argue which a wise man would

“ the ground for thy sake; in sorrow shalt thou eat of it all the days of thy life. Thorns also and thistles shall it bring forth to thee: and thou shalt eat the herb of the field. In the sweat of thy face shalt thou eat bread.”

* Genesis, chapter i. verses 3, 6, 9, 11, 14, 20, 24. “ and GOD SAID, let there be light, and there was light.” And so of the remainder of the creation.

† ARISTOTLE and SMITH.

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chuse, personal service*, an article of clothing, or a healthful meal; but what I mean is, that there is not any such real distinction, as the one drawn above, for what is labour employed in production, but employed in producing that which is to be consumed; the end of both labours after all, being to be consumed in use, the ARTISAN who makes a pair of shoes, and the CULTIVATOR who procures food, is employed in producing that which is to be consumed, while the labour consumed in use is employed in an attendance, the effect of which, is over as soon as enjoyed; like to which, is the case of the shoes when worn out, and of the food when eaten †.

It is a blind philosophy which cannot

* This term includes the exertions of the LAWYER to preserve our property from knavery, and our fame from calumny; the attendance of the PHYSICIAN to guard our lives, and to invigorate our health, and the courage of the SOLDIER to defend us from violence.

† M. GARNIER in his Traduction de la richesse des nations: note 20 of the 5th volume, joins me in exploding this distinction,

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discern the value of any exertion of skill and labour, unless it is fixed and realized in some material thing. There are *two* ways of estimating value as well as joy, by its duration, and by its exquisiteness, and so constituted is our nature, that all our joys vibrate between the *two*, possessing more of the one, as it recedes more from the other. The most excellent value bestowed by the ALMIGHTY upon the sons of mortality, is the perfection of the mind*; how rarely is it obtained! by how frail a tenure is it held!

§ 37. It is admitted by the FRENCH ECONOMISTS, that manufacturers have al-

* I am not singular in considering the finite perfection of the human mind, as the highest mundane, consequently national, value. "He (ALMAMON the Seventh of the ABBASIDES) was not ignorant," says ABULPHARAGIUS, "that *they* are the elect of GOD, his best and most useful servants; whose lives are devoted to the improvement of their rational faculties. The mean ambition of the CHINESE and TURKS may glory in the industry of their hands, or in the indulgence of their brutal appetites."

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ways been a self-supporting class: but they contend that labour thus exerted, returns no more than its cost; than the value of the raw material annihilated, than the wear of the stock advances, and than the support of the labour during the time it was engaged in the manufacture*.

* M. TURGOT, in the early parts of his *Reflections on Wealth*, clearly, and without any qualification, maintains this: for speaking of the labour of the MANUFACTURER, proposition 5, he says, they "return precisely what they have received;"—and again, proposition 17, this observation is repeated; "the ARTIFICER, on the contrary, receives his wages either of the PROPRIETOR or the CULTIVATOR, and only gives them in exchange for his stipend, an equivalent in labour, and nothing more." Yet he is, subsequently, obliged to concede, proposition 50, that a MANUFACTURER, "more expert, more active, and who practices more economy than others in his personal expences, has been able, at all times, to gain a little more than sufficient to support him and his family, and reserve his surplus to form a little hoard." And again, in proposition 100, "the stipendiary class, and chiefly the UNDERTAKERS of the other classes, receiving profits proportionate to their advances, talents, and activity, have, though they are not possessed of a revenue properly so called, a superfluity beyond their subsistence."

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This admission, however, will involve them in great difficulties, for if a century past, labour employed in manufactures produced equal to any number, or *one*, and consumed but *one*, surely now, that by the invention and use of machines, and by the increase of the division of labour, *two*, or *three* times the then quantity of finished manufacture is produced, by the same expence of labour, MANUFACTURERS have become a productive class: with a consumption equalling *one*, they formerly, it is allowed by the ŒCONOMISTS, produced *one*; now however, with no greater consumption, they produce equal to *two* or *three*. Not only have the FRENCH ŒCONOMISTS omitted to consider the effects of the division of labour, and the introduction of machines, but they have failed, in not observing, that superiour skill will produce its effect, in less time than it will take an inferiour ARTIST to perform, in a worse manner, a similar work; thus not allowing

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allowing any value to the facilities of habit, nor to the exertions of genius, measuring by the same standard his physical wants*, the rapid and finished execution of a MASTER, and the clumsy imitations of his APPRENTICE; the sublime genius of a REYNOLDS, a WREN, or a PHIDIAS, and the mechanical labours of a PAINTER of signs, a common BUILDER, or an image CUTTER.

§ 38. I do not perceive how a retraction of this admission, would serve the argument of M. TURGOT and his disciples; since they must then deny the possibility of human labour being able to augment the value of a natural production or raw mate-

* When HERODOTUS computed the price of a pyramid, in the quantity of turnips, onions, and garlick consumed by the BUILDERS of it, he fell into this error of the FRENCH ŒCONOMISTS, and omitted to consider the value of the fame acquired to EGYPT, by the erection of the pyramids; and the value which this labour would have produced, had it not been diverted from its usual employment: the *first* of which, would have been the value of the pyramids, the *second*, their relative cost.

rial; in other words they must maintain, that the products of the earth and all raw materials, are in their utmost state of value on their production; that the wheat in ear is of as much value, is as pleasant a food, is as nutritive a subsistence, as bread; that the shelter of a forest or a cave is comparable for health and convenience to that of a house; as for clothing, there is not any species, but what is the result or produce of some manufacture or other.

§ 39. The original of this error seems to have been, the confounding value with cost. Let it be remembered, that I am treating the subject as a national question, not as one of barter or exchange between individuals: now the value of any thing, act, or quality, depends upon the degree in which it contributes to private happiness and national strength; the positive cost, is the sum of annihilation in order to procure this value; the relative cost, is the difference between the value, the labour so expended

pended would have procured in any other employment, and the value actually produced; the difference between the value of the production and its positive or relative cost, is the positive or relative gain, surplus value, or surplus production of the CULTIVATOR OR MANUFACTURER.

§ 40. Even the value of life to individual possessors is different, as they are exposed to disappointment, subjected to suffering, and threatened with despair; or as they are gratified with success, surrounded with friends, and animated with hope: but how infinitely various is the value of the lives of individuals to their country and the world! Compare the value of the lives of ARISTOTLE or BACON, to the value of the lives of a HOTTENTOT or an inhabitant of NOOKTA SOUND; how little can their physical wants or consumption enable us to estimate these values; surely the various and superiour talents, the rare endowments, the multifarious information and

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knowledge of these fages, bear them above all comparifon*.

§ 41. Whatever then gladdens the hearts of individuals, whatever ftrengthens the affections of fociety, whatever elevates the foul, gives a zelt to life, or a dignity to exiftence; whether it be a raw production of the foil, a commodity fashioned by human fkill and labour, or intellectual improvement; though cheap or dear fhould be its cofl, long or tranfient its exiftence, poffeffes both a pofitive and a relative value.

§ 42. It is however requifite, that value fhould be fecured and perpetuated, as far as human means and power extend, and therefore it is, that I have coupled happinefs and ftrength together, in my definition of va-

* Mr. Harris, in his moft admirable Treatife concerning Happinefs, Part I. exhibits a very fimilar idea. " The leading principle of man is capable of infinite direftions— is convertible to all forts of purpofes—equal to all forts of fubjects:—neglected, remains ignorant, and void of every perfection;—cultivated, becomes adorned with fciences, and arts—can raife us to excel, not only brutes, but our own kind."

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lue at the beginning of this traft: concluding that it is an unworthy policy which would add to the fum, or multiply the bufinefs, without proportionably augmenting the enjoyments of life: for that the wealth of nations, confifts in neither ftrength nor happinefs fingly, but in the union of both.

§ 43. Notwithftanding all that can be faid upon this fubject, I am well aware, that the queftion it involves is not likely to be fpeedily decided; for it is one of thofe, which has arifen from the ambiguity of language, and the propenfty of mankind to the extremes of fyftem: the truth indeed appears to be, that the natural defire of men to better their condition, is the origin of the wealth of nations, in whatever way their talents and their induftry are employed*.

§ 44. Having

* By this remark, I am very far from intending to caft any cenfure upon bounties, drawbacks, or any other fpecies of encouragement or prohibition: let each individual in his

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§ 44. Having thus endeavoured to disprove the major of the syllogism, used by the FRENCH ECONOMISTS, in support of their doctrines, and to shew, that all value is the result of an exertion of human wit and industry; it will be necessary to pursue the discussion further, and to examine the soundness of the two remaining branches of their syllogism. In their minor they contend, that unless when a state is in that decaying and exhausted condition, as to be obliged to encroach upon its capital, the publick treasury must be supplied, from the general revenue of the people, or in more

sphere, do the best he can for himself, consistently with the law; but surely such exertions need the guide and protection of the government, whose superior and extended knowledge, and elevated situation, enables it to combine all the component parts, which compose national prosperity, into one effective and harmonious effort,—this is sanctioned by the observation of M. DE MONTESQUIEU; *l'Esprit des Loix*, Livre XX, Chapitre XI; “ La liberté du commerce n'est pas une faculté accordée aux NÉGOCIANS de faire ce qu'ils veulent; ce seroit biens plutôt se servir de servitude. Ce qui gêne le COMMERÇANT, ne gêne pas pour cela le commerce.”

