

THE WEALTH OF NATIONS

The foundation for all modern economic thought and political economy



ADAM SMITH



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Table of Contents

An Inquiry into the Nature and Causes of the Wealth of Nations

by Adam Smith

INTRODUCTION AND PLAN OF THE WORK.

BOOK I. OF THE CAUSES OF IMPROVEMENT IN THE PRODUCTIVE POWERS OF LABOUR, AND OF THE ORDER ACCORDING TO WHICH ITS PRODUCE IS NATURALLY DISTRIBUTED AMONG THE DIFFERENT RANKS OF THE PEOPLE.

CHAPTER I. OF THE DIVISION OF LABOUR.

CHAPTER II. OF THE PRINCIPLE WHICH GIVES OCCASION TO THE DIVISION OF LABOUR.

CHAPTER III. THAT THE DIVISION OF LABOUR IS LIMITED BY THE EXTENT OF THE MARKET.

CHAPTER IV. OF THE ORIGIN AND USE OF MONEY.

CHAPTER V. OF THE REAL AND NOMINAL PRICE OF COMMODITIES, OR OF THEIR PRICE IN LABOUR, AND THEIR PRICE IN MONEY.

CHAPTER VI. OF THE COMPONENT PART OF THE PRICE OF COMMODITIES.

CHAPTER VII. OF THE NATURAL AND MARKET PRICE OF COMMODITIES.

CHAPTER VIII. OF THE WAGES OF LABOUR.

CHAPTER IX. OF THE PROFITS OF STOCK.

CHAPTER X. OF WAGES AND PROFIT IN THE DIFFERENT EMPLOYMENTS OF LABOUR AND STOCK.

PART I. Inequalities arising from the nature of the employments themselves.

PART II.—Inequalities occasioned by the Policy of Europe.

CHAPTER XI. OF THE RENT OF LAND.

PART I.—Of the Produce of Land which always affords Rent.

PART II.—Of the Produce of Land, which sometimes does, and sometimes does not, afford Rent.

PART III.—Of the variations in the Proportion between the respective Values of that sort of Produce which always affords Rent, and of that which sometimes does, and sometimes does not, afford Rent.

Conclusion of the Digression concerning the Variations in the Value of Silver.

Conclusion of the Chapter.

BOOK II. OF THE NATURE, ACCUMULATION, AND EMPLOYMENT OF STOCK.

INTRODUCTION.

CHAPTER I. OF THE DIVISION OF STOCK.

CHAPTER II. OF MONEY, CONSIDERED AS A PARTICULAR BRANCH OF THE GENERAL STOCK OF THE SOCIETY, OR OF THE EXPENSE OF MAINTAINING THE NATIONAL CAPITAL.

CHAPTER III. OF THE ACCUMULATION OF CAPITAL, OR OF PRODUCTIVE AND UNPRODUCTIVE LABOUR.

CHAPTER IV. OF STOCK LENT AT INTEREST.

CHAPTER V. OF THE DIFFERENT EMPLOYMENTS OF CAPITALS.

BOOK III. OF THE DIFFERENT PROGRESS OF OPULENCE IN DIFFERENT NATIONS

CHAPTER I. OF THE NATURAL PROGRESS OF OPULENCE.

CHAPTER II. OF THE DISCOURAGEMENT OF AGRICULTURE IN THE ANCIENT STATE OF EUROPE, AFTER THE FALL OF THE ROMAN EMPIRE.

CHAPTER III. OF THE RISE AND PROGRESS OF CITIES AND TOWNS, AFTER THE FALL OF THE ROMAN EMPIRE.

CHAPTER IV. HOW THE COMMERCE OF TOWNS CONTRIBUTED TO THE IMPROVEMENT OF THE COUNTRY.

BOOK IV. OF SYSTEMS OF POLITICAL ECONOMY.

CHAPTER I. OF THE PRINCIPLE OF THE COMMERCIAL OR MERCANTILE SYSTEM.

CHAPTER II. OF RESTRAINTS UPON IMPORTATION FROM FOREIGN COUNTRIES OF SUCH GOODS AS CAN BE PRODUCED AT HOME.

CHAPTER III. OF THE EXTRAORDINARY RESTRAINTS UPON THE IMPORTATION OF GOODS OF ALMOST ALL KINDS, FROM THOSE COUNTRIES WITH WHICH THE BALANCE IS SUPPOSED TO BE DISADVANTAGEOUS.

Part I—Of the Unreasonableness of those Restraints, even upon the Principles of the Commercial System.

PART II.—Of the Unreasonableness of those extraordinary Restraints, upon other Principles.

CHAPTER IV. OF DRAWBACKS.

CHAPTER V. OF BOUNTIES.

CHAPTER VI. OF TREATIES OF COMMERCE.

CHAPTER VII. OF COLONIES.

PART I. Of the Motives for Establishing New Colonies.

PART II. Causes of the Prosperity of New Colonies.

PART III. Of the Advantages which Europe has derived From the Discovery of America, and from that of a Passage to the East Indies by the Cape of Good Hope.

CHAPTER VIII. CONCLUSION OF THE MERCANTILE SYSTEM.

CHAPTER IX. OF THE AGRICULTURAL SYSTEMS, OR OF THOSE SYSTEMS OF POLITICAL ECONOMY WHICH REPRESENT THE PRODUCE OF LAND, AS EITHER THE SOLE OR THE PRINCIPAL SOURCE OF THE REVENUE AND WEALTH OF EVERY COUNTRY.

APPENDIX TO BOOK IV

BOOK V. OF THE REVENUE OF THE SOVEREIGN OR COMMONWEALTH

CHAPTER I.

OF THE EXPENSES OF THE SOVEREIGN OR COMMONWEALTH.

PART I. Of the Expense of Defence.

PART II. Of the Expense of Justice

PART III. Of the Expense of public Works and public Institutions.

CONCLUSION.

CHAPTER II.

OF THE SOURCES OF THE GENERAL OR PUBLIC REVENUE
OF THE SOCIETY.

CHAPTER III.
OF PUBLIC DEBTS.

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INTRODUCTION AND PLAN OF THE WORK.

The annual labour of every nation is the fund which originally supplies it with all the necessaries and conveniencies of life which it annually consumes, and which consist always either in the immediate produce of that labour, or in what is purchased with that produce from other nations.

According, therefore, as this produce, or what is purchased with it, bears a greater or smaller proportion to the number of those who are to consume it, the nation will be better or worse supplied with all the necessaries and conveniencies for which it has occasion.

But this proportion must in every nation be regulated by two different circumstances: first, by the skill, dexterity, and judgment with which its labour is generally applied; and, secondly, by the proportion between the number of those who are employed in useful labour, and that of those who are not so employed. Whatever be the soil, climate, or extent of territory of any particular nation, the abundance or scantiness of its annual supply must, in that particular situation, depend upon those two circumstances.

The abundance or scantiness of this supply, too, seems to depend more upon the former of those two circumstances than upon the latter. Among the savage nations of hunters and fishers, every individual who is able to work is more or less employed in useful labour, and endeavours to provide, as well as he can, the necessaries and conveniencies of life, for himself, and such of his family or tribe as are either too old, or too young, or too infirm, to go a-hunting and fishing. Such nations, however, are so miserably poor, that, from mere want, they are frequently reduced, or at least think themselves reduced, to the necessity sometimes of directly destroying, and sometimes of abandoning their infants, their old people, and those afflicted with lingering diseases, to perish with hunger, or to be devoured by wild beasts. Among civilized and thriving nations, on the contrary, though a great number of people do not labour at all, many of whom consume the produce of ten times, frequently of a hundred times, more labour than the greater part of those who work; yet the produce of the whole labour of the society is so great, that all are often abundantly supplied; and a workman, even of the lowest and poorest order, if he is frugal and industrious, may enjoy a greater share of the necessaries and conveniencies of life than it is possible for any savage to acquire.

The causes of this improvement in the productive powers of labour, and the order according to which its produce is naturally distributed among the different ranks and conditions of men in the society, make the subject of the first book of this Inquiry.

Whatever be the actual state of the skill, dexterity, and judgment, with which labour is applied in any nation, the abundance or scantiness of its annual supply must depend, during the continuance of that state, upon the proportion between the number of those who are annually employed in useful labour, and that of those who are not so employed. The number of useful and productive labourers, it will hereafter appear, is everywhere in proportion to the quantity of capital stock which is employed in setting them to work, and to the particular way in which it is so employed. The second book, therefore, treats of the nature of capital stock, of the manner in which it is gradually accumulated, and of the different quantities of labour which it puts into motion, according to the different ways in which it is employed.

Nations tolerably well advanced as to skill, dexterity, and judgment, in the application of labour, have followed very different plans in the general conduct or direction of it; and those plans have not all been equally favourable to the greatness of its produce. The policy of some nations has given extraordinary encouragement to the industry of the country; that of others to the industry of towns. Scarce any nation has dealt equally and impartially with every sort of industry. Since the down-fall of the Roman empire, the policy of Europe has been more favourable to arts, manufactures, and commerce, the industry of towns, than to agriculture, the Industry of the country. The circumstances which seem to have introduced and established this policy are explained in the third book.

Though those different plans were, perhaps, first introduced by the private interests and prejudices of particular orders of men, without any regard to, or foresight of, their consequences upon the general welfare of the society; yet they have given occasion to very different theories of political economy; of which some magnify the importance of that industry which is carried on in towns, others of that which is carried on in the country. Those theories have had a considerable influence, not only upon the opinions of men of learning, but upon the public conduct of princes and sovereign states. I have endeavoured, in the fourth book, to explain as fully

and distinctly as I can those different theories, and the principal effects which they have produced in different ages and nations.

To explain in what has consisted the revenue of the great body of the people, or what has been the nature of those funds, which, in different ages and nations, have supplied their annual consumption, is the object of these four first books. The fifth and last book treats of the revenue of the sovereign, or commonwealth. In this book I have endeavoured to shew, first, what are the necessary expenses of the sovereign, or commonwealth; which of those expenses ought to be defrayed by the general contribution of the whole society, and which of them, by that of some particular part only, or of some particular members of it: secondly, what are the different methods in which the whole society may be made to contribute towards defraying the expenses incumbent on the whole society, and what are the principal advantages and inconveniencies of each of those methods; and, thirdly and lastly, what are the reasons and causes which have induced almost all modern governments to mortgage some part of this revenue, or to contract debts; and what have been the effects of those debts upon the real wealth, the annual produce of the land and labour of the society.

BOOK I.

**OF THE CAUSES OF IMPROVEMENT IN THE
PRODUCTIVE POWERS OF LABOUR, AND
OF THE ORDER ACCORDING TO WHICH
ITS PRODUCE IS NATURALLY
DISTRIBUTED AMONG THE DIFFERENT
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CHAPTER I.

OF THE DIVISION OF LABOUR.

The greatest improvements in the productive powers of labour, and the greater part of the skill, dexterity, and judgment, with which it is anywhere directed, or applied, seem to have been the effects of the division of labour. The effects of the division of labour, in the general business of society, will be more easily understood, by considering in what manner it operates in some particular manufactures. It is commonly supposed to be carried furthest in some very trifling ones; not perhaps that it really is carried further in them than in others of more importance: but in those trifling manufactures which are destined to supply the small wants of but a small number of people, the whole number of workmen must necessarily be small; and those employed in every different branch of the work can often be collected into the same workhouse, and placed at once under the view of the spectator.

In those great manufactures, on the contrary, which are destined to supply the great wants of the great body of the people, every different branch of the work employs so great a number of workmen, that it is impossible to collect them all into the same workhouse. We can seldom see more, at one time, than those employed in one single branch. Though in such manufactures, therefore, the work may really be divided into a much greater number of parts, than in those of a more trifling nature, the division is not near so obvious, and has accordingly been much less observed.

To take an example, therefore, from a very trifling manufacture, but one in which the division of labour has been very often taken notice of, the trade of a pin-maker: a workman not educated to this business (which the division of labour has rendered a distinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labour has probably given occasion), could scarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades. One man draws out the wire; another straightens it; a third cuts it; a fourth points it; a fifth grinds

it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on is a peculiar business; to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind, where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four thousand eight hundredth, part of what they are at present capable of performing, in consequence of a proper division and combination of their different operations.

In every other art and manufacture, the effects of the division of labour are similar to what they are in this very trifling one, though, in many of them, the labour can neither be so much subdivided, nor reduced to so great a simplicity of operation. The division of labour, however, so far as it can be introduced, occasions, in every art, a proportionable increase of the productive powers of labour. The separation of different trades and employments from one another, seems to have taken place in consequence of this advantage. This separation, too, is generally carried furthest in those countries which enjoy the highest degree of industry and improvement; what is the work of one man, in a rude state of society, being generally that of several in an improved one. In every improved society, the farmer is generally nothing but a farmer; the manufacturer, nothing but a manufacturer. The labour, too, which is necessary to produce any one complete manufacture, is almost always divided among a great number of

hands. How many different trades are employed in each branch of the linen and woollen manufactures, from the growers of the flax and the wool, to the bleachers and smoothers of the linen, or to the dyers and dressers of the cloth! The nature of agriculture, indeed, does not admit of so many subdivisions of labour, nor of so complete a separation of one business from another, as manufactures. It is impossible to separate so entirely the business of the grazier from that of the corn-farmer, as the trade of the carpenter is commonly separated from that of the smith. The spinner is almost always a distinct person from the weaver; but the ploughman, the harrower, the sower of the seed, and the reaper of the corn, are often the same. The occasions for those different sorts of labour returning with the different seasons of the year, it is impossible that one man should be constantly employed in any one of them. This impossibility of making so complete and entire a separation of all the different branches of labour employed in agriculture, is perhaps the reason why the improvement of the productive powers of labour, in this art, does not always keep pace with their improvement in manufactures. The most opulent nations, indeed, generally excel all their neighbours in agriculture as well as in manufactures; but they are commonly more distinguished by their superiority in the latter than in the former. Their lands are in general better cultivated, and having more labour and expense bestowed upon them, produce more in proportion to the extent and natural fertility of the ground. But this superiority of produce is seldom much more than in proportion to the superiority of labour and expense. In agriculture, the labour of the rich country is not always much more productive than that of the poor; or, at least, it is never so much more productive, as it commonly is in manufactures. The corn of the rich country, therefore, will not always, in the same degree of goodness, come cheaper to market than that of the poor. The corn of Poland, in the same degree of goodness, is as cheap as that of France, notwithstanding the superior opulence and improvement of the latter country. The corn of France is, in the corn-provinces, fully as good, and in most years nearly about the same price with the corn of England, though, in opulence and improvement, France is perhaps inferior to England. The corn-lands of England, however, are better cultivated than those of France, and the corn-lands of France are said to be much better cultivated than those of Poland. But though the poor country, notwithstanding the inferiority of its cultivation, can, in some measure, rival

the rich in the cheapness and goodness of its corn, it can pretend to no such competition in its manufactures, at least if those manufactures suit the soil, climate, and situation, of the rich country. The silks of France are better and cheaper than those of England, because the silk manufacture, at least under the present high duties upon the importation of raw silk, does not so well suit the climate of England as that of France. But the hardware and the coarse woollens of England are beyond all comparison superior to those of France, and much cheaper, too, in the same degree of goodness. In Poland there are said to be scarce any manufactures of any kind, a few of those coarser household manufactures excepted, without which no country can well subsist.

This great increase in the quantity of work, which, in consequence of the division of labour, the same number of people are capable of performing, is owing to three different circumstances; first, to the increase of dexterity in every particular workman; secondly, to the saving of the time which is commonly lost in passing from one species of work to another; and, lastly, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many.

First, the improvement of the dexterity of the workmen, necessarily increases the quantity of the work he can perform; and the division of labour, by reducing every man's business to some one simple operation, and by making this operation the sole employment of his life, necessarily increases very much the dexterity of the workman. A common smith, who, though accustomed to handle the hammer, has never been used to make nails, if, upon some particular occasion, he is obliged to attempt it, will scarce, I am assured, be able to make above two or three hundred nails in a day, and those, too, very bad ones. A smith who has been accustomed to make nails, but whose sole or principal business has not been that of a nailer, can seldom, with his utmost diligence, make more than eight hundred or a thousand nails in a day. I have seen several boys, under twenty years of age, who had never exercised any other trade but that of making nails, and who, when they exerted themselves, could make, each of them, upwards of two thousand three hundred nails in a day. The making of a nail, however, is by no means one of the simplest operations. The same person blows the bellows, stirs or mends the fire as there is occasion, heats the iron, and forges every part of the nail: in forging the head, too, he is obliged to change his tools. The different operations into which the making of a pin,

or of a metal button, is subdivided, are all of them much more simple, and the dexterity of the person, of whose life it has been the sole business to perform them, is usually much greater. The rapidity with which some of the operations of those manufactures are performed, exceeds what the human hand could, by those who had never seen them, be supposed capable of acquiring.

Secondly, the advantage which is gained by saving the time commonly lost in passing from one sort of work to another, is much greater than we should at first view be apt to imagine it. It is impossible to pass very quickly from one kind of work to another, that is carried on in a different place, and with quite different tools. A country weaver, who cultivates a small farm, must lose a good deal of time in passing from his loom to the field, and from the field to his loom. When the two trades can be carried on in the same workhouse, the loss of time is, no doubt, much less. It is, even in this case, however, very considerable. A man commonly saunters a little in turning his hand from one sort of employment to another. When he first begins the new work, he is seldom very keen and hearty; his mind, as they say, does not go to it, and for some time he rather trifles than applies to good purpose. The habit of sauntering, and of indolent careless application, which is naturally, or rather necessarily, acquired by every country workman who is obliged to change his work and his tools every half hour, and to apply his hand in twenty different ways almost every day of his life, renders him almost always slothful and lazy, and incapable of any vigorous application, even on the most pressing occasions. Independent, therefore, of his deficiency in point of dexterity, this cause alone must always reduce considerably the quantity of work which he is capable of performing.

Thirdly, and lastly, everybody must be sensible how much labour is facilitated and abridged by the application of proper machinery. It is unnecessary to give any example. I shall only observe, therefore, that the invention of all those machines by which labour is so much facilitated and abridged, seems to have been originally owing to the division of labour. Men are much more likely to discover easier and readier methods of attaining any object, when the whole attention of their minds is directed towards that single object, than when it is dissipated among a great variety of things. But, in consequence of the division of labour, the whole of every man's attention comes naturally to be directed towards some one very simple object. It is naturally to be expected, therefore, that some one or

other of those who are employed in each particular branch of labour should soon find out easier and readier methods of performing their own particular work, whenever the nature of it admits of such improvement. A great part of the machines made use of in those manufactures in which labour is most subdivided, were originally the invention of common workmen, who, being each of them employed in some very simple operation, naturally turned their thoughts towards finding out easier and readier methods of performing it. Whoever has been much accustomed to visit such manufactures, must frequently have been shewn very pretty machines, which were the inventions of such workmen, in order to facilitate and quicken their own particular part of the work. In the first fire engines {this was the current designation for steam engines}, a boy was constantly employed to open and shut alternately the communication between the boiler and the cylinder, according as the piston either ascended or descended. One of those boys, who loved to play with his companions, observed that, by tying a string from the handle of the valve which opened this communication to another part of the machine, the valve would open and shut without his assistance, and leave him at liberty to divert himself with his play-fellows. One of the greatest improvements that has been made upon this machine, since it was first invented, was in this manner the discovery of a boy who wanted to save his own labour.

All the improvements in machinery, however, have by no means been the inventions of those who had occasion to use the machines. Many improvements have been made by the ingenuity of the makers of the machines, when to make them became the business of a peculiar trade; and some by that of those who are called philosophers, or men of speculation, whose trade it is not to do any thing, but to observe every thing, and who, upon that account, are often capable of combining together the powers of the most distant and dissimilar objects in the progress of society, philosophy or speculation becomes, like every other employment, the principal or sole trade and occupation of a particular class of citizens. Like every other employment, too, it is subdivided into a great number of different branches, each of which affords occupation to a peculiar tribe or class of philosophers; and this subdivision of employment in philosophy, as well as in every other business, improves dexterity, and saves time. Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of science is considerably increased by it.

It is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, in a well-governed society, that universal opulence which extends itself to the lowest ranks of the people. Every workman has a great quantity of his own work to dispose of beyond what he himself has occasion for; and every other workman being exactly in the same situation, he is enabled to exchange a great quantity of his own goods for a great quantity or, what comes to the same thing, for the price of a great quantity of theirs. He supplies them abundantly with what they have occasion for, and they accommodate him as amply with what he has occasion for, and a general plenty diffuses itself through all the different ranks of the society.

Observe the accommodation of the most common artificer or daylabourer in a civilized and thriving country, and you will perceive that the number of people, of whose industry a part, though but a small part, has been employed in procuring him this accommodation, exceeds all computation. The woollen coat, for example, which covers the day-labourer, as coarse and rough as it may appear, is the produce of the joint labour of a great multitude of workmen. The shepherd, the sorter of the wool, the wool-comber or carder, the dyer, the scribbler, the spinner, the weaver, the fuller, the dresser, with many others, must all join their different arts in order to complete even this homely production. How many merchants and carriers, besides, must have been employed in transporting the materials from some of those workmen to others who often live in a very distant part of the country? How much commerce and navigation in particular, how many ship-builders, sailors, sail-makers, rope-makers, must have been employed in order to bring together the different drugs made use of by the dyer, which often come from the remotest corners of the world? What a variety of labour, too, is necessary in order to produce the tools of the meanest of those workmen! To say nothing of such complicated machines as the ship of the sailor, the mill of the fuller, or even the loom of the weaver, let us consider only what a variety of labour is requisite in order to form that very simple machine, the shears with which the shepherd clips the wool. The miner, the builder of the furnace for smelting the ore, the feller of the timber, the burner of the charcoal to be made use of in the smelting-house, the brickmaker, the bricklayer, the workmen who attend the furnace, the millwright, the forger, the smith, must all of them join their different arts in order to produce them. Were we to examine, in the same manner, all the

different parts of his dress and household furniture, the coarse linen shirt which he wears next his skin, the shoes which cover his feet, the bed which he lies on, and all the different parts which compose it, the kitchen-grate at which he prepares his victuals, the coals which he makes use of for that purpose, dug from the bowels of the earth, and brought to him, perhaps, by a long sea and a long land-carriage, all the other utensils of his kitchen, all the furniture of his table, the knives and forks, the earthen or pewter plates upon which he serves up and divides his victuals, the different hands employed in preparing his bread and his beer, the glass window which lets in the heat and the light, and keeps out the wind and the rain, with all the knowledge and art requisite for preparing that beautiful and happy invention, without which these northern parts of the world could scarce have afforded a very comfortable habitation, together with the tools of all the different workmen employed in producing those different conveniencies; if we examine, I say, all these things, and consider what a variety of labour is employed about each of them, we shall be sensible that, without the assistance and co-operation of many thousands, the very meanest person in a civilized country could not be provided, even according to, what we very falsely imagine, the easy and simple manner in which he is commonly accommodated. Compared, indeed, with the more extravagant luxury of the great, his accommodation must no doubt appear extremely simple and easy; and yet it may be true, perhaps, that the accommodation of an European prince does not always so much exceed that of an industrious and frugal peasant, as the accommodation of the latter exceeds that of many an African king, the absolute masters of the lives and liberties of ten thousand naked savages.

CHAPTER II.

OF THE PRINCIPLE WHICH GIVES OCCASION TO THE DIVISION OF LABOUR.

This division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual, consequence of a certain propensity in human nature, which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another.

Whether this propensity be one of those original principles in human nature, of which no further account can be given, or whether, as seems more probable, it be the necessary consequence of the faculties of reason and speech, it belongs not to our present subject to inquire. It is common to all men, and to be found in no other race of animals, which seem to know neither this nor any other species of contracts. Two greyhounds, in running down the same hare, have sometimes the appearance of acting in some sort of concert. Each turns her towards his companion, or endeavours to intercept her when his companion turns her towards himself. This, however, is not the effect of any contract, but of the accidental concurrence of their passions in the same object at that particular time. Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal, by its gestures and natural cries signify to another, this is mine, that yours; I am willing to give this for that. When an animal wants to obtain something either of a man, or of another animal, it has no other means of persuasion, but to gain the favour of those whose service it requires. A puppy fawns upon its dam, and a spaniel endeavours, by a thousand attractions, to engage the attention of its master who is at dinner, when it wants to be fed by him. Man sometimes uses the same arts with his brethren, and when he has no other means of engaging them to act according to his inclinations, endeavours by every servile and fawning attention to obtain their good will. He has not time, however, to do this upon every occasion. In civilized society he stands at all times in need of the co-operation and assistance of great multitudes, while his whole life is

scarce sufficient to gain the friendship of a few persons. In almost every other race of animals, each individual, when it is grown up to maturity, is entirely independent, and in its natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. The charity of well-disposed people, indeed, supplies him with the whole fund of his subsistence. But though this principle ultimately provides him with all the necessaries of life which he has occasion for, it neither does nor can provide him with them as he has occasion for them. The greater part of his occasional wants are supplied in the same manner as those of other people, by treaty, by barter, and by purchase. With the money which one man gives him he purchases food. The old clothes which another bestows upon him he exchanges for other clothes which suit him better, or for lodging, or for food, or for money, with which he can buy either food, clothes, or lodging, as he has occasion.

As it is by treaty, by barter, and by purchase, that we obtain from one another the greater part of those mutual good offices which we stand in need of, so it is this same trucking disposition which originally gives occasion to the division of labour. In a tribe of hunters or shepherds, a particular person makes bows and arrows, for example, with more readiness and dexterity than any other. He frequently exchanges them for cattle or for venison, with his companions; and he finds at last that he can, in this manner, get more cattle and venison, than if he himself went to the field to catch them. From a regard to his own interest, therefore, the making of bows and arrows grows to be his chief business, and he becomes a sort of

armourer. Another excels in making the frames and covers of their little huts or moveable houses. He is accustomed to be of use in this way to his neighbours, who reward him in the same manner with cattle and with venison, till at last he finds it his interest to dedicate himself entirely to this employment, and to become a sort of house-carpenter. In the same manner a third becomes a smith or a brazier; a fourth, a tanner or dresser of hides or skins, the principal part of the clothing of savages. And thus the certainty of being able to exchange all that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he may have occasion for, encourages every man to apply himself to a particular occupation, and to cultivate and bring to perfection whatever talent of genius he may possess for that particular species of business.

The difference of natural talents in different men, is, in reality, much less than we are aware of; and the very different genius which appears to distinguish men of different professions, when grown up to maturity, is not upon many occasions so much the cause, as the effect of the division of labour. The difference between the most dissimilar characters, between a philosopher and a common street porter, for example, seems to arise not so much from nature, as from habit, custom, and education. When they came in to the world, and for the first six or eight years of their existence, they were, perhaps, very much alike, and neither their parents nor play-fellows could perceive any remarkable difference. About that age, or soon after, they come to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at last the vanity of the philosopher is willing to acknowledge scarce any resemblance. But without the disposition to truck, barter, and exchange, every man must have procured to himself every necessary and conveniency of life which he wanted. All must have had the same duties to perform, and the same work to do, and there could have been no such difference of employment as could alone give occasion to any great difference of talents.

As it is this disposition which forms that difference of talents, so remarkable among men of different professions, so it is this same disposition which renders that difference useful. Many tribes of animals, acknowledged to be all of the same species, derive from nature a much more remarkable distinction of genius, than what, antecedent to custom and education, appears to take place among men. By nature a philosopher is not

in genius and disposition half so different from a street porter, as a mastiff is from a grey-hound, or a grey-hound from a spaniel, or this last from a shepherd's dog. Those different tribes of animals, however, though all of the same species are of scarce any use to one another. The strength of the mastiff is not in the least supported either by the swiftness of the greyhound, or by the sagacity of the spaniel, or by the docility of the shepherd's dog. The effects of those different geniuses and talents, for want of the power or disposition to barter and exchange, cannot be brought into a common stock, and do not in the least contribute to the better accommodation and conveniency of the species. Each animal is still obliged to support and defend itself, separately and independently, and derives no sort of advantage from that variety of talents with which nature has distinguished its fellows. Among men, on the contrary, the most dissimilar geniuses are of use to one another; the different produces of their respective talents, by the general disposition to truck, barter, and exchange, being brought, as it were, into a common stock, where every man may purchase whatever part of the produce of other men's talents he has occasion for.

CHAPTER III.

THAT THE DIVISION OF LABOUR IS LIMITED BY THE EXTENT OF THE MARKET.

As it is the power of exchanging that gives occasion to the division of labour, so the extent of this division must always be limited by the extent of that power, or, in other words, by the extent of the market. When the market is very small, no person can have any encouragement to dedicate himself entirely to one employment, for want of the power to exchange all that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he has occasion for.

