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A
DISSERTATION
ON
COMMERCE.

Clearly Demonstrating
The TRUE SOURCES of
National Wealth and Power,

Together with
The most rational Measures
For Acquiring and Preserving both.

The Whole deduced from the Nature of
Trade, Industry, Money and Exchanges.

Translated from the *ITALIAN* of the
Celebrated Marquis JEROME BELLONI,
Merchant and Banker at ROME.

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[v]

THE
ITALIAN EDITOR'S
P R E F A C E
TO THE
R E A D E R.

THAT the ingenious Reader may not think the less of this Dissertation, because it appears in a small Volume, it may be proper to lay before him the Author's Design, and the particular Point he had in View: For though he was very sensible, when he began to write, that a great deal might be said upon this Subject, yet he chose to select such Thoughts as had the nearest Affinity with his own Profession,

[vi]

feſſion, and were moſt conducive to illuſtrate thoſe Principles, which are of the greateſt Weight and Importance in Trade. And as the Nature of his Buſineſs, his Penetration, and extraordinary Skill in Matters of this Kind, together with his long Experience, gave him a perfect Inſight into the moſt ſecret Springs of the various Effects of Commerce, and the Turns and Alterations which daily happen in the Courſe thereof; the Concurrence of ſo many Advantages qualified him to communicate with great Eaſe, and in a few Words, what others could not have ſaid but in large Volumes. And this is, in my Opinion, a good Reaſon why the ſmall Size of this Performance ſhould be ſo far from leſſening it's Worth and Merit, or founding a Prejudice againſt the Excellence and Uſefulneſs of the Author's Deſign,
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[vii]

that it ought, on the contrary, to raiſe the Reputation and Eſteem of both; for though we therein meet only with a few Maxims and Propoſitions, yet the Conſequences drawn from them are very conſiderable, both for their Number and Importance, and open a High Way for diſcovering the general Advantages that may be obtained by Means of Trade and Commerce. This then is the Motive that induced our Author to content himſelf, in this Diſſertation, with inquiring only into the Power or Force of Commerce, the Nature of Money and Exchange, and the Proportion between Gold and Silver; deſignedly omitting all other Conſiderations, from a full Perſuaſion, that all the Obſervations that can be made on the different States of Commerce in any Kingdom, are eaſily deducible from what he lays down concern-
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ing those three fundamental Points. And, to say the Truth, as it is very certain, that the several Changes of this Kind, which have been experienced these two or three last Centuries in several Kingdoms of *Europe*, were in a great Measure owing to the many Abuses which had been introduced into the System of Money there could not be a more effectual Method for discovering their Causes, than to inquire into the Reasons why Money was subjected to so great and such extraordinary Vicissitudes; which the Author of this Dissertation has executed with equal Brevity and Success. For the Affair of Money being so interwoven and connected with the Practice of Commerce, that it is not possible to explain the Nature of Money, but by the Relation it has to Commerce, he has accordingly fallen upon a Method, which,
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at the same Time that it lays open the Nature of Commerce, leads also to discover the true Essence of Money, and while it illustrates the Properties of Money, happily brings to Light the various Effects it has upon Commerce. Thus the Nature of Money, which to the greatest Part of Mankind is a dark, abstruse Mystery, not to be understood without the greatest Difficulty, is easily comprehended by this Method, which consists in considering it not abstractedly and by itself, but with Relation to those Things whereof it is the common Measure; and deducing from their particular Causes, certain particular Effects in Trade, which are connected therewith: So that, if I might be allowed on this Occasion to use the Comparison, I would say that the Author's Method has thrown just such a Light
on

on the Knowledge of Money and Commerce, as Experiments have shed on the Science of Natural Philosophy. For as by Means of Experiments, the Causes of many Phænomena, that were formerly either quite unknown, or at least very doubtful, are rendered very clear and evident to the Senses; so by the Observations which our Author has made, we come to have a distinct View of the true Causes of all the Advantages gained, and the Losses sustained by many Kingdoms, by the Means of Money and Trade. From all which it is easy to conclude, how much these Observations ought to be valued, and what Praise is due to their illustrious Author.

THE

THE
 AUTHOR'S
 PREFACE.

I. **T**HOUGH a great many Writers have undertaken in their Works to explain and illustrate the Nature of Commerce, it is nevertheless evident, that they have not all directed their Studies and their Pains to the same Mark. And, indeed, some of them seem to have had no other Intention, than to advance the Interest of the Republic of Letters, while others, on the contrary, from nobler Views, have made it their chief Study to promote the Benefit of

[xii]

of Mankind, and the Interests of Sovereigns. Moreover, those who had nothing in View but Erudition, have satisfied themselves with giving historical Accounts of the Methods of Commerce that have been pursued in former Times; whereas others, on the contrary, have attempted to shew the Ways and Means of improving the Advantages of civil Society, according to the various Circumstances of Things. Again, tho' the latter have, by different Methods, and by collecting many useful Observations, done their utmost to illustrate the Nature of Trade, it appears to me, nevertheless, that none of them has given a distinct and general Account of Commerce, nor any clear and adequate Idea of it. For though their Writings are very prolix, and full of Rules and Directions

[xiii]

tions for facilitating the practical Exercise of Trade, they have not shewn the secret Springs that Influence all it's Operations, nor taken care to demonstrate the Force that puts in Motion the vast Wheel of Commerce. Now since Commerce is a Matter of such vast Extent and Variety, it would seem that nothing more useful can be done, than to lay down a short and compendious System, containing a clear and distinct Account of certain essential Things, and shewing how, as Instruments, they begin and continue a circular Motion, by Means whereof an infinite Series of connected Events discovers itself at once, and appears in the clearest and truest Light.

(a) II. And

[xiv]

II. And in Truth, such a general Idea would be so much the more useful, as, together with the Knowledge of these Things, which, as we have observed, are the Basis and Foundation of Commerce, it not only directs private Men to proper Measures for conducting themselves in a Course of Traffic, but also presents to Princes themselves and to all those who are at the Helm of States and Commonwealths, a clear and certain Rule by which, for their better Government, they may know the true Causes of the Increase or Decay of Trade in their Dominions, and consequently why their Subjects are rich or poor. And surely nothing can be more pleasant or more profitable, than when a Kingdom advances in Greatness,

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[xv]

to be able to discover the original Causes of that Improvement; when, on the contrary, it declines, to trace the Distemper to its Source and Spring, and proceeding further to compare Kingdoms together with Respect to their Oeconomy, and see how far the one has the Advantage of the other, by the Means of Trade. For my own Part, if I may be allowed to use such a Comparison, I should think there is just the same Difference between a Man who understands Commerce in the common Way, and one who has considered it according to the Method here proposed, as between a Person who has no other Knowledge of Geography, but what he has impressed upon his Memory, by the bare Inspection of Maps, without any Acquaintance with the System of the World, or the Cir-

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cles of the Sphere, and the Position of the terrestrial Globe; and another Man, who being instructed in the Doctrine of the Sphere, has every Thing relating to it well digested in his Mind, and can give a rational Account of each Particular.

III. Since then the Knowledge of Commerce is such as I have represented it, and we can by no Means come to discover the particular Effects of it, or assign the Causes of those Effects, but by inquiring into the Principles and Elements of it, I am persuaded that my Labour will not be ill bestowed, if I consider my Subject in this Light, and comparing together the fundamental Principles of Commerce, proceed regularly to shew how the various Circumstances

stances of it proceed from those Principles, and how different Effects naturally and necessarily flow from different Causes.

IV. Now since in Commerce three Things must be considered, viz. Money, Exchange, and the Proportion between Gold and Silver, the Metals of which Money is composed, these three Things must be therefore distinctly considered, after I have first explained the Nature of Commerce, and its Excellency and Usefulness not only to States and Kingdoms, but to all Mankind in general. Under these four Heads then I shall comprize the whole Substance of the Affair; to which I shall add an *Appendix*, which may be considered as a Corollary to the Doctrine delivered upon those Heads, and will contain

tain some Observations, by Means whereof it will be demonstrated from the preceding Principles, how the Strength of a State is established, and from Time to Time improved by Means of Commerce and good Regulations. But since these Things I am to treat of separately, have so great a Connexion and mutual Relation to one another, that it will be a difficult Matter to speak of one, without mentioning that mutual Relation of the one to the other, therefore in discoursing of each, I shall be obliged of necessity to repeat some of those Things, which perhaps may have been already mentioned elsewhere, and this must be done for another Reason, to wit, that such as purpose to read these my Reflections, may with the greater Ease be enabled to comprehend the Principles and

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Fundamentals of Commerce; and though the Subject is, in it's own Nature, very intricate and extensive, they will find, that what I have here advanced, will give them the clearest Ideas possible of the Matters here treated of.



THE

[xx]

T H E
C O N T E N T S.

C H A P. I.

Of the Nature, Origin, and Utility
of Commerce Page 1

C H A P. II.

Of the Nature and Origin of Money 21

C H A P. III.

Of Exchange 30

C H A P. IV.

*Of the Equality and Inequality between
Gold and Silver* 39

A P P E N D I X.

*Containing Inferences drawn from the
preceding Principles, wherein some Me-
thods are proposed for the Improvement of
Commerce, to the great Advantage of
Kingdoms* 63

A D I S-

[i]

A
D I S S E R T A T I O N
O N
C O M M E R C E.

C H A P. I.

*Of the Nature, Origin, and Utility
of C O M M E R C E.*

i. **I**F we attend to the Import of the
Word, and the original Nature of
the Thing itself, Commerce is a
mutual Agreement among Men concern-
ing the Exchange of such Things, as be-
ing necessary for the Support of human
Life, they are obliged to receive from one
another, for the Relief of their respective
Necessities.

[2]

Necessities. And though Authors are divided with regard to it's Antiquity; the Truth is, that it's Origin ought to be traced as far back as the first Foundation of Cities: When, by the special Influence of Divine Providence, Mankind, from a Sense of their Wants, agreed to enter into Societies, that they might be in a Condition to give mutual Assistance to one another; particularly, that being united in social Life, they might with greater Ease provide themselves with Food and Cloaths, cultivate the Ground, improve their Stocks of Cattle, and raise Houses to dwell in. But afterwards, and in Process of Time, as they gradually advanced in Industry, civil Policy, and the Improvement of Arts, Commerce rose to such a Pitch of Greatness, that what at first was solely intended for the Relief of real Wants; became the Means of vast Advantages, and a powerful Support to human Society: Nor was it only the Source of all the Riches that flowed into Kingdoms, but also the Bond of Peace and Union between those Kingdoms,

[3]

doms, the Chain that united Nations, and even the whole Race of Mankind. This is a Truth to which *Plutarch* has given a clear and full Attestation in the Life of *Solon*: "There was a Time, says he, when Trade was in the highest Reputation, for by it's Means barbarous Nations became familiar with one another, Kings were joined in the Bond of Friendship, Arts invented and improved, and several Merchants became Founders of great Cities."

2. And therefore many antient Nations, fully convinced of the Usefulness of Commerce, engaged in it with great Application. For without taking particular Notice of the *Tyrians*, already sufficiently known, and celebrated in History, and the *Carthaginians*, originally a Colony of the former, whose Power, raised by Trade to a prodigious Pitch, struck so great a Terror into the *Romans*; not only the *Egyptians*, among whom, according to the Testimony of *Diodorus Siculus*, Book I. Chap. 5. *Psammeticus* was the first that

[4]

introduced Commerce; but also the most antient and famous Monarchies owed their Subsistence wholly to Trade; and this, and this only, was the Source of their Greatness and Splendor. But setting aside the Commerce of the Antients, and the Means of it's Improvement, as quite foreign to my Purpose, and more properly the Province of professed Scholars, let us come to the History of those Times that are nearer to our own, and see what vast Riches all *Europe* has obtained by Trade during these latter Ages. And this nothing can better illustrate, than the noted and famous Society of the *Hanse Towns*, which, for several Ages, continued united together in Traffic with such remarkable Success. For though that Confederacy had it's beginning within the Verge of one single City, yet afterwards extending it's Influence every where, by the Strength of a great and diffusive Trade, it grew so extensive and powerful, that it became the Support of the greatest Kingdoms. From which we may also conceive, to what a Pitch

[5]

Pitch of Greatness Commerce had reached even before *Christopher Columbus* discovered *America* for the King of *Spain*, or the *Portuguese*, after having, with inexpressible Industry, found Means to sail quite round the Coast of *Africa*, and almost entirely excluded the *Europeans* from the Commerce they had carried on with the *East Indies*, by the Way of *Egypt* and the *Red Sea*, had opened for themselves a new and safe Way to a free Communication with those Parts of the World. From all which it is very evident, that not only during one, or a few Ages, nor only in a few particular Kingdoms, but throughout the Records of all Mankind, in every Nation, in every Country and Kingdom, Commerce has always been improved by Industry, and proved the Means by which the most celebrated and famous Monarchies, as well as the most renowned States and Republics, have been raised to the highest Pitch of Greatness.