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correct language, from the surplus produce of land, capital, and labour; but from not distinguishing between income and revenue or surplus produce* they contend, that even in regard to individuals, whatever shape taxation may assume, the taxes of a country will finally terminate or settle in such surplus produce or nett revenue: consequently, if their major be correct, that not any but agricultural labour is productive of such a free revenue, it must be concluded, that the whole revenue of the state is derived from land, and that on land all taxes must finally settle. Hence the proposal of a

* Revenue is the receipt of an individual arising from an accumulation of labour, as land and capital; or from an exertion of labour, as profits of stock, and wages remaining after defraying the expence of its obtainment; but income, besides including such receipt, means also every other acquisition of property, as inheritances, legacies, and gifts, which are but transfers of capital; and the term income, or incoming, is the correlative of outgoing; which term comprehends also as much more than expenditure, as income does than revenue. The not attending to this distinction is one source of injustice in direct taxes.

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single tribute or land tax to defray all the charges of government and defence*.

§ 45. The

* Contending with force and clearness against the major, and disregarding the minor of the syllogism, used by the FRENCH ECONOMISTS, MR. LOCKE most strangely joins them in their conclusion. Considerations of Interest and Money, edition of his works in 1794: volume 4, page 55; saying, "that taxes, however contrived, and out of whose hands soever immediately taken, do, in a country where their great fund is in land, for the most part terminate in land." Again, page 60; he repeats the remark, observing that "it is in vain, in a country whose great fund is land, to hope to lay the publick charge of the government on any thing else; there at last it will terminate. The MERCHANT (do what you can) will not bear it, the LABOURER cannot, and therefore the LANDHOLDER must; and whether he were best to do it, by laying it directly where it will at last settle, or by letting it come to him by sinking of his rents, which when once they are fallen, every one knows are not easily raised again; let him consider." To support this conclusion MR. LOCKE supposes, pages 56 and 57; "in the present state of affairs in ENGLAND, (1691) that the rents of ENGLAND are twelve millions, and that the charge and necessities of Government require a supply of three millions"—"that to shift off the burthen from the land, some country gentlemen should think fit to raise these three millions upon commodities,—it is evident," he concludes, "that, to do this out of commodities, they must, to the CONSUMER, be

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§ 45. The duties upon malt and beer have of late years been very much advanced,

"be raised a quarter in their price, so that every thing, to him that uses it, must be a quarter dearer." At this period (1688) MR. GREGORY KING, to the accuracy and extent of whose researches into subjects of this nature, every POLITICAL ARITHMETICIAN acknowledges himself indebted, Harleian MS. No. 1898, folio 14; computed the national income of ENGLAND at 43,505,800*l.*, which makes the national rents about *two sevenths* of the publick income. MR. LOCKE seems to conclude, that nothing but the surplus produce or rent of land is brought to market, or included in the commodities bought and sold in the kingdom, whereas the sum of commodities being *five sevenths* more than the rents of the kingdom, their price would only be raised *two twenty-ninths*, and the LANDLORD pay but *eight hundred and twenty six thousand* pounds instead of *three millions*, to which they would certainly have been subject, had the tax been laid directly upon land; for it is soundly observed, page 56, by this authour, that "the tenant's bargain and profit are the same, whether the land be charged, or not charged, with an annuity payable to another man."

Pursuing his argument MR. LOCKE proceeds to say, page 57; "Let us see now who, at long-run, must pay this quarter, and where it will light. It is plain, the MERCHANT and BROKER neither will, nor can; for, if he pays a quarter more for commodities than he did, he will sell them at a price proportionably raised," granted, as MERCHANTS and BROKERS to the extent of their dealings; but

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vanced*, and if there ever was an object to be selected for taxation, more likely to cast

but denied, as CONSUMERS, in which capacity they will certainly pay to the extent of their consumption.

As for the LABOURER and HANDICRAFTSMAN I cannot discern how his food, clothing, and utensils costing to the amount of the tax, more than they did before, can be accompanied with a fall in the prices of corn and wool, the materials of his food and clothing; but the poor LAND-OWNER seems destined, according to this account, to be squeezed both ways. I incline however to agree with MR. HUME, who, when speaking of taxes upon commodities, in his Essay upon Taxes, says, "every man, to be sure, is desirous of pushing off from himself the burden of any tax which is imposed, and of laying it upon others; But as every man has the same inclination, and is upon the defensive; no set of men can be supposed to prevail altogether in this contest: and why the LANDED GENTLEMAN should be the victim of the whole, and should not be able to defend himself, as well as others are, I cannot readily imagine. All TRADESMEN, indeed, would willingly prey upon him, and divide him among them, if they could: But this inclination they always have, though no taxes were levied; and the same methods, by which he guards against the imposition of TRADESMEN before taxes, will serve him afterwards, and make them share the burthen with him."

* Never were the principles of taxation more intirely disregarded, than in collecting the greater part of these new duties

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cast the burthen upon the soil and its CULTIVATORS than another, surely these taxes upon manufactured barley were the most likely. Yet so far is it from this having been the case, that the prices of malt and beer have arisen in amount to the sum of the taxes laid upon them, whereas had the tax been laid directly upon land sown with barley, it would have settled itself in the rent of the land. The truth is, the prices of malt and beer are divisible into two parts, the artificial price or duty, and the positive or relative price or cost of its production*; and by this term I mean not only

duties from beer, in room of levying the whole of them on malt, whereby those who consume their beer from a COMMON-BREWER pay a heavy beer duty, from which those who consume home-brewed beer are exempt; and besides the burthen of the tax being thus unequally levied, the treasury loses a revenue of nearly three millions!

If this additional revenue was not required for the publick service, the persons subject to the beer duties, and who are chiefly of the lower classes, might be relieved from their payment.

* The word price has evidently two meanings, accordingly

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only the cultivation of the barley, but the conversion of it into malt, and thence into beer: This includes the rent of the land, the interest of the capital, the profits of the stock, and the wages of the labour, engaged in the process, from putting the seed into the ground until casking of the beer.

Neither below the sum of this positive nor relative price can the prices of malt and beer sink, though they may have artificial additions made to them: the consumption indeed may be lessened, which will cause less barley to be grown.

§ 46. It is from not attending to the distinction, between the fluctuating value of the market, and the cost of production, that much error is generated: the fluctuations of the market are regulated by those circumstances, which most writers suppose to permanently regulate the prices of agricultural and manufactured produc-

ingly as it is used; when speaking of the price of an article purchased, it means its cost; when of one sold, it means its value in the estimation of the PURCHASER.

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tions, whereas these circumstances affect the stock on hand only, and permanently regulate the sum of every particular production; for when the fluctuations of the market sink the prices of commodities below their cost, the sum of production is lessened; and on the other hand, when these fluctuations rise the prices of commodities above their cost, the sum of productions is increased.

§ 47. In the case of a tythe of produce, it is remarkable, that the burthen is shared by the labour and stock along with the rent, instead of falling only upon it: for if an acre of land at a rent of *ten*, make a return of *twenty*, half of the tythe or *one* will fall on rent, and the other half on labour and stock, which will be rendered yet clearer, by supposing another acre, more expensively cultivated, whose rent is as that of the *first* acre *ten*, and the return a *hundred*; here the tythe which falls on rent is still but *one*, and on labour and stock it will be *nine*, and in case such a tythe were

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not levied, rent in both cases would be *eleven*, and the return would sink in nominal value to *nineteen* and *ninety-nine*, leaving as before *eight* and *eighty* for stock and labour*.

§. 48. Pursuing this inquiry further, I will suppose the existence of a tax upon the profits of MANUFACTURERS and TRADESMEN; whom interest has already prompted to make the greatest possible gains, before this tax was levied upon their profits or upon their income; any such person was already in the habit of purchasing the articles of his manufacture or his trade and the objects of his consumption, as cheap

* It is about three years, since I proposed a commutation of tythe for an equivalent proportion of rent, and I observe that the same idea has occurred to MR. MALTHUS, Essay on the Principle of Population, second edition, note in page 440.

Further consideration however induces me to change my opinion, and to conclude such a proposal to be irreducible to practice without manifest injustice and oppression to individuals, and much inconvenience and injury to the state. I am indebted to Mr. Howlet's valuable tract upon tythe, for entertaining this juster view of the subject.

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as those of whom he bought could afford or would sell them, while on the other hand; he was already in the habit of selling his commodities, for as high a price, as the wants or caprice, and the means of those who purchased of him, would allow them to give.