There are some sorts of industry, even of the lowest kind, which can be carried on nowhere but in a great town. A porter, for example, can find employment and subsistence in no other place. A village is by much too narrow a sphere for him; even an ordinary market-town is scarce large enough to afford him constant occupation. In the lone houses and very small villages which are scattered about in so desert a country as the highlands of Scotland, every farmer must be butcher, baker, and brewer, for his own family. In such situations we can scarce expect to find even a smith, a carpenter, or a mason, within less than twenty miles of another of the same trade. The scattered families that live at eight or ten miles distance from the nearest of them, must learn to perform themselves a great number of little pieces of work, for which, in more populous countries, they would call in the assistance of those workmen. Country workmen are almost everywhere obliged to apply themselves to all the different branches of industry that have so much affinity to one another as to be employed about the same sort of materials. A country carpenter deals in every sort of work that is made of wood; a country smith in every sort of work that is made of iron. The former is not only a carpenter, but a joiner, a cabinet-maker, and even a carver in wood, as well as a wheel-wright, a plough-wright, a cart

and waggon-maker. The employments of the latter are still more various. It is impossible there should be such a trade as even that of a nailer in the remote and inland parts of the highlands of Scotland. Such a workman at the rate of a thousand nails a-day, and three hundred working days in the year, will make three hundred thousand nails in the year. But in such a situation it would be impossible to dispose of one thousand, that is, of one day's work in the year. As by means of water-carriage, a more extensive market is opened to every sort of industry than what land-carriage alone can afford it, so it is upon the sea-coast, and along the banks of navigable rivers, that industry of every kind naturally begins to subdivide and improve itself, and it is frequently not till a long time after that those improvements extend themselves to the inland parts of the country. A broad-wheeled waggon, attended by two men, and drawn by eight horses, in about six weeks time, carries and brings back between London and Edinburgh near four ton weight of goods. In about the same time a ship navigated by six or eight men, and sailing between the ports of London and Leith, frequently carries and brings back two hundred ton weight of goods. Six or eight men, therefore, by the help of water-carriage, can carry and bring back, in the same time, the same quantity of goods between London and Edinburgh as fifty broad-wheeled waggons, attended by a hundred men, and drawn by four hundred horses. Upon two hundred tons of goods, therefore, carried by the cheapest land-carriage from London to Edinburgh, there must be charged the maintenance of a hundred men for three weeks, and both the maintenance and what is nearly equal to maintenance the wear and tear of four hundred horses, as well as of fifty great waggons. Whereas, upon the same quantity of goods carried by water, there is to be charged only the maintenance of six or eight men, and the wear and tear of a ship of two hundred tons burthen, together with the value of the superior risk, or the difference of the insurance between land and water-carriage. Were there no other communication between those two places, therefore, but by land-carriage, as no goods could be transported from the one to the other, except such whose price was very considerable in proportion to their weight, they could carry on but a small part of that commerce which at present subsists between them, and consequently could give but a small part of that encouragement which they at present mutually afford to each other's industry. There could be little or no commerce of any kind between the distant parts of the world. What goods could bear the expense of land-

carriage between London and Calcutta? Or if there were any so precious as to be able to support this expense, with what safety could they be transported through the territories of so many barbarous nations? Those two cities, however, at present carry on a very considerable commerce with each other, and by mutually affording a market, give a good deal of encouragement to each other's industry.

Since such, therefore, are the advantages of water-carriage, it is natural that the first improvements of art and industry should be made where this conveniency opens the whole world for a market to the produce of every sort of labour, and that they should always be much later in extending themselves into the inland parts of the country. The inland parts of the country can for a long time have no other market for the greater part of their goods, but the country which lies round about them, and separates them from the sea-coast, and the great navigable rivers. The extent of the market, therefore, must for a long time be in proportion to the riches and populousness of that country, and consequently their improvement must always be posterior to the improvement of that country. In our North American colonies, the plantations have constantly followed either the sea-coast or the banks of the navigable rivers, and have scarce anywhere extended themselves to any considerable distance from both.

The nations that, according to the best authenticated history, appear to have been first civilized, were those that dwelt round the coast of the Mediterranean sea. That sea, by far the greatest inlet that is known in the world, having no tides, nor consequently any waves, except such as are caused by the wind only, was, by the smoothness of its surface, as well as by the multitude of its islands, and the proximity of its neighbouring shores, extremely favourable to the infant navigation of the world; when, from their ignorance of the compass, men were afraid to quit the view of the coast, and from the imperfection of the art of ship-building, to abandon themselves to the boisterous waves of the ocean. To pass beyond the pillars of Hercules, that is, to sail out of the straits of Gibraltar, was, in the ancient world, long considered as a most wonderful and dangerous exploit of navigation. It was late before even the Phoenicians and Carthaginians, the most skilful navigators and ship-builders of those old times, attempted it; and they were, for a long time, the only nations that did attempt it.

Of all the countries on the coast of the Mediterranean sea, Egypt seems to have been the first in which either agriculture or manufactures were

cultivated and improved to any considerable degree. Upper Egypt extends itself nowhere above a few miles from the Nile; and in Lower Egypt, that great river breaks itself into many different canals, which, with the assistance of a little art, seem to have afforded a communication by water-carriage, not only between all the great towns, but between all the considerable villages, and even to many farm-houses in the country, nearly in the same manner as the Rhine and the Maese do in Holland at present. The extent and easiness of this inland navigation was probably one of the principal causes of the early improvement of Egypt.

The improvements in agriculture and manufactures seem likewise to have been of very great antiquity in the provinces of Bengal, in the East Indies, and in some of the eastern provinces of China, though the great extent of this antiquity is not authenticated by any histories of whose authority we, in this part of the world, are well assured. In Bengal, the Ganges, and several other great rivers, form a great number of navigable canals, in the same manner as the Nile does in Egypt. In the eastern provinces of China, too, several great rivers form, by their different branches, a multitude of canals, and, by communicating with one another, afford an inland navigation much more extensive than that either of the Nile or the Ganges, or, perhaps, than both of them put together. It is remarkable, that neither the ancient Egyptians, nor the Indians, nor the Chinese, encouraged foreign commerce, but seem all to have derived their great opulence from this inland navigation.

All the inland parts of Africa, and all that part of Asia which lies any considerable way north of the Euxine and Caspian seas, the ancient Scythia, the modern Tartary and Siberia, seem, in all ages of the world, to have been in the same barbarous and uncivilized state in which we find them at present. The sea of Tartary is the frozen ocean, which admits of no navigation; and though some of the greatest rivers in the world run through that country, they are at too great a distance from one another to carry commerce and communication through the greater part of it. There are in Africa none of those great inlets, such as the Baltic and Adriatic seas in Europe, the Mediterranean and Euxine seas in both Europe and Asia, and the gulfs of Arabia, Persia, India, Bengal, and Siam, in Asia, to carry maritime commerce into the interior parts of that great continent; and the great rivers of Africa are at too great a distance from one another to give occasion to any considerable inland navigation. The commerce, besides,

which any nation can carry on by means of a river which does not break itself into any great number of branches or canals, and which runs into another territory before it reaches the sea, can never be very considerable, because it is always in the power of the nations who possess that other territory to obstruct the communication between the upper country and the sea. The navigation of the Danube is of very little use to the different states of Bavaria, Austria, and Hungary, in comparison of what it would be, if any of them possessed the whole of its course, till it falls into the Black sea.

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CHAPTER IV.

OF THE ORIGIN AND USE OF MONEY.

When the division of labour has been once thoroughly established, it is but a very small part of a man's wants which the produce of his own labour can supply. He supplies the far greater part of them by exchanging that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he has occasion for. Every man thus lives by exchanging, or becomes, in some measure, a merchant, and the society itself grows to be what is properly a commercial society.

But when the division of labour first began to take place, this power of exchanging must frequently have been very much clogged and embarrassed in its operations. One man, we shall suppose, has more of a certain commodity than he himself has occasion for, while another has less. The former, consequently, would be glad to dispose of; and the latter to purchase, a part of this superfluity. But if this latter should chance to have nothing that the former stands in need of, no exchange can be made between them. The butcher has more meat in his shop than he himself can consume, and the brewer and the baker would each of them be willing to purchase a part of it. But they have nothing to offer in exchange, except the different productions of their respective trades, and the butcher is already provided with all the bread and beer which he has immediate occasion for. No exchange can, in this case, be made between them. He cannot be their merchant, nor they his customers; and they are all of them thus mutually less serviceable to one another. In order to avoid the inconveniency of such situations, every prudent man in every period of society, after the first establishment of the division of labour, must naturally have endeavoured to manage his affairs in such a manner, as to have at all times by him, besides the peculiar produce of his own industry, a certain quantity of some one commodity or other, such as he imagined few people would be likely to refuse in exchange for the produce of their industry. Many different commodities, it is probable, were successively both thought of and employed for this purpose. In the rude ages of society, cattle are said to have been the common instrument of commerce; and, though they must

have been a most inconvenient one, yet, in old times, we find things were frequently valued according to the number of cattle which had been given in exchange for them. The armour of Diomedes, says Homer, cost only nine oxen; but that of Glaucus cost a hundred oxen. Salt is said to be the common instrument of commerce and exchanges in Abyssinia; a species of shells in some parts of the coast of India; dried cod at Newfoundland; tobacco in Virginia; sugar in some of our West India colonies; hides or dressed leather in some other countries; and there is at this day a village in Scotland, where it is not uncommon, I am told, for a workman to carry nails instead of money to the baker's shop or the ale-house.

In all countries, however, men seem at last to have been determined by irresistible reasons to give the preference, for this employment, to metals above every other commodity. Metals can not only be kept with as little loss as any other commodity, scarce any thing being less perishable than they are, but they can likewise, without any loss, be divided into any number of parts, as by fusion those parts can easily be re-united again; a quality which no other equally durable commodities possess, and which, more than any other quality, renders them fit to be the instruments of commerce and circulation. The man who wanted to buy salt, for example, and had nothing but cattle to give in exchange for it, must have been obliged to buy salt to the value of a whole ox, or a whole sheep, at a time. He could seldom buy less than this, because what he was to give for it could seldom be divided without loss; and if he had a mind to buy more, he must, for the same reasons, have been obliged to buy double or triple the quantity, the value, to wit, of two or three oxen, or of two or three sheep. If, on the contrary, instead of sheep or oxen, he had metals to give in exchange for it, he could easily proportion the quantity of the metal to the precise quantity of the commodity which he had immediate occasion for.

Different metals have been made use of by different nations for this purpose. Iron was the common instrument of commerce among the ancient Spartans, copper among the ancient Romans, and gold and silver among all rich and commercial nations.

Those metals seem originally to have been made use of for this purpose in rude bars, without any stamp or coinage. Thus we are told by Pliny (Plin. Hist. Nat. lib. 33, cap. 3), upon the authority of Timæus, an ancient historian, that, till the time of Servius Tullius, the Romans had no coined money, but made use of unstamped bars of copper, to purchase whatever

they had occasion for. These rude bars, therefore, performed at this time the function of money.

The use of metals in this rude state was attended with two very considerable inconveniences; first, with the trouble of weighing, and secondly, with that of assaying them. In the precious metals, where a small difference in the quantity makes a great difference in the value, even the business of weighing, with proper exactness, requires at least very accurate weights and scales. The weighing of gold, in particular, is an operation of some nicety in the coarser metals, indeed, where a small error would be of little consequence, less accuracy would, no doubt, be necessary. Yet we should find it excessively troublesome if every time a poor man had occasion either to buy or sell a farthing's worth of goods, he was obliged to weigh the farthing. The operation of assaying is still more difficult, still more tedious; and, unless a part of the metal is fairly melted in the crucible, with proper dissolvents, any conclusion that can be drawn from it is extremely uncertain. Before the institution of coined money, however, unless they went through this tedious and difficult operation, people must always have been liable to the grossest frauds and impositions; and instead of a pound weight of pure silver, or pure copper, might receive, in exchange for their goods, an adulterated composition of the coarsest and cheapest materials, which had, however, in their outward appearance, been made to resemble those metals. To prevent such abuses, to facilitate exchanges, and thereby to encourage all sorts of industry and commerce, it has been found necessary, in all countries that have made any considerable advances towards improvement, to affix a public stamp upon certain quantities of such particular metals, as were in those countries commonly made use of to purchase goods. Hence the origin of coined money, and of those public offices called mints; institutions exactly of the same nature with those of the aulnagers and stamp-masters of woollen and linen cloth. All of them are equally meant to ascertain, by means of a public stamp, the quantity and uniform goodness of those different commodities when brought to market.

The first public stamps of this kind that were affixed to the current metals, seem in many cases to have been intended to ascertain, what it was both most difficult and most important to ascertain, the goodness or fineness of the metal, and to have resembled the sterling mark which is at present affixed to plate and bars of silver, or the Spanish mark which is sometimes affixed to ingots of gold, and which, being struck only upon one

side of the piece, and not covering the whole surface, ascertains the fineness, but not the weight of the metal. Abraham weighs to Ephron the four hundred shekels of silver which he had agreed to pay for the field of Machpelah. They are said, however, to be the current money of the merchant, and yet are received by weight, and not by tale, in the same manner as ingots of gold and bars of silver are at present. The revenues of the ancient Saxon kings of England are said to have been paid, not in money, but in kind, that is, in victuals and provisions of all sorts. William the Conqueror introduced the custom of paying them in money. This money, however, was for a long time, received at the exchequer, by weight, and not by tale.

The inconveniency and difficulty of weighing those metals with exactness, gave occasion to the institution of coins, of which the stamp, covering entirely both sides of the piece, and sometimes the edges too, was supposed to ascertain not only the fineness, but the weight of the metal. Such coins, therefore, were received by tale, as at present, without the trouble of weighing.

The denominations of those coins seem originally to have expressed the weight or quantity of metal contained in them. In the time of Servius Tullius, who first coined money at Rome, the Roman as or pondo contained a Roman pound of good copper. It was divided, in the same manner as our Troyes pound, into twelve ounces, each of which contained a real ounce of good copper. The English pound sterling, in the time of Edward I. contained a pound, Tower weight, of silver of a known fineness. The Tower pound seems to have been something more than the Roman pound, and something less than the Troyes pound. This last was not introduced into the mint of England till the 18th of Henry the VIII. The French livre contained, in the time of Charlemagne, a pound, Troyes weight, of silver of a known fineness. The fair of Troyes in Champaign was at that time frequented by all the nations of Europe, and the weights and measures of so famous a market were generally known and esteemed. The Scots money pound contained, from the time of Alexander the First to that of Robert Bruce, a pound of silver of the same weight and fineness with the English pound sterling. English, French, and Scots pennies, too, contained all of them originally a real penny-weight of silver, the twentieth part of an ounce, and the two hundred-and-fortieth part of a pound. The shilling, too, seems originally to have been the denomination of a weight. "When wheat is at twelve shillings

the quarter,” says an ancient statute of Henry III. “then wastel bread of a farthing shall weigh eleven shillings and fourpence”. The proportion, however, between the shilling, and either the penny on the one hand, or the pound on the other, seems not to have been so constant and uniform as that between the penny and the pound. During the first race of the kings of France, the French sou or shilling appears upon different occasions to have contained five, twelve, twenty, and forty pennies. Among the ancient Saxons, a shilling appears at one time to have contained only five pennies, and it is not improbable that it may have been as variable among them as among their neighbours, the ancient Franks. From the time of Charlemagne among the French, and from that of William the Conqueror among the English, the proportion between the pound, the shilling, and the penny, seems to have been uniformly the same as at present, though the value of each has been very different; for in every country of the world, I believe, the avarice and injustice of princes and sovereign states, abusing the confidence of their subjects, have by degrees diminished the real quantity of metal, which had been originally contained in their coins. The Roman as, in the latter ages of the republic, was reduced to the twenty-fourth part of its original value, and, instead of weighing a pound, came to weigh only half an ounce. The English pound and penny contain at present about a third only; the Scots pound and penny about a thirty-sixth; and the French pound and penny about a sixty-sixth part of their original value. By means of those operations, the princes and sovereign states which performed them were enabled, in appearance, to pay their debts and fulfil their engagements with a smaller quantity of silver than would otherwise have been requisite. It was indeed in appearance only; for their creditors were really defrauded of a part of what was due to them. All other debtors in the state were allowed the same privilege, and might pay with the same nominal sum of the new and debased coin whatever they had borrowed in the old. Such operations, therefore, have always proved favourable to the debtor, and ruinous to the creditor, and have sometimes produced a greater and more universal revolution in the fortunes of private persons, than could have been occasioned by a very great public calamity.

It is in this manner that money has become, in all civilized nations, the universal instrument of commerce, by the intervention of which goods of all kinds are bought and sold, or exchanged for one another.

What are the rules which men naturally observe, in exchanging them either for money, or for one another, I shall now proceed to examine. These rules determine what may be called the relative or exchangeable value of goods.

The word VALUE, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called 'value in use;' the other, 'value in exchange.' The things which have the greatest value in use have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange have frequently little or no value in use. Nothing is more useful than water; but it will purchase scarce any thing; scarce any thing can be had in exchange for it. A diamond, on the contrary, has scarce any value in use; but a very great quantity of other goods may frequently be had in exchange for it.

In order to investigate the principles which regulate the exchangeable value of commodities, I shall endeavour to shew,

First, what is the real measure of this exchangeable value; or wherein consists the real price of all commodities.

Secondly, what are the different parts of which this real price is composed or made up.

And, lastly, what are the different circumstances which sometimes raise some or all of these different parts of price above, and sometimes sink them below, their natural or ordinary rate; or, what are the causes which sometimes hinder the market price, that is, the actual price of commodities, from coinciding exactly with what may be called their natural price.

I shall endeavour to explain, as fully and distinctly as I can, those three subjects in the three following chapters, for which I must very earnestly entreat both the patience and attention of the reader: his patience, in order to examine a detail which may, perhaps, in some places, appear unnecessarily tedious; and his attention, in order to understand what may perhaps, after the fullest explication which I am capable of giving it, appear still in some degree obscure. I am always willing to run some hazard of being tedious, in order to be sure that I am perspicuous; and, after taking the utmost pains that I can to be perspicuous, some obscurity may still appear to remain upon a subject, in its own nature extremely abstracted.

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CHAPTER V.

OF THE REAL AND NOMINAL PRICE OF COMMODITIES, OR OF THEIR PRICE IN LABOUR, AND THEIR PRICE IN MONEY.

Every man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniencies, and amusements of human life. But after the division of labour has once thoroughly taken place, it is but a very small part of these with which a man's own labour can supply him. The far greater part of them he must derive from the labour of other people, and he must be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchase. The value of any commodity, therefore, to the person who possesses it, and who means not to use or consume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour therefore, is the real measure of the exchangeable value of all commodities.

The real price of every thing, what every thing really costs to the man who wants to acquire it, is the toil and trouble of acquiring it. What every thing is really worth to the man who has acquired it and who wants to dispose of it, or exchange it for something else, is the toil and trouble which it can save to himself, and which it can impose upon other people. What is bought with money, or with goods, is purchased by labour, as much as what we acquire by the toil of our own body. That money, or those goods, indeed, save us this toil. They contain the value of a certain quantity of labour, which we exchange for what is supposed at the time to contain the value of an equal quantity. Labour was the first price, the original purchase money that was paid for all things. It was not by gold or by silver, but by labour, that all the wealth of the world was originally purchased; and its value, to those who possess it, and who want to exchange it for some new productions, is precisely equal to the quantity of labour which it can enable them to purchase or command.

Wealth, as Mr Hobbes says, is power. But the person who either acquires, or succeeds to a great fortune, does not necessarily acquire or succeed to any political power, either civil or military. His fortune may, perhaps, afford him the means of acquiring both; but the mere possession of that fortune does not necessarily convey to him either. The power which that possession immediately and directly conveys to him, is the power of purchasing a certain command over all the labour, or over all the produce of labour which is then in the market. His fortune is greater or less, precisely in proportion to the extent of this power, or to the quantity either of other men's labour, or, what is the same thing, of the produce of other men's labour, which it enables him to purchase or command. The exchangeable value of every thing must always be precisely equal to the extent of this power which it conveys to its owner.

But though labour be the real measure of the exchangeable value of all commodities, it is not that by which their value is commonly estimated. It is often difficult to ascertain the proportion between two different quantities of labour. The time spent in two different sorts of work will not always alone determine this proportion. The different degrees of hardship endured, and of ingenuity exercised, must likewise be taken into account. There may be more labour in an hour's hard work, than in two hours easy business; or in an hour's application to a trade which it cost ten years labour to learn, than in a month's industry, at an ordinary and obvious employment. But it is not easy to find any accurate measure either of hardship or ingenuity. In exchanging, indeed, the different productions of different sorts of labour for one another, some allowance is commonly made for both. It is adjusted, however, not by any accurate measure, but by the higgling and bargaining of the market, according to that sort of rough equality which, though not exact, is sufficient for carrying on the business of common life.

Every commodity, besides, is more frequently exchanged for, and thereby compared with, other commodities, than with labour. It is more natural, therefore, to estimate its exchangeable value by the quantity of some other commodity, than by that of the labour which it can produce. The greater part of people, too, understand better what is meant by a quantity of a particular commodity, than by a quantity of labour. The one is a plain palpable object; the other an abstract notion, which though it can be made sufficiently intelligible, is not altogether so natural and obvious.

But when barter ceases, and money has become the common instrument of commerce, every particular commodity is more frequently exchanged for money than for any other commodity. The butcher seldom carries his beef or his mutton to the baker or the brewer, in order to exchange them for bread or for beer; but he carries them to the market, where he exchanges them for money, and afterwards exchanges that money for bread and for beer. The quantity of money which he gets for them regulates, too, the quantity of bread and beer which he can afterwards purchase. It is more natural and obvious to him, therefore, to estimate their value by the quantity of money, the commodity for which he immediately exchanges them, than by that of bread and beer, the commodities for which he can exchange them only by the intervention of another commodity; and rather to say that his butcher's meat is worth three-pence or fourpence a-pound, than that it is worth three or four pounds of bread, or three or four quarts of small beer. Hence it comes to pass, that the exchangeable value of every commodity is more frequently estimated by the quantity of money, than by the quantity either of labour or of any other commodity which can be had in exchange for it.

Gold and silver, however, like every other commodity, vary in their value; are sometimes cheaper and sometimes dearer, sometimes of easier and sometimes of more difficult purchase. The quantity of labour which any particular quantity of them can purchase or command, or the quantity of other goods which it will exchange for, depends always upon the fertility or barrenness of the mines which happen to be known about the time when such exchanges are made. The discovery of the abundant mines of America, reduced, in the sixteenth century, the value of gold and silver in Europe to about a third of what it had been before. As it cost less labour to bring those metals from the mine to the market, so, when they were brought thither, they could purchase or command less labour; and this revolution in their value, though perhaps the greatest, is by no means the only one of which history gives some account. But as a measure of quantity, such as the natural foot, fathom, or handful, which is continually varying in its own quantity, can never be an accurate measure of the quantity of other things; so a commodity which is itself continually varying in its own value, can never be an accurate measure of the value of other commodities. Equal quantities of labour, at all times and places, may be said to be of equal value to the labourer. In his ordinary state of health, strength, and spirits; in the

ordinary degree of his skill and dexterity, he must always lay down the same portion of his ease, his liberty, and his happiness. The price which he pays must always be the same, whatever may be the quantity of goods which he receives in return for it. Of these, indeed, it may sometimes purchase a greater and sometimes a smaller quantity; but it is their value which varies, not that of the labour which purchases them. At all times and places, that is dear which it is difficult to come at, or which it costs much labour to acquire; and that cheap which is to be had easily, or with very little labour. Labour alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared. It is their real price; money is their nominal price only.

But though equal quantities of labour are always of equal value to the labourer, yet to the person who employs him they appear sometimes to be of greater, and sometimes of smaller value. He purchases them sometimes with a greater, and sometimes with a smaller quantity of goods, and to him the price of labour seems to vary like that of all other things. It appears to him dear in the one case, and cheap in the other. In reality, however, it is the goods which are cheap in the one case, and dear in the other.

In this popular sense, therefore, labour, like commodities, may be said to have a real and a nominal price. Its real price may be said to consist in the quantity of the necessaries and conveniencies of life which are given for it; its nominal price, in the quantity of money. The labourer is rich or poor, is well or ill rewarded, in proportion to the real, not to the nominal price of his labour.

The distinction between the real and the nominal price of commodities and labour is not a matter of mere speculation, but may sometimes be of considerable use in practice. The same real price is always of the same value; but on account of the variations in the value of gold and silver, the same nominal price is sometimes of very different values. When a landed estate, therefore, is sold with a reservation of a perpetual rent, if it is intended that this rent should always be of the same value, it is of importance to the family in whose favour it is reserved, that it should not consist in a particular sum of money. Its value would in this case be liable to variations of two different kinds: first, to those which arise from the different quantities of gold and silver which are contained at different times

in coin of the same denomination; and, secondly, to those which arise from the different values of equal quantities of gold and silver at different times.

Princes and sovereign states have frequently fancied that they had a temporary interest to diminish the quantity of pure metal contained in their coins; but they seldom have fancied that they had any to augment it. The quantity of metal contained in the coins, I believe of all nations, has accordingly been almost continually diminishing, and hardly ever augmenting. Such variations, therefore, tend almost always to diminish the value of a money rent.

The discovery of the mines of America diminished the value of gold and silver in Europe. This diminution, it is commonly supposed, though I apprehend without any certain proof, is still going on gradually, and is likely to continue to do so for a long time. Upon this supposition, therefore, such variations are more likely to diminish than to augment the value of a money rent, even though it should be stipulated to be paid, not in such a quantity of coined money of such a denomination (in so many pounds sterling, for example), but in so many ounces, either of pure silver, or of silver of a certain standard.

The rents which have been reserved in corn, have preserved their value much better than those which have been reserved in money, even where the denomination of the coin has not been altered. By the 18th of Elizabeth, it was enacted, that a third of the rent of all college leases should be reserved in corn, to be paid either in kind, or according to the current prices at the nearest public market. The money arising from this corn rent, though originally but a third of the whole, is, in the present times, according to Dr. Blackstone, commonly near double of what arises from the other two-thirds. The old money rents of colleges must, according to this account, have sunk almost to a fourth part of their ancient value, or are worth little more than a fourth part of the corn which they were formerly worth. But since the reign of Philip and Mary, the denomination of the English coin has undergone little or no alteration, and the same number of pounds, shillings, and pence, have contained very nearly the same quantity of pure silver. This degradation, therefore, in the value of the money rents of colleges, has arisen altogether from the degradation in the price of silver.

When the degradation in the value of silver is combined with the diminution of the quantity of it contained in the coin of the same denomination, the loss is frequently still greater. In Scotland, where the

denomination of the coin has undergone much greater alterations than it ever did in England, and in France, where it has undergone still greater than it ever did in Scotland, some ancient rents, originally of considerable value, have, in this manner, been reduced almost to nothing.

Equal quantities of labour will, at distant times, be purchased more nearly with equal quantities of corn, the subsistence of the labourer, than with equal quantities of gold and silver, or, perhaps, of any other commodity. Equal quantities of corn, therefore, will, at distant times, be more nearly of the same real value, or enable the possessor to purchase or command more nearly the same quantity of the labour of other people. They will do this, I say, more nearly than equal quantities of almost any other commodity; for even equal quantities of corn will not do it exactly. The subsistence of the labourer, or the real price of labour, as I shall endeavour to shew hereafter, is very different upon different occasions; more liberal in a society advancing to opulence, than in one that is standing still, and in one that is standing still, than in one that is going backwards. Every other commodity, however, will, at any particular time, purchase a greater or smaller quantity of labour, in proportion to the quantity of subsistence which it can purchase at that time. A rent, therefore, reserved in corn, is liable only to the variations in the quantity of labour which a certain quantity of corn can purchase. But a rent reserved in any other commodity is liable, not only to the variations in the quantity of labour which any particular quantity of corn can purchase, but to the variations in the quantity of corn which can be purchased by any particular quantity of that commodity.

Though the real value of a corn rent, it is to be observed, however, varies much less from century to century than that of a money rent, it varies much more from year to year. The money price of labour, as I shall endeavour to shew hereafter, does not fluctuate from year to year with the money price of corn, but seems to be everywhere accommodated, not to the temporary or occasional, but to the average or ordinary price of that necessary of life. The average or ordinary price of corn, again is regulated, as I shall likewise endeavour to shew hereafter, by the value of silver, by the richness or barrenness of the mines which supply the market with that metal, or by the quantity of labour which must be employed, and consequently of corn which must be consumed, in order to bring any particular quantity of silver from the mine to the market. But the value of silver, though it sometimes varies greatly from century to century, seldom varies much from year to

year, but frequently continues the same, or very nearly the same, for half a century or a century together. The ordinary or average money price of corn, therefore, may, during so long a period, continue the same, or very nearly the same, too, and along with it the money price of labour, provided, at least, the society continues, in other respects, in the same, or nearly in the same, condition. In the mean time, the temporary and occasional price of corn may frequently be double one year of what it had been the year before, or fluctuate, for example, from five-and-twenty to fifty shillings the quarter. But when corn is at the latter price, not only the nominal, but the real value of a corn rent, will be double of what it is when at the former, or will command double the quantity either of labour, or of the greater part of other commodities; the money price of labour, and along with it that of most other things, continuing the same during all these fluctuations.

Labour, therefore, it appears evidently, is the only universal, as well as the only accurate, measure of value, or the only standard by which we can compare the values of different commodities, at all times, and at all places. We cannot estimate, it is allowed, the real value of different commodities from century to century by the quantities of silver which were given for them. We cannot estimate it from year to year by the quantities of corn. By the quantities of labour, we can, with the greatest accuracy, estimate it, both from century to century, and from year to year. From century to century, corn is a better measure than silver, because, from century to century, equal quantities of corn will command the same quantity of labour more nearly than equal quantities of silver. From year to year, on the contrary, silver is a better measure than corn, because equal quantities of it will more nearly command the same quantity of labour.

But though, in establishing perpetual rents, or even in letting very long leases, it may be of use to distinguish between real and nominal price; it is of none in buying and selling, the more common and ordinary transactions of human life.