3. But since in treating of Trade, we ought fully to consider it's Nature, and all the

[6]

the Effects it may produce ; and it being also true, that, considered in itself, it is not only capable to make Riches flow in any Kingdom, but also to reduce it to Poverty ; therefore it would seem necessary, not only to shew what Influence it has in producing Riches, but also by what Means it may occasion Effects of a quite contrary Nature.

4. That therefore we may proceed regularly, and with as much Clearness as possible, it will be proper first of all to observe, that the Word *Commerce* may be taken two ways with respect to one and the same Kingdom : Either as it signifies the *Exportation* of those Commodities wherewith that Kingdom trades, when they are sent in Kind for the Use of other Nations, which we shall call the *Active Commerce* of a Kingdom ; or, on the other Hand, the *Importation* of those Commodities which Foreigners send for the Use of that Kingdom, and this shall be called *Passive Commerce*. And because one Nation compared with another in Relation to
Trade,

[7]

Trade, may be, for Instance, in such a State, that just so much, and no more, is imported into it, as is carried out by Exportation, in this State Trade may be said to be in *Equilibrio* ; but when, on the contrary, the Quantities exported and imported are unequal, this Inequality will shew, whether the Balance of Trade is favourable to that Nation, or against it. Besides this, we ought to call to Mind, that when that kind of Commerce, which at first obtained among Mankind, by bartering or exchanging the Commodities themselves in Kind, ceased with the Invention of Money, this latter was introduced for no other End, but that it might be the Measure of those Commodities which could not without Difficulty be exchanged in Kind, as shall be observed in it's proper Place, when we come to treat of Money.

5. Now then since it is true, as we have observed in the Beginning of this Chapter, that this Method of exchanging Commodities was first instituted among Men, only to supply the respective Necessities

fities of Individuals ; but afterwards, when by the Invention of Money a Method was discovered for supplying every Want ; therefore, when it so happened that there were no Commodities to be given in Exchange for other Commodities that were wanted, it became necessary and usual to supply the Defect with Money. Since then it follows from hence, that Plenty of Money, wherever it is found, implies an Abundance of those Things, whereof it is the Measure and Standard ; therefore those Men with whom it abounds are justly called rich, as also those Kingdoms, wherein it is to be met with in great Plenty. On the other Hand, if we consider the State of a Kingdom, and the Money that is in it, constantly retaining in our Thoughts the true Nature of Money, and remembering that it is nothing but the Measure of Things, and the Price that is given in Exchange for Goods ; wherever we meet with great Plenty of it, every one must immediately conclude, that this is an Evidence of a great Trade, and that large

large Quantities of Goods have been exported from that Place for the Use of Strangers ; and in Opposition to this, wherever we see Money scarce, we must conclude, that great Quantities of Goods have been imported instead of the Money, which by that Means was carried out of that Country.

6. Though these Things are more than sufficiently evident in themselves, and have no need of further Illustration to those who consider them with the least Degree of Reason or Attention ; yet as they are the principal Basis of what we are to treat of more fully hereafter, and of the many Conclusions we are to draw concerning the Effects of Trade, I shall prosecute this Matter with Order and Regularity, and endeavour, by obvious Examples, to make it still more evident.

7. It will not therefore be foreign to our Purpose to observe, that there is no Kingdom that has not it's Capital, and other particular Cities of Note dispersed through it's Provinces, each of which is provided

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[10]

with great Buildings, adorned with Houses, and enriched with Country-Seats and Farms. Now as it cannot be supposed that all these Improvements were made without Money, allow me to reason in the following Manner, and to suppose that a Kingdom, without Mines of Gold or Silver, has been able by it's *Active Commerce* to amass so much Gold and Silver, as is equivalent to all the Commodities, Houses, and Farms it contains, and that by drawing a Barrier quite round it, all *Passive Commerce* is entirely precluded; in this Case, who can help seeing evidently, that the same Quantity of Gold and Silver must always remain in the Kingdom? But, on the contrary, if there is no Money found circulating, it must infallibly be concluded, that it has been carried off by *Passive Commerce*.

8. And seeing it is also true, that if we consider the State of any Kingdom or Commonwealth whatever, the same Judgment may be formed concerning it; since from the same Antecedent the same Consequence will

[11]

will follow; therefore we must of Necessity conclude, that Commerce has a vast Influence upon a Kingdom, either to it's Advantage or Disadvantage; as when it is *active*, it must produce a vast Flow of Riches; and when *passive*, exhausts the most immense Treasures. And what is said concerning one Kingdom, may be said also of other States, and of whole Nations, which, as Experience demonstrates, when they are subjected to a *passive Commerce*, must of Necessity labour under a great Want of Money, whilst it flows in great Plenty to those Nations, who, in Respect of the former, have the Advantage of an *active Trade*.

9. And to speak the Truth, there is not the least Ground to doubt, but that this is the present Situation of all the Kingdoms of *Europe*, with Respect to the Trade which they carry on with the *East Indies**;

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and

* What our Author lays down here, as an Introduction to his other Remarks on the Trade of *Europe* to the *East-Indies*, is so plain, that none of the Advocates for that

[12]

and this for no other Reason than what I have but just now mentioned, as the most grievous Misfortune of a State; I mean,

that Branch of Commerce will pretend to dispute it with him; on the contrary, they are all ready to own, that there are more Commodities imported from the *Indies*, than the *Europeans* export to them. *Child*, in his Book upon Trade, Chap. ix. page 172, intending to shew the great Advantages of the *East-India* Trade, has this express Concession, "It will not be denied by the Honorable *East India* Company, that they import much more Goods than they export, and that to purchase the same, they carry out Quantities of Gold and Silver every Year, &c." And nothing is more plain, than that whatever may be concluded, in this Respect, concerning the *English East-India* Trade, may, with equal or better Reason, be concluded in general of the Trade of *Europe* to those Parts. The same Acknowledgment is made by Mr *Gee*: "We send, says he, very great Quantities of Bullion thither, that is, to *Asia*, as well as fine Manufactures of this Kingdom, which purchase there, at very low Prices, the Products and Manufactures of *India* and *China*, which are brought here in our own Navigation, out of which we supply ourselves with Muslins, &c." *Treatise on Trade*, p. 39, 40. The like Acknowledgment we meet with in the *British Merchant*, Vol. II. p. 127. And to mention no more, *Montesquieu*, speaking of the Trade of *Europe* in general to those Parts, not only acknowledges this Truth, but

[13]

mean, that immense Gulph of *passive* Commerce, in which they are involved by Means of the Commodities which the *Europeans* import from those Parts. For not only the great Quantities of Jewels and Manufactures, and the numberless Liquors and Spices, the greatest Part whereof the Luxury and Pride of Men has raised

but also gives Reasons for it. "We at present, says he, carry on the Trade of the *Indies* merely by Means of the Silver we send thither, which is exchanged for Merchandises, brought to the *West*. Every Nation, that ever traded to the *Indies*, has constantly carried Bullion, and brought Merchandises in Return. It is Nature itself that produces the Effect. The *Indians* have their Arts adapted to their Manner of living. Our Luxury cannot be theirs, nor their Wants ours. Their Climate hardly either demands, or permits any Thing which comes from ours. They go in a great Measure naked; such Cloaths, as they have, the Country itself furnishes; and their Religion, which is deeply rooted, gives them an Aversion for those Things, which serve for our Nourishment. They want therefore nothing, but our Bullion, to serve as the Medium of Value; and for which they give us, in Return, Merchandises, with which the Frugality of the People, and the Nature of the Country, furnish them in great Abundance." *Spirit of Laws*, B. XX. ch. 1.

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to high Prices, render that Trade so exorbitant, that the great Advantage which the Kingdoms of *Europe* receive from the *West-Indies* *, and the great Quantities of

* *Montesquieu* tells us, "The Trade of the *Romans* to the *Indies* was very considerable. *Strabo*, (Lib. II.) was informed in *Egypt*, that they employed a hundred and twenty Vessels in it: It will admit of a Question, adds he, whether this Trade was of any Advantage to that People. They were obliged to export their Bullion thither, though they had not, like us, the Resource of *America*, which supplies what we send away. I am persuaded, that one of the Reasons of their increasing the Value of their Species, by establishing base Coin, was the Scarcity of Silver, owing to the continual Exportation of it to the *Indies*; and granting what *Pliny* says (Lib. VI. c. 23.) to be true, that the *India* Goods were sold at *Rome*, at the Rate of Ten Thousand *per Cent*: this Profit being obtained from the *Romans* themselves, could not enrich their Empire." *Spirit of Laws*, B. XXI. c. 12. The same Author also tells us from *Pliny*, (Lib. VI. cap. 23.) "That the *Romans* carried annually to the *Indies* fifty Millions of Sesterces, or L. 403,645 : 16 : 8," *Spirit of Laws*, B. XXI. c. 1. If we may depend upon these Accounts, we need not wonder that such a constant Drain should occasion a great Scarcity of Money among the *Romans*; and if so much Silver was carried to the *East-Indies*, when there was so little Money in *Europe*, in Respect of what

of Gold and Silver, and other useful Things which are brought from thence, are not sufficient to compensate the Loss that

what there is now, and Luxury was far from being so universal as it is in this present Age, how immense must the Sums be, which are at this time carried from all *Europe* into those Parts; but I am far from thinking, that this is a proper Way to estimate the Expence of the *East-India* Trade, or the Treasures it draws out of *Europe*. Those that have any Curiosity of this Kind, may easily find, at an Average, the Number of Ships that trade yearly from *Europe* to those Parts; nor is it difficult for such as are acquainted with those Matters, to form a reasonable Conjecture, at a *Medium*, of the Quantity of Bullion, which those Ships, taken one with another, carry out with them, and thereby to arrive at a tolerable Notion of the whole Amount of the Treasures which go annually to those Countries; and if our Author had taken this Method, it is probable, he would not have so hastily concluded, that this Trade consumes more Money, than is imported into *Europe* from the *West-Indies*. For though the Quantity of Treasure, which comes every Year from the New World, cannot be more exactly ascertained, than the Sums which are exported to the East, yet there is good Reason to think the former considerably exceeds the latter. *Uxtariz*, in his Book of the *Theory and Practice of the Trade of Spain*, tells us, That from the Year 1492, when the *Indies* were discovered, to 1724, the Gold

[16]

that is sustained by that excessively expensive Trade; but even the many Commodities, which come from the *East-Indies*

Gold and Silver brought into *Spain*, at a Computation much too low, amounted to above five thousand Millions of Dollars, which, one Year with another, is more than twenty-one Millions and a half, or more than five Millions Sterling *per Ann.* But the Money that comes into *Europe* from the *Spanish West-Indies*, comes not altogether by *Old Spain*; for the same Author, *Ibid.* c. 29. quotes a Treatise, wrote by an *English* Minister, about the Year 1704, which says, That the Returns of the illicite Trade, which the *English* carried on with the *Spanish* Dominions in *America*, by the Way of *Jamaica*, were usually made in Bullion, Dying-woods, *Cochineal*, &c. and the Gains amounted to six Millions of Dollars yearly; and that they drew more Money from the *Spaniards* by Way of *Jamaica*, than by *Cadix*. The same Author says, c. 32. That the *Dutch* introduce vast Quantities of Goods into the *Spanish West-Indies*, by the Way of *Curaçoa* and *Surinam* for which they have Gold and Silver in Return. The *British Merchant* also acquaints us, that the Returns, which the Island of *Jamaica* received annually, before the Establishment of the *South-Sea* Company, in Exchange for Negroes and other Merchandises, were 200 or 300,000 *l.* And to say no more upon this Subject, the *Portuguese* in *Brazil* have discovered Mines of Gold so rich, that the Remittances from them to *Europe* are, very considerable.