On which side then could he reimburse himself of the tax, thus levied upon his gains; for it is unfound to assume the SELLER on the one hand, or the BUYER on the other, at the mercy of the MANUFACTURER or TRADER, since if this were the case to the amount of the tax, it would be the case to the amount of the cravings of his avarice, or of the calls of his profusion; these, however, being unlimited, such an assumption leads to an evident absurdity; and hence it may be concluded, that such a tax must be paid, either out of his accumulating profits, or by the practice of a more rigid œconomy*.

Should

* ARCH-DEACON PALEY, in his Principles of Moral and Political

Should even a case be supposed, of a MANUFACTURER or TRADER, whose profits with the most severe œconomy, could scarcely support himself and his family, it is evident, this tax I have been supposing, would be more than he could bear, but he could not relieve himself from its oppressive burthen, he must sink beneath its weight*, and the fact of the many lesser TRADERS, who sink under the pressure of the poor's rates, and the high prices during the late dearths, into the class of LABOURERS, and some even into that of PAUPERS, is evidence to the correctness of this argument.

Political Philosophy, quarto edition, page 625; and MR. HUME in his Essay on Taxes; have very nearly the same train of reasoning upon this subject, which is also confirmed by MR. MALTHUS: Essay on the Principle of Population: second edition, note in page 440; who acknowledges, that "practically it cannot be doubted, that even profits of stock pay some taxes on necessaries, and many on luxuries, for a very considerable time."

* See MR. WALLACE, Essay on the Manufactures of IRELAND, p. 285 and 286, for an example.

§ 49. Every

§ 49. Every kind, of educated * labour is more or less a monopoly, and its wages or hire consequently a monopoly price, from the pictures of APOLLO and REYNOLDS, to the labour of a carpenter or mason, and their demands are only limited by the wants and means of their EMPLOYERS: Nor is it incurious to observe, that the strongest species of labour monopoly, attaches only to the exertions of superiour genius, administering to the pleasures and passions of men, while the weakest species of labour monopoly, attaches to those employments, which satisfy the wants and necessities of life.

§ 50. Since labour cannot be exerted without food, clothing, and lodging, or the sum of its support, which may be termed

* It is observed by M. DE MONTESQUIEU, de l'Esprit des Loix: edition de GENEVE in three volumes, Livre VII. Chapitre I.; "Ceux qui excellent dans une profession mettent à leur art le prix qu'ils veulent; les plus petits talens suivent cet exemple; il n'y a plus d'harmonie entre les besoins et les moyens." And by M. CANARD, Principes d'Economie Politique. Section 8.

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its physical wages*, it is evident that a direct tax upon the physical wages of labour, must either be stopped in its outset, or be thrown off upon the EMPLOYER of it, but it is as evident, that a direct tax upon the surplus wages of labour, will fix and fettle itself in such wages †, as would a direct tax upon the rent of land ‡.

Thus when REYNOLDS received *fifteen hundred* guineas for his celebrated picture

* M. CANARD Principes d'Economie Politique, section 9. "il faut distinguer dans l'homme le travail nécessaire et le travail superflu."

† MR. MALTHUS, Essay on the Principle of Population: second edition, note in page 440 acknowledges, that "practically it cannot be doubted, that even the wages of labour, particularly of professional labour, pay some taxes on necessaries, and many on luxuries, for a very considerable time."

‡ As is clearly shewn by MR. LOCKE, Considerations of Interest of Money: edition of his works in 1794: volume 4, page 56; who concludes his reasoning upon the subject, with saying, "all this is but changing the hand that receives the rent, without any influence at all upon the yearly value of the estate; which will not be let for one penny more, or less, to the renter, however, or amongst whomsoever, the rent he pays be divided."

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of the infant HERCULES, a tax of any amount upon it, would have fallen upon him, and not upon the PURCHASER, who had already given a strictly monopoly price for the painting.

§ 51. Taxes may, theoretically speaking, absorb the whole of the surplus wages of labour, as well as the whole rent of land, and as well as the whole interest of capital above the risk of the loan, since the first may be exerted, and the others worked and employed, without the LABOURER receiving such surplus wages, or the LANDOWNER such rent, or the CAPITALIST such interest, but long before taxation could arrive at this height the prosperity of the nation must be annihilated, and the spirit of the people destroyed*.

§ 52. Though

* It is observed by GIBBON, Roman Empire, Chapter 17; that "the policy of CONSTANTINE and his successors preferred a simple and direct mode of taxation, more congenial to the spirit of an arbitrary government.—The whole landed property of the empire was the object of ordinary taxation; and every new PURCHASER contracted

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§ 52. Though it be a true proposition, that whatever affords an income to one person, without detracting from the income of another person, is both a private and a national income; but that what affords an income to one person, by detracting from the income of another, is a private without being a national income*, yet it does not follow, that taxes are paid by produce and

“ the obligations of the former PROPRIETOR. An accurate
“ census, or survey, was the only equitable mode of ascer-
“ taining the proportion which every CITIZEN should be
“ obliged to contribute for the publick service; and from
“ the well known period of the indictions, there is reason to
“ believe that this difficult and expensive operation was re-
“ peated at the regular distance of fifteen years,—the agri-
“ culture of the ROMAN provinces was insensibly ruined,—
“ within sixty years after the death of CONSTANTINE, and
“ on the evidence of an actual survey, an exemption was
“ granted in favour of three hundred and thirty thousand
“ ENGLISH acres of desert and uncultivated land;” (in the
“ once fertile and happy province of CAMPANIA) “ which
“ amounted to one eighth of the whole surface of the province.
“ As the footsteps of the barbarians had not yet been seen in
“ ITALY, the cause of this amazing desolation, which is re-
“ corded in the laws, can be ascribed only to the admini-
“ stration of the ROMAN emperours.”

* DOCTOR GRAY, Income Tax scrutinized, p. 84.

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not by persons: The contrary has I think been shewn in my argument upon a tax laid on profit or consumption, and is yet more clearly exemplified in the tax upon legacies of personal property, which decidedly settles itself with the person upon whom it is levied*.

§ 53. Closing the inquiry, where a tax laid on a production of the soil, on the profits of stock, and the wages of labour finally settles itself, I will now proceed to contest the conclusion of all taxes falling upon the surplus produce of land, by bringing the example of a country, where

* GIBBON, Roman Empire, Chapter VI. relates, that AUGUSTUS imposed a tax of five per cent. on all legacies and inheritances, which during the reign of the rapacious and prodigal CARACALLA was doubled; upon which tax the eloquent and profound historian remarks, “ whatever was the motive of the testator, the treasury claimed, without distinction, the twentieth part of his estate; and in the course of two or three generations, the whole property of the subject must have gradually passed through the coffers of the state.”

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taxes are yearly raised to a larger amount, than the sum of this surplus*.

§ 54. As

* About the time that MR. LOCKE published his Considerations of Interest and Money, from *one third to two fifths* of the publick revenue was drawn directly from land, and in that publication he describes the state of the country thus; pages 24 and 25; "the FARMER, not having money to pay the LABOURER, supplies him with corn,—as for the WORKMEN, who are employed in our manufactures, especially the woollen one, these the CLOTHIER, not having ready money to pay, furnishes the necessaries of life,—it is no wonder to hear every day of FARMERS breaking and running away;—if any one doubt whether this be so, I desire him to inquire how many FARMERS in the west are broke, and gone, since Michaelmas last." So GIBBON, in describing the alteration introduced into the ROMAN finances by CONSTANTINE, and his adoption of a simple and direct mode of taxation, informs us, ROMAN Empire, Chapter XVII. that part of the tribute was paid in money, but that the remainder, "according to the proportions determined by the annual indiction, was furnished in a manner still more direct, and still more oppressive. According to the different nature of lands, their real produce, in the various articles of wine or oil, corn or barley, wood or iron, was transported by the labour or at the expence of the PROVINCIALS to the imperial magazines." That wherever these doctrines of the FRENCH ECONOMISTS have been reduced to practice, such has been the mode necessarily adopted;

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§ 54. As the price of the surplus produce of land is proportioned to the price of other com-

adopted, to levy a considerable part of the publick contributions, we may be assured from the state of this country, when a land tax bore so large a proportion to the sum of the public revenue; and from the instance of the ROMAN empire, which is further confirmed by the example of CHINA, whose policy and practice have been recently described by SIR GEORGE STAUNTON and MR. ÆNEAS ANDERSON.

SIR GEORGE STAUNTON, Embassy to CHINA, volume 2, pages 547 and 548, makes the total revenue of that mighty empire, equal to about *sixty-six millions* of pounds; but such is the state of the country, that all the civil and military expences, and the incidental and extraordinary charges, are first paid upon the spot, out of the treasuries of the respective provinces, where such expences are incurred; and the remainder only is remitted to the imperial treasury at PEKIN, which surplus in 1792, amounted to only, about *twelve and a quarter millions* of pounds, of which *five sixths* are directly levied upon the land, and *two thirds* of the remaining *sixth* upon salt! It is added, as if they were matter of course, "in case of insurrections, or other occurrences requiring extraordinary expences, they are generally levied by additional taxes on the provinces adjacent to the scene of action, or connected with the occasion of the expence." As might naturally be concluded, it is mentioned, at pages 67 and 375, that many of the taxes are paid in kind; which account is further confirmed by MR. ANDERSON, in his Narrative, page 135; observing, that the government of CHINA receive the greater part of the taxes in the produce of

commodities, notwithstanding that the quantity of the surplus produce, or the real rent of land is no wise connected with it, it is necessary to fix some standard for the money value of the rent of the land of SOUTH BRITAIN; it may be assumed not to vary much from the round number of *twenty eight millions**, though to the argument

of the country; that the LANDLORD also, receives the greater part of his rents in the produce of his farms; and the FARMER pays his SERVANTS, in a great measure, by giving them pieces of waste uncultivated land.