At the same time and place, the real and the nominal price of all commodities are exactly in proportion to one another. The more or less money you get for any commodity, in the London market, for example, the more or less labour it will at that time and place enable you to purchase or command. At the same time and place, therefore, money is the exact measure of the real exchangeable value of all commodities. It is so, however, at the same time and place only.

Though at distant places there is no regular proportion between the real and the money price of commodities, yet the merchant who carries goods from the one to the other, has nothing to consider but the money price, or the difference between the quantity of silver for which he buys them, and that for which he is likely to sell them. Half an ounce of silver at Canton in China may command a greater quantity both of labour and of the necessaries and conveniencies of life, than an ounce at London. A commodity, therefore, which sells for half an ounce of silver at Canton, may there be really dearer, of more real importance to the man who possesses it there, than a commodity which sells for an ounce at London is to the man who possesses it at London. If a London merchant, however, can buy at Canton, for half an ounce of silver, a commodity which he can afterwards sell at London for an ounce, he gains a hundred per cent. by the bargain, just as much as if an ounce of silver was at London exactly of the same value as at Canton. It is of no importance to him that half an ounce of silver at Canton would have given him the command of more labour, and of a greater quantity of the necessaries and conveniencies of life than an ounce can do at London. An ounce at London will always give him the command of double the quantity of all these, which half an ounce could have done there, and this is precisely what he wants.

As it is the nominal or money price of goods, therefore, which finally determines the prudence or imprudence of all purchases and sales, and thereby regulates almost the whole business of common life in which price is concerned, we cannot wonder that it should have been so much more attended to than the real price.

In such a work as this, however, it may sometimes be of use to compare the different real values of a particular commodity at different times and places, or the different degrees of power over the labour of other people which it may, upon different occasions, have given to those who possessed it. We must in this case compare, not so much the different quantities of silver for which it was commonly sold, as the different quantities of labour which those different quantities of silver could have purchased. But the current prices of labour, at distant times and places, can scarce ever be known with any degree of exactness. Those of corn, though they have in few places been regularly recorded, are in general better known, and have been more frequently taken notice of by historians and other writers. We must generally, therefore, content ourselves with them, not as being always

exactly in the same proportion as the current prices of labour, but as being the nearest approximation which can commonly be had to that proportion. I shall hereafter have occasion to make several comparisons of this kind.

In the progress of industry, commercial nations have found it convenient to coin several different metals into money; gold for larger payments, silver for purchases of moderate value, and copper, or some other coarse metal, for those of still smaller consideration. They have always, however, considered one of those metals as more peculiarly the measure of value than any of the other two; and this preference seems generally to have been given to the metal which they happen first to make use of as the instrument of commerce. Having once begun to use it as their standard, which they must have done when they had no other money, they have generally continued to do so even when the necessity was not the same.

The Romans are said to have had nothing but copper money till within five years before the first Punic war (Pliny, lib. xxxiii. cap. 3), when they first began to coin silver. Copper, therefore, appears to have continued always the measure of value in that republic. At Rome all accounts appear to have been kept, and the value of all estates to have been computed, either in asses or in sestertii. The as was always the denomination of a copper coin. The word sestertius signifies two asses and a half. Though the sestertius, therefore, was originally a silver coin, its value was estimated in copper. At Rome, one who owed a great deal of money was said to have a great deal of other people's copper.

The northern nations who established themselves upon the ruins of the Roman empire, seem to have had silver money from the first beginning of their settlements, and not to have known either gold or copper coins for several ages thereafter. There were silver coins in England in the time of the Saxons; but there was little gold coined till the time of Edward III nor any copper till that of James I. of Great Britain. In England, therefore, and for the same reason, I believe, in all other modern nations of Europe, all accounts are kept, and the value of all goods and of all estates is generally computed, in silver: and when we mean to express the amount of a person's fortune, we seldom mention the number of guineas, but the number of pounds sterling which we suppose would be given for it.

Originally, in all countries, I believe, a legal tender of payment could be made only in the coin of that metal which was peculiarly considered as the standard or measure of value. In England, gold was not considered as a

legal tender for a long time after it was coined into money. The proportion between the values of gold and silver money was not fixed by any public law or proclamation, but was left to be settled by the market. If a debtor offered payment in gold, the creditor might either reject such payment altogether, or accept of it at such a valuation of the gold as he and his debtor could agree upon. Copper is not at present a legal tender, except in the change of the smaller silver coins.

In this state of things, the distinction between the metal which was the standard, and that which was not the standard, was something more than a nominal distinction.

In process of time, and as people became gradually more familiar with the use of the different metals in coin, and consequently better acquainted with the proportion between their respective values, it has, in most countries, I believe, been found convenient to ascertain this proportion, and to declare by a public law, that a guinea, for example, of such a weight and fineness, should exchange for one-and-twenty shillings, or be a legal tender for a debt of that amount. In this state of things, and during the continuance of any one regulated proportion of this kind, the distinction between the metal, which is the standard, and that which is not the standard, becomes little more than a nominal distinction.

In consequence of any change, however, in this regulated proportion, this distinction becomes, or at least seems to become, something more than nominal again. If the regulated value of a guinea, for example, was either reduced to twenty, or raised to two-and-twenty shillings, all accounts being kept, and almost all obligations for debt being expressed, in silver money, the greater part of payments could in either case be made with the same quantity of silver money as before; but would require very different quantities of gold money; a greater in the one case, and a smaller in the other. Silver would appear to be more invariable in its value than gold. Silver would appear to measure the value of gold, and gold would not appear to measure the value of silver. The value of gold would seem to depend upon the quantity of silver which it would exchange for, and the value of silver would not seem to depend upon the quantity of gold which it would exchange for. This difference, however, would be altogether owing to the custom of keeping accounts, and of expressing the amount of all great and small sums rather in silver than in gold money. One of Mr Drummond's notes for five-and-twenty or fifty guineas would, after an alteration of this

kind, be still payable with five-and-twenty or fifty guineas, in the same manner as before. It would, after such an alteration, be payable with the same quantity of gold as before, but with very different quantities of silver. In the payment of such a note, gold would appear to be more invariable in its value than silver. Gold would appear to measure the value of silver, and silver would not appear to measure the value of gold. If the custom of keeping accounts, and of expressing promissory-notes and other obligations for money, in this manner should ever become general, gold, and not silver, would be considered as the metal which was peculiarly the standard or measure of value.

In reality, during the continuance of any one regulated proportion between the respective values of the different metals in coin, the value of the most precious metal regulates the value of the whole coin. Twelve copper pence contain half a pound avoirdupois of copper, of not the best quality, which, before it is coined, is seldom worth seven-pence in silver. But as, by the regulation, twelve such pence are ordered to exchange for a shilling, they are in the market considered as worth a shilling, and a shilling can at any time be had for them. Even before the late reformation of the gold coin of Great Britain, the gold, that part of it at least which circulated in London and its neighbourhood, was in general less degraded below its standard weight than the greater part of the silver. One-and-twenty worn and defaced shillings, however, were considered as equivalent to a guinea, which, perhaps, indeed, was worn and defaced too, but seldom so much so. The late regulations have brought the gold coin as near, perhaps, to its standard weight as it is possible to bring the current coin of any nation; and the order to receive no gold at the public offices but by weight, is likely to preserve it so, as long as that order is enforced. The silver coin still continues in the same worn and degraded state as before the reformation of the gold coin. In the market, however, one-and-twenty shillings of this degraded silver coin are still considered as worth a guinea of this excellent gold coin.

The reformation of the gold coin has evidently raised the value of the silver coin which can be exchanged for it.

In the English mint, a pound weight of gold is coined into forty-four guineas and a half, which at one-and-twenty shillings the guinea, is equal to forty-six pounds fourteen shillings and sixpence. An ounce of such gold coin, therefore, is worth £ 3:17:10½ in silver. In England, no duty or

seignorage is paid upon the coinage, and he who carries a pound weight or an ounce weight of standard gold bullion to the mint, gets back a pound weight or an ounce weight of gold in coin, without any deduction. Three pounds seventeen shillings and tenpence halfpenny an ounce, therefore, is said to be the mint price of gold in England, or the quantity of gold coin which the mint gives in return for standard gold bullion.

Before the reformation of the gold coin, the price of standard gold bullion in the market had, for many years, been upwards of £3:18s. sometimes £ 3:19s, and very frequently £4 an ounce; that sum, it is probable, in the worn and degraded gold coin, seldom containing more than an ounce of standard gold. Since the reformation of the gold coin, the market price of standard gold bullion seldom exceeds £ 3:17:7 an ounce. Before the reformation of the gold coin, the market price was always more or less above the mint price. Since that reformation, the market price has been constantly below the mint price. But that market price is the same whether it is paid in gold or in silver coin. The late reformation of the gold coin, therefore, has raised not only the value of the gold coin, but likewise that of the silver coin in proportion to gold bullion, and probably, too, in proportion to all other commodities; though the price of the greater part of other commodities being influenced by so many other causes, the rise in the value of either gold or silver coin in proportion to them may not be so distinct and sensible.

In the English mint, a pound weight of standard silver bullion is coined into sixty-two shillings, containing, in the same manner, a pound weight of standard silver. Five shillings and twopence an ounce, therefore, is said to be the mint price of silver in England, or the quantity of silver coin which the mint gives in return for standard silver bullion. Before the reformation of the gold coin, the market price of standard silver bullion was, upon different occasions, five shillings and fourpence, five shillings and fivepence, five shillings and sixpence, five shillings and sevenpence, and very often five shillings and eightpence an ounce. Five shillings and sevenpence, however, seems to have been the most common price. Since the reformation of the gold coin, the market price of standard silver bullion has fallen occasionally to five shillings and threepence, five shillings and fourpence, and five shillings and fivepence an ounce, which last price it has scarce ever exceeded. Though the market price of silver bullion has fallen considerably since the reformation of the gold coin, it has not fallen so low as the mint price.

In the proportion between the different metals in the English coin, as copper is rated very much above its real value, so silver is rated somewhat below it. In the market of Europe, in the French coin and in the Dutch coin, an ounce of fine gold exchanges for about fourteen ounces of fine silver. In the English coin, it exchanges for about fifteen ounces, that is, for more silver than it is worth, according to the common estimation of Europe. But as the price of copper in bars is not, even in England, raised by the high price of copper in English coin, so the price of silver in bullion is not sunk by the low rate of silver in English coin. Silver in bullion still preserves its proper proportion to gold, for the same reason that copper in bars preserves its proper proportion to silver.

Upon the reformation of the silver coin, in the reign of William III., the price of silver bullion still continued to be somewhat above the mint price. Mr Locke imputed this high price to the permission of exporting silver bullion, and to the prohibition of exporting silver coin. This permission of exporting, he said, rendered the demand for silver bullion greater than the demand for silver coin. But the number of people who want silver coin for the common uses of buying and selling at home, is surely much greater than that of those who want silver bullion either for the use of exportation or for any other use. There subsists at present a like permission of exporting gold bullion, and a like prohibition of exporting gold coin; and yet the price of gold bullion has fallen below the mint price. But in the English coin, silver was then, in the same manner as now, under-rated in proportion to gold; and the gold coin (which at that time, too, was not supposed to require any reformation) regulated then, as well as now, the real value of the whole coin. As the reformation of the silver coin did not then reduce the price of silver bullion to the mint price, it is not very probable that a like reformation will do so now.

Were the silver coin brought back as near to its standard weight as the gold, a guinea, it is probable, would, according to the present proportion, exchange for more silver in coin than it would purchase in bullion. The silver coin containing its full standard weight, there would in this case, be a profit in melting it down, in order, first to sell the bullion for gold coin, and afterwards to exchange this gold coin for silver coin, to be melted down in the same manner. Some alteration in the present proportion seems to be the only method of preventing this inconveniency.

The inconveniency, perhaps, would be less, if silver was rated in the coin as much above its proper proportion to gold as it is at present rated below it, provided it was at the same time enacted, that silver should not be a legal tender for more than the change of a guinea, in the same manner as copper is not a legal tender for more than the change of a shilling. No creditor could, in this case, be cheated in consequence of the high valuation of silver in coin; as no creditor can at present be cheated in consequence of the high valuation of copper. The bankers only would suffer by this regulation. When a run comes upon them, they sometimes endeavour to gain time, by paying in sixpences, and they would be precluded by this regulation from this discreditable method of evading immediate payment. They would be obliged, in consequence, to keep at all times in their coffers a greater quantity of cash than at present; and though this might, no doubt, be a considerable inconveniency to them, it would, at the same time, be a considerable security to their creditors.

Three pounds seventeen shillings and tenpence halfpenny (the mint price of gold) certainly does not contain, even in our present excellent gold coin, more than an ounce of standard gold, and it may be thought, therefore, should not purchase more standard bullion. But gold in coin is more convenient than gold in bullion; and though, in England, the coinage is free, yet the gold which is carried in bullion to the mint, can seldom be returned in coin to the owner till after a delay of several weeks. In the present hurry of the mint, it could not be returned till after a delay of several months. This delay is equivalent to a small duty, and renders gold in coin somewhat more valuable than an equal quantity of gold in bullion. If, in the English coin, silver was rated according to its proper proportion to gold, the price of silver bullion would probably fall below the mint price, even without any reformation of the silver coin; the value even of the present worn and defaced silver coin being regulated by the value of the excellent gold coin for which it can be changed.

A small seignorage or duty upon the coinage of both gold and silver, would probably increase still more the superiority of those metals in coin above an equal quantity of either of them in bullion. The coinage would, in this case, increase the value of the metal coined in proportion to the extent of this small duty, for the same reason that the fashion increases the value of plate in proportion to the price of that fashion. The superiority of coin above bullion would prevent the melting down of the coin, and would

discourage its exportation. If, upon any public exigency, it should become necessary to export the coin, the greater part of it would soon return again, of its own accord. Abroad, it could sell only for its weight in bullion. At home, it would buy more than that weight. There would be a profit, therefore, in bringing it home again. In France, a seignorage of about eight per cent. is imposed upon the coinage, and the French coin, when exported, is said to return home again, of its own accord.

The occasional fluctuations in the market price of gold and silver bullion arise from the same causes as the like fluctuations in that of all other commodities. The frequent loss of those metals from various accidents by sea and by land, the continual waste of them in gilding and plating, in lace and embroidery, in the wear and tear of coin, and in that of plate, require, in all countries which possess no mines of their own, a continual importation, in order to repair this loss and this waste. The merchant importers, like all other merchants, we may believe, endeavour, as well as they can, to suit their occasional importations to what they judge is likely to be the immediate demand. With all their attention, however, they sometimes overdo the business, and sometimes underdo it. When they import more bullion than is wanted, rather than incur the risk and trouble of exporting it again, they are sometimes willing to sell a part of it for something less than the ordinary or average price. When, on the other hand, they import less than is wanted, they get something more than this price. But when, under all those occasional fluctuations, the market price either of gold or silver bullion continues for several years together steadily and constantly, either more or less above, or more or less below the mint price, we may be assured that this steady and constant, either superiority or inferiority of price, is the effect of something in the state of the coin, which, at that time, renders a certain quantity of coin either of more value or of less value than the precise quantity of bullion which it ought to contain. The constancy and steadiness of the effect supposes a proportionable constancy and steadiness in the cause.

The money of any particular country is, at any particular time and place, more or less an accurate measure or value, according as the current coin is more or less exactly agreeable to its standard, or contains more or less exactly the precise quantity of pure gold or pure silver which it ought to contain. If in England, for example, forty-four guineas and a half contained exactly a pound weight of standard gold, or eleven ounces of fine gold, and

one ounce of alloy, the gold coin of England would be as accurate a measure of the actual value of goods at any particular time and place as the nature of the thing would admit. But if, by rubbing and wearing, forty-four guineas and a half generally contain less than a pound weight of standard gold, the diminution, however, being greater in some pieces than in others, the measure of value comes to be liable to the same sort of uncertainty to which all other weights and measures are commonly exposed. As it rarely happens that these are exactly agreeable to their standard, the merchant adjusts the price of his goods as well as he can, not to what those weights and measures ought to be, but to what, upon an average, he finds, by experience, they actually are. In consequence of a like disorder in the coin, the price of goods comes, in the same manner, to be adjusted, not to the quantity of pure gold or silver which the coin ought to contain, but to that which, upon an average, it is found, by experience, it actually does contain.

By the money price of goods, it is to be observed, I understand always the quantity of pure gold or silver for which they are sold, without any regard to the denomination of the coin. Six shillings and eight pence, for example, in the time of Edward I., I consider as the same money price with a pound sterling in the present times, because it contained, as nearly as we can judge, the same quantity of pure silver.

CHAPTER VI.

OF THE COMPONENT PART OF THE PRICE OF COMMODITIES.

In that early and rude state of society which precedes both the accumulation of stock and the appropriation of land, the proportion between the quantities of labour necessary for acquiring different objects, seems to be the only circumstance which can afford any rule for exchanging them for one another. If among a nation of hunters, for example, it usually costs twice the labour to kill a beaver which it does to kill a deer, one beaver should naturally exchange for or be worth two deer. It is natural that what is usually the produce of two days or two hours labour, should be worth double of what is usually the produce of one day's or one hour's labour.

If the one species of labour should be more severe than the other, some allowance will naturally be made for this superior hardship; and the produce of one hour's labour in the one way may frequently exchange for that of two hour's labour in the other.

Or if the one species of labour requires an uncommon degree of dexterity and ingenuity, the esteem which men have for such talents, will naturally give a value to their produce, superior to what would be due to the time employed about it. Such talents can seldom be acquired but in consequence of long application, and the superior value of their produce may frequently be no more than a reasonable compensation for the time and labour which must be spent in acquiring them. In the advanced state of society, allowances of this kind, for superior hardship and superior skill, are commonly made in the wages of labour; and something of the same kind must probably have taken place in its earliest and rudest period.

In this state of things, the whole produce of labour belongs to the labourer; and the quantity of labour commonly employed in acquiring or producing any commodity, is the only circumstance which can regulate the quantity of labour which it ought commonly to purchase, command, or exchange for.

As soon as stock has accumulated in the hands of particular persons, some of them will naturally employ it in setting to work industrious people, whom they will supply with materials and subsistence, in order to make a profit by the sale of their work, or by what their labour adds to the value of the materials. In exchanging the complete manufacture either for money, for labour, or for other goods, over and above what may be sufficient to pay the price of the materials, and the wages of the workmen, something must be given for the profits of the undertaker of the work, who hazards his stock in this adventure. The value which the workmen add to the materials, therefore, resolves itself in this case into two parts, of which the one pays their wages, the other the profits of their employer upon the whole stock of materials and wages which he advanced. He could have no interest to employ them, unless he expected from the sale of their work something more than what was sufficient to replace his stock to him; and he could have no interest to employ a great stock rather than a small one, unless his profits were to bear some proportion to the extent of his stock.

The profits of stock, it may perhaps be thought, are only a different name for the wages of a particular sort of labour, the labour of inspection and direction. They are, however, altogether different, are regulated by quite different principles, and bear no proportion to the quantity, the hardship, or the ingenuity of this supposed labour of inspection and direction. They are regulated altogether by the value of the stock employed, and are greater or smaller in proportion to the extent of this stock. Let us suppose, for example, that in some particular place, where the common annual profits of manufacturing stock are ten per cent. there are two different manufactures, in each of which twenty workmen are employed, at the rate of fifteen pounds a year each, or at the expense of three hundred a-year in each manufactory. Let us suppose, too, that the coarse materials annually wrought up in the one cost only seven hundred pounds, while the finer materials in the other cost seven thousand. The capital annually employed in the one will, in this case, amount only to one thousand pounds; whereas that employed in the other will amount to seven thousand three hundred pounds. At the rate of ten per cent. therefore, the undertaker of the one will expect a yearly profit of about one hundred pounds only; while that of the other will expect about seven hundred and thirty pounds. But though their profits are so very different, their labour of inspection and direction may be either altogether or very nearly the same. In many great works, almost the

whole labour of this kind is committed to some principal clerk. His wages properly express the value of this labour of inspection and direction. Though in settling them some regard is had commonly, not only to his labour and skill, but to the trust which is reposed in him, yet they never bear any regular proportion to the capital of which he oversees the management; and the owner of this capital, though he is thus discharged of almost all labour, still expects that his profit should bear a regular proportion to his capital. In the price of commodities, therefore, the profits of stock constitute a component part altogether different from the wages of labour, and regulated by quite different principles.

In this state of things, the whole produce of labour does not always belong to the labourer. He must in most cases share it with the owner of the stock which employs him. Neither is the quantity of labour commonly employed in acquiring or producing any commodity, the only circumstance which can regulate the quantity which it ought commonly to purchase, command or exchange for. An additional quantity, it is evident, must be due for the profits of the stock which advanced the wages and furnished the materials of that labour.

As soon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never sowed, and demand a rent even for its natural produce. The wood of the forest, the grass of the field, and all the natural fruits of the earth, which, when land was in common, cost the labourer only the trouble of gathering them, come, even to him, to have an additional price fixed upon them. He must then pay for the licence to gather them, and must give up to the landlord a portion of what his labour either collects or produces. This portion, or, what comes to the same thing, the price of this portion, constitutes the rent of land, and in the price of the greater part of commodities, makes a third component part.

The real value of all the different component parts of price, it must be observed, is measured by the quantity of labour which they can, each of them, purchase or command. Labour measures the value, not only of that part of price which resolves itself into labour, but of that which resolves itself into rent, and of that which resolves itself into profit.

In every society, the price of every commodity finally resolves itself into some one or other, or all of those three parts; and in every improved society, all the three enter, more or less, as component parts, into the price of the far greater part of commodities.

In the price of corn, for example, one part pays the rent of the landlord, another pays the wages or maintenance of the labourers and labouring cattle employed in producing it, and the third pays the profit of the farmer. These three parts seem either immediately or ultimately to make up the whole price of corn. A fourth part, it may perhaps be thought is necessary for replacing the stock of the farmer, or for compensating the wear and tear of his labouring cattle, and other instruments of husbandry. But it must be considered, that the price of any instrument of husbandry, such as a labouring horse, is itself made up of the same three parts; the rent of the land upon which he is reared, the labour of tending and rearing him, and the profits of the farmer, who advances both the rent of this land, and the wages of this labour. Though the price of the corn, therefore, may pay the price as well as the maintenance of the horse, the whole price still resolves itself, either immediately or ultimately, into the same three parts of rent, labour, and profit.

In the price of flour or meal, we must add to the price of the corn, the profits of the miller, and the wages of his servants; in the price of bread, the profits of the baker, and the wages of his servants; and in the price of both, the labour of transporting the corn from the house of the farmer to that of the miller, and from that of the miller to that of the baker, together with the profits of those who advance the wages of that labour.

The price of flax resolves itself into the same three parts as that of corn. In the price of linen we must add to this price the wages of the flax-dresser, of the spinner, of the weaver, of the bleacher, etc. together with the profits of their respective employers.

As any particular commodity comes to be more manufactured, that part of the price which resolves itself into wages and profit, comes to be greater in proportion to that which resolves itself into rent. In the progress of the manufacture, not only the number of profits increase, but every subsequent profit is greater than the foregoing; because the capital from which it is derived must always be greater. The capital which employs the weavers, for example, must be greater than that which employs the spinners; because it not only replaces that capital with its profits, but pays, besides, the wages of the weavers: and the profits must always bear some proportion to the capital.

In the most improved societies, however, there are always a few commodities of which the price resolves itself into two parts only: the

wages of labour, and the profits of stock; and a still smaller number, in which it consists altogether in the wages of labour. In the price of sea-fish, for example, one part pays the labour of the fisherman, and the other the profits of the capital employed in the fishery. Rent very seldom makes any part of it, though it does sometimes, as I shall shew hereafter. It is otherwise, at least through the greater part of Europe, in river fisheries. A salmon fishery pays a rent; and rent, though it cannot well be called the rent of land, makes a part of the price of a salmon, as well as wares and profit. In some parts of Scotland, a few poor people make a trade of gathering, along the sea-shore, those little variegated stones commonly known by the name of Scotch pebbles. The price which is paid to them by the stone-cutter, is altogether the wages of their labour; neither rent nor profit makes an part of it.

But the whole price of any commodity must still finally resolve itself into some one or other or all of those three parts; as whatever part of it remains after paying the rent of the land, and the price of the whole labour employed in raising, manufacturing, and bringing it to market, must necessarily be profit to somebody.

As the price or exchangeable value of every particular commodity, taken separately, resolves itself into some one or other, or all of those three parts; so that of all the commodities which compose the whole annual produce of the labour of every country, taken complexly, must resolve itself into the same three parts, and be parcelled out among different inhabitants of the country, either as the wages of their labour, the profits of their stock, or the rent of their land. The whole of what is annually either collected or produced by the labour of every society, or, what comes to the same thing, the whole price of it, is in this manner originally distributed among some of its different members. Wages, profit, and rent, are the three original sources of all revenue, as well as of all exchangeable value. All other revenue is ultimately derived from some one or other of these.

Whoever derives his revenue from a fund which is his own, must draw it either from his labour, from his stock, or from his land. The revenue derived from labour is called wages; that derived from stock, by the person who manages or employs it, is called profit; that derived from it by the person who does not employ it himself, but lends it to another, is called the interest or the use of money. It is the compensation which the borrower pays to the lender, for the profit which he has an opportunity of making by the use of

the money. Part of that profit naturally belongs to the borrower, who runs the risk and takes the trouble of employing it, and part to the lender, who affords him the opportunity of making this profit. The interest of money is always a derivative revenue, which, if it is not paid from the profit which is made by the use of the money, must be paid from some other source of revenue, unless perhaps the borrower is a spendthrift, who contracts a second debt in order to pay the interest of the first. The revenue which proceeds altogether from land, is called rent, and belongs to the landlord. The revenue of the farmer is derived partly from his labour, and partly from his stock. To him, land is only the instrument which enables him to earn the wages of this labour, and to make the profits of this stock. All taxes, and all the revenue which is founded upon them, all salaries, pensions, and annuities of every kind, are ultimately derived from some one or other of those three original sources of revenue, and are paid either immediately or mediately from the wages of labour, the profits of stock, or the rent of land.

When those three different sorts of revenue belong to different persons, they are readily distinguished; but when they belong to the same, they are sometimes confounded with one another, at least in common language.

A gentleman who farms a part of his own estate, after paying the expense of cultivation, should gain both the rent of the landlord and the profit of the farmer. He is apt to denominate, however, his whole gain, profit, and thus confounds rent with profit, at least in common language. The greater part of our North American and West Indian planters are in this situation. They farm, the greater part of them, their own estates: and accordingly we seldom hear of the rent of a plantation, but frequently of its profit.

Common farmers seldom employ any overseer to direct the general operations of the farm. They generally, too, work a good deal with their own hands, as ploughmen, harrowers, etc. What remains of the crop, after paying the rent, therefore, should not only replace to them their stock employed in cultivation, together with its ordinary profits, but pay them the wages which are due to them, both as labourers and overseers. Whatever remains, however, after paying the rent and keeping up the stock, is called profit. But wages evidently make a part of it. The farmer, by saving these wages, must necessarily gain them. Wages, therefore, are in this case confounded with profit.

An independent manufacturer, who has stock enough both to purchase materials, and to maintain himself till he can carry his work to market,

should gain both the wages of a journeyman who works under a master, and the profit which that master makes by the sale of that journeyman's work. His whole gains, however, are commonly called profit, and wages are, in this case, too, confounded with profit.

A gardener who cultivates his own garden with his own hands, unites in his own person the three different characters, of landlord, farmer, and labourer. His produce, therefore, should pay him the rent of the first, the profit of the second, and the wages of the third. The whole, however, is commonly considered as the earnings of his labour. Both rent and profit are, in this case, confounded with wages.

As in a civilized country there are but few commodities of which the exchangeable value arises from labour only, rent and profit contributing largely to that of the far greater part of them, so the annual produce of its labour will always be sufficient to purchase or command a much greater quantity of labour than what was employed in raising, preparing, and bringing that produce to market. If the society were annually to employ all the labour which it can annually purchase, as the quantity of labour would increase greatly every year, so the produce of every succeeding year would be of vastly greater value than that of the foregoing. But there is no country in which the whole annual produce is employed in maintaining the industrious. The idle everywhere consume a great part of it; and, according to the different proportions in which it is annually divided between those two different orders of people, its ordinary or average value must either annually increase or diminish, or continue the same from one year to another.

CHAPTER VII.

OF THE NATURAL AND MARKET PRICE OF COMMODITIES.

There is in every society or neighbourhood an ordinary or average rate, both of wages and profit, in every different employment of labour and stock. This rate is naturally regulated, as I shall shew hereafter, partly by the general circumstances of the society, their riches or poverty, their advancing, stationary, or declining condition, and partly by the particular nature of each employment.

There is likewise in every society or neighbourhood an ordinary or average rate of rent, which is regulated, too, as I shall shew hereafter, partly by the general circumstances of the society or neighbourhood in which the land is situated, and partly by the natural or improved fertility of the land.

These ordinary or average rates may be called the natural rates of wages, profit and rent, at the time and place in which they commonly prevail.

When the price of any commodity is neither more nor less than what is sufficient to pay the rent of the land, the wages of the labour, and the profits of the stock employed in raising, preparing, and bringing it to market, according to their natural rates, the commodity is then sold for what may be called its natural price.