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[17]

to this Quarter of the World, and those inexpressibly vast Sums of Money, besides some few Sorts of *European* Commodities, which are exhausted by the Importation of those *East-Indian* Goods, give just Ground to make it a Question, whether the Money that is brought to us from the *West-Indies*, is more considerable than that which we export to the *East*.

10. And though the Resolution of this Problem does not belong to this Place, nor to our present Purpose; yet to make it still more evident, and obvious to every Capacity, what a vast Effect Commerce produces, either for or against a Nation, I will venture to affirm, that such is the Influence of that Trade to the *East-Indies*, which we have just now mentioned, that it is capable of exhausting entirely all the Dominions of *Europe*, and in a considerable Tract of Time of reducing those Nations that carry it on, and are constantly engaged in it, with more than ordinary Keeness and Anxiety, to such a desperate State, that after they have stripped the

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Dominions of *Europe*, they will have no Money left to give those eastern Nations in Return, for the vast Quantities of Goods they import from thence *.

II. Though

* If, as our Author asserts, the Money exported to the *East*, exceeds the Treasures imported into *Europe* annually from the *West-Indies*, so far, that in Time the *East-Indian* Trade must exhaust all the *European* Wealth, one would think, that this must be, before this Time, perceived, by a sensible Decay of Money in *Europe*; but so far is this Decay from being felt, that the contrary is generally believed. To clear this a little, I shall lay before the Reader a Passage from *Montesquieu's Spirit of Laws*, Book XXI. c. 18. " However, says he, it was not long, that is, after the Conquest of *Mexico* and *Peru*, before the Species of *Europe* was doubled; this appeared from the Price of Commodities, which every where was doubled, as the Specie of *Europe* doubled, the Profit of *Spain* diminished in the same Proportion, and they had every Year the same Quantity of Metals, which was become by one half less precious; in double the Time the Specie still doubled, and the Profit still diminished another half.—If we proceed, thus doubling and doubling, we shall find in this Progression, the Cause and Impotency of the Wealth of *Spain*. It is about two hundred Years since they worked their *Indian* Mines; and I suppose the Quantity of Specie at present in the trading World, is to that before the Discovery of the *Indies*, as 32 to 1, that is, it has
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II. Though we have only mentioned these Things, as it were by the by, yet they are sufficient to shew, that these important Effects of Trade are founded upon the Principles, which we have supposed to be the Basis of it's first Institution among Men; but after the Introduction of Money as a proper Price to be given in return for Goods, Commerce being no longer confined within the narrow Sphere of relieving natural and necessary Wants, extends itself every way by the Strength of

" been doubled five Times; in 200 Years more, the same Quantity will be to that before the Discovery, as 64 to 1, that is, it will be doubled once more, &c." But whether Money has increased at so great a Rate, or been so often doubled within these last 200 Years, as this Author pretends, is not material; it is sufficient for the present Purpose, that it has increased very sensibly since the *East-India* Trade was set on foot, and carried to it's present Pitch of Greatness, which seems very evident from the Increase of the Price of Food, Labour, and the common Productions of the Earth, all over *Europe*; and if so, the *East-India* Trade has not drawn more Money to the *East-Indies*, than has been imported into *Europe* from the *West*, nor is it like to do so, while Things continue on the present Footing.

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it's natural Activity ; and passing over vast Spaces of Sea, and immense Tracts of Land, transports prodigious Quantities of Riches from one Place to another ; and in Proportion as this or that Kingdom, or this or the other Nation is more or less disposed to Trade and Industry, it is hardly credible how much Riches flow in upon them, at the Expence of those States, that do not oppose the Course of their Trade. But that we may the better understand the Reason why Riches thus remove from one Place to another, and discover the various Effects of Commerce, according to it's various Circumstances, it will be necessary to enquire a little farther into the Nature of Money, and of Exchange, and the Proportion between Gold and Silver, according to our original Plan ; therefore having premised these Considerations, it is Time to proceed to a more particular Enquiry into the Nature of Money.

C H A P.

[21]

C H A P. II.

Of the Nature and Origin of
M O N E Y.

I. **I**N Consequence of what we have advanced in the preceding Chapter, with Relation to Commerce, it is more than evident, that Money is nothing, but a certain determinate Measure of such Things as can be bartered or sold, invented to supply the Place of any assignable Quantity of a Commodity, when that cannot be exchanged in Kind. And though the Invention of it has, by different Authors, been ascribed to several different Nations, different Inventors, different Times of very antient Date, and by some carried so far back as the Days of *Abraham* ; yet as we have often declared, that it is not our Intention to dip into such Questions, we leave that Point, as we found it, undecided. But to proceed to what is
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more for our Purpose, it is necessary to resume in this Place, what I observed concerning the Nature and Origin of Commerce, where I took Notice, that in the most early Ages, when Trade was carried on, as there was no Money, Men used to barter one Commodity for another, a Custom that still obtains among the savage, unpolished Nations of *Chili* on the *South-Sea*, in the Land of *Jesso* in the *East-Indies*, and other barbarous Countries. But, as such a Method of bartering Commodities was, on many Occasions, attended with great Difficulty, and always inconvenient, Men agreed to make Choice of one Commodity, which being in general and constant Esteem, an equivalent Quantity of it might always remove the Difficulty of bartering in Kind.

The same Opinion concerning the Origin of Money, we find expressed very much to our Purpose, in *the first Book of Aristotle's Politicks, Ch. VI.* "As all useful Things, says he, could not, without
" great

" great Difficulty, be transported from
" Place to Place, it was resolved, by
" common Consent, that in bartering
" Commodities, they should reciprocally
" give and receive some Substance, which
" being in it's Nature applicable to the
" Purposes of Life, might, at the same
" Time, be easily carried about." From
which Words of *Aristotle* it is very plain, that the Introduction of Money was owing to the Difficulty of bartering, as human Society could not subsist without the Exchange of Necessaries, nor could this Matter be managed without the Use of Money *.

* The *Athenians*, not having at first the Use of Metals, made use of Oxen, as the Measure and Standard of Trade, and the *Romans* of Sheep, for the same Purpose; but this was extremely inconvenient, seeing one Ox is not the same as another, in the manner that two Pieces of Metal may be the same. *Herodotus, Lib. 1.* tells us, The *Lydians* were the first, who, for the Facility and Convenience of Commerce, coined Money of Gold and Silver, and the *Greeks* learned it of them. The *Athenian* Coin had the Impression of their antient Ox. One of these Pieces is to be seen in the Earl of *Pembroke's* Collection. *Spirit of Laws, B. XXII. c. 2.*

2. To determine therefore this Substance, that should be in universal and constant Esteem, they made Choice of Gold and Silver; not only because they were more valuable than other Metals, but also because, in the various Uses to which they might be applied, they were particularly adapted to the Support and Improvement of human Life. But because there was a considerable Difference in the Nature of these two Metals, and Gold was more precious than Silver, both by it's intrinsic Worth, and greater Scarcity, and also far exceeded the other in the Expence that was necessary for working it, as appears by the Tax that is paid to the Sovereign Lords of Mines, who require no more than five in the Hundred of Gold, whereas they exact twenty in the Hundred of Silver; therefore, a greater Value was ascribed to Gold. And because the baser Metal ought to be given in greater Measure, that what was wanting in Value, might be made up in Quantity; for this Purpose it was necessary to fix the Proportion

Proportion between them, by a certain determinate Rule: Whence it is, that in the Practice of Commerce, though formerly the Proportion of Gold to Silver was settled as ten to one, yet at present the matter is so regulated, almost over all *Europe*, that one Ounce of Gold is reckoned equal in Value to fifteen of Silver, or thereabout, as we shall observe hereafter, when we come to take a more particular View of the Proportion between those two Metals, and it's Effects.

3. Now when this Substance was agreed upon at first, as we have observed, the particular Quantities of it were originally determined by their Bulk and Weight only, but afterwards to save the Trouble of proving this Weight upon every Occasion, it was coined into a certain Form by public Authority, and impressed with a Mark of Distinction, expressing the Quantity each Piece contained, so that it should always have the same determinate Value, and be every where the same both for Matter and Weight. But now in order

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der to inquire more particularly into the Nature of Money ; and the better to illustrate what we have further to offer, concerning the Effects it produces in Trade, and the various Advantages and Disadvantages of one Kingdom in respect of another, arising from Money ; it must be considered, that we are to distinguish two Sorts of Value in Money ; the one intrinsic, consisting of the Matter itself, it's Weight and Quantity ; the other extrinsic, founded in the Rate or Value, according to which it uses to pass. And though in different Places, on several pressing Occasions, the extrinsic Value of Money may be raised higher, at the Discretion of the supreme Power ; such is the Nature of Commerce, that in it Money is never estimated but at it's intrinsic Value ; so that in the Course of Trade, Money can have no higher Value than a Mass of the same Metal and Quantity would have, if given in Barter for any sort of Goods. We must also observe further, that such is the Custom of well-regulated Kingdoms, that

[27]

that when foreign Money is suffered to pass current therein, so much is deducted from the extrinsic Value, as is necessary for defraying the Charge of Coining, and it never passes for more than it's intrinsic Value. And the Intention of this Regulation is, that the Money of the State itself, which bears the Stamp and Authority of the Prince, may always have the Preference. From all which Considerations it is extremely plain, that it is a Matter of the utmost Consequence, that the System of Money be settled under such fixed Regulations, as that it may constantly keep pace with the Course of Trade, and never, in the least, deviate therefrom ; it being certain, that no Variation can ever happen in this respect, but it will, at the same Time, produce a remarkable Alteration in Commerce.

4. After all, however certain it may seem that Money is that which alone constitutes the Riches of a Nation, and it cannot be denied, that considered in itself it has this Prerogative ; nevertheless it will

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never discover it's Effects, if it is not put in Motion by Commerce; so that as the Body of a Planet being in itself opake, would never discover to us it's Form and Figure, if (according to that Hypothesis) it did not revolve round the Sun, whose Light presents it to our View, we must form the very same Judgment concerning Money, which, it is certain, has in itself no Power at all to increase and multiply, and thereby to form the Riches of a Kingdom, or even, on the contrary, to reduce it to Poverty; for, if a prosperous or unfavourable Motion were not communicated thereto by Commerce, we should never be sensible of it's Effects. And because we can no otherwise arrive at a clear and distinct Knowledge of these Effects, but by a fixed and certain Rule, which can shew with accurate Exactness the Situation of any Kingdom, with Regard to it's internal and external Commerce, that is, whether the Balance of Trade stands in *Equilibrio*, or is inclined to either Side. Therefore, seeing there is not a more infallible

[29]

fallible Rule, by which this Knowledge can be attained, than the Course of Exchange, let us now proceed to shew, how this Course of Exchange discovers the State of a Kingdom, with Regard to Trade.



C H A P.

[30]

C H A P. III.

Of E X C H A N G E.

I. **T**HOUGH, to the greater Part of Mankind this may seem to be a metaphysical Word, and not proper to express any thing that has true and real Existence; yet if we reflect with proper Attention on what has been suggested, we shall be fully convinced that Commerce is that which gives Exchange it's Being, and that this Existence is not imaginary, but real and practical. And to set this Matter in full Light, we must first of all lay it down as a Definition, that by the Word E X C H A N G E, nothing else is meant but the Price of foreign Money. Now, since this Price derives it's Motion from Commerce only, as we have already observed, hence it is, that it is in it's own Nature suited and adapted to the Discovery of the true State of one Kingdom in Comparison of another, with Re-
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spect to Trade. And, to say the Truth, if Money, as I have once and again asserted, is nothing else but a Measure invented to determine the Proportions of such Things within a Kingdom, as come within the Reach of Commerce; Exchange is that, which intrinsically discovers whether the Trade of that Kingdom with Foreigners stands on equal Terms, or whether the Balance is against it, or on the favourable Side.