With the praises bestowed upon this system of policy, by these gentlemen, I have nothing to do, I look at the policy, I observe the effect in their own relations, and I cannot fail remembering, the METAYERS of FRANCE and ITALY, and the TILLAGE SERVANTS of the HIGHLANDS: SIR JAMES STEUART with his usual penetration and judgement, in the *first* book of his incomparable work on Political Economy, investigated this policy and exposed its destructive effects; which the accomplished EARL of CHESTERFIELD pointedly exemplifies, in one of his letters to his son, saying, "you have certainly observed in GERMANY the inefficiency of great powers, with great tracts of country, and swarms of men, which are absolutely useless, if not paid by other powers, who have the resources of manufactures and commerce."

* I lately made a very general inquiry, and have procured from

gument it is of very little consequence, whether it be a *million* more, or less. Now,

from all parts of the kingdom tolerably accurate returns of the proportion the land tax bears to the rent in each county, whence I have been able to form the following estimate of the rental of the kingdom:

Bedfordshire	£.214161	Brought forward £.12720385
Berkshire	410540	County of Middlesex 2009045
Buckinghamshire	317739	Monmouthshire
Cambridgeshire	415913	Northamptonshire
Cheshire	571986	Nottinghamshire
County of Cornwall 426337		County of Norfolk 778570
County of Cumberland 297113		County of Northum-
Derbyshire	240940	berland
Devonshire	1101389	Oxfordshire
Dorsetshire	456552	County of Rutland 73549
County of Durham 635864		Shropshire
County of Essex	606714	Staffordshire
Gloucestershire	611357	Somersetshire
Hampshire	368159	County of Suffolk 738193
Herefordshire	408182	County of Surrey
Hertfordshire	245562	County of Sussex
Huntingdonshire	200862	Warwickshire
County of Kent	667547	Worcestershire
Lancashire	839589	Wiltshire
Leicestershire	697438	County of Westmor-
Lincolnshire	1155944	land
Cities of London and		Yorkshire
Westminster	1830497	Wales
Carry over	£.12720385	£.28138802

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if agreeable to the principles of the FRENCH ŒCONOMICAL system, and the recommendation of its disciples, all the existing taxes were to be repealed, and a single tribute, or an equal land tax of *four* shillings in the pound were to be imposed, the revenue of the state would be *five millions*: about *one fifth* of the sum at this time actually raised!

§ 55. It may however be observed, that if all the existing taxes were repealed, the price of produce, both raw and manufactured, would consequently fall, and then the expences of government would be so much reduced, that this sum would defray them. But when making this observation it was surely forgotten, that should the price of commodities fall, it would affect the price of the surplus produce of land; that if their price fell a quarter, the nominal rent of land, or the price of its surplus produce, would fall in the same proportion; and that the amount of the tax would fall short a quarter of its expected produce. In answer

answer it may be said, that the falling of the price of the surplus produce of land, will not lessen the quantity of the said surplus produce, and that consequently the amount of the tax, which is intended to be a *fifth* of this surplus, will not be diminished: it should be remembered, however, that when presuming on the decrease of the nominal amount of the publick expences, in consequence of the fall of the price of commodities, it was not even surmised, that the real expences of the government, or its consumption of produce, would be lessened; and therefore though neither the quantity of the surplus produce of the land, nor the amount of the tax be affected by the fall of the price of commodities, it must not be forgotten, that the real expences of the state too are not diminished, however their nominal amount may vary.

§ 56. At the revolution, when the present land-tax was first imposed, the rental of the kingdom was stated by different writers as being

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being from *ten* to *twelve millions*; now allowing it at the highest estimate, the difference between this and *twenty eight* millions is *sixteen*; grant that from the better management of land, its surplus produce has increased *one third*, the present real rent of the land of SOUTH BRITAIN, as proportioned to the price of commodities at the revolution, would be *sixteen millions*, but it is now nominally *twenty eight*; that is to say, the money price of all commodities has increased, as *sixteen* to *twenty-eight*: however, the present times being obliged to bear the burthen of the expences of the revolution, and of every war since that event, the revenue has been necessarily increased from *three* to above *thirty millions*.

§ 57. If therefore, in consequence of the repeal of the existing taxes, and the adoption of the scheme of a single tribute, the price of commodities were to fall to the price, at which they were at the time of the revolution, the nominal rental of the kingdom

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would

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would sink to *sixteen millions*, and notwithstanding that the surplus produce of the land would be the same, a tax of *four shillings* in the pound, would not bring into the national treasury *three millions* and *a quarter*, while the expences of the government could be above *twenty*.

§ 58. Whence then could be procured a revenue to defray the expences of the state? Whence indeed is it now procured? The receipt of the taxes at the exchequer is more than *thirty millions*, and the money price of the surplus produce of all the lands of SOUTH BRITAIN is not equal to this sum; now if all taxes ultimately fall on land; and the amount of the existing taxes equal the nominal rental of the kingdom, whence do the LAND-OWNERS derive their revenues? That they have a revenue cannot be denied; for it is notorious they receive it, and consume its value, or accumulate it at their pleasure.

§ 59. The obvious conclusion, that the revenue of the state is not wholly derived from

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from land, is contested; and the whole of the preceding argument is attempted to be invalidated, by a modern WRITER of very superiour abilities, who suggests, that it is a mistake to suppose, the OWNERS of land are the sole PROPRIETORS of its surplus produce: for, that every man who has realised a capital in money, on which he can live without labour, has virtually a mortgage on the land, for a certain portion of its surplus produce, and pays a general tax in the same manner as the LAND-OWNERS. This idea he endeavours to illustrate and enforce, by distinguishing between the produce not actually consumed by the CULTIVATORS, and the nett rents of the LAND-OWNERS, which last he supposes not to exceed a *fifth* part of the gross produce of the land, and contends that the remaining *four fifths*, are not consumed by the LABOURERS and horses employed in the cultivation of the soil; a considerable portion of it, he says, is paid by the FARMER in taxes, in the instruments of agriculture, and

and in the manufactures used in his own family, and in the families of his LABOURERS: hence concluding that it is in this manner, a kind of mortgage is ultimately established on the land, by taxes, and the progress of commercial wealth, and that in this sense, all taxes certainly fall upon the land*.

§ 61. This conclusion however may be contested, without an examination of the reasoning, or questioning the facts whence it is drawn, by asking, who pays the taxes? Who furnishes the instruments of manufacture? And who supplies the manufactures and other accommodations of the MANUFACTURER? And who pays the interest of the capital forming the advances engaged in this employment? It has been admitted, for it was too obvious to be denied, that great advances were necessary to render the land productive; but the AUTHOUR has

* MR. MALTHUS, Essay on the Principle of Population, second edition, note in page 440.

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neglected

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neglected to discriminate between the share of produce attributable to the land, and the share attributable to the capital advanced in order to render it productive. This capital may be very truly called a mortgage upon the land, since it is so fixed and realised in it, that it cannot be withdrawn; but the capital and labour employed in manufactures, are no more dependant upon the land, than the capital and labour employed in cultivation are dependant upon the MANUFACTURER: both capitals give a life and effect to the industry they respectively employ, and both labours depend one on the other, labouring for the wants of each other, and augmenting the strength and happiness of their country by their mutual exertions.

§ 62. If an assent be given to the conclusions drawn in the course of this tract, and it be admitted, that taxes settle and terminate, if direct, on any species of monopoly income, whether arising from land, capital, stock, or labour, in such income; and

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and if indirect, on commodities in the way of customs or excise, upon the consumers of such commodities, it will not be very difficult to discern the principles, upon which all just taxation is founded.

§ 63. For I conceive it will not be denied, that the skill of the FINANCIER should be first and principally directed, in the selection of objects for taxation, and in devising the mode in which the tax is to be collected, to the most important end, of disarranging, as little as possible, the order of society: by which I mean, that it is an evident injustice, for the situation of men in society to be changed, otherwise than from some exertion of labour, or from the practice of œconomy, either by themselves or by some others, whom general beneficence or particular regard have induced to invest them, with the effects of their labour or frugality.

Consequently, that the tax, whose object and mode of collection, leaves those upon whom it has been levied, the most nearly in

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the

(84)

the same relative situation in which it found them, is both the most politick and the most just*.