The commodity is then sold precisely for what it is worth, or for what it really costs the person who brings it to market; for though, in common language, what is called the prime cost of any commodity does not comprehend the profit of the person who is to sell it again, yet, if he sells it at a price which does not allow him the ordinary rate of profit in his neighbourhood, he is evidently a loser by the trade; since, by employing his stock in some other way, he might have made that profit. His profit, besides, is his revenue, the proper fund of his subsistence. As, while he is preparing and bringing the goods to market, he advances to his workmen their wages, or their subsistence; so he advances to himself, in the same manner, his own subsistence, which is generally suitable to the profit which he may reasonably expect from the sale of his goods. Unless they yield him this

profit, therefore, they do not repay him what they may very properly be said to have really cost him.

Though the price, therefore, which leaves him this profit, is not always the lowest at which a dealer may sometimes sell his goods, it is the lowest at which he is likely to sell them for any considerable time; at least where there is perfect liberty, or where he may change his trade as often as he pleases.

The actual price at which any commodity is commonly sold, is called its market price. It may either be above, or below, or exactly the same with its natural price.

The market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market, and the demand of those who are willing to pay the natural price of the commodity, or the whole value of the rent, labour, and profit, which must be paid in order to bring it thither. Such people may be called the effectual demanders, and their demand the effectual demand; since it may be sufficient to effectuate the bringing of the commodity to market. It is different from the absolute demand. A very poor man may be said, in some sense, to have a demand for a coach and six; he might like to have it; but his demand is not an effectual demand, as the commodity can never be brought to market in order to satisfy it.

When the quantity of any commodity which is brought to market falls short of the effectual demand, all those who are willing to pay the whole value of the rent, wages, and profit, which must be paid in order to bring it thither, cannot be supplied with the quantity which they want. Rather than want it altogether, some of them will be willing to give more. A competition will immediately begin among them, and the market price will rise more or less above the natural price, according as either the greatness of the deficiency, or the wealth and wanton luxury of the competitors, happen to animate more or less the eagerness of the competition. Among competitors of equal wealth and luxury, the same deficiency will generally occasion a more or less eager competition, according as the acquisition of the commodity happens to be of more or less importance to them. Hence the exorbitant price of the necessaries of life during the blockade of a town, or in a famine.

When the quantity brought to market exceeds the effectual demand, it cannot be all sold to those who are willing to pay the whole value of the rent, wages, and profit, which must be paid in order to bring it thither. Some part must be sold to those who are willing to pay less, and the low price which they give for it must reduce the price of the whole. The market price will sink more or less below the natural price, according as the greatness of the excess increases more or less the competition of the sellers, or according as it happens to be more or less important to them to get immediately rid of the commodity. The same excess in the importation of perishable, will occasion a much greater competition than in that of durable commodities; in the importation of oranges, for example, than in that of old iron.

When the quantity brought to market is just sufficient to supply the effectual demand, and no more, the market price naturally comes to be either exactly, or as nearly as can be judged of, the same with the natural price. The whole quantity upon hand can be disposed of for this price, and can not be disposed of for more. The competition of the different dealers obliges them all to accept of this price, but does not oblige them to accept of less.

The quantity of every commodity brought to market naturally suits itself to the effectual demand. It is the interest of all those who employ their land, labour, or stock, in bringing any commodity to market, that the quantity never should exceed the effectual demand; and it is the interest of all other people that it never should fall short of that demand.

If at any time it exceeds the effectual demand, some of the component parts of its price must be paid below their natural rate. If it is rent, the interest of the landlords will immediately prompt them to withdraw a part of their land; and if it is wages or profit, the interest of the labourers in the one case, and of their employers in the other, will prompt them to withdraw a part of their labour or stock, from this employment. The quantity brought to market will soon be no more than sufficient to supply the effectual demand. All the different parts of its price will rise to their natural rate, and the whole price to its natural price.

If, on the contrary, the quantity brought to market should at any time fall short of the effectual demand, some of the component parts of its price must rise above their natural rate. If it is rent, the interest of all other landlords will naturally prompt them to prepare more land for the raising of this commodity; if it is wages or profit, the interest of all other labourers and

dealers will soon prompt them to employ more labour and stock in preparing and bringing it to market. The quantity brought thither will soon be sufficient to supply the effectual demand. All the different parts of its price will soon sink to their natural rate, and the whole price to its natural price.

The natural price, therefore, is, as it were, the central price, to which the prices of all commodities are continually gravitating. Different accidents may sometimes keep them suspended a good deal above it, and sometimes force them down even somewhat below it. But whatever may be the obstacles which hinder them from settling in this centre of repose and continuance, they are constantly tending towards it.

The whole quantity of industry annually employed in order to bring any commodity to market, naturally suits itself in this manner to the effectual demand. It naturally aims at bringing always that precise quantity thither which may be sufficient to supply, and no more than supply, that demand.

But, in some employments, the same quantity of industry will, in different years, produce very different quantities of commodities; while, in others, it will produce always the same, or very nearly the same. The same number of labourers in husbandry will, in different years, produce very different quantities of corn, wine, oil, hops, etc. But the same number of spinners or weavers will every year produce the same, or very nearly the same, quantity of linen and woollen cloth. It is only the average produce of the one species of industry which can be suited, in any respect, to the effectual demand; and as its actual produce is frequently much greater, and frequently much less, than its average produce, the quantity of the commodities brought to market will sometimes exceed a good deal, and sometimes fall short a good deal, of the effectual demand. Even though that demand, therefore, should continue always the same, their market price will be liable to great fluctuations, will sometimes fall a good deal below, and sometimes rise a good deal above, their natural price. In the other species of industry, the produce of equal quantities of labour being always the same, or very nearly the same, it can be more exactly suited to the effectual demand. While that demand continues the same, therefore, the market price of the commodities is likely to do so too, and to be either altogether, or as nearly as can be judged of, the same with the natural price. That the price of linen and woollen cloth is liable neither to such frequent, nor to such great variations, as the price of corn, every man's experience will inform him.

The price of the one species of commodities varies only with the variations in the demand; that of the other varies not only with the variations in the demand, but with the much greater, and more frequent, variations in the quantity of what is brought to market, in order to supply that demand.

The occasional and temporary fluctuations in the market price of any commodity fall chiefly upon those parts of its price which resolve themselves into wages and profit. That part which resolves itself into rent is less affected by them. A rent certain in money is not in the least affected by them, either in its rate or in its value. A rent which consists either in a certain proportion, or in a certain quantity, of the rude produce, is no doubt affected in its yearly value by all the occasional and temporary fluctuations in the market price of that rude produce; but it is seldom affected by them in its yearly rate. In settling the terms of the lease, the landlord and farmer endeavour, according to their best judgment, to adjust that rate, not to the temporary and occasional, but to the average and ordinary price of the produce.

Such fluctuations affect both the value and the rate, either of wages or of profit, according as the market happens to be either overstocked or understocked with commodities or with labour, with work done, or with work to be done. A public mourning raises the price of black cloth (with which the market is almost always understocked upon such occasions), and augments the profits of the merchants who possess any considerable quantity of it. It has no effect upon the wages of the weavers. The market is understocked with commodities, not with labour, with work done, not with work to be done. It raises the wages of journeymen tailors. The market is here understocked with labour. There is an effectual demand for more labour, for more work to be done, than can be had. It sinks the price of coloured silks and cloths, and thereby reduces the profits of the merchants who have any considerable quantity of them upon hand. It sinks, too, the wages of the workmen employed in preparing such commodities, for which all demand is stopped for six months, perhaps for a twelvemonth. The market is here overstocked both with commodities and with labour.

But though the market price of every particular commodity is in this manner continually gravitating, if one may say so, towards the natural price; yet sometimes particular accidents, sometimes natural causes, and sometimes particular regulations of policy, may, in many commodities, keep

up the market price, for a long time together, a good deal above the natural price.

When, by an increase in the effectual demand, the market price of some particular commodity happens to rise a good deal above the natural price, those who employ their stocks in supplying that market, are generally careful to conceal this change. If it was commonly known, their great profit would tempt so many new rivals to employ their stocks in the same way, that, the effectual demand being fully supplied, the market price would soon be reduced to the natural price, and, perhaps, for some time even below it. If the market is at a great distance from the residence of those who supply it, they may sometimes be able to keep the secret for several years together, and may so long enjoy their extraordinary profits without any new rivals. Secrets of this kind, however, it must be acknowledged, can seldom be long kept; and the extraordinary profit can last very little longer than they are kept.

Secrets in manufactures are capable of being longer kept than secrets in trade. A dyer who has found the means of producing a particular colour with materials which cost only half the price of those commonly made use of, may, with good management, enjoy the advantage of his discovery as long as he lives, and even leave it as a legacy to his posterity. His extraordinary gains arise from the high price which is paid for his private labour. They properly consist in the high wages of that labour. But as they are repeated upon every part of his stock, and as their whole amount bears, upon that account, a regular proportion to it, they are commonly considered as extraordinary profits of stock.

Such enhancements of the market price are evidently the effects of particular accidents, of which, however, the operation may sometimes last for many years together.

Some natural productions require such a singularity of soil and situation, that all the land in a great country, which is fit for producing them, may not be sufficient to supply the effectual demand. The whole quantity brought to market, therefore, may be disposed of to those who are willing to give more than what is sufficient to pay the rent of the land which produced them, together with the wages of the labour and the profits of the stock which were employed in preparing and bringing them to market, according to their natural rates. Such commodities may continue for whole centuries together to be sold at this high price; and that part of it which resolves itself into the

rent of land, is in this case the part which is generally paid above its natural rate. The rent of the land which affords such singular and esteemed productions, like the rent of some vineyards in France of a peculiarly happy soil and situation, bears no regular proportion to the rent of other equally fertile and equally well cultivated land in its neighbourhood. The wages of the labour, and the profits of the stock employed in bringing such commodities to market, on the contrary, are seldom out of their natural proportion to those of the other employments of labour and stock in their neighbourhood.

Such enhancements of the market price are evidently the effect of natural causes, which may hinder the effectual demand from ever being fully supplied, and which may continue, therefore, to operate for ever.

A monopoly granted either to an individual or to a trading company, has the same effect as a secret in trade or manufactures. The monopolists, by keeping the market constantly understocked by never fully supplying the effectual demand, sell their commodities much above the natural price, and raise their emoluments, whether they consist in wages or profit, greatly above their natural rate.

The price of monopoly is upon every occasion the highest which can be got. The natural price, or the price of free competition, on the contrary, is the lowest which can be taken, not upon every occasion indeed, but for any considerable time together. The one is upon every occasion the highest which can be squeezed out of the buyers, or which it is supposed they will consent to give; the other is the lowest which the sellers can commonly afford to take, and at the same time continue their business.

The exclusive privileges of corporations, statutes of apprenticeship, and all those laws which restrain in particular employments, the competition to a smaller number than might otherwise go into them, have the same tendency, though in a less degree. They are a sort of enlarged monopolies, and may frequently, for ages together, and in whole classes of employments, keep up the market price of particular commodities above the natural price, and maintain both the wages of the labour and the profits of the stock employed about them somewhat above their natural rate.

Such enhancements of the market price may last as long as the regulations of policy which give occasion to them.

The market price of any particular commodity, though it may continue long above, can seldom continue long below, its natural price. Whatever part of it was paid below the natural rate, the persons whose interest it affected would immediately feel the loss, and would immediately withdraw either so much land or so much labour, or so much stock, from being employed about it, that the quantity brought to market would soon be no more than sufficient to supply the effectual demand. Its market price, therefore, would soon rise to the natural price; this at least would be the case where there was perfect liberty.

The same statutes of apprenticeship and other corporation laws, indeed, which, when a manufacture is in prosperity, enable the workman to raise his wages a good deal above their natural rate, sometimes oblige him, when it decays, to let them down a good deal below it. As in the one case they exclude many people from his employment, so in the other they exclude him from many employments. The effect of such regulations, however, is not near so durable in sinking the workman's wages below, as in raising them above their natural rate. Their operation in the one way may endure for many centuries, but in the other it can last no longer than the lives of some of the workmen who were bred to the business in the time of its prosperity. When they are gone, the number of those who are afterwards educated to the trade will naturally suit itself to the effectual demand. The policy must be as violent as that of Indostan or ancient Egypt (where every man was bound by a principle of religion to follow the occupation of his father, and was supposed to commit the most horrid sacrilege if he changed it for another), which can in any particular employment, and for several generations together, sink either the wages of labour or the profits of stock below their natural rate.

This is all that I think necessary to be observed at present concerning the deviations, whether occasional or permanent, of the market price of commodities from the natural price.

The natural price itself varies with the natural rate of each of its component parts, of wages, profit, and rent; and in every society this rate varies according to their circumstances, according to their riches or poverty, their advancing, stationary, or declining condition. I shall, in the four following chapters, endeavour to explain, as fully and distinctly as I can, the causes of those different variations.

First, I shall endeavour to explain what are the circumstances which naturally determine the rate of wages, and in what manner those circumstances are affected by the riches or poverty, by the advancing, stationary, or declining state of the society.

Secondly, I shall endeavour to shew what are the circumstances which naturally determine the rate of profit; and in what manner, too, those circumstances are affected by the like variations in the state of the society.

Though pecuniary wages and profit are very different in the different employments of labour and stock; yet a certain proportion seems commonly to take place between both the pecuniary wages in all the different employments of labour, and the pecuniary profits in all the different employments of stock. This proportion, it will appear hereafter, depends partly upon the nature of the different employments, and partly upon the different laws and policy of the society in which they are carried on. But though in many respects dependent upon the laws and policy, this proportion seems to be little affected by the riches or poverty of that society, by its advancing, stationary, or declining condition, but to remain the same, or very nearly the same, in all those different states. I shall, in the third place, endeavour to explain all the different circumstances which regulate this proportion.

In the fourth and last place, I shall endeavour to shew what are the circumstances which regulate the rent of land, and which either raise or lower the real price of all the different substances which it produces.

CHAPTER VIII.

OF THE WAGES OF LABOUR.

The produce of labour constitutes the natural recompence or wages of labour. In that original state of things which precedes both the appropriation of land and the accumulation of stock, the whole produce of labour belongs to the labourer. He has neither landlord nor master to share with him.

Had this state continued, the wages of labour would have augmented with all those improvements in its productive powers, to which the division of labour gives occasion. All things would gradually have become cheaper. They would have been produced by a smaller quantity of labour; and as the commodities produced by equal quantities of labour would naturally in this state of things be exchanged for one another, they would have been purchased likewise with the produce of a smaller quantity.

But though all things would have become cheaper in reality, in appearance many things might have become dearer, than before, or have been exchanged for a greater quantity of other goods. Let us suppose, for example, that in the greater part of employments the productive powers of labour had been improved to tenfold, or that a day's labour could produce ten times the quantity of work which it had done originally; but that in a particular employment they had been improved only to double, or that a day's labour could produce only twice the quantity of work which it had done before. In exchanging the produce of a day's labour in the greater part of employments for that of a day's labour in this particular one, ten times the original quantity of work in them would purchase only twice the original quantity in it. Any particular quantity in it, therefore, a pound weight, for example, would appear to be five times dearer than before. In reality, however, it would be twice as cheap. Though it required five times the quantity of other goods to purchase it, it would require only half the quantity of labour either to purchase or to produce it. The acquisition, therefore, would be twice as easy as before.

But this original state of things, in which the labourer enjoyed the whole produce of his own labour, could not last beyond the first introduction of the appropriation of land and the accumulation of stock. It was at an end, therefore, long before the most considerable improvements were made in

the productive powers of labour; and it would be to no purpose to trace further what might have been its effects upon the recompence or wages of labour.

As soon as land becomes private property, the landlord demands a share of almost all the produce which the labourer can either raise or collect from it. His rent makes the first deduction from the produce of the labour which is employed upon land.

It seldom happens that the person who tills the ground has wherewithal to maintain himself till he reaps the harvest. His maintenance is generally advanced to him from the stock of a master, the farmer who employs him, and who would have no interest to employ him, unless he was to share in the produce of his labour, or unless his stock was to be replaced to him with a profit. This profit makes a second deduction from the produce of the labour which is employed upon land.

The produce of almost all other labour is liable to the like deduction of profit. In all arts and manufactures, the greater part of the workmen stand in need of a master, to advance them the materials of their work, and their wages and maintenance, till it be completed. He shares in the produce of their labour, or in the value which it adds to the materials upon which it is bestowed; and in this share consists his profit.

It sometimes happens, indeed, that a single independent workman has stock sufficient both to purchase the materials of his work, and to maintain himself till it be completed. He is both master and workman, and enjoys the whole produce of his own labour, or the whole value which it adds to the materials upon which it is bestowed. It includes what are usually two distinct revenues, belonging to two distinct persons, the profits of stock, and the wages of labour.

Such cases, however, are not very frequent; and in every part of Europe twenty workmen serve under a master for one that is independent, and the wages of labour are everywhere understood to be, what they usually are, when the labourer is one person, and the owner of the stock which employs him another.

What are the common wages of labour, depends everywhere upon the contract usually made between those two parties, whose interests are by no means the same. The workmen desire to get as much, the masters to give as

little, as possible. The former are disposed to combine in order to raise, the latter in order to lower, the wages of labour.

It is not, however, difficult to foresee which of the two parties must, upon all ordinary occasions, have the advantage in the dispute, and force the other into a compliance with their terms. The masters, being fewer in number, can combine much more easily: and the law, besides, authorises, or at least does not prohibit, their combinations, while it prohibits those of the workmen. We have no acts of parliament against combining to lower the price of work, but many against combining to raise it. In all such disputes, the masters can hold out much longer. A landlord, a farmer, a master manufacturer, or merchant, though they did not employ a single workman, could generally live a year or two upon the stocks, which they have already acquired. Many workmen could not subsist a week, few could subsist a month, and scarce any a year, without employment. In the long run, the workman may be as necessary to his master as his master is to him; but the necessity is not so immediate.

We rarely hear, it has been said, of the combinations of masters, though frequently of those of workmen. But whoever imagines, upon this account, that masters rarely combine, is as ignorant of the world as of the subject. Masters are always and everywhere in a sort of tacit, but constant and uniform, combination, not to raise the wages of labour above their actual rate. To violate this combination is everywhere a most unpopular action, and a sort of reproach to a master among his neighbours and equals. We seldom, indeed, hear of this combination, because it is the usual, and, one may say, the natural state of things, which nobody ever hears of. Masters, too, sometimes enter into particular combinations to sink the wages of labour even below this rate. These are always conducted with the utmost silence and secrecy till the moment of execution; and when the workmen yield, as they sometimes do without resistance, though severely felt by them, they are never heard of by other people. Such combinations, however, are frequently resisted by a contrary defensive combination of the workmen, who sometimes, too, without any provocation of this kind, combine, of their own accord, to raise the price of their labour. Their usual pretences are, sometimes the high price of provisions, sometimes the great profit which their masters make by their work. But whether their combinations be offensive or defensive, they are always abundantly heard of. In order to bring the point to a speedy decision, they have always

recourse to the loudest clamour, and sometimes to the most shocking violence and outrage. They are desperate, and act with the folly and extravagance of desperate men, who must either starve, or frighten their masters into an immediate compliance with their demands. The masters, upon these occasions, are just as clamorous upon the other side, and never cease to call aloud for the assistance of the civil magistrate, and the rigorous execution of those laws which have been enacted with so much severity against the combination of servants, labourers, and journeymen. The workmen, accordingly, very seldom derive any advantage from the violence of those tumultuous combinations, which, partly from the interposition of the civil magistrate, partly from the superior steadiness of the masters, partly from the necessity which the greater part of the workmen are under of submitting for the sake of present subsistence, generally end in nothing but the punishment or ruin of the ringleaders.

But though, in disputes with their workmen, masters must generally have the advantage, there is, however, a certain rate, below which it seems impossible to reduce, for any considerable time, the ordinary wages even of the lowest species of labour.

A man must always live by his work, and his wages must at least be sufficient to maintain him. They must even upon most occasions be somewhat more, otherwise it would be impossible for him to bring up a family, and the race of such workmen could not last beyond the first generation. Mr Cantillon seems, upon this account, to suppose that the lowest species of common labourers must everywhere earn at least double their own maintenance, in order that, one with another, they may be enabled to bring up two children; the labour of the wife, on account of her necessary attendance on the children, being supposed no more than sufficient to provide for herself: But one half the children born, it is computed, die before the age of manhood. The poorest labourers, therefore, according to this account, must, one with another, attempt to rear at least four children, in order that two may have an equal chance of living to that age. But the necessary maintenance of four children, it is supposed, may be nearly equal to that of one man. The labour of an able-bodied slave, the same author adds, is computed to be worth double his maintenance; and that of the meanest labourer, he thinks, cannot be worth less than that of an able-bodied slave. Thus far at least seems certain, that, in order to bring up a family, the labour of the husband and wife together must, even in the lowest

species of common labour, be able to earn something more than what is precisely necessary for their own maintenance; but in what proportion, whether in that above-mentioned, or many other, I shall not take upon me to determine.

There are certain circumstances, however, which sometimes give the labourers an advantage, and enable them to raise their wages considerably above this rate, evidently the lowest which is consistent with common humanity.

When in any country the demand for those who live by wages, labourers, journeymen, servants of every kind, is continually increasing; when every year furnishes employment for a greater number than had been employed the year before, the workmen have no occasion to combine in order to raise their wages. The scarcity of hands occasions a competition among masters, who bid against one another in order to get workmen, and thus voluntarily break through the natural combination of masters not to raise wages. The demand for those who live by wages, it is evident, cannot increase but in proportion to the increase of the funds which are destined to the payment of wages. These funds are of two kinds, first, the revenue which is over and above what is necessary for the maintenance; and, secondly, the stock which is over and above what is necessary for the employment of their masters.

When the landlord, annuitant, or monied man, has a greater revenue than what he judges sufficient to maintain his own family, he employs either the whole or a part of the surplus in maintaining one or more menial servants. Increase this surplus, and he will naturally increase the number of those servants.

When an independent workman, such as a weaver or shoemaker, has got more stock than what is sufficient to purchase the materials of his own work, and to maintain himself till he can dispose of it, he naturally employs one or more journeymen with the surplus, in order to make a profit by their work. Increase this surplus, and he will naturally increase the number of his journeymen.

The demand for those who live by wages, therefore, necessarily increases with the increase of the revenue and stock of every country, and cannot possibly increase without it. The increase of revenue and stock is the increase of national wealth. The demand for those who live by wages,

therefore, naturally increases with the increase of national wealth, and cannot possibly increase without it.

It is not the actual greatness of national wealth, but its continual increase, which occasions a rise in the wages of labour. It is not, accordingly, in the richest countries, but in the most thriving, or in those which are growing rich the fastest, that the wages of labour are highest. England is certainly, in the present times, a much richer country than any part of North America. The wages of labour, however, are much higher in North America than in any part of England. In the province of New York, common labourers earned in 1773, before the commencement of the late disturbances, three shillings and sixpence currency, equal to two shillings sterling, a-day; ship-carpenters, ten shillings and sixpence currency, with a pint of rum, worth sixpence sterling, equal in all to six shillings and sixpence sterling; house-carpenters and bricklayers, eight shillings currency, equal to four shillings and sixpence sterling; journeymen tailors, five shillings currency, equal to about two shillings and tenpence sterling. These prices are all above the London price; and wages are said to be as high in the other colonies as in New York. The price of provisions is everywhere in North America much lower than in England. A dearth has never been known there. In the worst seasons they have always had a sufficiency for themselves, though less for exportation. If the money price of labour, therefore, be higher than it is anywhere in the mother-country, its real price, the real command of the necessaries and conveniencies of life which it conveys to the labourer, must be higher in a still greater proportion.

But though North America is not yet so rich as England, it is much more thriving, and advancing with much greater rapidity to the further acquisition of riches. The most decisive mark of the prosperity of any country is the increase of the number of its inhabitants. In Great Britain, and most other European countries, they are not supposed to double in less than five hundred years. In the British colonies in North America, it has been found that they double in twenty or five-and-twenty years. Nor in the present times is this increase principally owing to the continual importation of new inhabitants, but to the great multiplication of the species. Those who live to old age, it is said, frequently see there from fifty to a hundred, and sometimes many more, descendants from their own body. Labour is there so well rewarded, that a numerous family of children, instead of being a burden, is a source of opulence and prosperity to the parents. The labour of

each child, before it can leave their house, is computed to be worth a hundred pounds clear gain to them. A young widow with four or five young children, who, among the middling or inferior ranks of people in Europe, would have so little chance for a second husband, is there frequently courted as a sort of fortune. The value of children is the greatest of all encouragements to marriage. We cannot, therefore, wonder that the people in North America should generally marry very young. Notwithstanding the great increase occasioned by such early marriages, there is a continual complaint of the scarcity of hands in North America. The demand for labourers, the funds destined for maintaining them increase, it seems, still faster than they can find labourers to employ.

Though the wealth of a country should be very great, yet if it has been long stationary, we must not expect to find the wages of labour very high in it. The funds destined for the payment of wages, the revenue and stock of its inhabitants, may be of the greatest extent; but if they have continued for several centuries of the same, or very nearly of the same extent, the number of labourers employed every year could easily supply, and even more than supply, the number wanted the following year. There could seldom be any scarcity of hands, nor could the masters be obliged to bid against one another in order to get them. The hands, on the contrary, would, in this case, naturally multiply beyond their employment. There would be a constant scarcity of employment, and the labourers would be obliged to bid against one another in order to get it. If in such a country the wages of labour had ever been more than sufficient to maintain the labourer, and to enable him to bring up a family, the competition of the labourers and the interest of the masters would soon reduce them to the lowest rate which is consistent with common humanity. China has been long one of the richest, that is, one of the most fertile, best cultivated, most industrious, and most populous, countries in the world. It seems, however, to have been long stationary. Marco Polo, who visited it more than five hundred years ago, describes its cultivation, industry, and populousness, almost in the same terms in which they are described by travellers in the present times. It had, perhaps, even long before his time, acquired that full complement of riches which the nature of its laws and institutions permits it to acquire. The accounts of all travellers, inconsistent in many other respects, agree in the low wages of labour, and in the difficulty which a labourer finds in bringing up a family in China. If by digging the ground a whole day he can get what will

purchase a small quantity of rice in the evening, he is contented. The condition of artificers is, if possible, still worse. Instead of waiting indolently in their work-houses for the calls of their customers, as in Europe, they are continually running about the streets with the tools of their respective trades, offering their services, and, as it were, begging employment. The poverty of the lower ranks of people in China far surpasses that of the most beggarly nations in Europe. In the neighbourhood of Canton, many hundred, it is commonly said, many thousand families have no habitation on the land, but live constantly in little fishing-boats upon the rivers and canals. The subsistence which they find there is so scanty, that they are eager to fish up the nastiest garbage thrown overboard from any European ship. Any carrion, the carcase of a dead dog or cat, for example, though half putrid and stinking, is as welcome to them as the most wholesome food to the people of other countries. Marriage is encouraged in China, not by the profitableness of children, but by the liberty of destroying them. In all great towns, several are every night exposed in the street, or drowned like puppies in the water. The performance of this horrid office is even said to be the avowed business by which some people earn their subsistence.

China, however, though it may, perhaps, stand still, does not seem to go backwards. Its towns are nowhere deserted by their inhabitants. The lands which had once been cultivated, are nowhere neglected. The same, or very nearly the same, annual labour, must, therefore, continue to be performed, and the funds destined for maintaining it must not, consequently, be sensibly diminished. The lowest class of labourers, therefore, notwithstanding their scanty subsistence, must some way or another make shift to continue their race so far as to keep up their usual numbers.

But it would be otherwise in a country where the funds destined for the maintenance of labour were sensibly decaying. Every year the demand for servants and labourers would, in all the different classes of employments, be less than it had been the year before. Many who had been bred in the superior classes, not being able to find employment in their own business, would be glad to seek it in the lowest. The lowest class being not only overstocked with its own workmen, but with the overflowings of all the other classes, the competition for employment would be so great in it, as to reduce the wages of labour to the most miserable and scanty subsistence of the labourer. Many would not be able to find employment even upon these

hard terms, but would either starve, or be driven to seek a subsistence, either by begging, or by the perpetration perhaps, of the greatest enormities. Want, famine, and mortality, would immediately prevail in that class, and from thence extend themselves to all the superior classes, till the number of inhabitants in the country was reduced to what could easily be maintained by the revenue and stock which remained in it, and which had escaped either the tyranny or calamity which had destroyed the rest. This, perhaps, is nearly the present state of Bengal, and of some other of the English settlements in the East Indies. In a fertile country, which had before been much depopulated, where subsistence, consequently, should not be very difficult, and where, notwithstanding, three or four hundred thousand people die of hunger in one year, we may be assured that the funds destined for the maintenance of the labouring poor are fast decaying. The difference between the genius of the British constitution, which protects and governs North America, and that of the mercantile company which oppresses and domineers in the East Indies, cannot, perhaps, be better illustrated than by the different state of those countries.

The liberal reward of labour, therefore, as it is the necessary effect, so it is the natural symptom of increasing national wealth. The scanty maintenance of the labouring poor, on the other hand, is the natural symptom that things are at a stand, and their starving condition, that they are going fast backwards.

In Great Britain, the wages of labour seem, in the present times, to be evidently more than what is precisely necessary to enable the labourer to bring up a family. In order to satisfy ourselves upon this point, it will not be necessary to enter into any tedious or doubtful calculation of what may be the lowest sum upon which it is possible to do this. There are many plain symptoms, that the wages of labour are nowhere in this country regulated by this lowest rate, which is consistent with common humanity.