2. And that this may be the better understood, it is proper to keep close to the Maxim, that this Exchange had it's Rise from no other Source but the Invention of Money. Now since it is also unquestionably true, that the sole Intention of the Introduction of Money was, that it might be employed as a Compensation for those Commodities, that could not be compensated by other species of Commodities; it follows, that wherever such Commodities cannot be produced in Kind, to compensate others that are wanted, Money is, by the very Nature of Commerce,
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put in Motion ; and as th is Motion impels the Money from the Side, on which Commodities are wanting in Kind, to be given in Compensation of others, to that Side upon which such Commodities abound ; so from the Want or Scarcity of Money, foreign Money rises in it's Price, and if on either Side this Price rises above, or falls below Par, it becomes a Kind of Balance, by Means whereof it may be immediately discovered, whether the Impulse is the Effect of a beneficial, or losing Commerce. Since then when Money is to be procured in foreign Countries, the Price of Exchange rises or falls respectively, according as the Exportation of Money is greater or lesser ; and this Exportation of Money is greater or lesser, according as the Quantity of Commodities given in Compensation is lesser or greater ; who sees not that the Passive Commerce of a Kingdom is greater than the Active, when to procure foreign Money in another Kingdom, to pay for Goods

Goods purchased there, it submits to a very high Exchange.

3. Moreover, that by Means of Exchange alone we can have a just View of Kingdoms, in the Light which we have just now mentioned, may be illustrated by an obvious Example, for the more thorough Conviction of every Understanding. Let us then suppose a Kingdom that has contracted a Debt to Foreigners, but that it has, at the same time, such a plentiful Crop of Corn, as is not only sufficient for it's own Support, but may afford a considerable Supply to foreign Countries ; that as to Manufactures it is almost entirely unprovided ; so that all the Money it can acquire by the Exportation of Corn, will not be equivalent to that which Foreigners must draw out of it, on Account of the abovementioned Debts, and it's Want of Manufactures. Let us farther suppose, that this same Kingdom, besides it's Corn, has also some particular Sorts of Commodities, which are exported sometimes in greater, and sometimes

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times in smaller Quantities; if then, in such a State of Affairs, one should desire a precise Calculation of the exact Value of the Active Commerce of this Kingdom, when compared with it's Passive Commerce; so as to have the Balance in Money, it would be impossible to solve the Problem, but by the Course of Exchange.

4. And indeed, if at any Time the Active Commerce of a Kingdom is greater than it's Passive, in that Event it may well be concluded, from the extraordinary Quantity of Money observed in Circulation, that Trade is in a flourishing Condition; as, on the other hand, when the Passive Commerce is greater than the Active, the contrary may be concluded from the remarkable Penury of Money that will be visible; but the precise State of the Affair cannot be had, as it may by the Course of Exchange, when all the great and small Branches of Commerce are reduced, as it were, to their proper Center, and valued at their respective Rates, by the Course of Exchange, which weighs them internally as
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in a Balance, and thereby discovers the true State of that Kingdom, with Respect to foreign Trade. For when Commerce stands even, or is *in Equilibrio*, the Exchange will be at *Par*; or, which is the same Thing, the Price of Exchange will be equal to the intrinsic Value of the Money; if the Balance of Trade is against the supposed Kingdom, the Price of Exchange will be above *Par*, or rise above the real Value of the Money; and, finally, if the Balance be on the favourable Side, the Price of Exchange will then be below *Par*, or fall short of the real Value. From all which we may with the greatest Justice conclude, that in the first of those Events, that is, when Trade is *in Equilibrio*, the Money continues in the Kingdom; in the second, when, instead of this *Equilibrium*, the Balance is on the contrary Side, the Money goes into the Possession of Foreigners; and, if the third Supposition takes Place, and the Balance is on the favourable Side, the Money not only conti-

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nues in the Kingdom, but also increases greatly.

5. Lest any one should possibly suspect that this Exchange, because it has not an Existence of the same Kind with that of other material Things, cannot therefore be the Means of conveying so much Knowledge, that is, that it cannot discover the State of one Kingdom as to Trade, in Relation to that of another, nor shew when Trade is in an equal Position; or if the *Equilibrium* is disturbed, whether the Balance is on the favourable or contrary Side; give me Leave to illustrate the Matter by the Example of a Pilot, who finding himself in the Midst of the Sea, can by no Means discover the Place where he is, but by the Help of some mathematical Instrument; and though the Pole, and the Equinoctial Line, by which he regulates his Observation, have no sort of Existence, but what they owe to our Imagination, they are nevertheless the Means of leading him to a certain Knowledge of the

the Position of his Ship, in Respect of it's real and positive Distance from true and known Shores: And in like manner, tho' it is the Eye that makes the Observation, yet the Truth of this Observation cannot be ascertained but by Means of the Instrument, nor even this effect it, if it be not directed and regulated by the imaginary Equinoctial and Pole. Now what this imaginary Circle and it's Pole are to the Instrument, that precisely is Exchange with Respect to Money. For tho' the former of these two has only an ideal, while the latter has a physical Existence, yet this latter, of itself, is not such an accurate or expeditious Means of communicating Knowledge, as when applied to the Touchstone of Exchange, which, by it's Activity, penetrates, as it were, into the Substance and Nature of Commerce, and effectually demonstrates what that is. From which we may conclude with great Security, that Money and the Rate of Exchange are the two principal Instruments of Trade; the one whereof, that is Money, is the Measure of

of Commerce; the other, to wit, Exchange, determines the Value of Money, and thereby discovers the State of Commerce; and both together shew, in a very clear Light, a Series of Effects that could not possibly be discovered by Calculation, and give sufficient Evidence that the one of them derives it's Being and Existence from the other, and that both together depend entirely upon Commerce.



CHAP. IV.

Of the Equality and Inequality between GOLD and SILVER.

I. **T**HOUGH in that Chapter, in which we treated particularly of Money, we have already shewn, what is meant by the Proportion between Gold and Silver, and in what manner that was settled at it's first Institution: Yet after all, because it is a Matter of the greatest Consequence to Trade, and, when it is not exactly observed, may bring a Kingdom into the greatest Distress; therefore it is necessary to treat this Subject at greater Length, and at the same Time take Notice of the particular Cases, in which the Alteration of this Proportion cannot fail to produce some very remarkable Effects. To trace then this Matter a little farther back, when Gold and Silver assumed the Character and Form of Money,

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Money, both these Metals had affixed to them a distinct and determinate Value: And though in former Ages, the Proportion between Gold and Silver was so settled, that every Ounce of Gold was nearly equivalent to twelve Ounces of Silver; yet afterwards, when *America* was discovered, Gold quickly came to be in so great Esteem, that the Ounce was reckoned nearly equal in Value to fifteen Ounces of Silver. This, we must certainly be convinced, could be owing to nothing, but that the Silver Mines at that Time yielded great Quantities of Ore. But as this Regulation was founded merely on the greater or lesser Scarcity of one of these two Metals, the present Proportion of one Ounce to fifteen, does not seem altogether so well adjusted, as might be wished. Because, considering the present Scarcity of Silver, which is owing to the vast Sums of that Coin that are carried to the *East-Indies*, the prevailing Custom, lately introduced, of working such great Quantities of Silver into Plate, and to the
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failing of the Mines, which do not yield it now in such Plenty as they did at first, the Price of Gold seems to be raised too high; and it were certainly much to be wished that, if possible, it might gradually be brought back to it's just Proportion.

2. And because the Equality between Gold and Silver being once exactly adjusted, according to this Proportion, all other inferior Sorts of Money, reduced to the same Standard, would be subjected to the same Rule; therefore, by bringing down the Price of Gold, from the Rate at which it stands at present, to it's just comparative Value, many Mischiefs and Inconveniencies would be avoided. For it is most evident, that it is not possible to neglect this Proportion, but the certain and sudden Loss of the one or the other of the two species will be the Consequence; since it is plain, that either of them being raised in it's extrinsecal Value, the other will be converted into Plate, or carried out of the Kingdom. But before we come to explain all the particular Effects, which proceed

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ceed from the Want of this Proportion; it will not be improper to attempt the Confutation of a certain Opinion, which may be said to be grown inveterate in almost all Countries. Now this Opinion being, in Substance, contained in the following Assertion, to wit, That in regulating the current Value of Money among our Selves, we ought to have our Eyes fixed upon the Practice of our Neighbours; this is a Mistake of such a capital Nature, that it is of the utmost Consequence that it be entirely rased out of the Mind. And though some endeavour to establish this Error, by the Similitude of a River, which, when raised above it's Banks by the additional Water of a great Land-flood, overflows two States, and thereby obliges that which lies on the lower Ground, for it's own Security, to keep a watchful Eye over that which lies higher, and on the Banks of the same River; it may be readily answered, That this Similitude has no Relation to our present Purpose; and that, setting aside the Case
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of which we took Notice in the Beginning of this Chapter, wherein it would be the Interest of all *Europe* to alter the Proportion that now obtains between the two Metals, that are the principal Materials of Money, in all other particular Circumstances no Variation ought to be admitted therein. And in fact, it is very easy to demonstrate, that in regulating the current Value of the Coin of a Kingdom, it is of no Moment or Use to mind the Conduct of neighbouring States.

3. For if, for Example's sake, we suppose a Kingdom, in which the Values of the Metals are so adjusted, that, according to the common System of Kingdoms, the Gold and Silver are rated in a due Proportion to each other; and that with Respect to Commerce it is also upon an equal Footing with foreign Countries: If, I say, Matters are thus disposed within the Kingdom, I do not see what Reason it can have to apprehend any Disadvantage or Danger of any from it's Neighbours. On the contrary, if the Circumstances of a
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neighbouring State, in Consequence of having it's System of Money regulated by a wrong Proportion, could have any Influence on this Kingdom, it must certainly be to it's Advantage rather than it's Loss. And indeed, if we suppose, that in a neighbouring Principality the System of Money is, for Example, so regulated, that either of the two Species, whether it be the Gold, or the Silver, is rated too high in Respect of the other; from this Situation of Things it will undoubtedly follow, that the Species, which is estimated below the just Proportion, will remove out of this Principality, and be carried in great Quantities into the neighbouring Kingdom, in Lieu of the Species that will go into the former, as the Price of the Money that has the greatest intrinsic Value. To make this Matter still more intelligible by an Instance, let us suppose, that in any Place the Money-System is so constituted, that Gold is estimated at a lower Rate in respect of Silver, than the just and exact Proportion between these Metals doth admit

[45]

admit, in this Case the Gold will go out of that Country, and at the same Time that it moves into another, and draws the Silver-Money from thence, it will carry into the latter a Profit equal to the Difference between the Price the Gold is rated at in the former, and it's true intrinsic Value. And if the Kingdom, that receives this great Advantage, be also supposed to adopt the usual Practice of estimating foreign Money, at no more than the simple Price of Gold or Silver in Bullion, as the Rules of a well-regulated Mint require, and, as we have hinted already in treating of Money, it will also gain an additional Profit from the Metal itself so imported. But whereas, at the same Time that this Kingdom reaps so much Profit, it will be exposed to one particula Inconvenience, to wit, that while it abounds with Gold, it will in some measure labour under a Scarcity of Silver; it will be no difficult Matter to remedy any Disadvantage, that by this Means may be occasioned to Trade: For by bringing down the foreign Gold in
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this same Kingdom to the Proportion which prevails in the neighbouring States, the End will be attained.

4. But because this Affair of Money is, as we have often observed, a Matter of such Importance, that it ought not to be passed over in a superficial Manner, but be examined with full and thorough Consideration, before we proceed to other Things relating to the Necessity of a Proportion in Commerce; therefore it will be proper to make some Observations on that laudable Custom, whereby, to keep the Money of a Kingdom within itself, it has been wisely ordered, and this Order enforced by Laws, which it were to be wished, every Subject would religiously observe, that no Money be carried out of the Kingdom, And because, in this Dissertation, it is my Intention to lay down, with great Candor and Sincerity, what may be of the greatest Use to promote Commerce and good Oeconomy in States and Kingdoms, I must say, yet without the least Design to offend against the Respect and Reve-

Reverence that is due to the Regulations of those that are at the Helm of Affairs in States and Republics, that this Prohibition, if other prudent Measures, proper to promote the End, be not employed, will not prove a very effectual Remedy.