§ 64. The only found system of taxation is that pretty generally pursued in this country, of subjecting all articles of consumption, not of prime necessity, for the food, lodging, and clothing of the people, to rightly devised taxes. Each individual then contributes, not in proportion to his mere wealth, or of the *sum* of his expences, but according to the *mode* of his expences,

* It is observed by M. DE MONTESQUIEU, de l'Esprit des Loix, Livre III. Chapitre I. "Les revenus de l'état font une portion que chaque CITOYEN donne de son bien, pour avoir la sûreté de l'autre, ou pour en jouir agréablement." This is a common error. The revenue of the state is a portion of his property, given by each individual, not singly to preserve the rest, or the mere enjoyment of the rest, but to preserve the benefits he possesses, his rank, his power, his fame, his liberty, his safety, as well as his property, in the society of which he is a member. Sometimes these various benefits are proportioned to the wealth of the individual, but it is not generally the case; and his wealth alone, is neither an evidence to the share he owns of the general prosperity, nor of his ability to contribute towards its preservation.

and

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and in proportion to his politick ability: and the government of the country possesses the power of influencing, at least, the currents of consumption, and of, in some measure, checking the extravagancies of luxury and ostentation.

§ 65. A tax is the mere channel, means, or mode, by which the treasury acquires for the publick service, a portion of the surplus productions or revenue of the state, and therefore while the sources of national revenue continue, and the land, capital, and labour of a country, do produce a surplus of revenue, it cannot ever be said, that the sources of indirect taxation are exhausted, nor can the necessities of the treasury be pleaded in excuse, for departing from justice and policy in the collection of the publick revenue.

§ 66. Though clear in my own mind, of the truth of the principles laid down in the foregoing pages, I am far from confident they are incontrovertible, and I shall beg to conclude this essay with expressing how

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much

much gratification I shall feel, should these pages provoke a further discussion of these interesting questions *, until by the collision of opposite opinions, a discovery of the truth shall be made.

DANIEL WAKEFIELD.

* It has been remarked by MR. MACKINTOSH, [now SIR JAMES MACKINTOSH] that the foundation of civilized society is the institution of marriage and the right of property: the manner in which the right of property has been derived, equally by the profound reasoning of ARISTOTLE and the acute argument of LOCKE, confirmed and followed by every WRITER of any eminence upon the subject, evinces the great importance of the questions I have been discussing; since upon the decision of them depends, not only the principles of just and politick taxation, but also the right to property.

APPENDIX :

BEING A REVIEW OF THE

Réflexions sur la Formation et la Distribution des Richesses de

M. TURGOT.

§ 67. HAVING frequently observed, that WRITERS upon disputed questions are prone to the error of seeking more ardently the refutation of their adversary, than the establishment of their own opinions; or than, what is yet better, the ascertainment of sound principles and the discovery of truth; I have endeavoured, in the preceding pages, to secure myself from this failing, by avoiding, as much as possible, the controversial form of writing, by rather advancing the reasons which induced me

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to hold the opinions I have ventured to maintain, than by discussing the merits of the arguments, by which those who differed from me, had sought to establish the justice of their conclusions. This having been done, it may not be incurious to inquire, by what incorrectness in argument, and laxity in reasoning, the ablest ADVOCATE of the *système* of the FRENCH ECONOMISTS has been led into error: in seeking to make this detection, new views may perhaps be opened, and new combinations may offer themselves for consideration.

§ 68. It has been well said, “le CORDONNIER, en faisant des souliers pour le LABOUREUR, s'approprioit une partie de la récolte de celui ci* ;” but why not add

* Proposition 4. It is likewise observed in Proposition 5, that “ceux-ci,” MANUFACTURERS, “en se servant du prix de cet échange, pour acheter à leur tour les denrées du LABOUREUR, ne lui rendent exactement que ce qu'ils en ont reçu.” And in Proposition 17, “au lieu que les ARTISANS reçoivent simplement leur salaire; c'est-à-dire, leur part de la production des terres en échange de leur travail,

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add the HUSBANDMAN, by cultivating food for the SHOEMAKER, secures to himself a portion of the manufacture of the latter. Here then is a source of the erroneous conclusion of the FRENCH ECONOMISTS; they assume, that the whole labour of the SHOEMAKER is purchased by the CULTIVATOR, with only a portion of his produce; but this is not the case, for the SHOEMAKER re-

“travail, et ne produisent aucun revenu.”—“L'ARTISAN, reçoit son salaire, soit du PROPRIÉTAIRE, soit du CULTIVATEUR, et ne leur donne, par l'échange de son travail, que l'équivalent de ce salaire et rien au-delà.”

These remarks are not quite clear, if by them it is meant, that ARTIFICERS return the CULTIVATORS precisely the raw material they have received of him without reckoning the increased value it has acquired by the exercise of their skill and industry, it is a mere substitution of assertions in the place of proofs of the question I am discussing. If by them it is meant, that the ARTIFICER returns the CULTIVATOR in raw material, and in the increased value it has acquired by the exercise of his skill and industry, the value of his commodities, they make against the FRENCH ECONOMISTS; since they put skill and labour to measure the value of commodities, for which I am contending, for the very reason which induced M. TURGOT himself, Propositions 40 and 43, to maintain, that whatever measured value must itself be of such value.

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tains

tains as much of his labour as will furnish himself with shoes, and as much as will serve him to exchange with other ARTISANS for the produce of their industry, of which he may stand in need; else how does "chaque OUVRIER travailloit pour les besoins des OUVRIERS de tous les autres genres, qui, de leur côté, travailloient tous pour lui*."

§ 69. The relation between agriculture, (so far as it is wholly occupied in the production of food) and manufactures, is justly illustrated by the AUTHOUR, when he says, "son travail," that of the HUSBANDMAN, "dans l'ordre des travaux partagés entre les différents membres de la société, conserve la même primauté, la même prééminence qu'avoit, entre les différents travaux qu'il étoit obligé dans l'état solitaire de consacrer à ses besoins de toute espee, le travail qui subvenoît à sa nourriture†." But it surely would not be wise policy in the

* Proposition 4. † Proposition 5.

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HUSBANDMAN to consider; all other employment but the procurement of food; barren and unproductive; it should rather appear, on the contrary, that his labour, after he has procured a sufficiency of food, were more advantageously engaged in ministering to his other wants of every kind, than in a further cultivation of the soil, as thereby the sum of his enjoyments would be augmented, and consequently his condition be bettered.

§ 70. It makes nothing for the question on either side to add, "le LABOUREUR peut, absolument parlant, se passer du travail des autres OUVRIERS, mais aucun OUVRIER ne peut travailler si le LABOUREUR ne le fait vivre*"; or that, "c'est

* Proposition 5.—It may be even positively denied, that "le LABOUREUR peut, absolument parlant, se passer du travail des autres OUVRIERS;" provided that he keeps to his character of HUSBANDMAN, and does not blend and confound that of WORKMAN with it; how is he to cultivate the earth without the various implements of agriculture; without buildings in which to store his crops? How will he subsist

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“ c'est le travail du LABOUREUR, qui donne
 “ le premier mouvement *.” Nor does the
 proposition warrant the deduction, that
 “ ce que son travail,” that of the HUSBANDMAN,
 “ fait produire à la terre au-
 “ delà de ses besoins personnels, est
 “ l'unique fonds des salaires, qui reçoivent

subsist without clothing and lodging? All these things require the intervention of human skill and industry, to prepare and complete them from the rough productions of nature; unless indeed it be supposed possible for the HUSBANDMAN to go naked and to sleep under a tree; since even a clothing of skins and the most wretched hovel will require him to assume the character of a WORKMAN.

* Proposition 5.—It would not make any thing for the proposition of the FRENCH ŒCONOMISTS, were it granted, that “ c'est le travail du LABOUREUR, qui donne le premier mouvement.” In mechanicks it is well known, that the *first* spring or movement is very far from bearing the weight laid upon the last movement. So in taxation; if even the HUSBANDMAN did give the *first* movement, it does not therefore follow, that the weight of taxation, though laid on consumption, the last movement in the political machine, will bear a dead weight upon the land; according to every law of mechanicks, a weight will be divided between the different movements of a machine. Else, why apply the lever and the pulley to assist human strength?

“ tous

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“ tous les autres membres de la société en
 “ échange de leur travail *.” Even assuming, that there is not any other way to procure food, and that the earth is only cultivated with a view to produce food, it can only hence be concluded, that what the industry of the HUSBANDMAN causes the earth to yield beyond his personal wants, is the only fund for the supply of the food consumed by all the other members of society. To establish the proposition of the AUTHOUR it would be requisite to shew, that food and wages are synonymous. This, however, he has not done; perhaps he overlooked the necessity of so doing, perhaps he perceived the impossibility of doing it, while so strong and lively a feeling exists in men, of not only how much the enjoyments, but even the barest comforts of life, depend upon manufactures.

§ 71. An error of the same species generated the remark, that “ la terre, indépendamment de tout autre homme et de

* Proposition 5.