First, in almost every part of Great Britain there is a distinction, even in the lowest species of labour, between summer and winter wages. Summer wages are always highest. But, on account of the extraordinary expense of fuel, the maintenance of a family is most expensive in winter. Wages, therefore, being highest when this expense is lowest, it seems evident that they are not regulated by what is necessary for this expense, but by the quantity and supposed value of the work. A labourer, it may be said, indeed, ought to save part of his summer wages, in order to defray his winter

expense; and that, through the whole year, they do not exceed what is necessary to maintain his family through the whole year. A slave, however, or one absolutely dependent on us for immediate subsistence, would not be treated in this manner. His daily subsistence would be proportioned to his daily necessities.

Secondly, the wages of labour do not, in Great Britain, fluctuate with the price of provisions. These vary everywhere from year to year, frequently from month to month. But in many places, the money price of labour remains uniformly the same, sometimes for half a century together. If, in these places, therefore, the labouring poor can maintain their families in dear years, they must be at their ease in times of moderate plenty, and in affluence in those of extraordinary cheapness. The high price of provisions during these ten years past, has not, in many parts of the kingdom, been accompanied with any sensible rise in the money price of labour. It has, indeed, in some; owing, probably, more to the increase of the demand for labour, than to that of the price of provisions.

Thirdly, as the price of provisions varies more from year to year than the wages of labour, so, on the other hand, the wages of labour vary more from place to place than the price of provisions. The prices of bread and butchers' meat are generally the same, or very nearly the same, through the greater part of the united kingdom. These, and most other things which are sold by retail, the way in which the labouring poor buy all things, are generally fully as cheap, or cheaper, in great towns than in the remoter parts of the country, for reasons which I shall have occasion to explain hereafter. But the wages of labour in a great town and its neighbourhood are frequently a fourth or a fifth part, twenty or five-and—twenty per cent. higher than at a few miles distance. Eighteen pence a day may be reckoned the common price of labour in London and its neighbourhood. At a few miles distance, it falls to fourteen and fifteen pence. Tenpence may be reckoned its price in Edinburgh and its neighbourhood. At a few miles distance, it falls to eightpence, the usual price of common labour through the greater part of the low country of Scotland, where it varies a good deal less than in England. Such a difference of prices, which, it seems, is not always sufficient to transport a man from one parish to another, would necessarily occasion so great a transportation of the most bulky commodities, not only from one parish to another, but from one end of the kingdom, almost from one end of the world to the other, as would soon

reduce them more nearly to a level. After all that has been said of the levity and inconstancy of human nature, it appears evidently from experience, that man is, of all sorts of luggage, the most difficult to be transported. If the labouring poor, therefore, can maintain their families in those parts of the kingdom where the price of labour is lowest, they must be in affluence where it is highest.

Fourthly, the variations in the price of labour not only do not correspond, either in place or time, with those in the price of provisions, but they are frequently quite opposite.

Grain, the food of the common people, is dearer in Scotland than in England, whence Scotland receives almost every year very large supplies. But English corn must be sold dearer in Scotland, the country to which it is brought, than in England, the country from which it comes; and in proportion to its quality it cannot be sold dearer in Scotland than the Scotch corn that comes to the same market in competition with it. The quality of grain depends chiefly upon the quantity of flour or meal which it yields at the mill; and, in this respect, English grain is so much superior to the Scotch, that though often dearer in appearance, or in proportion to the measure of its bulk, it is generally cheaper in reality, or in proportion to its quality, or even to the measure of its weight. The price of labour, on the contrary, is dearer in England than in Scotland. If the labouring poor, therefore, can maintain their families in the one part of the united kingdom, they must be in affluence in the other. Oatmeal, indeed, supplies the common people in Scotland with the greatest and the best part of their food, which is, in general, much inferior to that of their neighbours of the same rank in England. This difference, however, in the mode of their subsistence, is not the cause, but the effect, of the difference in their wages; though, by a strange misapprehension, I have frequently heard it represented as the cause. It is not because one man keeps a coach, while his neighbour walks a-foot, that the one is rich, and the other poor; but because the one is rich, he keeps a coach, and because the other is poor, he walks a-foot.

During the course of the last century, taking one year with another, grain was dearer in both parts of the united kingdom than during that of the present. This is a matter of fact which cannot now admit of any reasonable doubt; and the proof of it is, if possible, still more decisive with regard to Scotland than with regard to England. It is in Scotland supported by the evidence of the public fiars, annual valuations made upon oath, according to

the actual state of the markets, of all the different sorts of grain in every different county of Scotland. If such direct proof could require any collateral evidence to confirm it, I would observe, that this has likewise been the case in France, and probably in most other parts of Europe. With regard to France, there is the clearest proof. But though it is certain, that in both parts of the united kingdom grain was somewhat dearer in the last century than in the present, it is equally certain that labour was much cheaper. If the labouring poor, therefore, could bring up their families then, they must be much more at their ease now. In the last century, the most usual day-wages of common labour through the greater part of Scotland were sixpence in summer, and fivepence in winter. Three shillings a-week, the same price, very nearly still continues to be paid in some parts of the Highlands and Western islands. Through the greater part of the Low country, the most usual wages of common labour are now eight pence a-day; tenpence, sometimes a shilling, about Edinburgh, in the counties which border upon England, probably on account of that neighbourhood, and in a few other places where there has lately been a considerable rise in the demand for labour, about Glasgow, Carron, Ayrshire, etc. In England, the improvements of agriculture, manufactures, and commerce, began much earlier than in Scotland. The demand for labour, and consequently its price, must necessarily have increased with those improvements. In the last century, accordingly, as well as in the present, the wages of labour were higher in England than in Scotland. They have risen, too, considerably since that time, though, on account of the greater variety of wages paid there in different places, it is more difficult to ascertain how much. In 1614, the pay of a foot soldier was the same as in the present times, eightpence a-day. When it was first established, it would naturally be regulated by the usual wages of common labourers, the rank of people from which foot soldiers are commonly drawn. Lord-chief-justice Hales, who wrote in the time of Charles II. computes the necessary expense of a labourer's family, consisting of six persons, the father and mother, two children able to do something, and two not able, at ten shillings a-week, or twenty-six pounds a-year. If they cannot earn this by their labour, they must make it up, he supposes, either by begging or stealing. He appears to have enquired very carefully into this subject {See his scheme for the maintenance of the poor, in Burn's History of the Poor Laws.}. In 1688, Mr Gregory King, whose skill in political arithmetic is so much extolled by Dr Davenant, computed

the ordinary income of labourers and out-servants to be fifteen pounds a-year to a family, which he supposed to consist, one with another, of three and a half persons. His calculation, therefore, though different in appearance, corresponds very nearly at bottom with that of Judge Hales. Both suppose the weekly expense of such families to be about twenty-pence a-head. Both the pecuniary income and expense of such families have increased considerably since that time through the greater part of the kingdom, in some places more, and in some less, though perhaps scarce anywhere so much as some exaggerated accounts of the present wages of labour have lately represented them to the public. The price of labour, it must be observed, cannot be ascertained very accurately anywhere, different prices being often paid at the same place and for the same sort of labour, not only according to the different abilities of the workman, but according to the easiness or hardness of the masters. Where wages are not regulated by law, all that we can pretend to determine is, what are the most usual; and experience seems to shew that law can never regulate them properly, though it has often pretended to do so.

The real recompence of labour, the real quantity of the necessaries and conveniencies of life which it can procure to the labourer, has, during the course of the present century, increased perhaps in a still greater proportion than its money price. Not only grain has become somewhat cheaper, but many other things, from which the industrious poor derive an agreeable and wholesome variety of food, have become a great deal cheaper. Potatoes, for example, do not at present, through the greater part of the kingdom, cost half the price which they used to do thirty or forty years ago. The same thing may be said of turnips, carrots, cabbages; things which were formerly never raised but by the spade, but which are now commonly raised by the plough. All sort of garden stuff, too, has become cheaper. The greater part of the apples, and even of the onions, consumed in Great Britain, were, in the last century, imported from Flanders. The great improvements in the coarser manufactories of both linen and woollen cloth furnish the labourers with cheaper and better clothing; and those in the manufactories of the coarser metals, with cheaper and better instruments of trade, as well as with many agreeable and convenient pieces of household furniture. Soap, salt, candles, leather, and fermented liquors, have, indeed, become a good deal dearer, chiefly from the taxes which have been laid upon them. The quantity of these, however, which the labouring poor are under any necessity of

consuming, is so very small, that the increase in their price does not compensate the diminution in that of so many other things. The common complaint, that luxury extends itself even to the lowest ranks of the people, and that the labouring poor will not now be contented with the same food, clothing, and lodging, which satisfied them in former times, may convince us that it is not the money price of labour only, but its real recompence, which has augmented.

Is this improvement in the circumstances of the lower ranks of the people to be regarded as an advantage, or as an inconveniency, to the society? The answer seems at first abundantly plain. Servants, labourers, and workmen of different kinds, make up the far greater part of every great political society. But what improves the circumstances of the greater part, can never be regarded as any inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe, and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed, and lodged.

Poverty, though it no doubt discourages, does not always prevent, marriage. It seems even to be favourable to generation. A half-starved Highland woman frequently bears more than twenty children, while a pampered fine lady is often incapable of bearing any, and is generally exhausted by two or three. Barrenness, so frequent among women of fashion, is very rare among those of inferior station. Luxury, in the fair sex, while it inflames, perhaps, the passion for enjoyment, seems always to weaken, and frequently to destroy altogether, the powers of generation.

But poverty, though it does not prevent the generation, is extremely unfavourable to the rearing of children. The tender plant is produced; but in so cold a soil, and so severe a climate, soon withers and dies. It is not uncommon, I have been frequently told, in the Highlands of Scotland, for a mother who has born twenty children not to have two alive. Several officers of great experience have assured me, that, so far from recruiting their regiment, they have never been able to supply it with drums and fifes, from all the soldiers' children that were born in it. A greater number of fine children, however, is seldom seen anywhere than about a barrack of soldiers. Very few of them, it seems, arrive at the age of thirteen or fourteen. In some places, one half the children die before they are four years

of age, in many places before they are seven, and in almost all places before they are nine or ten. This great mortality, however will everywhere be found chiefly among the children of the common people, who cannot afford to tend them with the same care as those of better station. Though their marriages are generally more fruitful than those of people of fashion, a smaller proportion of their children arrive at maturity. In foundling hospitals, and among the children brought up by parish charities, the mortality is still greater than among those of the common people.

Every species of animals naturally multiplies in proportion to the means of their subsistence, and no species can ever multiply beyond it. But in civilized society, it is only among the inferior ranks of people that the scantiness of subsistence can set limits to the further multiplication of the human species; and it can do so in no other way than by destroying a great part of the children which their fruitful marriages produce.

The liberal reward of labour, by enabling them to provide better for their children, and consequently to bring up a greater number, naturally tends to widen and extend those limits. It deserves to be remarked, too, that it necessarily does this as nearly as possible in the proportion which the demand for labour requires. If this demand is continually increasing, the reward of labour must necessarily encourage in such a manner the marriage and multiplication of labourers, as may enable them to supply that continually increasing demand by a continually increasing population. If the reward should at any time be less than what was requisite for this purpose, the deficiency of hands would soon raise it; and if it should at any time be more, their excessive multiplication would soon lower it to this necessary rate. The market would be so much understocked with labour in the one case, and so much overstocked in the other, as would soon force back its price to that proper rate which the circumstances of the society required. It is in this manner that the demand for men, like that for any other commodity, necessarily regulates the production of men, quickens it when it goes on too slowly, and stops it when it advances too fast. It is this demand which regulates and determines the state of propagation in all the different countries of the world; in North America, in Europe, and in China; which renders it rapidly progressive in the first, slow and gradual in the second, and altogether stationary in the last.

The wear and tear of a slave, it has been said, is at the expense of his master; but that of a free servant is at his own expense. The wear and tear of

the latter, however, is, in reality, as much at the expense of his master as that of the former. The wages paid to journeymen and servants of every kind must be such as may enable them, one with another to continue the race of journeymen and servants, according as the increasing, diminishing, or stationary demand of the society, may happen to require. But though the wear and tear of a free servant be equally at the expense of his master, it generally costs him much less than that of a slave. The fund destined for replacing or repairing, if I may say so, the wear and tear of the slave, is commonly managed by a negligent master or careless overseer. That destined for performing the same office with regard to the freeman is managed by the freeman himself. The disorders which generally prevail in the economy of the rich, naturally introduce themselves into the management of the former; the strict frugality and parsimonious attention of the poor as naturally establish themselves in that of the latter. Under such different management, the same purpose must require very different degrees of expense to execute it. It appears, accordingly, from the experience of all ages and nations, I believe, that the work done by freemen comes cheaper in the end than that performed by slaves. It is found to do so even at Boston, New-York, and Philadelphia, where the wages of common labour are so very high.

The liberal reward of labour, therefore, as it is the effect of increasing wealth, so it is the cause of increasing population. To complain of it, is to lament over the necessary cause and effect of the greatest public prosperity.

It deserves to be remarked, perhaps, that it is in the progressive state, while the society is advancing to the further acquisition, rather than when it has acquired its full complement of riches, that the condition of the labouring poor, of the great body of the people, seems to be the happiest and the most comfortable. It is hard in the stationary, and miserable in the declining state. The progressive state is, in reality, the cheerful and the hearty state to all the different orders of the society; the stationary is dull; the declining melancholy.

The liberal reward of labour, as it encourages the propagation, so it increases the industry of the common people. The wages of labour are the encouragement of industry, which, like every other human quality, improves in proportion to the encouragement it receives. A plentiful subsistence increases the bodily strength of the labourer, and the comfortable hope of bettering his condition, and of ending his days, perhaps, in ease and plenty,

animates him to exert that strength to the utmost. Where wages are high, accordingly, we shall always find the workmen more active, diligent, and expeditious, than where they are low; in England, for example, than in Scotland; in the neighbourhood of great towns, than in remote country places. Some workmen, indeed, when they can earn in four days what will maintain them through the week, will be idle the other three. This, however, is by no means the case with the greater part. Workmen, on the contrary, when they are liberally paid by the piece, are very apt to overwork themselves, and to ruin their health and constitution in a few years. A carpenter in London, and in some other places, is not supposed to last in his utmost vigour above eight years. Something of the same kind happens in many other trades, in which the workmen are paid by the piece; as they generally are in manufactures, and even in country labour, wherever wages are higher than ordinary. Almost every class of artificers is subject to some peculiar infirmity occasioned by excessive application to their peculiar species of work. Ramuzzini, an eminent Italian physician, has written a particular book concerning such diseases. We do not reckon our soldiers the most industrious set of people among us; yet when soldiers have been employed in some particular sorts of work, and liberally paid by the piece, their officers have frequently been obliged to stipulate with the undertaker, that they should not be allowed to earn above a certain sum every day, according to the rate at which they were paid. Till this stipulation was made, mutual emulation, and the desire of greater gain, frequently prompted them to overwork themselves, and to hurt their health by excessive labour. Excessive application, during four days of the week, is frequently the real cause of the idleness of the other three, so much and so loudly complained of. Great labour, either of mind or body, continued for several days together is, in most men, naturally followed by a great desire of relaxation, which, if not restrained by force, or by some strong necessity, is almost irresistible. It is the call of nature, which requires to be relieved by some indulgence, sometimes of ease only, but sometimes too of dissipation and diversion. If it is not complied with, the consequences are often dangerous and sometimes fatal, and such as almost always, sooner or later, bring on the peculiar infirmity of the trade. If masters would always listen to the dictates of reason and humanity, they have frequently occasion rather to moderate, than to animate the application of many of their workmen. It will be found, I believe, in every sort of trade, that the man who works so moderately, as to

be able to work constantly, not only preserves his health the longest, but, in the course of the year, executes the greatest quantity of work.

In cheap years it is pretended, workmen are generally more idle, and in dear times more industrious than ordinary. A plentiful subsistence, therefore, it has been concluded, relaxes, and a scanty one quickens their industry. That a little more plenty than ordinary may render some workmen idle, cannot be well doubted; but that it should have this effect upon the greater part, or that men in general should work better when they are ill fed, than when they are well fed, when they are disheartened than when they are in good spirits, when they are frequently sick than when they are generally in good health, seems not very probable. Years of dearth, it is to be observed, are generally among the common people years of sickness and mortality, which cannot fail to diminish the produce of their industry.

In years of plenty, servants frequently leave their masters, and trust their subsistence to what they can make by their own industry. But the same cheapness of provisions, by increasing the fund which is destined for the maintenance of servants, encourages masters, farmers especially, to employ a greater number. Farmers, upon such occasions, expect more profit from their corn by maintaining a few more labouring servants, than by selling it at a low price in the market. The demand for servants increases, while the number of those who offer to supply that demand diminishes. The price of labour, therefore, frequently rises in cheap years.

In years of scarcity, the difficulty and uncertainty of subsistence make all such people eager to return to service. But the high price of provisions, by diminishing the funds destined for the maintenance of servants, disposes masters rather to diminish than to increase the number of those they have. In dear years, too, poor independent workmen frequently consume the little stock with which they had used to supply themselves with the materials of their work, and are obliged to become journeymen for subsistence. More people want employment than easily get it; many are willing to take it upon lower terms than ordinary; and the wages of both servants and journeymen frequently sink in dear years.

Masters of all sorts, therefore, frequently make better bargains with their servants in dear than in cheap years, and find them more humble and dependent in the former than in the latter. They naturally, therefore, commend the former as more favourable to industry. Landlords and farmers, besides, two of the largest classes of masters, have another reason

for being pleased with dear years. The rents of the one, and the profits of the other, depend very much upon the price of provisions. Nothing can be more absurd, however, than to imagine that men in general should work less when they work for themselves, than when they work for other people. A poor independent workman will generally be more industrious than even a journeyman who works by the piece. The one enjoys the whole produce of his own industry, the other shares it with his master. The one, in his separate independent state, is less liable to the temptations of bad company, which, in large manufactories, so frequently ruin the morals of the other. The superiority of the independent workman over those servants who are hired by the month or by the year, and whose wages and maintenance are the same, whether they do much or do little, is likely to be still greater. Cheap years tend to increase the proportion of independent workmen to journeymen and servants of all kinds, and dear years to diminish it.

A French author of great knowledge and ingenuity, Mr Messance, receiver of the tallies in the election of St Etienne, endeavours to shew that the poor do more work in cheap than in dear years, by comparing the quantity and value of the goods made upon those different occasions in three different manufactories; one of coarse woollens, carried on at Elbeuf; one of linen, and another of silk, both which extend through the whole generality of Rouen. It appears from his account, which is copied from the registers of the public offices, that the quantity and value of the goods made in all those three manufactories has generally been greater in cheap than in dear years, and that it has always been greatest in the cheapest, and least in the dearest years. All the three seem to be stationary manufactories, or which, though their produce may vary somewhat from year to year, are, upon the whole, neither going backwards nor forwards.

The manufacture of linen in Scotland, and that of coarse woollens in the West Riding of Yorkshire, are growing manufactories, of which the produce is generally, though with some variations, increasing both in quantity and value. Upon examining, however, the accounts which have been published of their annual produce, I have not been able to observe that its variations have had any sensible connection with the dearness or cheapness of the seasons. In 1740, a year of great scarcity, both manufactories, indeed, appear to have declined very considerably. But in 1756, another year of great scarcity, the Scotch manufactories made more than ordinary advances. The Yorkshire manufacture, indeed, declined, and its produce did not rise to

what it had been in 1755, till 1766, after the repeal of the American stamp act. In that and the following year, it greatly exceeded what it had ever been before, and it has continued to advance ever since.

The produce of all great manufactures for distant sale must necessarily depend, not so much upon the dearness or cheapness of the seasons in the countries where they are carried on, as upon the circumstances which affect the demand in the countries where they are consumed; upon peace or war, upon the prosperity or declension of other rival manufactures and upon the good or bad humour of their principal customers. A great part of the extraordinary work, besides, which is probably done in cheap years, never enters the public registers of manufactures. The men-servants, who leave their masters, become independent labourers. The women return to their parents, and commonly spin, in order to make clothes for themselves and their families. Even the independent workmen do not always, work for public sale, but are employed by some of their neighbours in manufactures for family use. The produce of their labour, therefore, frequently makes no figure in those public registers, of which the records are sometimes published with so much parade, and from which our merchants and manufacturers would often vainly pretend to announce the prosperity or declension of the greatest empires.

Though the variations in the price of labour not only do not always correspond with those in the price of provisions, but are frequently quite opposite, we must not, upon this account, imagine that the price of provisions has no influence upon that of labour. The money price of labour is necessarily regulated by two circumstances; the demand for labour, and the price of the necessaries and conveniencies of life. The demand for labour, according as it happens to be increasing, stationary, or declining, or to require an increasing, stationary, or declining population, determines the quantities of the necessaries and conveniencies of life which must be given to the labourer; and the money price of labour is determined by what is requisite for purchasing this quantity. Though the money price of labour, therefore, is sometimes high where the price of provisions is low, it would be still higher, the demand continuing the same, if the price of provisions was high.

It is because the demand for labour increases in years of sudden and extraordinary plenty, and diminishes in those of sudden and extraordinary

scarcity, that the money price of labour sometimes rises in the one, and sinks in the other.

In a year of sudden and extraordinary plenty, there are funds in the hands of many of the employers of industry, sufficient to maintain and employ a greater number of industrious people than had been employed the year before; and this extraordinary number cannot always be had. Those masters, therefore, who want more workmen, bid against one another, in order to get them, which sometimes raises both the real and the money price of their labour.

The contrary of this happens in a year of sudden and extraordinary scarcity. The funds destined for employing industry are less than they had been the year before. A considerable number of people are thrown out of employment, who bid one against another, in order to get it, which sometimes lowers both the real and the money price of labour. In 1740, a year of extraordinary scarcity, many people were willing to work for bare subsistence. In the succeeding years of plenty, it was more difficult to get labourers and servants. The scarcity of a dear year, by diminishing the demand for labour, tends to lower its price, as the high price of provisions tends to raise it. The plenty of a cheap year, on the contrary, by increasing the demand, tends to raise the price of labour, as the cheapness of provisions tends to lower it. In the ordinary variations of the prices of provisions, those two opposite causes seem to counterbalance one another, which is probably, in part, the reason why the wages of labour are everywhere so much more steady and permanent than the price of provisions.

The increase in the wages of labour necessarily increases the price of many commodities, by increasing that part of it which resolves itself into wages, and so far tends to diminish their consumption, both at home and abroad. The same cause, however, which raises the wages of labour, the increase of stock, tends to increase its productive powers, and to make a smaller quantity of labour produce a greater quantity of work. The owner of the stock which employs a great number of labourers necessarily endeavours, for his own advantage, to make such a proper division and distribution of employment, that they may be enabled to produce the greatest quantity of work possible. For the same reason, he endeavours to supply them with the best machinery which either he or they can think of. What takes place among the labourers in a particular workhouse, takes

place, for the same reason, among those of a great society. The greater their number, the more they naturally divide themselves into different classes and subdivisions of employments. More heads are occupied in inventing the most proper machinery for executing the work of each, and it is, therefore, more likely to be invented. There are many commodities, therefore, which, in consequence of these improvements, come to be produced by so much less labour than before, that the increase of its price is more than compensated by the diminution of its quantity.

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CHAPTER IX.

OF THE PROFITS OF STOCK.

The rise and fall in the profits of stock depend upon the same causes with the rise and fall in the wages of labour, the increasing or declining state of the wealth of the society; but those causes affect the one and the other very differently.

The increase of stock, which raises wages, tends to lower profit. When the stocks of many rich merchants are turned into the same trade, their mutual competition naturally tends to lower its profit; and when there is a like increase of stock in all the different trades carried on in the same society, the same competition must produce the same effect in them all.

It is not easy, it has already been observed, to ascertain what are the average wages of labour, even in a particular place, and at a particular time. We can, even in this case, seldom determine more than what are the most usual wages. But even this can seldom be done with regard to the profits of stock. Profit is so very fluctuating, that the person who carries on a particular trade, cannot always tell you himself what is the average of his annual profit. It is affected, not only by every variation of price in the commodities which he deals in, but by the good or bad fortune both of his rivals and of his customers, and by a thousand other accidents, to which goods, when carried either by sea or by land, or even when stored in a warehouse, are liable. It varies, therefore, not only from year to year, but from day to day, and almost from hour to hour. To ascertain what is the average profit of all the different trades carried on in a great kingdom, must be much more difficult; and to judge of what it may have been formerly, or in remote periods of time, with any degree of precision, must be altogether impossible.

But though it may be impossible to determine, with any degree of precision, what are or were the average profits of stock, either in the present or in ancient times, some notion may be formed of them from the interest of money. It may be laid down as a maxim, that wherever a great deal can be made by the use of money, a great deal will commonly be given for the use of it; and that, wherever little can be made by it, less will commonly be given for it. Accordingly, therefore, as the usual market rate of interest

varies in any country, we may be assured that the ordinary profits of stock must vary with it, must sink as it sinks, and rise as it rises. The progress of interest, therefore, may lead us to form some notion of the progress of profit.

By the 37th of Henry VIII. all interest above ten per cent. was declared unlawful. More, it seems, had sometimes been taken before that. In the reign of Edward VI. religious zeal prohibited all interest. This prohibition, however, like all others of the same kind, is said to have produced no effect, and probably rather increased than diminished the evil of usury. The statute of Henry VIII. was revived by the 13th of Elizabeth, cap. 8. and ten per cent. continued to be the legal rate of interest till the 21st of James I. when it was restricted to eight per cent. It was reduced to six per cent. soon after the Restoration, and by the 12th of Queen Anne, to five per cent. All these different statutory regulations seem to have been made with great propriety. They seem to have followed, and not to have gone before, the market rate of interest, or the rate at which people of good credit usually borrowed. Since the time of Queen Anne, five per cent. seems to have been rather above than below the market rate. Before the late war, the government borrowed at three per cent.; and people of good credit in the capital, and in many other parts of the kingdom, at three and a-half, four, and four and a-half per cent.

Since the time of Henry VIII. the wealth and revenue of the country have been continually advancing, and in the course of their progress, their pace seems rather to have been gradually accelerated than retarded. They seem not only to have been going on, but to have been going on faster and faster. The wages of labour have been continually increasing during the same period, and, in the greater part of the different branches of trade and manufactures, the profits of stock have been diminishing.

It generally requires a greater stock to carry on any sort of trade in a great town than in a country village. The great stocks employed in every branch of trade, and the number of rich competitors, generally reduce the rate of profit in the former below what it is in the latter. But the wages of labour are generally higher in a great town than in a country village. In a thriving town, the people who have great stocks to employ, frequently cannot get the number of workmen they want, and therefore bid against one another, in order to get as many as they can, which raises the wages of labour, and lowers the profits of stock. In the remote parts of the country, there is

frequently not stock sufficient to employ all the people, who therefore bid against one another, in order to get employment, which lowers the wages of labour, and raises the profits of stock.

In Scotland, though the legal rate of interest is the same as in England, the market rate is rather higher. People of the best credit there seldom borrow under five per cent. Even private bankers in Edinburgh give four per cent. upon their promissory-notes, of which payment, either in whole or in part may be demanded at pleasure. Private bankers in London give no interest for the money which is deposited with them. There are few trades which cannot be carried on with a smaller stock in Scotland than in England. The common rate of profit, therefore, must be somewhat greater. The wages of labour, it has already been observed, are lower in Scotland than in England. The country, too, is not only much poorer, but the steps by which it advances to a better condition, for it is evidently advancing, seem to be much slower and more tardy. The legal rate of interest in France has not during the course of the present century, been always regulated by the market rate {See Denisart, Article Taux des Interests, tom. iii, p.13}. In 1720, interest was reduced from the twentieth to the fiftieth penny, or from five to two per cent. In 1724, it was raised to the thirtieth penny, or to three and a third per cent. In 1725, it was again raised to the twentieth penny, or to five per cent. In 1766, during the administration of Mr Laverdy, it was reduced to the twenty-fifth penny, or to four per cent. The Abbé Terray raised it afterwards to the old rate of five per cent. The supposed purpose of many of those violent reductions of interest was to prepare the way for reducing that of the public debts; a purpose which has sometimes been executed. France is, perhaps, in the present times, not so rich a country as England; and though the legal rate of interest has in France frequently been lower than in England, the market rate has generally been higher; for there, as in other countries, they have several very safe and easy methods of evading the law. The profits of trade, I have been assured by British merchants who had traded in both countries, are higher in France than in England; and it is no doubt upon this account, that many British subjects chuse rather to employ their capitals in a country where trade is in disgrace, than in one where it is highly respected. The wages of labour are lower in France than in England. When you go from Scotland to England, the difference which you may remark between the dress and countenance of the common people in the one country and in the other, sufficiently indicates

the difference in their condition. The contrast is still greater when you return from France. France, though no doubt a richer country than Scotland, seems not to be going forward so fast. It is a common and even a popular opinion in the country, that it is going backwards; an opinion which I apprehend, is ill-founded, even with regard to France, but which nobody can possibly entertain with regard to Scotland, who sees the country now, and who saw it twenty or thirty years ago.

The province of Holland, on the other hand, in proportion to the extent of its territory and the number of its people, is a richer country than England. The government there borrow at two per cent. and private people of good credit at three. The wages of labour are said to be higher in Holland than in England, and the Dutch, it is well known, trade upon lower profits than any people in Europe. The trade of Holland, it has been pretended by some people, is decaying, and it may perhaps be true that some particular branches of it are so; but these symptoms seem to indicate sufficiently that there is no general decay. When profit diminishes, merchants are very apt to complain that trade decays, though the diminution of profit is the natural effect of its prosperity, or of a greater stock being employed in it than before. During the late war, the Dutch gained the whole carrying trade of France, of which they still retain a very large share. The great property which they possess both in French and English funds, about forty millions, it is said in the latter (in which, I suspect, however, there is a considerable exaggeration), the great sums which they lend to private people, in countries where the rate of interest is higher than in their own, are circumstances which no doubt demonstrate the redundancy of their stock, or that it has increased beyond what they can employ with tolerable profit in the proper business of their own country; but they do not demonstrate that that business has decreased. As the capital of a private man, though acquired by a particular trade, may increase beyond what he can employ in it, and yet that trade continue to increase too, so may likewise the capital of a great nation.