5. And seeing the Design is to prevent the Exportation of Money, another Method, in my Opinion, ought to be pursued, and that is, rather to have Recourse to such Expedients as may contribute to preserve the Balance of Trade; since, as I have said, in treating of Exchange, it is most certain, that whensoever the Commerce of a State stands upon this equal Footing, it's Money must of Consequence continue in it; but when the *Equilibrium* is disturbed, and the Balance is against the State, it's Money must be carried to foreign Nations, to pay for the Excess of Goods imported, above those that have been exported; and, to conclude, if the Balance of Trade is in favour, the Money must not only continue in it, but also increase and multiply. Seeing then, that
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[48]

this is the true State of the Matter, and that from the three Cases we have proposed the respective Effects already mentioned must of Necessity follow; it is very evident, that the Remedies which consist merely in prohibiting the Exportation of Money, do not reach the Cause and Root of the Distemper, nor prevent the Evils that spring from the Prevalence of a *Passive Commerce*.

6. And to give a more convincing Proof of the Truth of this, let us suppose a Kingdom, whose *Passive Commerce* is greater than its *Active*, and that the Subjects are so obedient to their Prince, that they carry not one single Farthing out of his Dominions: What will follow in such a Case? Supposing, that the Balance of Trade is against that Kingdom, and that it has contracted a Debt to Foreigners, unless these Foreigners, by a strange and unexpected Generosity, should think proper to remit the whole of that Sum of Money which they have a Right to exact, for the Excess of the Commodities im-
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ported above the Value of the Goods exported out of that Kingdom, the Price of Exchange will, in this Event, rise so high to the Prejudice of the Subjects thereof, that if Money be not exported in great Quantities, and no other Means be left for paying the Debt, but that of Exchange, the Subjects will be reduced to such Distress, for want of Commodities to dispose of for relieving their Credit, that to cancel the Debts they have contracted for Goods, they will be obliged to return those very Goods, which they have purchased for their own Consumption. While, on the contrary, Strangers, who have contracted any Debt in that Kingdom, or want to raise Money for purchasing Goods, will have the Advantage of Exchanges as much under *Par*, as the Subjects of the said Kingdom will find them raised above it, in other Markets, to the Benefit of Foreigners. In this Situation of Affairs then, if the Sovereign of that Kingdom shall exert himself to stop the Course of Money, which will
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naturally go out of his Dominions, and rather chuse to apply a direct though unnatural Remedy to this Evil, which is but an Effect of the *Passive* Commerce his Subjects are engaged in, and the *Active* Trade carried on by Foreigners, than to think of proper Means to cut off the Cause and Root of the Distemper, every one sees to how little Purpose his Pains will be bestowed. From all which we are put, under an indispensable Necessity, to conclude, that there is not a better, nor a more certain Means to keep Money from going out of a Kingdom, than to take particular Care that Commerce with other Kingdoms be constantly kept upon an equal footing, and that an exact and true Proportion be preserved between Gold and Silver.

7. And this Opinion of ours, with regard to the Provision which ought to be made for Money, is confirmed by that celebrated Expression of the famous M. Colbert, which is very much to our present Purpose: For this great Man, whose

[51]

whose Judgment and Penetration, in Affairs of Government, and the Oeconomy of a Kingdom, were so considerable, used to say, *That whenever a Kingdom has the Balance of foreign Trade against it, and is engaged in a Passive Commerce, supposing it were possible, that, in such a Case, a Wall could be drawn quite round it, to prevent the Exportation of Money; if the least Hole is left in that Wall, we ought to conclude, that, by this very Hole, the Money would find it's Way out.*

8. And since we have already proved, that these two Things, to wit, the keeping of Commerce constantly *in Equilibrio* and maintaining an exact Proportion between Gold and Silver, are, so to speak, essential Points of good Conduct, with Regard to the Preservation of Money, and have sufficiently shewn how, by the Prevalence of *Passive* Commerce, Money comes to move out of a Kingdom into other States; we must now proceed to explain how, without the Influence of a particular State of Commerce, which we

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shall here suppose to be *in Equilibrio*, a mere Variation from the just Proportion that ought to be observed between Gold and Silver with Respect to other Nations, may be the Occasion of very great Disadvantages to a Kingdom in the Affair of Money. Suppose then, that in a particular Kingdom, we imagine a Money-System to prevail, that shall raise the Gold above it's real Value, and that, in this Regulation, instead of the common Proportion of one to fifteen that now obtains, an Ounce of Gold is allowed to be equivalent to sixteen Ounces of Silver: Since such an Alteration would raise the Gold six and two Thirds *per Cent.* above it's Value, and reduce the Silver to just so much below it's Worth; it is evident, that this Increase of the current Price of Gold, would naturally cause the Silver to be exported out of that Kingdom; and as Gold would be imported in it's stead, and increase greatly, the Nation must unavoidably lose six and two Thirds *per Cent.* of all the Silver that would be thus exported.

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[53]

9. On the other Hand, should the Silver-Money be raised above it's Value, so that fourteen Ounces of Silver should be reckoned equivalent to an Ounce of Gold; while the Proportion should stand thus, the Silver-Money would not only continue in the Kingdom, but also increase greatly, and the Gold-Coin would be exported in the same Proportion, and the Nation would lose upon it seven and one seventh *per Cent.* Moreover, from either of those Variations, two Absurdities would follow; the one is, that both the Prince and the People would lose of that Part of their monied Substance six and two Thirds, if the above Disproportion should fall upon the Gold-Coin, and seven and one seventh, if it should fall upon the Silver. The other Inconvenience would be, that there would be no Specie to circulate in the Kingdom but either Gold only, or Silver only, according as the one or other of those Metals should happen to be estimated above it's true Proportion.

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10. Now as we have separately considered two Evils in Commerce, one when the Balance thereof is against a Kingdom, and the other when the exact Proportion between these two Metals is not observed, and have shewn what Loss may be sustained by Means of either singly without the Concurrence of the other; let us now see of what dangerous Consequence these two Disorders may be to the public Stock, when they meet together in the same Kingdom. Let us then suppose a State, which, for Example's Sake, is in such a Situation, that it lies under the Load of a *Passive Commerce* with foreign Nations, and, at the same Time, in it's Regulations with Regard to Money, Matters are so disposed, that, neglecting the common Proportion of fifteen Ounces of Silver to one of Gold, they allow sixteen Ounces of the former for one of the latter: It is certain, that in such a Disposition of Affairs, this Kingdom will be exposed to two great Disadvantages, whereof that will surely be the greatest, which proceeds from it's having

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having the Balance of Trade against it; because, by this Means, foreign Exchanges will rise high, and thereby the Money of that Kingdom will be carried into other States in greater or smaller Quantities, as this Balance of Trade is more or less against it: The other Disadvantage will be, that by Reason of the extravagant Price of Gold, the Silver will be carried out of the Kingdom. Moreover, a Disadvantage arising from the first of these Causes will be, that this Kingdom will lose so much of it's effective Cash, as will amount to the Price of all those Commodities which are brought from Abroad, above the Proportion of the Goods that are exported out of it; and a second, proceeding from the same Cause, will be, that in this Loss will be comprehended another, by which the Kingdom, on Account of the Difference of the Price, arising from the Disproportion of Gold above Silver, will lose six and two Thirds *per Cent*; and to the former two we may add a third Loss, consisting in the Scarcity of Silver-

Silver-Coin, which is most commonly used in domestic Trade.

11. On the other Hand, if the Silver-Money is raised above it's intrinsic Worth, the same Consequence will follow with Respect to Gold-Coin. For if we suppose a Regulation established, by which fourteen Ounces of Silver, and no more, shall be accounted equivalent to an Ounce of Gold, immediately after it's Value is thus diminished, the Gold-Coin will be carried out of the Kingdom; and besides the Loss the Kingdom sustains, by having the Balance of Trade against it, it will also lose, by the Exportation of Gold, seven and one seventh Part *per Cent*, over and above the Scarcity of Gold-Coin it will labour under.

12. Moreover, whether the Disproportion supposed to be introduced into the System of Money affect the Gold or Silver Coin, in either Case the Kingdom will suffer alike: To avoid which Disadvantages, Reason would seem to require, that these two Metals be regulated in their
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Proportion, according to that System, which ought to serve as a constant and universal Rule to all, and is the general Practice of the Kingdoms of *Europe*; that is, to fix unalterably the Proportion between Gold and Silver, taking the Measure thereof, with Respect to more or less, from the most considerable and distinguished Parts of *Europe*; seeing it is proper to take our Rules in this Matter from such: And indeed several Kingdoms have already taken those proper Methods to prevent the Scarcity of Silver.

13. And because it seems to be of some Use to consider all the possible Circumstances of a Kingdom, which, for Example's Sake, we are allowed to suppose, that we may inquire into the Consequences that will follow from each of them; in order to satisfy the Desires of those, who have a Curiosity to know the several Effects of the several Conditions of any State, let us propose another Situation of a Kingdom. Suppose then that this Kingdom, by having the Balance of Trade
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against it, is subjected to a *Passive Commerce* with Foreigners; but with Regard to it's Regulations in the Affair of Money, suppose them to be such, that the just Proportion is observed between the two Metals: Now would we know what will follow from this Situation of Affairs? This will be a new Sort of Disorder, and perhaps worse than any other; since it is clear, that both the Gold and Silver will be equally carried out of such a Kingdom, from which so great Loss and Detriment will follow, that it will be proper to shut up the Mint, and coin no more Money. For as the Balance of Commerce is supposed to be against the Nation, it will keep the Exchanges high, in Proportion to the Excess of the *Passive* above the *Active* Commerce of the State; and as Gold and Silver Bullion must be purchased abroad, which can only be done by Exchange, these Materials will cost more than the Money to be made out of them; for though, with Relation to Money, it is true, and cannot be denied, that
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by an inviolable Law, it is the Prerogative of the Prince to determine the Weight, Fineness, and Value, not only of Gold, but also of Silver Coin, yet he has not the Right of fixing the Price of those Metals in Bullion; this Privilege belonging solely to Commerce, which also regulates the Course of Exchanges. This being the Case from hence, and from what we have already said, it may evidently appear, how the Coining of Money, in such Circumstances, must be attended with inevitable Loss. It now remains that we shew, how it may come to pass, that supposing a Kingdom has the Balance of Trade against it, and that the Proportion which ought to obtain between the two Metals is not observed in it, Money may, notwithstanding, continue to be coined for some Time, without Disadvantage; and this shall be the Subject of the following Section.

14. Suppose then, that in this Variation from the true Proportion between the two Species, the Gold happens to be overvalued; in this Case, as we have often ob-

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ferred, it will follow of Consequence, that the Gold will remain in the Kingdom, and the Silver will be carried out of it, in greater or less Quantities, according to the Greatness of the Balance of Commerce that is against it, and the Degree of the supposed Variation from the Proportion that ought to subsist between the two Metals. Mean time, because the Silver-Coin will bear a greater Price abroad, and will be exported to pay the Debt contracted to Foreigners, for want of Commodities to compensate those that were imported; the Balance of Trade being thus discharged by the Silver so exported, the Exchanges will be kept low, and by Means thereof Gold may be purchased to be coined into Money. But this will cost no less, than, in the first Place, the Loss of all the Silver-Coin, and after that, of the Gold also, if the Balance of Trade still continues against the Nation; and then, the Exchanges rising still higher and higher, the Kingdom will fall daily into greater and greater Distress. And what we have said of Gold, may with the same Justice

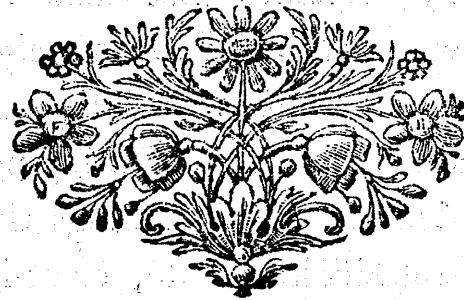
[61]

Justice be said of Silver, if it is raised above it's Worth; since from the overvaluing of Silver the same Sort of Effects will follow, which we have taken Notice of already, when we supposed Gold to be raised above it's just Rate.