“ toute

“ toute convention, lui paie,” the HUSBANDMAN, “immédiatement le prix de son travail* ;” whereas wages include clothing and lodging as well as food. The subsequent observation therefore, that “dès que le travail du LABOUREUR produit au-delà de ses besoins, il peut, avec ce superflu que la nature lui accorde en pur don, au-delà du salaire de ses peines, acheter le travail des autres membres de la société †,” is, as an ACCOMPTANT would say, a *second* entry ; since the excess here spoken of is the same as that portion of wages, which consists of clothing and lodging.

It is with the excess of his produce above his consumption of such produce, that the HUSBANDMAN purchases the excess of the produce, or manufacture of the ARTISAN, above his want of clothing and lodging ; or the sentence may be turned, and it may be said, that it is with the excess of his

* Proposition 7. † Ibid.

manu-

manufacture, above his consumption of such manufacture, that the ARTISAN purchases the excess of the produce of the CULTIVATOR above his want of food. Thus the surplus food of the HUSBANDMAN is equivalent to the surplus commodities of the MANUFACTURER.

§ 72. Speaking of the produce of the HUSBANDMAN, the AUTHOUR observes, that “la nature ne marchande point avec lui pour l’obliger à se contenter du nécessaire absolu. Ce qu’elle donne n’est proportionné ni à son besoin, ni à une évaluation conventionnelle du prix de ses journées. C’est le résultat physique de la fertilité du sol, et de la justesse, bien plus que de la difficulté des moyens qu’il a employés pour le rendre fécond*.” In this passage there is some obscurity and a direct contradiction ; since, if the return of the CULTIVATOR is a consequence of justice, it must be a conse-

* Proposition 7.

quence

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quence or a recompence for the difficulty of the means which he has employed to render the soil fruitful; but, if it is a physical consequence of the fertility of the soil rather than the result of the pains and cost of the HUSBANDMAN, it certainly is not a consequence of justice; besides the AUTHOUR subsequently holds the generosity of nature and the fertility of the soil in very low esteem, saying, "par la nécessité de l'ordre physique, la terre ne produit point sans travail*."—"Des CULTIVATEURS intelligents et riches, qui soupçonnoient à quel point une culture active et bien dirigée, pour laquelle on n'épargneroit ni travaux, ni dépenses, pourroit porter la fécondité des terres †."—"comme des CULTIVATEURS riches sont en état de donner bien plus de labours et d'engrais à la terre, il en résulte une prodigieuse augmentation dans les productions et dans le revenu des biens fonds ‡;" and

* Proposition 17. † Proposition 26. ‡ Proposition 27.

par-

(97)

particularly observes, that "ce n'est que par de fortes avances qu'on obtient de riches produits, et que les terres donnent beaucoup de revenu*." If the soil be so fertile as to produce of pure free will more than sufficient for the necessities of the HUSBANDMAN †; why the necessity for "le travail pénible de la culture ‡?" And why can "les entreprises de culture, ne se font, ne s'étendent et ne deviennent profitables, que par le moyen de grosses avances §." Indeed the AUTHOUR concludes with the decisive observation, that "les capitaux seuls forment et soutiennent les grandes entreprises d'agriculture, donnent, aux terres une valeur locative constante, et assurent aux PROPRIÉTAIRES un revenu toujours égal, et le plus grand qu'il soit possible ||."

§ 73. M. TURGOT says of the HUSBANDMAN, that besides his subsistence, he "re-

* Proposition 52.

† Proposition 54.

|| Proposition 65.

† Proposition 7.

§ Proposition 62.

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cueille

(98)

“ cueille outre sa subsistance, une richesse
 “ indépendante et disponible, qu'il n'a
 “ point achetée et qu'il vend*.” But
 why does he deny to the WORKMAN this
 very character, and confine him to a bare
 livelihood? His labour may yield him
 more than his subsistence †. And as to
 the HUSBANDMAN's not having purchased
 the means of his wealth—How did he ob-
 tain the implements of agriculture?—How
 his barns?—And how will he convert his
 crops from perishable to lasting riches? Do
 not these answer to the raw materials of the
 WORKMAN? And is not all the value which
 his skill and industry have added to the raw
 material, by preparing and completing the
 productions of nature, a value and wealth
 which he has not purchased, and which he
 can sell? Is he not therefore, as much as the
 HUSBANDMAN, “ la source de toutes les
 “ richesses, qui, par leur circulation, ani-
 “ ment tous les travaux de la société †?”

* Proposition 7. † Propositions 50, 58, and 60.
 † Proposition 7.

74. When

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§ 74. When the AUTHOR remarks,
 that “ où il y a beaucoup de productions,
 “ et beaucoup de consommation, où il y a
 “ beaucoup d'offres et de demandes de
 “ toutes sortes de denrées, chaque espèce
 “ aura un prix courant relativement à
 “ chaque autre espèce; c'est-à-dire, qu'une
 “ certaine quantité de l'une équivaldra à
 “ une certaine quantité de chacune des
 “ autres*.” He establishes, as far as his
 authority goes, and it goes a great way, a
 point for which I contended in the body of
 this tract, when I endeavoured to shew the
 existence of value independent of cost, or
 rather that value was not limited to the
 sum of the cost; and that estimation, in

* Proposition 34; and the AUTHOR repeats this sen-
 timent when he remarks, that “ on ne peut prendre pour
 “ commune mesure des valeurs, que ce qui a une valeur;”
 for that “ il n'y a de gage universellement représentatif
 “ d'une valeur, qu'une autre valeur égale.” Proposition 40.
 And again in Proposition 46, when he says “ mille causes
 “ différentes concourent à fixer dans chaque moment, et à
 “ faire varier sans cesse la valeur des denrées comparées, soit
 “ les unes avec les autres, soit avec l'argent.”

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other

other words, the fluctuations of the market and exchange was a true measure of value. The determination of this question is of the utmost importance, and clears the subject of much ambiguity.

§ 75. "C'est toujours la terre," says the AUJOUR, "qui est la premiere et l'unique source de toute richesse* : and adds, "non-seulement il n'existe ni ne peut exister d'autre revenu que le produit net des terres, mais c'est encore la terre qui a fourni tous les capitaux qui forment la masse de toutes les avances de la culture et du commerce. Elle a offert sans culture les premieres avances grossieres et indispensables des premiers travaux ;

* Proposition 53.—If it be true, that "c'est toujours la terre qui est la premiere et l'unique source de toute richesse," it cannot be true, that there is a necessity for "la travail pénible de la culture ;" nor can labour either add to its produce, or augment the real positive value of the raw material, which it produces, and MANUFACTURERS cannot be even a self-supporting class of society. The contrary is so evident, that I shall not venture too far, when I deny the earth to be the only source of all riches.

" tout

" tout le reste est le fruit accumulé de l'œconomie des siecles, qui se sont succédés depuis qu'on commence à cultiver la terre*."

The nature of these riches are described by M. TURGOT himself. "Le premier CULTIVATEUR a pris les graines qu'il a semées sur des plantes que la terre avoit produites d'elle-même ; en attendant la recolte, il a vécu de chasse, de pêche, de fruits sauvages : ses outils ont été des branches d'arbres arrachées dans les forêts, taillées avec des pierres tranchantes aiguisées contre d'autres pierres † ; il a pris lui-même à la course, ou fait tomber dans ses pièges, les animaux errants dans les bois, il les a foudris, apprivoisés : il s'en est servi d'abord pour sa nourriture, ensuite pour l'aider dans son

* Proposition 99.

† True it is, that nature produced the stones, but who gave them an edge? That nature produced the branches of the trees, but how became they tools? That nature produced the skin, but how became it leather? And so of the rest.

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" travail.

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" travail. Ce premier fonds s'est accru
 " peu-à-peu; les bestiaux sou-tout furent,
 " de toutes les richesses mobilières, la plus
 " recherchée dans ses premiers tems, et
 " celle qu'il fut le plus facile d'accumuler :
 " ils périssent; mais ils se reproduisent, et la
 " richesse en est en quelque sorte impé-
 " rissable; ces fonds même s'augmentent par
 " la seule voie de la génération, et donne
 " un produit annuel, soit en laitages*, soit
 " en laines*, en cuirs* et autres matières
 " qui, avec les bois pris dans les forêts,
 " ont été le premier fonds des ouvrages
 " d'industrie †." But are these the riches
 of civilized society? Are these the ad-
 vances spoken of by the AUTHOR, as re-
 quired by every species of labour, cultiva-
 tion, industry, and commerce! M. TUR-
 NOT denies that they are, when he describes
 the capitals, advances, and riches of civili-
 zation: " Les meubles, les maisons, la
 " vaisselle, les marchandises en magasinées,

* See the note on the preceding page, marked †.

† Proposition 53.

" les

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" les outils de chaque métier, les bestiaux*."
 Again, " les bestiaux, les outils aratoires,
 " les batiments pour contenir les bestiaux,
 " pour ferrer les fruits; il faut payer et
 " faire subsister jusqu'à la récolte un nom-
 " bre de personnes proportionné à l'étendue
 " de l'exploitation. Ce n'est que par de
 " fortes avances qu'on obtient de riches
 " produits, et que les terres donnent beau-
 " coup de revenu. Dans quelque métier
 " que ce soit, il faut d'avance que l'ouv-
 " RIER ait des outils, qu'il ait une suffi-
 " sante quantité des matières qui font
 " l'objet de son travail; il faut qu'il
 " subsiste en attendant la vente de ses
 " ouvrages †." And further, " l'immense
 " quantité de bestiaux, d'outils, de semences
 " qui constituent les avances de l'agricul-
 " ture; de matières, d'instruments, de
 " meubles, de marchandises de toute
 " espèce qui remplissent les ateliers, les
 " boutiques et les magasins de tous les

* Proposition 50.