In our North American and West Indian colonies, not only the wages of labour, but the interest of money, and consequently the profits of stock, are higher than in England. In the different colonies, both the legal and the market rate of interest run from six to eight percent. High wages of labour and high profits of stock, however, are things, perhaps, which scarce ever go together, except in the peculiar circumstances of new colonies. A new

colony must always, for some time, be more understocked in proportion to the extent of its territory, and more underpeopled in proportion to the extent of its stock, than the greater part of other countries. They have more land than they have stock to cultivate. What they have, therefore, is applied to the cultivation only of what is most fertile and most favourably situated, the land near the sea-shore, and along the banks of navigable rivers. Such land, too, is frequently purchased at a price below the value even of its natural produce. Stock employed in the purchase and improvement of such lands, must yield a very large profit, and, consequently, afford to pay a very large interest. Its rapid accumulation in so profitable an employment enables the planter to increase the number of his hands faster than he can find them in a new settlement. Those whom he can find, therefore, are very liberally rewarded. As the colony increases, the profits of stock gradually diminish. When the most fertile and best situated lands have been all occupied, less profit can be made by the cultivation of what is inferior both in soil and situation, and less interest can be afforded for the stock which is so employed. In the greater part of our colonies, accordingly, both the legal and the market rate of interest have been considerably reduced during the course of the present century. As riches, improvement, and population, have increased, interest has declined. The wages of labour do not sink with the profits of stock. The demand for labour increases with the increase of stock, whatever be its profits; and after these are diminished, stock may not only continue to increase, but to increase much faster than before. It is with industrious nations, who are advancing in the acquisition of riches, as with industrious individuals. A great stock, though with small profits, generally increases faster than a small stock with great profits. Money, says the proverb, makes money. When you have got a little, it is often easy to get more. The great difficulty is to get that little. The connection between the increase of stock and that of industry, or of the demand for useful labour, has partly been explained already, but will be explained more fully hereafter, in treating of the accumulation of stock.

The acquisition of new territory, or of new branches of trade, may sometimes raise the profits of stock, and with them the interest of money, even in a country which is fast advancing in the acquisition of riches. The stock of the country, not being sufficient for the whole accession of business which such acquisitions present to the different people among whom it is divided, is applied to those particular branches only which afford

the greatest profit. Part of what had before been employed in other trades, is necessarily withdrawn from them, and turned into some of the new and more profitable ones. In all those old trades, therefore, the competition comes to be less than before. The market comes to be less fully supplied with many different sorts of goods. Their price necessarily rises more or less, and yields a greater profit to those who deal in them, who can, therefore, afford to borrow at a higher interest. For some time after the conclusion of the late war, not only private people of the best credit, but some of the greatest companies in London, commonly borrowed at five per cent. who, before that, had not been used to pay more than four, and four and a half per cent. The great accession both of territory and trade by our acquisitions in North America and the West Indies, will sufficiently account for this, without supposing any diminution in the capital stock of the society. So great an accession of new business to be carried on by the old stock, must necessarily have diminished the quantity employed in a great number of particular branches, in which the competition being less, the profits must have been greater. I shall hereafter have occasion to mention the reasons which dispose me to believe that the capital stock of Great Britain was not diminished, even by the enormous expense of the late war.

The diminution of the capital stock of the society, or of the funds destined for the maintenance of industry, however, as it lowers the wages of labour, so it raises the profits of stock, and consequently the interest of money. By the wages of labour being lowered, the owners of what stock remains in the society can bring their goods at less expense to market than before; and less stock being employed in supplying the market than before, they can sell them dearer. Their goods cost them less, and they get more for them. Their profits, therefore, being augmented at both ends, can well afford a large interest. The great fortunes so suddenly and so easily acquired in Bengal and the other British settlements in the East Indies, may satisfy us, that as the wages of labour are very low, so the profits of stock are very high in those ruined countries. The interest of money is proportionably so. In Bengal, money is frequently lent to the farmers at forty, fifty, and sixty per cent. and the succeeding crop is mortgaged for the payment. As the profits which can afford such an interest must eat up almost the whole rent of the landlord, so such enormous usury must in its turn eat up the greater part of those profits. Before the fall of the Roman republic, a usury of the same kind seems to have been common in the provinces, under the ruinous

administration of their proconsuls. The virtuous Brutus lent money in Cyprus at eight-and-forty per cent. as we learn from the letters of Cicero.

In a country which had acquired that full complement of riches which the nature of its soil and climate, and its situation with respect to other countries, allowed it to acquire, which could, therefore, advance no further, and which was not going backwards, both the wages of labour and the profits of stock would probably be very low. In a country fully peopled in proportion to what either its territory could maintain, or its stock employ, the competition for employment would necessarily be so great as to reduce the wages of labour to what was barely sufficient to keep up the number of labourers, and the country being already fully peopled, that number could never be augmented. In a country fully stocked in proportion to all the business it had to transact, as great a quantity of stock would be employed in every particular branch as the nature and extent of the trade would admit. The competition, therefore, would everywhere be as great, and, consequently, the ordinary profit as low as possible.

But, perhaps, no country has ever yet arrived at this degree of opulence. China seems to have been long stationary, and had, probably, long ago acquired that full complement of riches which is consistent with the nature of its laws and institutions. But this complement may be much inferior to what, with other laws and institutions, the nature of its soil, climate, and situation, might admit of. A country which neglects or despises foreign commerce, and which admits the vessel of foreign nations into one or two of its ports only, cannot transact the same quantity of business which it might do with different laws and institutions. In a country, too, where, though the rich, or the owners of large capitals, enjoy a good deal of security, the poor, or the owners of small capitals, enjoy scarce any, but are liable, under the pretence of justice, to be pillaged and plundered at any time by the inferior mandarins, the quantity of stock employed in all the different branches of business transacted within it, can never be equal to what the nature and extent of that business might admit. In every different branch, the oppression of the poor must establish the monopoly of the rich, who, by engrossing the whole trade to themselves, will be able to make very large profits. Twelve per cent. accordingly, is said to be the common interest of money in China, and the ordinary profits of stock must be sufficient to afford this large interest.

A defect in the law may sometimes raise the rate of interest considerably above what the condition of the country, as to wealth or poverty, would require. When the law does not enforce the performance of contracts, it puts all borrowers nearly upon the same footing with bankrupts, or people of doubtful credit, in better regulated countries. The uncertainty of recovering his money makes the lender exact the same usurious interest which is usually required from bankrupts. Among the barbarous nations who overran the western provinces of the Roman empire, the performance of contracts was left for many ages to the faith of the contracting parties. The courts of justice of their kings seldom intermeddled in it. The high rate of interest which took place in those ancient times, may, perhaps, be partly accounted for from this cause.

When the law prohibits interest altogether, it does not prevent it. Many people must borrow, and nobody will lend without such a consideration for the use of their money as is suitable, not only to what can be made by the use of it, but to the difficulty and danger of evading the law. The high rate of interest among all Mahometan nations is accounted for by M. Montesquieu, not from their poverty, but partly from this, and partly from the difficulty of recovering the money.

The lowest ordinary rate of profit must always be something more than what is sufficient to compensate the occasional losses to which every employment of stock is exposed. It is this surplus only which is neat or clear profit. What is called gross profit, comprehends frequently not only this surplus, but what is retained for compensating such extraordinary losses. The interest which the borrower can afford to pay is in proportion to the clear profit only. The lowest ordinary rate of interest must, in the same manner, be something more than sufficient to compensate the occasional losses to which lending, even with tolerable prudence, is exposed. Were it not, mere charity or friendship could be the only motives for lending.

In a country which had acquired its full complement of riches, where, in every particular branch of business, there was the greatest quantity of stock that could be employed in it, as the ordinary rate of clear profit would be very small, so the usual market rate of interest which could be afforded out of it would be so low as to render it impossible for any but the very wealthiest people to live upon the interest of their money. All people of small or middling fortunes would be obliged to superintend themselves the employment of their own stocks. It would be necessary that almost every

man should be a man of business, or engage in some sort of trade. The province of Holland seems to be approaching near to this state. It is there unfashionable not to be a man of business. Necessity makes it usual for almost every man to be so, and custom everywhere regulates fashion. As it is ridiculous not to dress, so is it, in some measure, not to be employed like other people. As a man of a civil profession seems awkward in a camp or a garrison, and is even in some danger of being despised there, so does an idle man among men of business.

The highest ordinary rate of profit may be such as, in the price of the greater part of commodities, eats up the whole of what should go to the rent of the land, and leaves only what is sufficient to pay the labour of preparing and bringing them to market, according to the lowest rate at which labour can anywhere be paid, the bare subsistence of the labourer. The workman must always have been fed in some way or other while he was about the work, but the landlord may not always have been paid. The profits of the trade which the servants of the East India Company carry on in Bengal may not, perhaps, be very far from this rate.

The proportion which the usual market rate of interest ought to bear to the ordinary rate of clear profit, necessarily varies as profit rises or falls. Double interest is in Great Britain reckoned what the merchants call a good, moderate, reasonable profit; terms which, I apprehend, mean no more than a common and usual profit. In a country where the ordinary rate of clear profit is eight or ten per cent. it may be reasonable that one half of it should go to interest, wherever business is carried on with borrowed money. The stock is at the risk of the borrower, who, as it were, insures it to the lender; and four or five per cent. may, in the greater part of trades, be both a sufficient profit upon the risk of this insurance, and a sufficient recompence for the trouble of employing the stock. But the proportion between interest and clear profit might not be the same in countries where the ordinary rate of profit was either a good deal lower, or a good deal higher. If it were a good deal lower, one half of it, perhaps, could not be afforded for interest; and more might be afforded if it were a good deal higher.

In countries which are fast advancing to riches, the low rate of profit may, in the price of many commodities, compensate the high wages of labour, and enable those countries to sell as cheap as their less thriving neighbours, among whom the wages of labour may be lower.

In reality, high profits tend much more to raise the price of work than high wages. If, in the linen manufacture, for example, the wages of the different working people, the flax-dressers, the spinners, the weavers, etc. should all of them be advanced twopence a-day, it would be necessary to heighten the price of a piece of linen only by a number of twopences equal to the number of people that had been employed about it, multiplied by the number of days during which they had been so employed. That part of the price of the commodity which resolved itself into the wages, would, through all the different stages of the manufacture, rise only in arithmetical proportion to this rise of wages. But if the profits of all the different employers of those working people should be raised five per cent. that part of the price of the commodity which resolved itself into profit would, through all the different stages of the manufacture, rise in geometrical proportion to this rise of profit. The employer of the flax dressers would, in selling his flax, require an additional five per cent. upon the whole value of the materials and wages which he advanced to his workmen. The employer of the spinners would require an additional five per cent. both upon the advanced price of the flax, and upon the wages of the spinners. And the employer of the weavers would require alike five per cent. both upon the advanced price of the linen-yarn, and upon the wages of the weavers. In raising the price of commodities, the rise of wages operates in the same manner as simple interest does in the accumulation of debt. The rise of profit operates like compound interest. Our merchants and master manufacturers complain much of the bad effects of high wages in raising the price, and thereby lessening the sale of their goods, both at home and abroad. They say nothing concerning the bad effects of high profits; they are silent with regard to the pernicious effects of their own gains; they complain only of those of other people.

CHAPTER X.

OF WAGES AND PROFIT IN THE DIFFERENT EMPLOYMENTS OF LABOUR AND STOCK.

The whole of the advantages and disadvantages of the different employments of labour and stock, must, in the same neighbourhood, be either perfectly equal, or continually tending to equality. If, in the same neighbourhood, there was any employment evidently either more or less advantageous than the rest, so many people would crowd into it in the one case, and so many would desert it in the other, that its advantages would soon return to the level of other employments. This, at least, would be the case in a society where things were left to follow their natural course, where there was perfect liberty, and where every man was perfectly free both to choose what occupation he thought proper, and to change it as often as he thought proper. Every man's interest would prompt him to seek the advantageous, and to shun the disadvantageous employment.

Pecuniary wages and profit, indeed, are everywhere in Europe extremely different, according to the different employments of labour and stock. But this difference arises, partly from certain circumstances in the employments themselves, which, either really, or at least in the imagination of men, make up for a small pecuniary gain in some, and counterbalance a great one in others, and partly from the policy of Europe, which nowhere leaves things at perfect liberty.

The particular consideration of those circumstances, and of that policy, will divide this Chapter into two parts.

PART I. Inequalities arising from the nature of the employments themselves.

The five following are the principal circumstances which, so far as I have been able to observe, make up for a small pecuniary gain in some employments, and counterbalance a great one in others. First, the agreeableness or disagreeableness of the employments themselves;

secondly, the easiness and cheapness, or the difficulty and expense of learning them; thirdly, the constancy or inconstancy of employment in them; fourthly, the small or great trust which must be reposed in those who exercise them; and, fifthly, the probability or improbability of success in them.

First, the wages of labour vary with the ease or hardship, the cleanliness or dirtiness, the honourableness or dishonourableness, of the employment. Thus in most places, take the year round, a journeyman tailor earns less than a journeyman weaver. His work is much easier. A journeyman weaver earns less than a journeyman smith. His work is not always easier, but it is much cleaner. A journeyman blacksmith, though an artificer, seldom earns so much in twelve hours, as a collier, who is only a labourer, does in eight. His work is not quite so dirty, is less dangerous, and is carried on in daylight, and above ground. Honour makes a great part of the reward of all honourable professions. In point of pecuniary gain, all things considered, they are generally under-recompensed, as I shall endeavour to shew by and by. Disgrace has the contrary effect. The trade of a butcher is a brutal and an odious business; but it is in most places more profitable than the greater part of common trades. The most detestable of all employments, that of public executioner, is, in proportion to the quantity of work done, better paid than any common trade whatever.

Hunting and fishing, the most important employments of mankind in the rude state of society, become, in its advanced state, their most agreeable amusements, and they pursue for pleasure what they once followed from necessity. In the advanced state of society, therefore, they are all very poor people who follow as a trade, what other people pursue as a pastime. Fishermen have been so since the time of Theocritus. {See *Idyllium* xxi.}. A poacher is everywhere a very poor man in Great Britain. In countries where the rigour of the law suffers no poachers, the licensed hunter is not in a much better condition. The natural taste for those employments makes more people follow them, than can live comfortably by them; and the produce of their labour, in proportion to its quantity, comes always too cheap to market, to afford any thing but the most scanty subsistence to the labourers.

Disagreeableness and disgrace affect the profits of stock in the same manner as the wages of labour. The keeper of an inn or tavern, who is never master of his own house, and who is exposed to the brutality of every

drunkard, exercises neither a very agreeable nor a very creditable business. But there is scarce any common trade in which a small stock yields so great a profit.

Secondly, the wages of labour vary with the easiness and cheapness, or the difficulty and expense, of learning the business.

When any expensive machine is erected, the extraordinary work to be performed by it before it is worn out, it must be expected, will replace the capital laid out upon it, with at least the ordinary profits. A man educated at the expense of much labour and time to any of those employments which require extraordinary dexterity and skill, may be compared to one of those expensive machines. The work which he learns to perform, it must be expected, over and above the usual wages of common labour, will replace to him the whole expense of his education, with at least the ordinary profits of an equally valuable capital. It must do this too in a reasonable time, regard being had to the very uncertain duration of human life, in the same manner as to the more certain duration of the machine.

The difference between the wages of skilled labour and those of common labour, is founded upon this principle.

The policy of Europe considers the labour of all mechanics, artificers, and manufacturers, as skilled labour; and that of all country labourers as common labour. It seems to suppose that of the former to be of a more nice and delicate nature than that of the latter. It is so perhaps in some cases; but in the greater part it is quite otherwise, as I shall endeavour to shew by and by. The laws and customs of Europe, therefore, in order to qualify any person for exercising the one species of labour, impose the necessity of an apprenticeship, though with different degrees of rigour in different places. They leave the other free and open to every body. During the continuance of the apprenticeship, the whole labour of the apprentice belongs to his master. In the meantime he must, in many cases, be maintained by his parents or relations, and, in almost all cases, must be clothed by them. Some money, too, is commonly given to the master for teaching him his trade. They who cannot give money, give time, or become bound for more than the usual number of years; a consideration which, though it is not always advantageous to the master, on account of the usual idleness of apprentices, is always disadvantageous to the apprentice. In country labour, on the contrary, the labourer, while he is employed about the easier, learns the more difficult parts of his business, and his own labour maintains him

through all the different stages of his employment. It is reasonable, therefore, that in Europe the wages of mechanics, artificers, and manufacturers, should be somewhat higher than those of common labourers. They are so accordingly, and their superior gains make them, in most places, be considered as a superior rank of people. This superiority, however, is generally very small: the daily or weekly earnings of journeymen in the more common sorts of manufactures, such as those of plain linen and woollen cloth, computed at an average, are, in most places, very little more than the day-wages of common labourers. Their employment, indeed, is more steady and uniform, and the superiority of their earnings, taking the whole year together, may be somewhat greater. It seems evidently, however, to be no greater than what is sufficient to compensate the superior expense of their education. Education in the ingenious arts, and in the liberal professions, is still more tedious and expensive. The pecuniary recompence, therefore, of painters and sculptors, of lawyers and physicians, ought to be much more liberal; and it is so accordingly.

The profits of stock seem to be very little affected by the easiness or difficulty of learning the trade in which it is employed. All the different ways in which stock is commonly employed in great towns seem, in reality, to be almost equally easy and equally difficult to learn. One branch, either of foreign or domestic trade, cannot well be a much more intricate business than another.

Thirdly, the wages of labour in different occupations vary with the constancy or inconstancy of employment.

Employment is much more constant in some trades than in others. In the greater part of manufactures, a journeyman maybe pretty sure of employment almost every day in the year that he is able to work. A mason or bricklayer, on the contrary, can work neither in hard frost nor in foul weather, and his employment at all other times depends upon the occasional calls of his customers. He is liable, in consequence, to be frequently without any. What he earns, therefore, while he is employed, must not only maintain him while he is idle, but make him some compensation for those anxious and desponding moments which the thought of so precarious a situation must sometimes occasion. Where the computed earnings of the greater part of manufacturers, accordingly, are nearly upon a level with the day-wages of common labourers, those of masons and bricklayers are generally from

one-half more to double those wages. Where common labourers earn four or five shillings a-week, masons and bricklayers frequently earn seven and eight; where the former earn six, the latter often earn nine and ten; and where the former earn nine and ten, as in London, the latter commonly earn fifteen and eighteen. No species of skilled labour, however, seems more easy to learn than that of masons and bricklayers. Chairmen in London, during the summer season, are said sometimes to be employed as bricklayers. The high wages of those workmen, therefore, are not so much the recompence of their skill, as the compensation for the inconstancy of their employment.

A house-carpenter seems to exercise rather a nicer and a more ingenious trade than a mason. In most places, however, for it is not universally so, his day-wages are somewhat lower. His employment, though it depends much, does not depend so entirely upon the occasional calls of his customers; and it is not liable to be interrupted by the weather.

When the trades which generally afford constant employment, happen in a particular place not to do so, the wages of the workmen always rise a good deal above their ordinary proportion to those of common labour. In London, almost all journeymen artificers are liable to be called upon and dismissed by their masters from day to day, and from week to week, in the same manner as day-labourers in other places. The lowest order of artificers, journeymen tailors, accordingly, earn their half-a-crown a-day, though eighteen pence may be reckoned the wages of common labour. In small towns and country villages, the wages of journeymen tailors frequently scarce equal those of common labour; but in London they are often many weeks without employment, particularly during the summer.

When the inconstancy of employment is combined with the hardship, disagreeableness, and dirtiness of the work, it sometimes raises the wages of the most common labour above those of the most skilful artificers. A collier working by the piece is supposed, at Newcastle, to earn commonly about double, and, in many parts of Scotland, about three times, the wages of common labour. His high wages arise altogether from the hardship, disagreeableness, and dirtiness of his work. His employment may, upon most occasions, be as constant as he pleases. The coal-heavers in London exercise a trade which, in hardship, dirtiness, and disagreeableness, almost equals that of colliers; and, from the unavoidable irregularity in the arrivals of coal-ships, the employment of the greater part of them is necessarily very

inconstant. If colliers, therefore, commonly earn double and triple the wages of common labour, it ought not to seem unreasonable that coal-heavers should sometimes earn four and five times those wages. In the inquiry made into their condition a few years ago, it was found that, at the rate at which they were then paid, they could earn from six to ten shillings a-day. Six shillings are about four times the wages of common labour in London; and, in every particular trade, the lowest common earnings may always be considered as those of the far greater number. How extravagant soever those earnings may appear, if they were more than sufficient to compensate all the disagreeable circumstances of the business, there would soon be so great a number of competitors, as, in a trade which has no exclusive privilege, would quickly reduce them to a lower rate.

The constancy or inconstancy of employment cannot affect the ordinary profits of stock in any particular trade. Whether the stock is or is not constantly employed, depends, not upon the trade, but the trader.

Fourthly, the wages of labour vary according to the small or great trust which must be reposed in the workmen.

The wages of goldsmiths and jewellers are everywhere superior to those of many other workmen, not only of equal, but of much superior ingenuity, on account of the precious materials with which they are entrusted. We trust our health to the physician, our fortune, and sometimes our life and reputation, to the lawyer and attorney. Such confidence could not safely be reposed in people of a very mean or low condition. Their reward must be such, therefore, as may give them that rank in the society which so important a trust requires. The long time and the great expense which must be laid out in their education, when combined with this circumstance, necessarily enhance still further the price of their labour.

When a person employs only his own stock in trade, there is no trust; and the credit which he may get from other people, depends, not upon the nature of the trade, but upon their opinion of his fortune, probity and prudence. The different rates of profit, therefore, in the different branches of trade, cannot arise from the different degrees of trust reposed in the traders.

Fifthly, the wages of labour in different employments vary according to the probability or improbability of success in them.

The probability that any particular person shall ever be qualified for the employments to which he is educated, is very different in different

occupations. In the greatest part of mechanic trades success is almost certain; but very uncertain in the liberal professions. Put your son apprentice to a shoemaker, there is little doubt of his learning to make a pair of shoes; but send him to study the law, it is at least twenty to one if he ever makes such proficiency as will enable him to live by the business. In a perfectly fair lottery, those who draw the prizes ought to gain all that is lost by those who draw the blanks. In a profession, where twenty fail for one that succeeds, that one ought to gain all that should have been gained by the unsuccessful twenty. The counsellor at law, who, perhaps, at near forty years of age, begins to make something by his profession, ought to receive the retribution, not only of his own so tedious and expensive education, but of that of more than twenty others, who are never likely to make any thing by it. How extravagant soever the fees of counsellors at law may sometimes appear, their real retribution is never equal to this. Compute, in any particular place, what is likely to be annually gained, and what is likely to be annually spent, by all the different workmen in any common trade, such as that of shoemakers or weavers, and you will find that the former sum will generally exceed the latter. But make the same computation with regard to all the counsellors and students of law, in all the different Inns of Court, and you will find that their annual gains bear but a very small proportion to their annual expense, even though you rate the former as high, and the latter as low, as can well be done. The lottery of the law, therefore, is very far from being a perfectly fair lottery; and that as well as many other liberal and honourable professions, is, in point of pecuniary gain, evidently under-recompensed.

Those professions keep their level, however, with other occupations; and, notwithstanding these discouragements, all the most generous and liberal spirits are eager to crowd into them. Two different causes contribute to recommend them. First, the desire of the reputation which attends upon superior excellence in any of them; and, secondly, the natural confidence which every man has, more or less, not only in his own abilities, but in his own good fortune.

To excel in any profession, in which but few arrive at mediocrity, is the most decisive mark of what is called genius, or superior talents. The public admiration which attends upon such distinguished abilities makes always a part of their reward; a greater or smaller, in proportion as it is higher or lower in degree. It makes a considerable part of that reward in the

profession of physic; a still greater, perhaps, in that of law; in poetry and philosophy it makes almost the whole.

There are some very agreeable and beautiful talents, of which the possession commands a certain sort of admiration, but of which the exercise, for the sake of gain, is considered, whether from reason or prejudice, as a sort of public prostitution. The pecuniary recompence, therefore, of those who exercise them in this manner, must be sufficient, not only to pay for the time, labour, and expense of acquiring the talents, but for the discredit which attends the employment of them as the means of subsistence. The exorbitant rewards of players, opera-singers, opera-dancers, etc. are founded upon those two principles; the rarity and beauty of the talents, and the discredit of employing them in this manner. It seems absurd at first sight, that we should despise their persons, and yet reward their talents with the most profuse liberality. While we do the one, however, we must of necessity do the other, Should the public opinion or prejudice ever alter with regard to such occupations, their pecuniary recompence would quickly diminish. More people would apply to them, and the competition would quickly reduce the price of their labour. Such talents, though far from being common, are by no means so rare as imagined. Many people possess them in great perfection, who disdain to make this use of them; and many more are capable of acquiring them, if any thing could be made honourably by them.

The over-weening conceit which the greater part of men have of their own abilities, is an ancient evil remarked by the philosophers and moralists of all ages. Their absurd presumption in their own good fortune has been less taken notice of. It is, however, if possible, still more universal. There is no man living, who, when in tolerable health and spirits, has not some share of it. The chance of gain is by every man more or less over-valued, and the chance of loss is by most men under-valued, and by scarce any man, who is in tolerable health and spirits, valued more than it is worth.

That the chance of gain is naturally overvalued, we may learn from the universal success of lotteries. The world neither ever saw, nor ever will see, a perfectly fair lottery, or one in which the whole gain compensated the whole loss; because the undertaker could make nothing by it. In the state lotteries, the tickets are really not worth the price which is paid by the original subscribers, and yet commonly sell in the market for twenty, thirty, and sometimes forty per cent. advance. The vain hopes of gaining some of

the great prizes is the sole cause of this demand. The soberest people scarce look upon it as a folly to pay a small sum for the chance of gaining ten or twenty thousand pounds, though they know that even that small sum is perhaps twenty or thirty per cent. more than the chance is worth. In a lottery in which no prize exceeded twenty pounds, though in other respects it approached much nearer to a perfectly fair one than the common state lotteries, there would not be the same demand for tickets. In order to have a better chance for some of the great prizes, some people purchase several tickets; and others, small shares in a still greater number. There is not, however, a more certain proposition in mathematics, than that the more tickets you adventure upon, the more likely you are to be a loser. Adventure upon all the tickets in the lottery, and you lose for certain; and the greater the number of your tickets, the nearer you approach to this certainty.

That the chance of loss is frequently undervalued, and scarce ever valued more than it is worth, we may learn from the very moderate profit of insurers. In order to make insurance, either from fire or sea-risk, a trade at all, the common premium must be sufficient to compensate the common losses, to pay the expense of management, and to afford such a profit as might have been drawn from an equal capital employed in any common trade. The person who pays no more than this, evidently pays no more than the real value of the risk, or the lowest price at which he can reasonably expect to insure it. But though many people have made a little money by insurance, very few have made a great fortune; and, from this consideration alone, it seems evident enough that the ordinary balance of profit and loss is not more advantageous in this than in other common trades, by which so many people make fortunes. Moderate, however, as the premium of insurance commonly is, many people despise the risk too much to care to pay it. Taking the whole kingdom at an average, nineteen houses in twenty, or rather, perhaps, ninety-nine in a hundred, are not insured from fire. Sea-risk is more alarming to the greater part of people; and the proportion of ships insured to those not insured is much greater. Many sail, however, at all seasons, and even in time of war, without any insurance. This may sometimes, perhaps, be done without any imprudence. When a great company, or even a great merchant, has twenty or thirty ships at sea, they may, as it were, insure one another. The premium saved up on them all may more than compensate such losses as they are likely to meet with in the common course of chances. The neglect of insurance upon shipping,

however, in the same manner as upon houses, is, in most cases, the effect of no such nice calculation, but of mere thoughtless rashness, and presumptuous contempt of the risk.

The contempt of risk, and the presumptuous hope of success, are in no period of life more active than at the age at which young people choose their professions. How little the fear of misfortune is then capable of balancing the hope of good luck, appears still more evidently in the readiness of the common people to enlist as soldiers, or to go to sea, than in the eagerness of those of better fashion to enter into what are called the liberal professions.

What a common soldier may lose is obvious enough. Without regarding the danger, however, young volunteers never enlist so readily as at the beginning of a new war; and though they have scarce any chance of preferment, they figure to themselves, in their youthful fancies, a thousand occasions of acquiring honour and distinction which never occur. These romantic hopes make the whole price of their blood. Their pay is less than that of common labourers, and, in actual service, their fatigues are much greater.