15. But because what we have hitherto offered will be of little or no Use at all, if after having discovered the Sources and Springs of Loss and Danger, we cannot fall upon Means for applying proper Remedies; therefore that these Observations of ours may not serve merely to gratify a vain and fruitless Curiosity, but may also contain Expedients for bringing into a proper Method, those Things that may possibly be amiss in a State, or at least not altogether consistent with good Order and Government; we shall add a few more Reflections, deduced by way of Corollaries, from the Principles already laid down, which may be capable, not only of satisfying the Desires of such as want to have a thorough Knowledge of Commerce, but also of furnishing proper Hints to those who

[62]

who are at the Helm of Affairs in States and Republicks, for establishing upon a solid Foundation, and, at the same Time, strengthening and improving the Riches of a Nation.



APPEN-

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A P P E N D I X.

Containing Inferences drawn from the preceding Principles, wherein some Methods are proposed for the Improvement of Commerce, to the great Advantage of Kingdoms.

I. **F**ROM all that we have hitherto offered, with as much Brevity as we could, we may first of all draw this Inference, *viz.* That Commerce is the only sure Foundation upon which the Welfare of a Kingdom may be built; that Money is the Measure of mutual Commerce among Men; that Exchange is, as it were, the Compass by which the Merchant must steer; that the Proportion between Gold and Silver is the just Rule for regulating the System of Money; and finally, that all these, taken together, are to be considered as the most essential Points for the Preservation and Improvement of Kingdoms.

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Kingdoms. Wherefore, if it should any where happen, that, by neglecting to observe exactly the Instructions and Rules which we have already offered, any Disorder should be introduced to the Prejudice of Commerce, it is not foreign to our Purpose to subjoin here the Expedients that seem best appropriated to such Events, together with a full and distinct Account of their Application and Use.

2. And, first of all, in order to give a just Notion of what we now purpose to treat of, we must of Necessity establish it as a Maxim, That all the Affluence and Riches, which are to be met with in any Kingdom, are the common Patrimony of the Prince and of the People. This Truth, though indisputable in itself, will appear very evident, when we consider, that the Views of a Sovereign, in the Government of a Kingdom, whether they regard Policy or Oeconomy, cannot be supposed inconsistent with the Interest and Advantage of his Subjects; and that he can take no Measures for his own particular

[65]

lar Benefit, which do not, at the same Time, imply and tend to the Good of his People. And, indeed, he could not have the Title or Rank of a Sovereign, if his Dominions were not inhabited by Men; nor could there be any Room for either political or œconomical Government, if by the wonderful Counsels of Providence, which has raised Monarchies, and bestowed on Princes those Lights that are necessary for the Government of their Subjects, Mankind had not been united into Societies, and put themselves under the Protection of a single Person, with no other Intention, but that they might by that Means live in greater Happiness and Safety.

3. But to make it still more plain of how great Importance it is to a Prince to consider himself and his Subjects, as having but one common and undivided Interest, which is indeed the Truth of the Matter, let us turn our Thoughts to the Inconveniences occasioned by the Custom of raising the extrinsecal Value of Money, which for two Centuries has prevailed so much, that

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it is now become almost general in all Monarchies. That this increased Value of Money has been remarkably prejudicial, rather than the Means of any Benefit, is plain from this Consideration, *viz.* That when the Rate of Money is thus raised, the Prices of all Commodities, that are useful or necessary to the Subject, rise with it at the same Time. And these Variations had never been admitted into any Kingdom, if Statesmen had attended to this most essential Point, and seen that such Alterations occasion the greatest Detriment to the Treasury, which they are intended to enrich. To confirm what is here asserted with an Example, let us imagine a Kingdom, which two Centuries ago, before the Custom in question was introduced, had no more than eight Millions of Crowns of yearly Revenue, and that at present it's yearly income amounts to ten Millions; but that, after all, these ten Millions of Crowns come only to fifty-five thousand Pounds Weight of Gold-Coin. Now it is evident to every thinking Man, that

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that with all this Increase of Revenue, the Treasury which now receives ten Millions of Crowns, will be much poorer than when it took only eight. Because at that Time, when the extrinsecal Value of Money was so much less than now, the small yearly Sum of eight Millions of Crowns, by it's intrinsic Value, brought into the said Treasury sixty-six thousand Pounds Weight of Gold. Whence it follows, that the Revenue, at that Time, must have been eleven thousand Pounds Weight of Gold, or two Millions of Crowns more than at present.

4. Such a pernicious Establishment in any Kingdom, besides the first Disadvantage of raising the Prices of all Commodities necessary for the Support of the Government, or the Subsistence of the People, gives also Rise to another Inconvenience, which falls much heavier upon the greatest Part of those who compose that State. For those who live by their Labour being far more in Number than those who have large Possessions, and give

[68]

Employment and Subsistence to the rest; it is plain, that the Condition of these labouring Poor must be greatly affected by this Means.

5. But that which we ought to consider as the greatest Disadvantage of all is, that every Thing that must of Necessity be purchased in foreign Dominions, either for supplying the Exigencies of the State, or the Wants of the Subject, becomes more expensive, because of the Exchanges, which in this Event will rise high, in Proportion to the Increase of the current Value of Money; in Consequence whereof, the Kingdom will undoubtedly be subjected to all the bad Effects of a *Passive* Commerce. And moreover, what will be the Occasion of Distress to the Subjects of this Kingdom, will, on the contrary, be the Means of Profit and Advantage to Foreigners. For whatever is added to the extrinsecal Value of Money, so much will be deducted from the Amount of the Debts, that Strangers shall contract in that Kingdom.

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6. And this is the Source of those great Disadvantages, which weaken Trade, and impoverish the Subjects of those Kingdoms, into which such Customs are introduced; and by exhausting the Treasury, reduce the Prince to the severe Necessity, however much it may be contrary to his Inclination, of increasing the inland Taxes and Impositions upon his Subjects, that he may refill his Treasury, and replace the Money which has been drawn out of it. Whence it will also follow, that when the Prince is engaged in any great and just Enterprize, the Subjects will grow weary of paying their Proportions of the Taxes, and will not, chearfully, bring in their Contingents to relieve the public Necessities. Since then, we have evidently shewn what great Disadvantages are derived, both to the Subjects, and to the King's Revenue, by thus raising the current Value of Money, what we have offered ought to serve as a Caution to every Government, to take particular Care not only that such Measures with Respect to Money be carried

ried no farther, but also when any Circumstance happens to make it necessary to alter the Price of Money, to be always more disposed to lessen than to augment it's current Value.

7. But because sometimes such Circumstances happen, and such Obstacles arise, that it is a Matter of great Difficulty to observe the Rules prescribed for good Government, especially when Things are already run into great Disorder and Confusion; therefore that according to the Variety of Events, we may here endeavour to discover, if not the most certain, at least some probable Means of providing for every Situation of Affairs; let us, for Instance, suppose a Kingdom in these Circumstances, viz. that the current Price of foreign Money is there raised five *per Cent.* above the Money of the said Kingdom; moreover, that besides this Disorder, it labours under the further Inconvenience of having it's *Passive* Commerce greater than it's *Active*; and that this Evil is of many Years standing, and grown inveterate: To these

these two great Hardships add this other Misfortune, that the Kingdom is distressed by a Scarcity of Money, occasioned both by the Prevalence of *Passive* Commerce, and by Reason of such a Disproportion between the two Metals, viz. Gold and Silver, that one of them only is employed in Commerce, the other being extremely scarce and rare.

8. If we enter into the Consideration of what is most proper to be done in such a Case, though the Rules of good Oeconomy require, that in such Circumstances, the extrinsic Price of foreign Money should be brought five *per Cent.* lower, besides the Charges of Coinage; yet because many, not understanding the true Source of those Disorders, which take their Rise from a losing Trade, and the Want of a due Proportion between the two Metals, think it would be proper, in such a Situation, to raise the current Value of the Coin of the Kingdom; therefore, agreeably to this common Opinion, it seems prudent, as a Kind of temporary Remedy, to raise the

[72]

the current Value of the Coin of the Kingdom gradually, at one or two different Times, and then bring down the Price of foreign Money to the intrinsic Value of the two Metals; with this View also that the Coin of the Kingdom may have, as it ought to have, the Preference to all foreign Money. After this the Government ought to exert itself with the greatest Application, to bring Commerce back to an *Equilibrium*, which is the only Means of keeping the Money within the Kingdom; but as soon as Commerce is established upon this Footing, and Money thereby secured against going out of the Country, it ought immediately to be brought down to its original Value.

9. Now since all that has been said concerning Money, and the Regulations that are proper with Respect to it, is wholly and only intended to discover the Manner in which the Riches of Kingdoms are increased; and it being also true, that there is no other Way to secure this Advantage, and make a Country abound with Money,
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(which, after all, cannot be said to constitute the Riches of a State, but as it is the Measure of the Things that are mutually to be exchanged) but by taking proper Care to employ the Inhabitants in Trade; it is therefore necessary to establish this as a Maxim of great Importance, to wit, that Commerce is the most essential Means of securing the Welfare, and advancing the Grandeur, of a Nation. And since such a happy Condition is a national Benefit, not only very useful to, and highly desirable by the Subjects, but also, over and above all other Advantages, brings the greatest Glory to the Prince, it ought to be his particular Study, above every other Concern, to make Commerce thrive and flourish in his Dominions.

10. Indeed, let Industry but flourish remarkably in any Kingdom, and we shall very soon find great Affluence and Plenty of Money therein: And as the People will always ascribe this abundant Affluence to the tender and provident Care of the Prince, it is hardly credible, how willing

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and ready they will be to contribute the greatest Sums, upon any particular Emergency of Affairs, and when any urgent Necessity of their Sovereign demands their Assistance.

11. But as the Means to attain this End may to some, possibly, appear extremely difficult, or perhaps impossible; it is very proper for our Purpose to observe here, that nothing should be thought difficult, nothing supposed impossible, which may contribute to pave the Way for Subjects to become acquainted with Arts, Manufactures, and other industrious Exercises: And whenever so great a Blessing comes in Sight, the Project ought to be carried into immediate Execution, whatever be the Hardships and Difficulties, with which it may seem to be attended. For when such Manufactures are once introduced, and the Subjects laid under a Necessity of setting their Hands to work, a Way is opened for foreign Money to flow into the Kingdom, in great Quantities. And the Means which we have proposed,
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for attaining this excellent and desirable End, being easy in their own Nature, will become still more so, when Princes shall by Degrees be more and more confirmed in these Views, by tasting largely of the Sweets that are to be obtained, by promoting the Interest of their Subjects, and making Industry familiar to them: And when, fixing their Eyes on the Practice of so many Nations, and considering the Ardor wherewith they are constantly employed in Works and Manufactures; they shall also exert themselves to introduce into their Dominions the same Causes of Wealth and Riches.

12. And from hence it evidently appears, that no Nation can be very happy or rich, wherein no Means are used to reconcile the People to Industry, and to employ them in manufacturing those Commodities, which are the original Produce of the Country, both for the Use of the Natives, and other less cultivated Kingdoms.

13. Since it would be so much the
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more inexcusable not to improve the Advantage of those native Riches, and to suffer that to be lost, which the indulgent Soil offers to our Use, as the good Success of others is a convincing Proof, that though a Kingdom should be naturally destitute of particular Kinds of Commodities, the Inhabitants ought not, for that Reason, to be less industrious. Of this we have a remarkable Instance in the *English*, who carry on such considerable Manufactures of Gold and Silver, though they have no Mines of their own, and are obliged to bring the Materials of their Labour and Art from foreign Countries; and likewise in the *Dutch*, who, though they have in their own Provinces little or no Wool, are nevertheless employed with great Industry in making a vast many Sorts of Cloth and Stuffs, for the Use and Benefit of all the Nations of *Europe*. From all which we must conclude, that Princes may expect every Thing that is agreeable from their Subjects, when they make it their Study to inure them to Labour

[77]

bour and Industry, and by that Means obtain, for their Kingdoms, every Advantage they can have in View.