† Proposition 52.

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" MANU-

“ MANUFACTURIERS, de tous les MAR-
“ CHANDS et de tous les COMMERÇANTS*.”

It is the difference of value between these two species of riches, for which we are indebted to the ARTISAN, the best picture of whose labour is the ox or the sheep, who consume the grass of the soil, and return food and the materials of clothing; do they return more than the value of their consumption? Yes! Is what they consume of any value until it has been consumed? Evidently not! This is the case of the MANUFACTURER: the raw materials upon which he bestows his labour are useless and valueless, while they remain in their raw or natural state; he makes them useful and valuable. To whom then are we indebted for this value? Evidently to the HUSBANDMAN and ARTISAN jointly. The produce of the CULTIVATOR is useless without the labour and skill of the MANUFACTURER; so the ARTISAN could not work if he was

* Proposition 90.

not

not provided with the materials of his craft; both are dependant upon the other; both are necessary, equally necessary, to the production of value*.

§ 76. The observation, that “ ce sont toujours les besoins et les facultés du CONSOMMATEUR, qui mettent le prix à la vente †,” is unfound, the wants and ability of the CONSUMER OR PURCHASER limits the rise of the price of commodities, instead of setting their price; while on the other hand, the cost both positive and relative of commodities to the SELLER † limits the fall of their price; and it is the squabblings of the market or competition, which influences and regulates the vibrations of price between these limits.

* GIBBON, when writing upon a very different subject, has a similar idea, saying, “ to the skill alone of the WORKMAN, the wood and canvass must be indebted for their merit or value.” ROMAN Empire, Chapter 54.

† Proposition 66.

‡ Commodities of great bulk at market, or of a perishable nature, will occasionally force a sale to the loss of the SELLER; whence follows a check to industry and production.

§ 77. The

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§ 77. The **AUTHOUR** concedes, that
 “ l'argent employé en avances d'entreprises
 “ de culture, de fabriques, de commerce
 “ procure un profit certain*.” And he ac-
 knowledges, that the share of such yield or
 profit, paid in the form of interest to the
OWNER of the capital, appears to be dis-
 poseable, since the **UNDERTAKER** and the
 enterprise may shift or subsist without
 it †.

It

* Proposition 72. And this concession is further estab-
 lished in the observations in Propositions 69 and 81.
 “ Puisque les capitaux sont la base indispensable de toute
 “ entreprise lucrative, puisqu'avec l'argent on peut monter
 “ des ateliers de culture, établir des fabriques, fonder un
 “ commerce dont les profits accumulés et mis en réserve par
 “ la frugalité, deviennent de nouveaux capitaux.” — “ Mettre
 “ chaque année ce superflu en réserve, pour en former un ca-
 “ pital par le moyen duquel on puisse se procurer un accrois-
 “ sement de revenu ou de profit annuel qu'on puisse encore
 “ épargner et convertir en capital.”

† The authour remarks in Proposition 94, “ a la vérité,
 “ l'intérêt qu'il tire de ce capital semble être disponible,
 “ puisque l'ENTREPRENEUR et l'entreprise peuvent s'en
 “ passer.” — and “ si l'on considère les mille écus que retire
 “ chaque année un homme qui a prêté soixante mille francs
 “ à un

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It is thus granted, that capital can ge-
 nerate an income by its employment; in
 other words, it so facilitates the exertions of
 labour, that the return of such exertion is
 greater than before. This excess or aug-
 mentation of the return gives rise to all
 interest beyond the risk of the loan: for
 profit above the risk of employing a capital
 is but another name for wages of labour.
 It being further granted by the **AUTHOUR**,
 that as land may be worked without any
 rent being paid to its **OWNER**, so capital
 may be employed without any interest being
 paid to the **CAPITALIST***, I am at a loss
 to conceive how **M. TURGOT** can be de-
 fended from the charge of contradiction,
 when he contends that interest “ ce n'est
 “ point une rétribution que la culture
 “ ou le commerce rende gratuitement à
 “ celui qui a fait les avances; c'est le

“ à un **COMMERÇANT** par rapport à l'usage qu'il en peut
 “ faire, nul doute qu'ils ne soient parfaitement disponibles,
 “ puisque l'entreprise peut s'en passer.

* See the preceding note.

“ prix

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“ prix et la condition de cette avance,
 “ fans laquelle avance l'entreprise ne pour-
 “ roit subsister* ; and that “ l'intérêt du
 “ prêt, est la condition même du prêt,
 “ le prix de l'avance, fans laquelle le
 “ revenu ou les profits qui servant à le
 “ payer n'existeroient pas †.” And though
 it be true, that “ intérêt est le prix de la
 “ convention libre, et l'on ne peut pas en
 “ retrancher fans altérer, ou changer le
 “ prix du prêt ‡. Is not this equally the
 case of rent? Is not rent equally the price
 of a free agreement? Nor can any part of
 it, more than interest of capital, be re-
 trenched without altering or changing the
 price or the hire of the land.

§ 78. The observation is unsound, that “ le
 “ CAPITALISTE prêteur d'argent doit être
 “ considéré comme MARCHAND d'une den-
 “ rée absolument nécessaire à la production
 “ des richesses, et qui ne sauroit être à
 “ trop bas prix § ;” since interest results

* Proposition 95.—Mark! “ fans laquelle avance l'entre-
 prise ne pourroit subsister.”

† Proposition 97. ‡ Proposition 95. § Ibid.

from

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from the employment of capital, augment-
 ing the returns of labour, though in the
 present state of society its nominal or arti-
 ficial or arbitrary rate may depend upon the
 prevalence of œconomy or of expence*,
 and upon the activity of labour. Low
 interest is not in any case the cause, it
 can only be the result of riches and prof-
 perity ; while any interest above the risk of
 the loan can be gotten, capital will be
 lent ; while any profit above the risk, and
 the physical wages of the labour of em-
 ploying stock can be obtained, capital will
 be both borrowed and employed. The ac-
 tivity of labour and the extent of enter-
 prises will depend upon the sum of em-
 ployed capital, the rates of wages, profit,
 interest, and rent, will determine the dis-
 tribution of the return.

It is contrary to experience to say, the
 employment of capital is regulated by the
 interest of loans, any more than the cul-

* Proposition 81.

tivation

tivation of the soil is regulated by the rent of land; capital may be employed by its OWNER, as may land be cultivated. There is a continual tendency to a fair distribution of the returns of labour and capital. Low rent and interest induce many LAND-OWNERS and CAPITALISTS to cultivate their own land, and to employ their own capitals; high rent and interest cause more land to be let, and more capital to be lent. These effects become causes, and on the one hand rise, on the other hand fall, rent and interest. The rates then of rent and interest in some degree influence the hire of land, and the loan of capital; but have not any effect upon either cultivation or employment.

§ 79. Abandoning the positions he has been maintaining, the AUTHOR thus justly enumerates the items, which constitute the totality of national riches:
 “ ainsi, si l'on additionnoit le revenu de
 “ toutes les terres, c'est-à-dire, le revenu
 “ net qu'elles rendent AUX PROPRIETAIRES
 “ et

“ et à tous ceux qui en partagent la propriété, comme le SEIGNEUR, qui perçoit une rente, le CURE, qui perçoit la dixme, le SOUVERAIN, qui perçoit l'impôt; si, dis je, on additionnoit toutes ces sommes, et qu'on les multipliât par le taux auquel se vendent les terres, on auroit la somme des richesses d'une nation en biens fonds. Pour avoir la totalité des richesses d'une nation, il faut y joindre les richesses mobilières, qui consistent dans la somme des capitaux employés dans toutes les entreprises de culture, d'industrie et de commerce, et qui n'en sortent jamais, toutes les avances en tout genre d'entreprise devant sans cesse rentrer aux ENTREPRENEURS, pour être sans cesse reversées dans l'entreprise, qui, sans cela, ne pourroit être continuée*.”
 And “ on doit y faire entrer tous les autres biens meubles, qui, quoique formant originairement un objet de dépense, et

* Proposition 90.

“ ne

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“ ne portant aucun profit, deviennent ce-
 “ pendant par leur durée un vrai capital
 “ qui s'accumule fans cesse, et qui, pou-
 “ vant au besoin être échangé contre de
 “ l'argent, fait comme un fonds en ré-
 “ serve, qui peut rentrer dans le commerce,
 “ et suppléer, quand on voudra, à la perte
 “ d'autres capitaux. Tels sont les meubles
 “ de toute espece, les bijoux, la vaisselle,
 “ les tableaux, les statues, l'argent compt-
 “ ant enformé dans le coffre des avarés :
 “ toutes ces choses ont une valeur, et la
 “ somme de toutes ces valeurs peut être
 “ une objet, considérable dans les nations
 “ riches : mais, considérable ou non, tou-
 “ jours est-il vrai qu'il doit être ajouté à la
 “ somme du prix des biens fonds, et à celle
 “ des avances circulantes dans les entre-
 “ prises de tout genre, pour former la
 “ somme totale des richesses d'une na-
 “ tion*.”