The lottery of the sea is not altogether so disadvantageous as that of the army. The son of a creditable labourer or artificer may frequently go to sea with his father's consent; but if he enlists as a soldier, it is always without it. Other people see some chance of his making something by the one trade; nobody but himself sees any of his making any thing by the other. The great admiral is less the object of public admiration than the great general; and the highest success in the sea service promises a less brilliant fortune and reputation than equal success in the land. The same difference runs through all the inferior degrees of preferment in both. By the rules of precedency, a captain in the navy ranks with a colonel in the army; but he does not rank with him in the common estimation. As the great prizes in the lottery are less, the smaller ones must be more numerous. Common sailors, therefore, more frequently get some fortune and preferment than common soldiers; and the hope of those prizes is what principally recommends the trade. Though their skill and dexterity are much superior to that of almost any artificers; and though their whole life is one continual scene of hardship and danger; yet for all this dexterity and skill, for all those hardships and dangers, while they remain in the condition of common sailors, they receive scarce any other recompence but the pleasure of exercising the one and of

surmounting the other. Their wages are not greater than those of common labourers at the port which regulates the rate of seamen's wages. As they are continually going from port to port, the monthly pay of those who sail from all the different ports of Great Britain, is more nearly upon a level than that of any other workmen in those different places; and the rate of the port to and from which the greatest number sail, that is, the port of London, regulates that of all the rest. At London, the wages of the greater part of the different classes of workmen are about double those of the same classes at Edinburgh. But the sailors who sail from the port of London, seldom earn above three or four shillings a month more than those who sail from the port of Leith, and the difference is frequently not so great. In time of peace, and in the merchant-service, the London price is from a guinea to about seven-and-twenty shillings the calendar month. A common labourer in London, at the rate of nine or ten shillings a week, may earn in the calendar month from forty to five-and-forty shillings. The sailor, indeed, over and above his pay, is supplied with provisions. Their value, however, may not perhaps always exceed the difference between his pay and that of the common labourer; and though it sometimes should, the excess will not be clear gain to the sailor, because he cannot share it with his wife and family, whom he must maintain out of his wages at home.

The dangers and hair-breadth escapes of a life of adventures, instead of disheartening young people, seem frequently to recommend a trade to them. A tender mother, among the inferior ranks of people, is often afraid to send her son to school at a sea-port town, lest the sight of the ships, and the conversation and adventures of the sailors, should entice him to go to sea. The distant prospect of hazards, from which we can hope to extricate ourselves by courage and address, is not disagreeable to us, and does not raise the wages of labour in any employment. It is otherwise with those in which courage and address can be of no avail. In trades which are known to be very unwholesome, the wages of labour are always remarkably high. Unwholesomeness is a species of disagreeableness, and its effects upon the wages of labour are to be ranked under that general head.

In all the different employments of stock, the ordinary rate of profit varies more or less with the certainty or uncertainty of the returns. These are, in general, less uncertain in the inland than in the foreign trade, and in some branches of foreign trade than in others; in the trade to North America, for example, than in that to Jamaica. The ordinary rate of profit

always rises more or less with the risk. It does not, however, seem to rise in proportion to it, or so as to compensate it completely. Bankruptcies are most frequent in the most hazardous trades. The most hazardous of all trades, that of a smuggler, though, when the adventure succeeds, it is likewise the most profitable, is the infallible road to bankruptcy. The presumptuous hope of success seems to act here as upon all other occasions, and to entice so many adventurers into those hazardous trades, that their competition reduces the profit below what is sufficient to compensate the risk. To compensate it completely, the common returns ought, over and above the ordinary profits of stock, not only to make up for all occasional losses, but to afford a surplus profit to the adventurers, of the same nature with the profit of insurers. But if the common returns were sufficient for all this, bankruptcies would not be more frequent in these than in other trades.

Of the five circumstances, therefore, which vary the wages of labour, two only affect the profits of stock; the agreeableness or disagreeableness of the business, and the risk or security with which it is attended. In point of agreeableness or disagreeableness, there is little or no difference in the far greater part of the different employments of stock, but a great deal in those of labour; and the ordinary profit of stock, though it rises with the risk, does not always seem to rise in proportion to it. It should follow from all this, that, in the same society or neighbourhood, the average and ordinary rates of profit in the different employments of stock should be more nearly upon a level than the pecuniary wages of the different sorts of labour.

They are so accordingly. The difference between the earnings of a common labourer and those of a well employed lawyer or physician, is evidently much greater than that between the ordinary profits in any two different branches of trade. The apparent difference, besides, in the profits of different trades, is generally a deception arising from our not always distinguishing what ought to be considered as wages, from what ought to be considered as profit.

Apothecaries' profit is become a bye-word, denoting something uncommonly extravagant. This great apparent profit, however, is frequently no more than the reasonable wages of labour. The skill of an apothecary is a much nicer and more delicate matter than that of any artificer whatever; and the trust which is reposed in him is of much greater importance. He is the physician of the poor in all cases, and of the rich when the distress or danger is not very great. His reward, therefore, ought to be suitable to his

skill and his trust; and it arises generally from the price at which he sells his drugs. But the whole drugs which the best employed apothecary in a large market-town, will sell in a year, may not perhaps cost him above thirty or forty pounds. Though he should sell them, therefore, for three or four hundred, or at a thousand per cent. profit, this may frequently be no more than the reasonable wages of his labour, charged, in the only way in which he can charge them, upon the price of his drugs. The greater part of the apparent profit is real wages disguised in the garb of profit.

In a small sea-port town, a little grocer will make forty or fifty per cent. upon a stock of a single hundred pounds, while a considerable wholesale merchant in the same place will scarce make eight or ten per cent. upon a stock of ten thousand. The trade of the grocer may be necessary for the conveniency of the inhabitants, and the narrowness of the market may not admit the employment of a larger capital in the business. The man, however, must not only live by his trade, but live by it suitably to the qualifications which it requires. Besides possessing a little capital, he must be able to read, write, and account and must be a tolerable judge, too, of perhaps fifty or sixty different sorts of goods, their prices, qualities, and the markets where they are to be had cheapest. He must have all the knowledge, in short, that is necessary for a great merchant, which nothing hinders him from becoming but the want of a sufficient capital. Thirty or forty pounds a year cannot be considered as too great a recompence for the labour of a person so accomplished. Deduct this from the seemingly great profits of his capital, and little more will remain, perhaps, than the ordinary profits of stock. The greater part of the apparent profit is, in this case too, real wages.

The difference between the apparent profit of the retail and that of the wholesale trade, is much less in the capital than in small towns and country villages. Where ten thousand pounds can be employed in the grocery trade, the wages of the grocer's labour must be a very trifling addition to the real profits of so great a stock. The apparent profits of the wealthy retailer, therefore, are there more nearly upon a level with those of the wholesale merchant. It is upon this account that goods sold by retail are generally as cheap, and frequently much cheaper, in the capital than in small towns and country villages. Grocery goods, for example, are generally much cheaper; bread and butchers' meat frequently as cheap. It costs no more to bring grocery goods to the great town than to the country village; but it costs a great deal more to bring corn and cattle, as the greater part of them must be

brought from a much greater distance. The prime cost of grocery goods, therefore, being the same in both places, they are cheapest where the least profit is charged upon them. The prime cost of bread and butchers' meat is greater in the great town than in the country village; and though the profit is less, therefore they are not always cheaper there, but often equally cheap. In such articles as bread and butchers' meat, the same cause which diminishes apparent profit, increases prime cost. The extent of the market, by giving employment to greater stocks, diminishes apparent profit; but by requiring supplies from a greater distance, it increases prime cost. This diminution of the one and increase of the other, seem, in most cases, nearly to counterbalance one another; which is probably the reason that, though the prices of corn and cattle are commonly very different in different parts of the kingdom, those of bread and butchers' meat are generally very nearly the same through the greater part of it.

Though the profits of stock, both in the wholesale and retail trade, are generally less in the capital than in small towns and country villages, yet great fortunes are frequently acquired from small beginnings in the former, and scarce ever in the latter. In small towns and country villages, on account of the narrowness of the market, trade cannot always be extended as stock extends. In such places, therefore, though the rate of a particular person's profits may be very high, the sum or amount of them can never be very great, nor consequently that of his annual accumulation. In great towns, on the contrary, trade can be extended as stock increases, and the credit of a frugal and thriving man increases much faster than his stock. His trade is extended in proportion to the amount of both; and the sum or amount of his profits is in proportion to the extent of his trade, and his annual accumulation in proportion to the amount of his profits. It seldom happens, however, that great fortunes are made, even in great towns, by any one regular, established, and well-known branch of business, but in consequence of a long life of industry, frugality, and attention. Sudden fortunes, indeed, are sometimes made in such places, by what is called the trade of speculation. The speculative merchant exercises no one regular, established, or well-known branch of business. He is a corn merchant this year, and a wine merchant the next, and a sugar, tobacco, or tea merchant the year after. He enters into every trade, when he foresees that it is likely to be more than commonly profitable, and he quits it when he foresees that its profits are likely to return to the level of other trades. His profits and losses,

therefore, can bear no regular proportion to those of any one established and well-known branch of business. A bold adventurer may sometimes acquire a considerable fortune by two or three successful speculations, but is just as likely to lose one by two or three unsuccessful ones. This trade can be carried on nowhere but in great towns. It is only in places of the most extensive commerce and correspondence that the intelligence requisite for it can be had.

The five circumstances above mentioned, though they occasion considerable inequalities in the wages of labour and profits of stock, occasion none in the whole of the advantages and disadvantages, real or imaginary, of the different employments of either. The nature of those circumstances is such, that they make up for a small pecuniary gain in some, and counterbalance a great one in others.

In order, however, that this equality may take place in the whole of their advantages or disadvantages, three things are requisite, even where there is the most perfect freedom. First the employments must be well known and long established in the neighbourhood; secondly, they must be in their ordinary, or what may be called their natural state; and, thirdly, they must be the sole or principal employments of those who occupy them.

First, this equality can take place only in those employments which are well known, and have been long established in the neighbourhood.

Where all other circumstances are equal, wages are generally higher in new than in old trades. When a projector attempts to establish a new manufacture, he must at first entice his workmen from other employments, by higher wages than they can either earn in their own trades, or than the nature of his work would otherwise require; and a considerable time must pass away before he can venture to reduce them to the common level. Manufactures for which the demand arises altogether from fashion and fancy, are continually changing, and seldom last long enough to be considered as old established manufactures. Those, on the contrary, for which the demand arises chiefly from use or necessity, are less liable to change, and the same form or fabric may continue in demand for whole centuries together. The wages of labour, therefore, are likely to be higher in manufactures of the former, than in those of the latter kind. Birmingham deals chiefly in manufactures of the former kind; Sheffield in those of the latter; and the wages of labour in those two different places are said to be suitable to this difference in the nature of their manufactures.

The establishment of any new manufacture, of any new branch of commerce, or of any new practice in agriculture, is always a speculation from which the projector promises himself extraordinary profits. These profits sometimes are very great, and sometimes, more frequently, perhaps, they are quite otherwise; but, in general, they bear no regular proportion to those of other old trades in the neighbourhood. If the project succeeds, they are commonly at first very high. When the trade or practice becomes thoroughly established and well known, the competition reduces them to the level of other trades.

Secondly, this equality in the whole of the advantages and disadvantages of the different employments of labour and stock, can take place only in the ordinary, or what may be called the natural state of those employments.

The demand for almost every different species of labour is sometimes greater, and sometimes less than usual. In the one case, the advantages of the employment rise above, in the other they fall below the common level. The demand for country labour is greater at hay-time and harvest than during the greater part of the year; and wages rise with the demand. In time of war, when forty or fifty thousand sailors are forced from the merchant service into that of the king, the demand for sailors to merchant ships necessarily rises with their scarcity; and their wages, upon such occasions, commonly rise from a guinea and seven-and-twenty shillings to forty shillings and three pounds a-month. In a decaying manufacture, on the contrary, many workmen, rather than quit their own trade, are contented with smaller wages than would otherwise be suitable to the nature of their employment.

The profits of stock vary with the price of the commodities in which it is employed. As the price of any commodity rises above the ordinary or average rate, the profits of at least some part of the stock that is employed in bringing it to market, rise above their proper level, and as it falls they sink below it. All commodities are more or less liable to variations of price, but some are much more so than others. In all commodities which are produced by human industry, the quantity of industry annually employed is necessarily regulated by the annual demand, in such a manner that the average annual produce may, as nearly as possible, be equal to the average annual consumption. In some employments, it has already been observed, the same quantity of industry will always produce the same, or very nearly the same quantity of commodities. In the linen or woollen manufactures, for

example, the same number of hands will annually work up very nearly the same quantity of linen and woollen cloth. The variations in the market price of such commodities, therefore, can arise only from some accidental variation in the demand. A public mourning raises the price of black cloth. But as the demand for most sorts of plain linen and woollen cloth is pretty uniform, so is likewise the price. But there are other employments in which the same quantity of industry will not always produce the same quantity of commodities. The same quantity of industry, for example, will, in different years, produce very different quantities of corn, wine, hops, sugar tobacco, etc. The price of such commodities, therefore, varies not only with the variations of demand, but with the much greater and more frequent variations of quantity, and is consequently extremely fluctuating; but the profit of some of the dealers must necessarily fluctuate with the price of the commodities. The operations of the speculative merchant are principally employed about such commodities. He endeavours to buy them up when he foresees that their price is likely to rise, and to sell them when it is likely to fall.

Thirdly, this equality in the whole of the advantages and disadvantages of the different employments of labour and stock, can take place only in such as are the sole or principal employments of those who occupy them.

When a person derives his subsistence from one employment, which does not occupy the greater part of his time, in the intervals of his leisure he is often willing to work at another for less wages than would otherwise suit the nature of the employment.

There still subsists, in many parts of Scotland, a set of people called cottars or cottagers, though they were more frequent some years ago than they are now. They are a sort of out-servants of the landlords and farmers. The usual reward which they receive from their master is a house, a small garden for pot-herbs, as much grass as will feed a cow, and, perhaps, an acre or two of bad arable land. When their master has occasion for their labour, he gives them, besides, two pecks of oatmeal a-week, worth about sixteen pence sterling. During a great part of the year, he has little or no occasion for their labour, and the cultivation of their own little possession is not sufficient to occupy the time which is left at their own disposal. When such occupiers were more numerous than they are at present, they are said to have been willing to give their spare time for a very small recompence to any body, and to have wrought for less wages than other labourers. In

ancient times, they seem to have been common all over Europe. In countries ill cultivated, and worse inhabited, the greater part of landlords and farmers could not otherwise provide themselves with the extraordinary number of hands which country labour requires at certain seasons. The daily or weekly recompence which such labourers occasionally received from their masters, was evidently not the whole price of their labour. Their small tenement made a considerable part of it. This daily or weekly recompence, however, seems to have been considered as the whole of it, by many writers who have collected the prices of labour and provisions in ancient times, and who have taken pleasure in representing both as wonderfully low.

The produce of such labour comes frequently cheaper to market than would otherwise be suitable to its nature. Stockings, in many parts of Scotland, are knit much cheaper than they can anywhere be wrought upon the loom. They are the work of servants and labourers who derive the principal part of their subsistence from some other employment. More than a thousand pair of Shetland stockings are annually imported into Leith, of which the price is from fivepence to seven-pence a pair. At Lerwick, the small capital of the Shetland islands, tenpence a-day, I have been assured, is a common price of common labour. In the same islands, they knit worsted stockings to the value of a guinea a pair and upwards.

The spinning of linen yarn is carried on in Scotland nearly in the same way as the knitting of stockings, by servants, who are chiefly hired for other purposes. They earn but a very scanty subsistence, who endeavour to get their livelihood by either of those trades. In most parts of Scotland, she is a good spinner who can earn twentypence a-week.

In opulent countries, the market is generally so extensive, that any one trade is sufficient to employ the whole labour and stock of those who occupy it. Instances of people living by one employment, and, at the same time, deriving some little advantage from another, occur chiefly in poor countries. The following instance, however, of something of the same kind, is to be found in the capital of a very rich one. There is no city in Europe, I believe, in which house-rent is dearer than in London, and yet I know no capital in which a furnished apartment can be hired so cheap. Lodging is not only much cheaper in London than in Paris; it is much cheaper than in Edinburgh, of the same degree of goodness; and, what may seem extraordinary, the dearness of house-rent is the cause of the cheapness of

lodging. The dearness of house-rent in London arises, not only from those causes which render it dear in all great capitals, the dearness of labour, the dearness of all the materials of building, which must generally be brought from a great distance, and, above all, the dearness of ground-rent, every landlord acting the part of a monopolist, and frequently exacting a higher rent for a single acre of bad land in a town, than can be had for a hundred of the best in the country; but it arises in part from the peculiar manners and customs of the people, which oblige every master of a family to hire a whole house from top to bottom. A dwelling-house in England means every thing that is contained under the same roof. In France, Scotland, and many other parts of Europe, it frequently means no more than a single storey. A tradesman in London is obliged to hire a whole house in that part of the town where his customers live. His shop is upon the ground floor, and he and his family sleep in the garret; and he endeavours to pay a part of his house-rent by letting the two middle storeys to lodgers. He expects to maintain his family by his trade, and not by his lodgers. Whereas at Paris and Edinburgh, people who let lodgings have commonly no other means of subsistence; and the price of the lodging must pay, not only the rent of the house, but the whole expense of the family.

PART II.—Inequalities occasioned by the Policy of Europe.

Such are the inequalities in the whole of the advantages and disadvantages of the different employments of labour and stock, which the defect of any of the three requisites above mentioned must occasion, even where there is the most perfect liberty. But the policy of Europe, by not leaving things at perfect liberty, occasions other inequalities of much greater importance.

It does this chiefly in the three following ways. First, by restraining the competition in some employments to a smaller number than would otherwise be disposed to enter into them; secondly, by increasing it in others beyond what it naturally would be; and, thirdly, by obstructing the free circulation of labour and stock, both from employment to employment, and from place to place.

First, The policy of Europe occasions a very important inequality in the whole of the advantages and disadvantages of the different employments of

labour and stock, by restraining the competition in some employments to a smaller number than might otherwise be disposed to enter into them.

The exclusive privileges of corporations are the principal means it makes use of for this purpose.

The exclusive privilege of an incorporated trade necessarily restrains the competition, in the town where it is established, to those who are free of the trade. To have served an apprenticeship in the town, under a master properly qualified, is commonly the necessary requisite for obtaining this freedom. The bye-laws of the corporation regulate sometimes the number of apprentices which any master is allowed to have, and almost always the number of years which each apprentice is obliged to serve. The intention of both regulations is to restrain the competition to a much smaller number than might otherwise be disposed to enter into the trade. The limitation of the number of apprentices restrains it directly. A long term of apprenticeship restrains it more indirectly, but as effectually, by increasing the expense of education.

In Sheffield, no master cutler can have more than one apprentice at a time, by a bye-law of the corporation. In Norfolk and Norwich, no master weaver can have more than two apprentices, under pain of forfeiting five pounds a-month to the king. No master hatter can have more than two apprentices anywhere in England, or in the English plantations, under pain of forfeiting; five pounds a-month, half to the king, and half to him who shall sue in any court of record. Both these regulations, though they have been confirmed by a public law of the kingdom, are evidently dictated by the same corporation-spirit which enacted the bye-law of Sheffield. The silk-weavers in London had scarce been incorporated a year, when they enacted a bye-law, restraining any master from having more than two apprentices at a time. It required a particular act of parliament to rescind this bye-law.

Seven years seem anciently to have been, all over Europe, the usual term established for the duration of apprenticeships in the greater part of incorporated trades. All such incorporations were anciently called universities, which, indeed, is the proper Latin name for any incorporation whatever. The university of smiths, the university of tailors, etc. are expressions which we commonly meet with in the old charters of ancient towns. When those particular incorporations, which are now peculiarly called universities, were first established, the term of years which it was

necessary to study, in order to obtain the degree of master of arts, appears evidently to have been copied from the term of apprenticeship in common trades, of which the incorporations were much more ancient. As to have wrought seven years under a master properly qualified, was necessary, in order to entitle any person to become a master, and to have himself apprentices in a common trade; so to have studied seven years under a master properly qualified, was necessary to entitle him to become a master, teacher, or doctor (words anciently synonymous), in the liberal arts, and to have scholars or apprentices (words likewise originally synonymous) to study under him.

By the 5th of Elizabeth, commonly called the Statute of Apprenticeship, it was enacted, that no person should, for the future, exercise any trade, craft, or mystery, at that time exercised in England, unless he had previously served to it an apprenticeship of seven years at least; and what before had been the bye-law of many particular corporations, became in England the general and public law of all trades carried on in market towns. For though the words of the statute are very general, and seem plainly to include the whole kingdom, by interpretation its operation has been limited to market towns; it having been held that, in country villages, a person may exercise several different trades, though he has not served a seven years apprenticeship to each, they being necessary for the conveniency of the inhabitants, and the number of people frequently not being sufficient to supply each with a particular set of hands. By a strict interpretation of the words, too, the operation of this statute has been limited to those trades which were established in England before the 5th of Elizabeth, and has never been extended to such as have been introduced since that time. This limitation has given occasion to several distinctions, which, considered as rules of police, appear as foolish as can well be imagined. It has been adjudged, for example, that a coach-maker can neither himself make nor employ journeymen to make his coach-wheels, but must buy them of a master wheel-wright; this latter trade having been exercised in England before the 5th of Elizabeth. But a wheel-wright, though he has never served an apprenticeship to a coachmaker, may either himself make or employ journeymen to make coaches; the trade of a coachmaker not being within the statute, because not exercised in England at the time when it was made. The manufactures of Manchester, Birmingham, and Wolverhampton, are

many of them, upon this account, not within the statute, not having been exercised in England before the 5th of Elizabeth.

In France, the duration of apprenticeships is different in different towns and in different trades. In Paris, five years is the term required in a great number; but, before any person can be qualified to exercise the trade as a master, he must, in many of them, serve five years more as a journeyman. During this latter term, he is called the companion of his master, and the term itself is called his companionship.

In Scotland, there is no general law which regulates universally the duration of apprenticeships. The term is different in different corporations. Where it is long, a part of it may generally be redeemed by paying a small fine. In most towns, too, a very small fine is sufficient to purchase the freedom of any corporation. The weavers of linen and hempen cloth, the principal manufactures of the country, as well as all other artificers subservient to them, wheel-makers, reel-makers, etc. may exercise their trades in any town-corporate without paying any fine. In all towns-corporate, all persons are free to sell butchers' meat upon any lawful day of the week. Three years is, in Scotland, a common term of apprenticeship, even in some very nice trades; and, in general, I know of no country in Europe, in which corporation laws are so little oppressive.

The property which every man has in his own labour, as it is the original foundation of all other property, so it is the most sacred and inviolable. The patrimony of a poor man lies in the strength and dexterity of his hands; and to hinder him from employing this strength and dexterity in what manner he thinks proper, without injury to his neighbour, is a plain violation of this most sacred property. It is a manifest encroachment upon the just liberty, both of the workman, and of those who might be disposed to employ him. As it hinders the one from working at what he thinks proper, so it hinders the others from employing whom they think proper. To judge whether he is fit to be employed, may surely be trusted to the discretion of the employers, whose interest it so much concerns. The affected anxiety of the lawgiver, lest they should employ an improper person, is evidently as impertinent as it is oppressive.

The institution of long apprenticeships can give no security that insufficient workmanship shall not frequently be exposed to public sale. When this is done, it is generally the effect of fraud, and not of inability; and the longest apprenticeship can give no security against fraud. Quite

different regulations are necessary to prevent this abuse. The sterling mark upon plate, and the stamps upon linen and woollen cloth, give the purchaser much greater security than any statute of apprenticeship. He generally looks at these, but never thinks it worth while to enquire whether the workman had served a seven years apprenticeship.

The institution of long apprenticeships has no tendency to form young people to industry. A journeyman who works by the piece is likely to be industrious, because he derives a benefit from every exertion of his industry. An apprentice is likely to be idle, and almost always is so, because he has no immediate interest to be otherwise. In the inferior employments, the sweets of labour consist altogether in the recompence of labour. They who are soonest in a condition to enjoy the sweets of it, are likely soonest to conceive a relish for it, and to acquire the early habit of industry. A young man naturally conceives an aversion to labour, when for a long time he receives no benefit from it. The boys who are put out apprentices from public charities are generally bound for more than the usual number of years, and they generally turn out very idle and worthless.

Apprenticeships were altogether unknown to the ancients. The reciprocal duties of master and apprentice make a considerable article in every modern code. The Roman law is perfectly silent with regard to them. I know no Greek or Latin word (I might venture, I believe, to assert that there is none) which expresses the idea we now annex to the word apprentice, a servant bound to work at a particular trade for the benefit of a master, during a term of years, upon condition that the master shall teach him that trade.

Long apprenticeships are altogether unnecessary. The arts, which are much superior to common trades, such as those of making clocks and watches, contain no such mystery as to require a long course of instruction. The first invention of such beautiful machines, indeed, and even that of some of the instruments employed in making them, must no doubt have been the work of deep thought and long time, and may justly be considered as among the happiest efforts of human ingenuity. But when both have been fairly invented, and are well understood, to explain to any young man, in the completest manner, how to apply the instruments, and how to construct the machines, cannot well require more than the lessons of a few weeks; perhaps those of a few days might be sufficient. In the common mechanic trades, those of a few days might certainly be sufficient. The dexterity of hand, indeed, even in common trades, cannot be acquired without much

practice and experience. But a young man would practice with much more diligence and attention, if from the beginning he wrought as a journeyman, being paid in proportion to the little work which he could execute, and paying in his turn for the materials which he might sometimes spoil through awkwardness and inexperience. His education would generally in this way be more effectual, and always less tedious and expensive. The master, indeed, would be a loser. He would lose all the wages of the apprentice, which he now saves, for seven years together. In the end, perhaps, the apprentice himself would be a loser. In a trade so easily learnt he would have more competitors, and his wages, when he came to be a complete workman, would be much less than at present. The same increase of competition would reduce the profits of the masters, as well as the wages of workmen. The trades, the crafts, the mysteries, would all be losers. But the public would be a gainer, the work of all artificers coming in this way much cheaper to market.

It is to prevent his reduction of price, and consequently of wages and profit, by restraining that free competition which would most certainly occasion it, that all corporations, and the greater part of corporation laws have been established. In order to erect a corporation, no other authority in ancient times was requisite, in many parts of Europe, but that of the town-corporate in which it was established. In England, indeed, a charter from the king was likewise necessary. But this prerogative of the crown seems to have been reserved rather for extorting money from the subject, than for the defence of the common liberty against such oppressive monopolies. Upon paying a fine to the king, the charter seems generally to have been readily granted; and when any particular class of artificers or traders thought proper to act as a corporation, without a charter, such adulterine guilds, as they were called, were not always disfranchised upon that account, but obliged to fine annually to the king, for permission to exercise their usurped privileges {See Madox *Firma Burgi* p. 26 etc.}. The immediate inspection of all corporations, and of the bye-laws which they might think proper to enact for their own government, belonged to the town-corporate in which they were established; and whatever discipline was exercised over them, proceeded commonly, not from the king, but from that greater incorporation of which those subordinate ones were only parts or members.

The government of towns-corporate was altogether in the hands of traders and artificers, and it was the manifest interest of every particular

class of them, to prevent the market from being overstocked, as they commonly express it, with their own particular species of industry; which is in reality to keep it always understocked. Each class was eager to establish regulations proper for this purpose, and, provided it was allowed to do so, was willing to consent that every other class should do the same. In consequence of such regulations, indeed, each class was obliged to buy the goods they had occasion for from every other within the town, somewhat dearer than they otherwise might have done. But, in recompence, they were enabled to sell their own just as much dearer; so that, so far it was as broad as long, as they say; and in the dealings of the different classes within the town with one another, none of them were losers by these regulations. But in their dealings with the country they were all great gainers; and in these latter dealings consist the whole trade which supports and enriches every town.

Every town draws its whole subsistence, and all the materials of its industry, from the: country. It pays for these chiefly in two ways. First, by sending back to the country a part of those materials wrought up and manufactured; in which case, their price is augmented by the wages of the workmen, and the profits of their masters or immediate employers; secondly, by sending to it a part both of the rude and manufactured produce, either of other countries, or of distant parts of the same country, imported into the town; in which case, too, the original price of those goods is augmented by the wages of the carriers or sailors, and by the profits of the merchants who employ them. In what is gained upon the first of those branches of commerce, consists the advantage which the town makes by its manufactures; in what is gained upon the second, the advantage of its inland and foreign trade. The wages of the workmen, and the profits of their different employers, make up the whole of what is gained upon both. Whatever regulations, therefore, tend to increase those wages and profits beyond what they otherwise: would be, tend to enable the town to purchase, with a smaller quantity of its labour, the produce of a greater quantity of the labour of the country. They give the traders and artificers in the town an advantage over the landlords, farmers, and labourers, in the country, and break down that natural equality which would otherwise take place in the commerce which is carried on between them. The whole annual produce of the labour of the society is annually divided between those two different sets of people. By means of those regulations, a greater share of it is given

to the inhabitants of the town than would otherwise fall to them, and a less to those of the country.

The price which the town really pays for the provisions and materials annually imported into it, is the quantity of manufactures and other goods annually exported from it. The dearer the latter are sold, the cheaper the former are bought. The industry of the town becomes more, and that of the country less advantageous.

That the industry which is carried on in towns is, everywhere in Europe, more advantageous than that which is carried on in the country, without entering into any very nice computations, we may satisfy ourselves by one very simple and obvious observation. In every country of Europe, we find at least a hundred people who have acquired great fortunes, from small beginnings, by trade and manufactures, the industry which properly belongs to towns, for one who has done so by that which properly belongs to the country, the raising of rude produce by the improvement and cultivation of land. Industry, therefore, must be better rewarded, the wages of labour and the profits of stock must evidently be greater, in the one situation than in the other. But stock and labour naturally seek the most advantageous employment. They naturally, therefore, resort as much as they can to the town, and desert the country.