14. And that what we here offer may not rest in a general and fruitless Theory, I reckon it will be proper now to shew, in what Manner they must proceed, that their Labours may be actually crowned with such happy Success, and that they may see their Subjects thriving by their Industry, and their Dominions flourishing in those Arts and Manufactures, which produce a rich and profitable Commerce. And because the End cannot be expected, if the Means that directly lead to it are not first employed; therefore if any Prince be ambitious of obtaining all those Advantages which we have proposed, and aims at securing them to his Dominions, though according to the various Circumstances of each particular Province, the Method will require to be varied a little; yet we shall here propose a Pattern for him to imitate, and for that Purpose represent a Country so conditioned, with Regard both to the
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[78]

Nature of the Soil, the Convenience of it's Situation, and the Number of it's Inhabitants, that we may from thence derive such Hints and Advices as are for our Purpose, and from it's peculiar Circumstances draw such useful Conclusions, as may be accommodated to the Benefit of other Nations also. Let us then suppose a Kingdom surrounded by a great Extent of Sea, that has a large Tract of inland Provinces, that one Part thereof, namely, the maritime Country, contains large Plains, fruitful in several different Sorts of Products, and that it's Inhabitants are busily employed in Traffic both by Sea and Land; while the other Part thereof, I mean the inland Country, has little or no Trade at all. Supposing now a Kingdom to be in such a Situation, let us enquire what Advantage or Benefit may be derived from each of the Circumstances specified, and what Methods ought to be taken to promote Industry, encourage Arts and Manufactures, and improve Commerce therein; and in order thereto, let us begin

[79]

gin with considering the Provinces that lie next the Sea.

15. With Regard to these then, the most proper Method of Management seems to be, that in case they yield such large Quantities of Corn, Wine, and other Products of the like Nature, that besides what is necessary for the Consumption of the Inhabitants, there is an Overplus to be exported for the Use of Foreigners; supposing this, I say, to be the Case, and that we desire to excite the Inhabitants to cultivate Corn, Wine, &c. in greater Abundance, and also to engage Foreigners to come with greater Readiness to purchase those Commodities, the following seems to be the most proper Method for attaining both those Ends, *viz.* that if there be any Kingdoms, either in the Neighbourhood, or at a considerable Distance, which have plenty of the same Commodities for carrying on a foreign Trade, the strictest and most careful Inquiry ought to be made into the Conduct of those Nations, with a View to find out the most effectual Means
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[80]

of inducing Foreigners to purchase the Commodities of our supposed Kingdom, preferably to any others. But nothing can have a greater Effect towards promoting this Intention, than to set about lowering the Duties upon the Exportation of such Commodities; nay, they should even be sacrificed entirely to such an useful Design, if that should be necessary to compleat it. Let us now see what Advantages will flow from such a Conduct.

16. And first, the Profit and Advantage arising to the Subjects would be so great, that they would be thereby well enabled, without repining, to make up the Loss of the Revenue, by submitting to the Imposition of such other Taxes, as they could afford to pay: And in the next Place, as this Disposition of Affairs would bring the *Active* Commerce of the Kingdom to be more considerable than the *Passive*, a necessary Consequence thereof would be the falling of foreign Exchanges, and by this Means, Gold and Silver would be purchased, at so much the more easy Rates, in
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[81]

order to be coined into Money. This would not only produce the greatest Advantage to the Mint, but also reimburse to the Treasury the full Duties on the Exportation of Corn, and other Commodities, which it had formerly dispensed with.

17. Let us now take a View of the inland Provinces, which lie at a considerable Distance from the Sea, and which we have supposed to be of a barren Soil, producing very little, and it's Inhabitants having no foreign or domestic Trade, whereby to better their Fortunes. If then the Question be, what Method is to be taken with Regard to this Part of the Country, and if such a Resolution be formed, as we have often spoke of, to cure the Indolence of the Inhabitants, and to make them active and industrious, by introducing among them the Exercise of those useful Arts, with which they are hitherto unacquainted; it is an easy Matter to shew what Course is to be taken, and what Means must be employed for the Attainment of this End.

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18. And, in the first Place, if it be true, as it most certainly is, that the better a Kingdom is peopled, the richer it's public Treasury will be; and if it be sincerely intended, that from being barren and desolate, these Provinces should become rich and fruitful, and the Inhabitants be incited to Industry, and enabled to exercise the mechanical Arts, no Measure can be more effectual for this Purpose, than that of making the Means of Life so easy and attainable, that their Subsistence may be attended with as little Expence as possible. And though no other Way should be found to gain this Point, but the Treasury's easing them of the inland Duties and Taxes, which they are obliged to pay; yet nevertheless, if we consider what has been shewn above, concerning the Advantages which the Treasury obtains by increasing the Number of the Inhabitants; this Relief ought, by all Means, to be granted, and even with Chearfulness; and not only so, but if we allow ourselves to consider maturely the

the vast Importance of this internal Trade, and the Usefulness of Industry among the Inhabitants; it will appear to be for the Interest of the Treasury, not only to ease the People of the Impositions mentioned, but even to supply them with Money, and appoint proper Inspectors to oversee the new Manufactures that are to be introduced. Thus it is recorded of *Henry VII. of England*, that by the Means we have here suggested, namely, by advancing large Sums to promote Trade, and support those who were employed in it, he left his Kingdom exceeding rich.

19. That this Design might be carried on with the greater Success, it would be prudent to order Matters so, that those Commodities, which are of the native Growth of the fruitful Parts of the Country, should be raised in greater Abundance, which might be effected in the following Manner:

20. For supposing a Kingdom to be in such Circumstances, that it's Provinces are very well provided with Silk, and Wool,

[84]

of their own Growth, which are the principal Materials of Manufactures by the Loom, and that there is not only enough of the said Commodities for the Consumption of the Inhabitants, but also for carrying on a Trade with Foreigners: In such a Case, I say, the Method which ought to be observed for enlarging the Traffic in those Commodities, promoting their Exportation, and propagating the Trees, and Flocks, which produce them, is as follows: After these Commodities are manufactured, effectual Care ought to be taken, that they may be exported Duty-free. Nor is this the only Precaution necessary; for it is also of great Consequence that the Goods, which are brought into the Kingdom to be manufactured by the Hands of the Subjects, be imported Duty-free; and that the same Privilege be extended to such Commodities as new Fashions render necessary, to be interwoven with Silk or Woollen Manufactures, such as foreign Wools of a finer Staple than the Native, Castor, Camel's Hair,

[85]

Hair, Cotton, and such other Goods as contribute to the Usefulness and Perfection of the Manufactures: And, to conclude, that no Tax or Imposition be laid upon such of the new Manufactures, as are consumed by the Subjects themselves.

21. If then any Prince is sincerely disposed to proceed in this Method, and to carry this Scheme into Execution, there is not the least Room to doubt but he will obtain the End proposed, and be able to recover, with great Advantage, all the Losses which he shall voluntarily sustain by the Duties, which his Treasury shall remit to his Subjects, and also all the Money he shall advance to encourage and support their Industry, when by an agreeable Revolution of Affairs, he shall see those Provinces, which formerly had no Trade, and but few Inhabitants, made to flourish by great Numbers of People, skilled and employed in various Arts and Manufactures, for the Use not only of their Fellow-Subjects, but of Foreigners also: When, I say, laying new Taxes up-
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[86]

on the Profits of his Subjects, which are by this Means greatly increased, his Treasury shall be reimbursed with much greater Sums of Money, than he formerly exacted. For such a Prince will certainly have the very same Success which the late *Czar, Peter the Great*, met with in his vast Empire of *Russia*; who, by granting Immunities and Privileges to Foreigners, saw, not only during his own Life, but in a very short space of Time, a second Royal City rise out of the Fens and Marshes, and rival his very Capital, being filled with acquired Subjects, who by Means of the Arts and Manufactures they introduced, rendered it the Mart of Commerce between all *Europe*, and his spacious Dominions.

22. And having said so much concerning the Method of introducing Manufactures into a Kingdom; and having already shewn how much it is the Interest of the Revenue to keep the Subjects in constant Employment, though it should be at the public Expence; we may from thence easily

[87]

easily conclude, that nothing can be more prejudicial to a Kingdom, than for the Prince to neglect keeping his Attention constantly and zealously fixed upon the Importation of foreign Manufactures, whether for the Use of the Court, or the Consumption of the Subject. Because an Evil of this Kind is the more apt to Increase, and to produce daily worse and worse Effects, as those who do not thoroughly understand the Affair, may be easily misled by a specious but false Appearance of public Utility.

23. The Truth is, that while we consider only the Sums brought into the Treasury, by the Duties on foreign Commodities imported, we are not aware of the latent Evil, which at one and the same Time exhausts the Treasury, and impoverishes the Subject. For this supposed Advantage is obtained by a Measure, which, while it brings in twenty *per Cent.* to the Exchequer, robs the common Patrimony of the Prince and the People of eighty *per Cent.*; and besides,

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not only all Motives to Industry are thereby checked, and those Arts and Fabrics prevented from flourishing, which might induce Foreigners to purchase the new Manufactures of our supposed Kingdom, but also the People are deprived of the Benefit of using them for their own Consumption.

24. Wherefore, with Respect to this Kingdom, which we have pitched on to be, as it were, a Pattern of good Order and Oeconomy, and which, above all Things, we desire to render active and industrious, it would, in my Opinion, be most proper to prohibit entirely all unnecessary foreign Manufactures. But after all, if the home-made Manufactures be found insufficient for the Demands of the Inhabitants, and Necessity require that those of Foreigners should be tolerated; in this Case, still supposing that there is a fixed Resolution to take Advantage of the natural Ambition of the Inhabitants to be rich, which is never extinguished, but continually growing, and to pursue such Measures

Measures as may effectually dispose them to Application and Industry; I shall, for this Purpose, lay down a Method so proper, that nothing would more surely or effectually reach the End. For supposing the Use of foreign Manufactures were tolerated, the Importation thereof ought to be loaded wth such heavy Duties, that the Subjects might by Degrees grow weary of them, and, which would soon happen, earnestly desire them to be entirely prohibited.

25. But what is most essential to the Subject under Consideration, and would contribute more than any thing to the Industry we want to introduce, as well as to every Advantage, and Improvement in Trade; is, that the Sovereign neglect no Means of promoting the Circulation of Money among his Subjects: Because the more that circulates, the more extensive will the inland Trade of the Kingdom be, to the Benefit of the Subject, as well as of the Revenue. And that this is actually the Case, every one, who attentively considers

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ders the Matter, will evidently perceive.

26. For if we take a general View of a Commonwealth with Regard to it's economical Regulations, and distinguish the Subjects thereof according to their various Ranks, or as they may be classed by their different Circumstances; we shall find Matters so disposed with Relation to the Employment of Money, that the higher Men are in Rank and Fortune, the greater Disadvantage are they under with respect to the laying out of their Money, and the less considerable is the Income they receive from their capital Stock. But if we descend gradually from the highest, and proceed regularly downwards, through the various Classes of People in Trade, we shall find the Advantages obtained by the Use of Money grow still more and more considerable, the lower we go down among the inferior Ranks; until we come to the lowest of all, wherein, though their Trades be mean, yet they are at the same Time so vigorous, active, and extensive,

five, that the Money employed therein acquires, by it's constant Motion, such a Force as increases and multiplies it infinitely.

27. And, in Fact, if those of the first Rank, who are above Labour and Industry, and lay out all their Money either in Land, or in the public Funds, reap no greater Benefit thereby than two or three *per Cent*, the other Ranks, in proportion as they descend from the first, make more and more Advantage of their Money, and the last and lowest of all, though the Sums they employ in Trade are but small, yet no Bounds can be assigned to the Profits they may acquire: And as this Part of a State is by far the most numerous, it cannot but be undoubtedly evident to every thinking Person, that an immense Traffic must, by their Means, be carried on within the Kingdom. And is it possible not to conclude from hence, that it is a Matter of the utmost Importance to the Interest of the Subject, of the Revenue, and of the whole Kingdom, that the most

[92]

attentive and zealous Care be taken to make the Circulation of Money as large and extensive as possible? For by this Means not only the Subjects are presented with Opportunities of increasing their Substance with the greatest Ease possible, but also an additional Revenue accrues to the Treasury, from the Duties on the various Sorts of Commodities consumed in Food, Cloths, and other Necessaries.