* Proposition 91.

§ 80. It

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§ 80. It is with pleasure I find myself
 at freedom from the employment, of point-
 ing out the errors, and combating the
 conclusions of so celebrated a STATESMAN
 as M. TURGOT. It is with the utmost re-
 gret, that I find my limits oblige me to
 abandon to others the gratification of fe-
 lecting, for approbation, the many luminous
 passages, and of noticing the many pro-
 found observations upon the domestick
 policy of nations, with which this able tract
 abounds ; and of exhibiting the various
 beautiful illustrations of this involved, but
 important subject, with which the pages of
 M. TURGOT are adorned.

AFTER vainly seeking, both in this
 country and at PARIS, for a FRENCH copy
 of the “ Reflexions sur la Formation et la
 “ Distribution des Richesses de M. TUR-
 “ GOT,” the AUTHOR found himself under
 the necessity of forwarding the manuscript

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of

of the present work to the press, while only trusting the fidelity of his quotations, from this celebrated STATESMAN, to the translation published by MR. RIDGEWAY. Learning afterwards, that it was probable the MARQUIS of LANSDOWNE had a FRENCH copy of this important tract, the AUTHOR, though unknown and un-introduced, applied to his LORDSHIP for permission to consult it. With the politeness and liberality for which his LORDSHIP has been so justly famed, the AUTHOR received a few days after the pamphlet of M. TURGOT, and now annexes the original FRENCH of the different quotations he made from the translation, and avails himself of this opportunity to express his obligation to his LORDSHIP.

Note in page 13.—For Proposition 98, read 97.

Note in page 16.—For the quotation from the 71st Proposition of M. TURGOT sur les richesses, read from the 70th Proposition, “ Le prêt à intérêt n'est exactement qu'un

4

“ commerce

“ commerce dans lequel le PRÊTEUR, est
 “ un homme, qui vend l'usage de son argent, et l'EMPRUNTEUR un homme, qui l'achete: précisément comme le PROPRIÉTAIRE d'un terre et un FERMIER-vendent et achètent respectivement l'usage d'un fond affermé.” And for the quotation from the 95th Proposition, read from the 94th Proposition, “ dans les profits des deux classes laborieuses employées soit à la culture, soit à l'industrie, il y en a une portion disponible, savoir, celle qui répond à l'intérêt des avances calculé sur le pied courant de l'intérêt de l'argent prêté.”

Note in page 22.—For the quotation from the 14th Proposition, read, “ le produit de la terre se divise en deux parts. L'une comprend la subsistance et les profits du LABOUREUR, qui sont la récompense de son travail et la condition sous laquelle il se charge de cultiver le champ du PROPRIÉTAIRE. Ce qui reste est cette partie indépendante et disponible, que la

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“ terre

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“ terre donne en pur don à celui qui la
 “ cultive, au-delà de ses avances et du fa-
 “ laire de ses peines.”

Note in page 23.—For the quotation
 from the 70th Proposition, read from the
 69th Proposition, “ puisque les capitaux
 “ font la base indispensable de toute entre-
 “ prise lucrative, puisqu’avec l’argent on
 “ peut monter des ateliers de culture,
 “ établir des fabriques, fonder un com-
 “ merce dont les profits accumulés et mis
 “ en réserve par la frugalité, deviennent de
 “ nouveaux capitaux ; puisqu’en un mot,
 “ l’argent est le moyen principal pour at-
 “ tirer l’argent, ceux qui avec l’industrie et
 “ l’amour du travail n’ont point de capitaux,
 “ ou n’en ont point assez pour les entre-
 “ prises qu’ils veulent fermer, n’ont pas de
 “ peine à se résoudre à céder aux POS-
 “ SESSEURS de capitaux ou d’argent qui
 “ veulent leur en confier, une portion des
 “ profits qu’il espèrent recueillir outre la
 “ rentrée de leurs avances.”

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Note in page 25.—For the quotations
 from the 63d and 64th Propositions, read
 “ la concurrence des riches ENTREPRE-
 “ NEURS de culture établit le prix courant
 “ des fermages à raison de la fertilité de la
 “ terre, et du prix auquel se vendent ses
 “ productions, toujours d’après le calcul,
 “ que les FERMIERS font de leurs frais et
 “ des profits, qu’ils doivent retirer de leurs
 “ avances : ils ne peuvent rendre au
 “ PROPRIÉTAIRE, que le surplus, mais
 “ lorsque la concurrence entr’eux est fort
 “ animée, ils lui rendent tout ce surplus,
 “ le PROPRIÉTAIRE ne donnant sa terre
 “ qu’à celui qui lui offre un loyer plus
 “ fort.—Lorsqu’au contraire il n’y a point
 “ d’hommes riches, qui aient de gros ca-
 “ pitaux à mettre dans des entreprises
 “ d’agriculture, lorsque, par le bas prix
 “ des productions de la terre, ou par toute
 “ autre cause, les récoltes ne suffisent pas
 “ pour assurer aux ENTREPRENEURS, outre
 “ la rentrée de leurs fonds, des profits égaux
 “ au moins à ceux qu’ils tireroient de leur
 “ argent

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“ argent en l'employant de toute autre ma-
 “ niere, on ne trouve point de FERMIERS,
 “ qui veulent louer les terres. Les PRO-
 “ PRIÉTAIRES sont forcés de les faire cul-
 “ tiver par des COLONS OU MÉTAYERS hors
 “ d'état de faire aucunes avances et de bien
 “ cultiver.”

Note in page 27.—From the quotation
 from the 76th Proposition, read from the
 75th Proposition, “ quand il y a beaucoup
 “ d'EMPRUNTEURS, qui ont besoin d'ar-
 “ gent, l'intérêt de l'argent devient plus
 “ haut; quand il y a beaucoup de POS-
 “ SESSEURS d'argent qui en offrent à prêter,
 “ l'intérêt baisse.”

Note in page 29.—For Proposition 76,
 read 75.

Note in page 43.—For the quotation
 from the 4th Proposition, read “ pré-
 “ parer et de mettre en œuvre;” and for
 the quotation from the 3d Proposition,
 read “ les denrées que la terre produit
 “ pour satisfaire aux différens besoins de
 “ l'homme, ne peuvent y servir, pour la
 “ plus

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“ plus grande partie, dans l'état où la
 “ nature les donne; elles ont besoin de
 “ subir différens changements, et d'être
 “ préparées par l'art. Il faut convertir le
 “ froment en farine et en pain; tanner ou
 “ passer les cuirs; filer les lains, les cotons;
 “ tirer la soie des cocons; rouir, teiller,
 “ filer les chauvres et les lins; en former
 “ ensuite différens tissus; et puis les tailler,
 “ les coudre pour en faire des vêtements,
 “ des chaussures, &c. Si le même homme,
 “ qui fait produire à sa terre ces différentes
 “ choses, et qui les emploie à ses besoins,
 “ étoit obligé de leur faire subir toutes ces
 “ préparations intermédiaires, il est certain
 “ qu'il réussiroit fort mal. La plus grande
 “ partie de ces préparations exigent des
 “ soins, une attention, une longue expé-
 “ rience, qui ne s'acquiert qu'en tra-
 “ vaillant de suite et sur une grande quan-
 “ tité de matieres.”

Note in page 49.—For the quotation
 from the 5th Proposition, read “ ne lui ren-
 “ dent exactement que ce qu'ils en ont
 “ reçu.”

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“ reçu.” And for the quotation from the
 17th Proposition read, “ l'ARTISAN, au
 “ contraire, reçoit son salaire, soit du PRO-
 “ PRIÉTAIRE, soit du CULTIVATEUR, et
 “ ne leur donne, par l'échange de son tra-
 “ vail, que l'équivalent de ce salaire et rien
 “ au-delà.” And for the quotation from the
 50th Proposition read, “ plus adroit, plus actif
 “ et sur-tout plus économe que les autres pour
 “ sa consommation personnelle n'ait pu, dans
 “ tous les tems, gagner un peu plus qu'il ne
 “ faut pour le faire subsister lui et sa
 “ famille, et réserver ce surplus pour s'en
 “ faire un petit pécule.” And for the quo-
 tation from the 100th Proposition, read
 from the 99th Proposition, “ les salariés,
 “ et sur-tout les ENTREPRENEURS des
 “ autres classes, recevant des profits pro-
 “ portionnés à leurs avances, à leurs ta-
 “ lents, à leur activité, ont, quoiqu'ils
 “ n'aient point de revenu proprement dit,
 “ un superflu au-delà de leur subsistence.”

FINIS.

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