28. And hence it appears with great Evidence, how far those Counsels are from promoting the real Interest of a Kingdom, which aim at augmenting the Revenue, by setting on foot new Methods of bringing great Sums into the Exchequer; for such Measures having the natural and necessary Effect of obstructing the Course, and stopping the Circulation of Money, do infinite Prejudice and Detriment to the Trade of a Nation. And Commerce being thus impoverished and starved, the Vigour and Strength of the State is weakened and reduced. For though the Sums, which are raised by such Methods, may have the
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[93]

Appearance of public Utility; yet it is not considered that by such Means, the very Springs and Sources of the Revenue are dried up. For as the perfect Health of the whole Body consists in the Soundness, and Strength of the several Members; and as a Plant cannot thrive, when it is deprived of the nutritious Juices, which are the Cause of it's Vegetation, and the Means of preserving it; so it is impossible that the Strength of a Kingdom should not be at least greatly impaired, when by stopping the Circulation of Money, a Stop is put to Trade itself, and to the Riches of the Subject, which constitute the Wealth of the whole Kingdom.

29. As we have already laid down a general Plan of all that relates to a Kingdom, both with Respect to the Methods for improving Commerce, removing the Defects and Imperfections that may attend it, and rendering the Subjects expert in Trade; it now remains that we take Notice of some Particulars with Regard to
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the Prince himself, and the Revenues which must support the Charges of his Government, both civil and military.

30. And since this part of our Work relates to the public Taxes, Crown Lands, Imposts upon Goods, and other Duties; it is obvious to every Understanding, that such Subjects ought to be treated with the greatest Care and Accuracy.

31. But as a prevailing Custom hath been introduced of farming out these Revenues to private Persons, to the great Detriment of the Treasury; it is not foreign to our present Purpose to take Notice, how much better it would be for the Prince, and for the Treasury, that the former should take the Management of the Revenues out of private Hands, and order them to be collected by Commissioners in his own Name. And, indeed, besides that the Regulation of the public Revenues is a Matter of such Importance, as better suits the Majesty of the Prince, for whose Maintenance they are intended, than the Rank of a private Man; it also requires

requires more Prudence and Authority than can be expected from a private Person. For as such have not very enlarged Views, and as their Power is the more limited, the further their Condition is from Sovereignty, let their Talents and Abilities be what they will, they can never find proper Expedients for all the various Exigencies of Affairs that may arise.

32. But if we take a View of the Revenue itself; the Sums that it brings into the Exchequer, when collected in the Prince's Name, are much more considerable than when it is managed by private Farmers. For the principal View of such is to secure to themselves, even at the Expence of the Treasury, a certain Profit on the annual Collection; and in so doing they have a greater Regard to their own Interests, than to those of the Public. Wherefore with Respect to our present Subject, it seems to me to be for the Benefit and Advantage of any Kingdom, or Republic, that (excepting such Branches of the Revenue as produce but little, and are

[96]

are of no great Consequence, as well as others that are of great Extent, and yet consist of many inconsiderable Sums to be collected, requiring at the same Time so many particular Regulations, and such a close Attention, that the Prince or his Ministers cannot, without the greatest Difficulty, engage therein, and therefore may be more conveniently farmed out to private Persons) all those of greater Consequence should be carried on in the Prince's Name, under the Direction of Subjects of distinguished Abilities; such, for Instance, as the great Branch of the Duties on Goods imported, on Salt for Home-Consumption, and other such Commodities, the Land-Tax, and other Revenues of the like Nature.

33. But if, for particular and good Reasons, the System which we have proposed shall be thought impracticable by any Kingdom; in such a Case, if the Revenues must be farmed to private Persons the Matter ought so to be ordered, that they may produce as much in the Hands of
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[97]

private Men, as in those of the Prince himself; for which Purpose all the Power and Authority of the Sovereign must be exerted.

34. Whether therefore the Sovereign shall think proper to resume the Revenues into his own Hands, or farm them out to others; it must be his particular Care and constant Study to cut off all Opportunities of Fraud, and, in order thereto, whatever Circumspection and Severity is employed to prevent Prejudice to the Sovereign, with Respect to his Jurisdiction over his Dominions, the same must be used to prevent the Loss or Diminution of any of the Rights of the Exchequer, by Fraud or Smuggling; and therefore an armed Force ought to be employed both in the Kingdom, and on its Frontiers, to enforce the Execution of the Laws concerning the Revenue, and that with such Rigour and Severity, that the desired Effect may be ascertained; for otherwise the Advantages in View cannot be expected.

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35. Moreover, to secure inviolably the Payment of the Customs, it would be of great Use to put in Execution the following Project, which would serve as an Example of great Weight and Influence on Persons of all Ranks, especially those who are near the Person of their Sovereign; *viz.* to make it a standing Rule that the Duties on all Commodities imported for the Use of the Royal Family, of Foreign Ministers, or of any other Persons, whom, on Account of some Privilege or Distinction, it might be proper to continue in the Possession of an Exemption, should be paid out of the Treasury. For by this Method of compensating those Exemptions, the exact Amount of the Produce of the Customs would be obtained, as all Particulars would be included therein; and it would at the same Time prevent fraudulent Entries of large Quantities of Goods, under the Pretence of such Exemptions.

36. And

[99]

36. And this Method of Oeconomy which we have proposed, will not only be attended with the Advantage of bringing into the Treasury, over and above the Sums it would have otherwise received, the whole Profits that would have been made by the private Farmers, and all that it was formerly deprived of by the Means above-mentioned; but also to this would be added the Benefit which must arise from the Influence of this System, in promoting Arts and Manufactures within the Kingdom; because when the Gate is once shut against those Traders, who by cheating the Custom-House, import foreign Commodities Duty-free, the greatest Obstruction to the Consumption of Home-Manufactures will be removed. And last of all, which ought to be looked upon as a Matter of considerable Importance, this Method affords no small Relief to the Families of those Merchants, who, being punctual in their Obedience to the Rules of the Custom-House, are, to the great

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Detriment of their Fortunes, supplanted by those, who finding Opportunities to smuggle their Goods, can afford to serve the Market at an under Rate. From all which we ought to conclude, that such prudent and circumspect Measures, with Regard to the Duties, not only produce many Advantages, but also prevent many great Mischiefs.

37. And because we would wish that this Commonwealth, the Oeconomy whereof we have been hitherto considering, might, if possible, be perfect in all it's Parts, it now remains that we point out the Means of securing and establishing the Measures already suggested, and of bringing them, with the greater Ease, to the desired End.

38. If then it be true, that to proceed regularly and successful in the Management of any Affair, it is necessary to lay down a proper Plan, that we may have before our Eyes a certain Rule for our Government in every Exigence; it is undoubtedly most evident, that if this Conduct,

duct be not observed in the Affair of Oeconomy, it cannot be carried on in a regular and uniform Manner, nor attain the desired End. And therefore as we see that, in civil Policy, and military Discipline, Matters are so ordered, that there are distinct Degrees of Superintendency, and different Offices, to keep every Thing in it's proper Place and Sphere; so the very same Disposition must be made in every well-regulated Commonwealth, for the Direction of it's Commerce and Manufactures.

39. In Conformity therefore to this Method, it seems to me highly proper, that prudent Magistrates should be chosen, and that each of them, according to their different Talents and Abilities, should have the Inspection of some particular Branch of Business. Among them it would be very proper to appoint Noblemen, Gentlemen, Bankers, and Consuls of Arts; and that whatever is proposed at their Meetings, or comes under their
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[102]

Deliberation, should be determined by common Consent; and, moreover, that they should make Laws, enjoining Submission to the Rules laid down by those Magistrates, and punctual Obedience to all their Orders, and thus maintain in their full Vigour such wholesome Regulations, as would greatly contribute to the Improvement of the several Professions.

40. Moreover, because the Ambition of Mankind to signalize themselves, by promoting the Interest of their Country, increases in Proportion to the Respect that is paid them, and the Marks of Honour whereby they are distinguished; it would therefore be commendable, as it must produce good Effects, that the Prince should grant Privileges, Prerogatives, and also handsome yearly Salaries, to those Noblemen and Gentlemen who should distinguish themselves in the above-mentioned Offices, that thus the Order of Merchants might appear in a better Light, and be thought more honourable.

41. And

[103]

41. And, to speak the Truth, if both in civil and military Life, we see Subjects raised to Honours, according as they distinguish themselves by their Merit, and dignified with such Prerogatives as the Generosity of their Prince thinks proper to bestow upon them; if we see them admitted to his Counsels, and advanced to such Employments in the State, and in the Army, that the Nobility think it no Dishonour to associate with them; there is no Reason why some considerable Mark of Regard should not be paid to those Subjects, who are employed in great Branches of Commerce, whose Counsels, by Reason of their thorough Acquaintance with Matters of Oeconomy, may be of great Service to the State, as they themselves may, with the strictest Justice, be called the principal Supports and Pillars of their Country. And since it is evident beyond all dispute, that Commerce is the Origin of that Vigour, which is the powerful Support of Kings in the Exercise of their

their supreme Authority, and the Source of Wealth, which lays the Foundation of the greatest Monarchies; it is surprizing that a Man, whose Industry and Capacity in a Matter of such vast Moment and Importance is well known, should meet with little or no Esteem at all.

42. The Contempt which is thrown upon those who are employed in Commerce, is the Occasion of great Loss and Detriment to the Kingdoms and States, that treat them so ill; and that in many different Respects, but particularly with Regard to the Nobility, who, tho' they are not less remarkable for their Riches and Affluence, than for their Talents and Capacity, and are therefore better adapted to Commerce than others, yet after all purposely avoid it. In this they shew their Sentiments to be far different from those of the *English*, among whom the younger Sons, even of the first Nobility of those Kingdoms, think it not beneath them to increase their Patrimony by Means of Trade.

Trade: And it is very certain, that that Nation would not be able to boast of so great Riches, if they were not free from that innate Aversion, which is industriously instilled into the Minds of the Nobility in other Nations, to prevent their carrying off the Prize of Trade.

43. But, however much the Judgments of some are perverted on this Head, that Trade may not be looked upon as altogether unworthy of a Nobleman, it is proper to observe, that even among the most polished Nations it was never thought mean or low to endeavour, by any Way, to improve one's Fortune, and promote the public Good; since it is well known, that some of the antient *Romans* were raised from the Plough to the Dictatorship, and the highest Command in the Army. And if Persons remarkably diligent in a laudable domestic Oeconomy were thought worthy of public Distinction, and honourable Employments; how much more ought they to be esteemed so,
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who apply themselves not solely to the Management of little Family Concerns, but to the Direction of the important Oeconomy of a whole Kingdom? This will also appear sufficiently evident from what we have advanced in the Beginning of this Essay, concerning Commerce, viz. That Trade had always been in such high Reputation, and accounted so glorious, that even the most renowned Philosophers and Legislators did not despise it, which is confirmed by the general Report of History concerning, *Thales, Solon, Hippocrates,* and *Plato.*

44. But to come to the Conclusion of the whole Matter, and put an End to this Dissertation: When a Prince is determined to attempt the System of Government, which we have been describing, and has finally resolved to enlarge the Commerce of his Dominions, animate his Subjects to Trade, and make them truly expert therein; he can do nothing more proper or effectual for his

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Purpose, than to declare in the most public Manner, that, excepting such as are employed in small and subordinate Traffic, all those of his Subject, who shall engage in carrying on the great Branches of Commerce by Sea, and with foreign Nations, and those who shall exert themselves in introducing Arts, and Manufactures, and Improvements of this Kind; that all those, I say, shall be admitted to Honours, and civil and military Employments; and that if they belong to the Order of the Nobility, they shall not be deemed to have thereby fallen from the Rank due to their Birth and Quality, so that both they themselves, and such of their Descendants as shall continue on the same Line of Commerce, may be admitted into the Order of Knighthood, have access to be of the Council of State, and aspire also to military Preferments. This Declaration being once made, the Prince will quickly see a more numerous Race of Subjects growing up, who will

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vigorously apply to Trade, grow very expert in the Practice of it, as well as extremely active, and eagerly employ their Talents in improving the Revenues of the Crown, promoting the Advantage of their Fellow-Subjects, and the general Interest of the whole Kingdom,

F I N I S.