The inhabitants of a town being collected into one place, can easily combine together. The most insignificant trades carried on in towns have, accordingly, in some place or other, been incorporated; and even where they have never been incorporated, yet the corporation-spirit, the jealousy of strangers, the aversion to take apprentices, or to communicate the secret of their trade, generally prevail in them, and often teach them, by voluntary associations and agreements, to prevent that free competition which they cannot prohibit by bye-laws. The trades which employ but a small number of hands, run most easily into such combinations. Half-a-dozen wool-combers, perhaps, are necessary to keep a thousand spinners and weavers at work. By combining not to take apprentices, they can not only engross the employment, but reduce the whole manufacture into a sort of slavery to themselves, and raise the price of their labour much above what is due to the nature of their work.

The inhabitants of the country, dispersed in distant places, cannot easily combine together. They have not only never been incorporated, but the incorporation spirit never has prevailed among them. No apprenticeship has

ever been thought necessary to qualify for husbandry, the great trade of the country. After what are called the fine arts, and the liberal professions, however, there is perhaps no trade which requires so great a variety of knowledge and experience. The innumerable volumes which have been written upon it in all languages, may satisfy us, that among the wisest and most learned nations, it has never been regarded as a matter very easily understood. And from all those volumes we shall in vain attempt to collect that knowledge of its various and complicated operations which is commonly possessed even by the common farmer; how contemptuously soever the very contemptible authors of some of them may sometimes affect to speak of him. There is scarce any common mechanic trade, on the contrary, of which all the operations may not be as completely and distinctly explained in a pamphlet of a very few pages, as it is possible for words illustrated by figures to explain them. In the history of the arts, now publishing by the French Academy of Sciences, several of them are actually explained in this manner. The direction of operations, besides, which must be varied with every change of the weather, as well as with many other accidents, requires much more judgment and discretion, than that of those which are always the same, or very nearly the same.

Not only the art of the farmer, the general direction of the operations of husbandry, but many inferior branches of country labour require much more skill and experience than the greater part of mechanic trades. The man who works upon brass and iron, works with instruments, and upon materials of which the temper is always the same, or very nearly the same. But the man who ploughs the ground with a team of horses or oxen, works with instruments of which the health, strength, and temper, are very different upon different occasions. The condition of the materials which he works upon, too, is as variable as that of the instruments which he works with, and both require to be managed with much judgment and discretion. The common ploughman, though generally regarded as the pattern of stupidity and ignorance, is seldom defective in this judgment and discretion. He is less accustomed, indeed, to social intercourse, than the mechanic who lives in a town. His voice and language are more uncouth, and more difficult to be understood by those who are not used to them. His understanding, however, being accustomed to consider a greater variety of objects, is generally much superior to that of the other, whose whole attention, from morning till night, is commonly occupied in performing one or two very

simple operations. How much the lower ranks of people in the country are really superior to those of the town, is well known to every man whom either business or curiosity has led to converse much with both. In China and Indostan, accordingly, both the rank and the wages of country labourers are said to be superior to those of the greater part of artificers and manufacturers. They would probably be so everywhere, if corporation laws and the corporation spirit did not prevent it.

The superiority which the industry of the towns has everywhere in Europe over that of the country, is not altogether owing to corporations and corporation laws. It is supported by many other regulations. The high duties upon foreign manufactures, and upon all goods imported by alien merchants, all tend to the same purpose. Corporation laws enable the inhabitants of towns to raise their prices, without fearing to be undersold by the free competition of their own countrymen. Those other regulations secure them equally against that of foreigners. The enhancement of price occasioned by both is everywhere finally paid by the landlords, farmers, and labourers, of the country, who have seldom opposed the establishment of such monopolies. They have commonly neither inclination nor fitness to enter into combinations; and the clamour and sophistry of merchants and manufacturers easily persuade them, that the private interest of a part, and of a subordinate part, of the society, is the general interest of the whole.

In Great Britain, the superiority of the industry of the towns over that of the country seems to have been greater formerly than in the present times. The wages of country labour approach nearer to those of manufacturing labour, and the profits of stock employed in agriculture to those of trading and manufacturing stock, than they are said to have done in the last century, or in the beginning of the present. This change may be regarded as the necessary, though very late consequence of the extraordinary encouragement given to the industry of the towns. The stocks accumulated in them come in time to be so great, that it can no longer be employed with the ancient profit in that species of industry which is peculiar to them. That industry has its limits like every other; and the increase of stock, by increasing the competition, necessarily reduces the profit. The lowering of profit in the town forces out stock to the country, where, by creating a new demand for country labour, it necessarily raises its wages. It then spreads itself, if I may say so, over the face of the land, and, by being employed in agriculture, is in part restored to the country, at the expense of which, in a

great measure, it had originally been accumulated in the town. That everywhere in Europe the greatest improvements of the country have been owing to such over flowings of the stock originally accumulated in the towns, I shall endeavour to shew hereafter, and at the same time to demonstrate, that though some countries have, by this course, attained to a considerable degree of opulence, it is in itself necessarily slow, uncertain, liable to be disturbed and interrupted by innumerable accidents, and, in every respect, contrary to the order of nature and of reason. The interests, prejudices, laws, and customs, which have given occasion to it, I shall endeavour to explain as fully and distinctly as I can in the third and fourth books of this Inquiry.

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible, indeed, to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies, much less to render them necessary.

A regulation which obliges all those of the same trade in a particular town to enter their names and places of abode in a public register, facilitates such assemblies. It connects individuals who might never otherwise be known to one another, and gives every man of the trade a direction where to find every other man of it.

A regulation which enables those of the same trade to tax themselves, in order to provide for their poor, their sick, their widows and orphans, by giving them a common interest to manage, renders such assemblies necessary.

An incorporation not only renders them necessary, but makes the act of the majority binding upon the whole. In a free trade, an effectual combination cannot be established but by the unanimous consent of every single trader, and it cannot last longer than every single trader continues of the same mind. The majority of a corporation can enact a bye-law, with proper penalties, which will limit the competition more effectually and more durably than any voluntary combination whatever.

The pretence that corporations are necessary for the better government of the trade, is without any foundation. The real and effectual discipline which

is exercised over a workman, is not that of his corporation, but that of his customers. It is the fear of losing their employment which restrains his frauds and corrects his negligence. An exclusive corporation necessarily weakens the force of this discipline. A particular set of workmen must then be employed, let them behave well or ill. It is upon this account that, in many large incorporated towns, no tolerable workmen are to be found, even in some of the most necessary trades. If you would have your work tolerably executed, it must be done in the suburbs, where the workmen, having no exclusive privilege, have nothing but their character to depend upon, and you must then smuggle it into the town as well as you can.

It is in this manner that the policy of Europe, by restraining the competition in some employments to a smaller number than would otherwise be disposed to enter into them, occasions a very important inequality in the whole of the advantages and disadvantages of the different employments of labour and stock.

Secondly, the policy of Europe, by increasing the competition in some employments beyond what it naturally would be, occasions another inequality, of an opposite kind, in the whole of the advantages and disadvantages of the different employments of labour and stock.

It has been considered as of so much importance that a proper number of young people should be educated for certain professions, that sometimes the public, and sometimes the piety of private founders, have established many pensions, scholarships, exhibitions, bursaries, etc. for this purpose, which draw many more people into those trades than could otherwise pretend to follow them. In all Christian countries, I believe, the education of the greater part of churchmen is paid for in this manner. Very few of them are educated altogether at their own expense. The long, tedious, and expensive education, therefore, of those who are, will not always procure them a suitable reward, the church being crowded with people, who, in order to get employment, are willing to accept of a much smaller recompence than what such an education would otherwise have entitled them to; and in this manner the competition of the poor takes away the reward of the rich. It would be indecent, no doubt, to compare either a curate or a chaplain with a journeyman in any common trade. The pay of a curate or chaplain, however, may very properly be considered as of the same nature with the wages of a journeyman. They are all three paid for their work according to the contract which they may happen to make with their respective superiors.

Till after the middle of the fourteenth century, five merks, containing about as much silver as ten pounds of our present money, was in England the usual pay of a curate or a stipendiary parish priest, as we find it regulated by the decrees of several different national councils. At the same period, fourpence a-day, containing the same quantity of silver as a shilling of our present money, was declared to be the pay of a master mason; and threepence a-day, equal to ninepence of our present money, that of a journeyman mason. {See the Statute of Labourers, 25, Ed. III.} The wages of both these labourers, therefore, supposing them to have been constantly employed, were much superior to those of the curate. The wages of the master mason, supposing him to have been without employment one-third of the year, would have fully equalled them. By the 12th of Queen Anne, c. 12. it is declared, “That whereas, for want of sufficient maintenance and encouragement to curates, the cures have, in several places, been meanly supplied, the bishop is, therefore, empowered to appoint, by writing under his hand and seal, a sufficient certain stipend or allowance, not exceeding fifty, and not less than twenty pounds a-year”. Forty pounds a-year is reckoned at present very good pay for a curate; and, notwithstanding this act of parliament, there are many curacies under twenty pounds a-year. There are journeymen shoemakers in London who earn forty pounds a-year, and there is scarce an industrious workman of any kind in that metropolis who does not earn more than twenty. This last sum, indeed, does not exceed what is frequently earned by common labourers in many country parishes. Whenever the law has attempted to regulate the wages of workmen, it has always been rather to lower them than to raise them. But the law has, upon many occasions, attempted to raise the wages of curates, and, for the dignity of the church, to oblige the rectors of parishes to give them more than the wretched maintenance which they themselves might be willing to accept of. And, in both cases, the law seems to have been equally ineffectual, and has never either been able to raise the wages of curates, or to sink those of labourers to the degree that was intended; because it has never been able to hinder either the one from being willing to accept of less than the legal allowance, on account of the indigence of their situation and the multitude of their competitors, or the other from receiving more, on account of the contrary competition of those who expected to derive either profit or pleasure from employing them.

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The great benefices and other ecclesiastical dignities support the honour of the church, notwithstanding the mean circumstances of some of its inferior members. The respect paid to the profession, too, makes some compensation even to them for the meanness of their pecuniary recompence. In England, and in all Roman catholic countries, the lottery of the church is in reality much more advantageous than is necessary. The example of the churches of Scotland, of Geneva, and of several other protestant churches, may satisfy us, that in so creditable a profession, in which education is so easily procured, the hopes of much more moderate benefices will draw a sufficient number of learned, decent, and respectable men into holy orders.

In professions in which there are no benefices, such as law and physic, if an equal proportion of people were educated at the public expense, the competition would soon be so great as to sink very much their pecuniary reward. It might then not be worth any man's while to educate his son to either of those professions at his own expense. They would be entirely abandoned to such as had been educated by those public charities, whose numbers and necessities would oblige them in general to content themselves with a very miserable recompence, to the entire degradation of the now respectable professions of law and physic.

That unprosperous race of men, commonly called men of letters, are pretty much in the situation which lawyers and physicians probably would be in, upon the foregoing supposition. In every part of Europe, the greater part of them have been educated for the church, but have been hindered by different reasons from entering into holy orders. They have generally, therefore, been educated at the public expense; and their numbers are everywhere so great, as commonly to reduce the price of their labour to a very paltry recompence.

Before the invention of the art of printing, the only employment by which a man of letters could make any thing by his talents, was that of a public or private teacher, or by communicating to other people the curious and useful knowledge which he had acquired himself; and this is still surely a more honourable, a more useful, and, in general, even a more profitable employment than that other of writing for a bookseller, to which the art of printing has given occasion. The time and study, the genius, knowledge, and application requisite to qualify an eminent teacher of the sciences, are at least equal to what is necessary for the greatest practitioners in law and

physic. But the usual reward of the eminent teacher bears no proportion to that of the lawyer or physician, because the trade of the one is crowded with indigent people, who have been brought up to it at the public expense; whereas those of the other two are encumbered with very few who have not been educated at their own. The usual recompence, however, of public and private teachers, small as it may appear, would undoubtedly be less than it is, if the competition of those yet more indigent men of letters, who write for bread, was not taken out of the market. Before the invention of the art of printing, a scholar and a beggar seem to have been terms very nearly synonymous. The different governors of the universities, before that time, appear to have often granted licences to their scholars to beg.

In ancient times, before any charities of this kind had been established for the education of indigent people to the learned professions, the rewards of eminent teachers appear to have been much more considerable. Isocrates, in what is called his discourse against the sophists, reproaches the teachers of his own times with inconsistency. "They make the most magnificent promises to their scholars," says he, "and undertake to teach them to be wise, to be happy, and to be just; and, in return for so important a service, they stipulate the paltry reward of four or five minae." "They who teach wisdom," continues he, "ought certainly to be wise themselves; but if any man were to sell such a bargain for such a price, he would be convicted of the most evident folly." He certainly does not mean here to exaggerate the reward, and we may be assured that it was not less than he represents it. Four minae were equal to thirteen pounds six shillings and eightpence; five minae to sixteen pounds thirteen shillings and fourpence. Something not less than the largest of those two sums, therefore, must at that time have been usually paid to the most eminent teachers at Athens. Isocrates himself demanded ten minae, or £ 33:6:8 from each scholar. When he taught at Athens, he is said to have had a hundred scholars. I understand this to be the number whom he taught at one time, or who attended what we would call one course of lectures; a number which will not appear extraordinary from so great a city to so famous a teacher, who taught, too, what was at that time the most fashionable of all sciences, rhetoric. He must have made, therefore, by each course of lectures, a thousand minae, or £ 3335:6:8. A thousand minae, accordingly, is said by Plutarch, in another place, to have been his didactron, or usual price of teaching. Many other eminent teachers in those times appear to have acquired great fortunes. Georgias made a

present to the temple of Delphi of his own statue in solid gold. We must not, I presume, suppose that it was as large as the life. His way of living, as well as that of Hippias and Protagoras, two other eminent teachers of those times, is represented by Plato as splendid, even to ostentation. Plato himself is said to have lived with a good deal of magnificence. Aristotle, after having been tutor to Alexander, and most munificently rewarded, as it is universally agreed, both by him and his father, Philip, thought it worth while, notwithstanding, to return to Athens, in order to resume the teaching of his school. Teachers of the sciences were probably in those times less common than they came to be in an age or two afterwards, when the competition had probably somewhat reduced both the price of their labour and the admiration for their persons. The most eminent of them, however, appear always to have enjoyed a degree of consideration much superior to any of the like profession in the present times. The Athenians sent Carneades the academic, and Diogenes the stoic, upon a solemn embassy to Rome; and though their city had then declined from its former grandeur, it was still an independent and considerable republic.

Carneades, too, was a Babylonian by birth; and as there never was a people more jealous of admitting foreigners to public offices than the Athenians, their consideration for him must have been very great.

This inequality is, upon the whole, perhaps rather advantageous than hurtful to the public. It may somewhat degrade the profession of a public teacher; but the cheapness of literary education is surely an advantage which greatly overbalances this trifling inconveniency. The public, too, might derive still greater benefit from it, if the constitution of those schools and colleges, in which education is carried on, was more reasonable than it is at present through the greater part of Europe.

Thirdly, the policy of Europe, by obstructing the free circulation of labour and stock, both from employment to employment, and from place to place, occasions, in some cases, a very inconvenient inequality in the whole of the advantages and disadvantages of their different employments.

The statute of apprenticeship obstructs the free circulation of labour from one employment to another, even in the same place. The exclusive privileges of corporations obstruct it from one place to another, even in the same employment.

It frequently happens, that while high wages are given to the workmen in one manufacture, those in another are obliged to content themselves with bare subsistence. The one is in an advancing state, and has therefore a continual demand for new hands; the other is in a declining state, and the superabundance of hands is continually increasing. Those two manufactures may sometimes be in the same town, and sometimes in the same neighbourhood, without being able to lend the least assistance to one another. The statute of apprenticeship may oppose it in the one case, and both that and an exclusive corporation in the other. In many different manufactures, however, the operations are so much alike, that the workmen could easily change trades with one another, if those absurd laws did not hinder them. The arts of weaving plain linen and plain silk, for example, are almost entirely the same. That of weaving plain woollen is somewhat different; but the difference is so insignificant, that either a linen or a silk weaver might become a tolerable workman in a very few days. If any of those three capital manufactures, therefore, were decaying, the workmen might find a resource in one of the other two which was in a more prosperous condition; and their wages would neither rise too high in the thriving, nor sink too low in the decaying manufacture. The linen manufacture, indeed, is in England, by a particular statute, open to every body; but as it is not much cultivated through the greater part of the country, it can afford no general resource to the work men of other decaying manufactures, who, wherever the statute of apprenticeship takes place, have no other choice, but either to come upon the parish, or to work as common labourers; for which, by their habits, they are much worse qualified than for any sort of manufacture that bears any resemblance to their own. They generally, therefore, chuse to come upon the parish.

Whatever obstructs the free circulation of labour from one employment to another, obstructs that of stock likewise; the quantity of stock which can be employed in any branch of business depending very much upon that of the labour which can be employed in it. Corporation laws, however, give less obstruction to the free circulation of stock from one place to another, than to that of labour. It is everywhere much easier for a wealthy merchant to obtain the privilege of trading in a town-corporate, than for a poor artificer to obtain that of working in it.

The obstruction which corporation laws give to the free circulation of labour is common, I believe, to every part of Europe. That which is given to

it by the poor laws is, so far as I know, peculiar to England. It consists in the difficulty which a poor man finds in obtaining a settlement, or even in being allowed to exercise his industry in any parish but that to which he belongs. It is the labour of artificers and manufacturers only of which the free circulation is obstructed by corporation laws. The difficulty of obtaining settlements obstructs even that of common labour. It may be worth while to give some account of the rise, progress, and present state of this disorder, the greatest, perhaps, of any in the police of England.

When, by the destruction of monasteries, the poor had been deprived of the charity of those religious houses, after some other ineffectual attempts for their relief, it was enacted, by the 43d of Elizabeth, c. 2. that every parish should be bound to provide for its own poor, and that overseers of the poor should be annually appointed, who, with the church-wardens, should raise, by a parish rate, competent sums for this purpose.

By this statute, the necessity of providing for their own poor was indispensably imposed upon every parish. Who were to be considered as the poor of each parish became, therefore, a question of some importance. This question, after some variation, was at last determined by the 13th and 14th of Charles II. when it was enacted, that forty days undisturbed residence should gain any person a settlement in any parish; but that within that time it should be lawful for two justices of the peace, upon complaint made by the church-wardens or overseers of the poor, to remove any new inhabitant to the parish where he was last legally settled; unless he either rented a tenement of ten pounds a-year, or could give such security for the discharge of the parish where he was then living, as those justices should judge sufficient.

Some frauds, it is said, were committed in consequence of this statute; parish officers sometimes bribing their own poor to go clandestinely to another parish, and, by keeping themselves concealed for forty days, to gain a settlement there, to the discharge of that to which they properly belonged. It was enacted, therefore, by the 1st of James II. that the forty days undisturbed residence of any person necessary to gain a settlement, should be accounted only from the time of his delivering notice, in writing, of the place of his abode and the number of his family, to one of the church-wardens or overseers of the parish where he came to dwell.

But parish officers, it seems, were not always more honest with regard to their own than they had been with regard to other parishes, and sometimes

connived at such intrusions, receiving the notice, and taking no proper steps in consequence of it. As every person in a parish, therefore, was supposed to have an interest to prevent as much as possible their being burdened by such intruders, it was further enacted by the 3rd of William III. that the forty days residence should be accounted only from the publication of such notice in writing on Sunday in the church, immediately after divine service.

“After all,” says Doctor Burn, “this kind of settlement, by continuing forty days after publication of notice in writing, is very seldom obtained; and the design of the acts is not so much for gaining of settlements, as for the avoiding of them by persons coming into a parish clandestinely, for the giving of notice is only putting a force upon the parish to remove. But if a person’s situation is such, that it is doubtful whether he is actually removable or not, he shall, by giving of notice, compel the parish either to allow him a settlement uncontested, by suffering him to continue forty days, or by removing him to try the right.”

This statute, therefore, rendered it almost impracticable for a poor man to gain a new settlement in the old way, by forty days inhabitancy. But that it might not appear to preclude altogether the common people of one parish from ever establishing themselves with security in another, it appointed four other ways by which a settlement might be gained without any notice delivered or published. The first was, by being taxed to parish rates and paying them; the second, by being elected into an annual parish office, and serving in it a year; the third, by serving an apprenticeship in the parish; the fourth, by being hired into service there for a year, and continuing in the same service during the whole of it. Nobody can gain a settlement by either of the two first ways, but by the public deed of the whole parish, who are too well aware of the consequences to adopt any new-comer, who has nothing but his labour to support him, either by taxing him to parish rates, or by electing him into a parish office.

No married man can well gain any settlement in either of the two last ways. An apprentice is scarce ever married; and it is expressly enacted, that no married servant shall gain any settlement by being hired for a year. The principal effect of introducing settlement by service, has been to put out in a great measure the old fashion of hiring for a year; which before had been so customary in England, that even at this day, if no particular term is agreed upon, the law intends that every servant is hired for a year. But masters are not always willing to give their servants a settlement by hiring them in this

manner; and servants are not always willing to be so hired, because, as every last settlement discharges all the foregoing, they might thereby lose their original settlement in the places of their nativity, the habitation of their parents and relations.

No independent workman, it is evident, whether labourer or artificer, is likely to gain any new settlement, either by apprenticeship or by service. When such a person, therefore, carried his industry to a new parish, he was liable to be removed, how healthy and industrious soever, at the caprice of any churchwarden or overseer, unless he either rented a tenement of ten pounds a-year, a thing impossible for one who has nothing but his labour to live by, or could give such security for the discharge of the parish as two justices of the peace should judge sufficient.

What security they shall require, indeed, is left altogether to their discretion; but they cannot well require less than thirty pounds, it having been enacted, that the purchase even of a freehold estate of less than thirty pounds value, shall not gain any person a settlement, as not being sufficient for the discharge of the parish. But this is a security which scarce any man who lives by labour can give; and much greater security is frequently demanded.

In order to restore, in some measure, that free circulation of labour which those different statutes had almost entirely taken away, the invention of certificates was fallen upon. By the 8th and 9th of William III. it was enacted that if any person should bring a certificate from the parish where he was last legally settled, subscribed by the church-wardens and overseers of the poor, and allowed by two justices of the peace, that every other parish should be obliged to receive him; that he should not be removable merely upon account of his being likely to become chargeable, but only upon his becoming actually chargeable; and that then the parish which granted the certificate should be obliged to pay the expense both of his maintenance and of his removal. And in order to give the most perfect security to the parish where such certificated man should come to reside, it was further enacted by the same statute, that he should gain no settlement there by any means whatever, except either by renting a tenement of ten pounds a-year, or by serving upon his own account in an annual parish office for one whole year; and consequently neither by notice nor by service, nor by apprenticeship, nor by paying parish rates. By the 12th of Queen Anne, too, stat. 1, c.18, it was further enacted, that neither the servants nor apprentices

of such certificated man should gain any settlement in the parish where he resided under such certificate.

How far this invention has restored that free circulation of labour, which the preceding statutes had almost entirely taken away, we may learn from the following very judicious observation of Doctor Burn. "It is obvious," says he, "that there are divers good reasons for requiring certificates with persons coming to settle in any place; namely, that persons residing under them can gain no settlement, neither by apprenticeship, nor by service, nor by giving notice, nor by paying parish rates; that they can settle neither apprentices nor servants; that if they become chargeable, it is certainly known whither to remove them, and the parish shall be paid for the removal, and for their maintenance in the mean time; and that, if they fall sick, and cannot be removed, the parish which gave the certificate must maintain them; none of all which can be without a certificate. Which reasons will hold proportionably for parishes not granting certificates in ordinary cases; for it is far more than an equal chance, but that they will have the certificated persons again, and in a worse condition." The moral of this observation seems to be, that certificates ought always to be required by the parish where any poor man comes to reside, and that they ought very seldom to be granted by that which he purposes to leave. "There is somewhat of hardship in this matter of certificates," says the same very intelligent author, in his History of the Poor Laws, "by putting it in the power of a parish officer to imprison a man as it were for life, however inconvenient it may be for him to continue at that place where he has had the misfortune to acquire what is called a settlement, or whatever advantage he may propose himself by living elsewhere."

Though a certificate carries along with it no testimonial of good behaviour, and certifies nothing but that the person belongs to the parish to which he really does belong, it is altogether discretionary in the parish officers either to grant or to refuse it. A mandamus was once moved for, says Doctor Burn, to compel the church-wardens and overseers to sign a certificate; but the Court of King's Bench rejected the motion as a very strange attempt.

The very unequal price of labour which we frequently find in England, in places at no great distance from one another, is probably owing to the obstruction which the law of settlements gives to a poor man who would carry his industry from one parish to another without a certificate. A single

man, indeed who is healthy and industrious, may sometimes reside by sufferance without one; but a man with a wife and family who should attempt to do so, would, in most parishes, be sure of being removed; and, if the single man should afterwards marry, he would generally be removed likewise. The scarcity of hands in one parish, therefore, cannot always be relieved by their superabundance in another, as it is constantly in Scotland, and I believe, in all other countries where there is no difficulty of settlement. In such countries, though wages may sometimes rise a little in the neighbourhood of a great town, or wherever else there is an extraordinary demand for labour, and sink gradually as the distance from such places increases, till they fall back to the common rate of the country; yet we never meet with those sudden and unaccountable differences in the wages of neighbouring places which we sometimes find in England, where it is often more difficult for a poor man to pass the artificial boundary of a parish, than an arm of the sea, or a ridge of high mountains, natural boundaries which sometimes separate very distinctly different rates of wages in other countries.

To remove a man who has committed no misdemeanour, from the parish where he chooses to reside, is an evident violation of natural liberty and justice. The common people of England, however, so jealous of their liberty, but like the common people of most other countries, never rightly understanding wherein it consists, have now, for more than a century together, suffered themselves to be exposed to this oppression without a remedy. Though men of reflection, too, have sometimes complained of the law of settlements as a public grievance; yet it has never been the object of any general popular clamour, such as that against general warrants, an abusive practice undoubtedly, but such a one as was not likely to occasion any general oppression. There is scarce a poor man in England, of forty years of age, I will venture to say, who has not, in some part of his life, felt himself most cruelly oppressed by this ill-contrived law of settlements.

I shall conclude this long chapter with observing, that though anciently it was usual to rate wages, first by general laws extending over the whole kingdom, and afterwards by particular orders of the justices of peace in every particular county, both these practices have now gone entirely into disuse. "By the experience of above four hundred years," says Doctor Burn, "it seems time to lay aside all endeavours to bring under strict regulations, what in its own nature seems incapable of minute limitation; for if all

persons in the same kind of work were to receive equal wages, there would be no emulation, and no room left for industry or ingenuity.”

Particular acts of parliament, however, still attempt sometimes to regulate wages in particular trades, and in particular places. Thus the 8th of George III. prohibits, under heavy penalties, all master tailors in London, and five miles round it, from giving, and their workmen from accepting, more than two shillings and sevenpence halfpenny a-day, except in the case of a general mourning. Whenever the legislature attempts to regulate the differences between masters and their workmen, its counsellors are always the masters. When the regulation, therefore, is in favour of the workmen, it is always just and equitable; but it is sometimes otherwise when in favour of the masters. Thus the law which obliges the masters in several different trades to pay their workmen in money, and not in goods, is quite just and equitable. It imposes no real hardship upon the masters. It only obliges them to pay that value in money, which they pretended to pay, but did not always really pay, in goods. This law is in favour of the workmen; but the 8th of George III. is in favour of the masters. When masters combine together, in order to reduce the wages of their workmen, they commonly enter into a private bond or agreement, not to give more than a certain wage, under a certain penalty. Were the workmen to enter into a contrary combination of the same kind, not to accept of a certain wage, under a certain penalty, the law would punish them very severely; and, if it dealt impartially, it would treat the masters in the same manner. But the 8th of George III. enforces by law that very regulation which masters sometimes attempt to establish by such combinations. The complaint of the workmen, that it puts the ablest and most industrious upon the same footing with an ordinary workman, seems perfectly well founded.

In ancient times, too, it was usual to attempt to regulate the profits of merchants and other dealers, by regulating the price of provisions and ether goods. The assize of bread is, so far as I know, the only remnant of this ancient usage. Where there is an exclusive corporation, it may, perhaps, be proper to regulate the price of the first necessary of life; but, where there is none, the competition will regulate it much better than any assize. The method of fixing the assize of bread, established by the 31st of George II. could not be put in practice in Scotland, on account of a defect in the law, its execution depending upon the office of clerk of the market, which does not exist there. This defect was not remedied till the third of George III. The

want of an assize occasioned no sensible inconveniency; and the establishment of one in the few places where it has yet taken place has produced no sensible advantage. In the greater part of the towns in Scotland, however, there is an incorporation of bakers, who claim exclusive privileges, though they are not very strictly guarded. The proportion between the different rates, both of wages and profit, in the different employments of labour and stock, seems not to be much affected, as has already been observed, by the riches or poverty, the advancing, stationary, or declining state of the society. Such revolutions in the public welfare, though they affect the general rates both of wages and profit, must, in the end, affect them equally in all different employments. The proportion between them, therefore, must remain the same, and cannot well be altered, at least for any considerable time, by any such revolutions.

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CHAPTER XI.

OF THE RENT OF LAND.

Rent, considered as the price paid for the use of land, is naturally the highest which the tenant can afford to pay in the actual circumstances of the land. In adjusting the terms of the lease, the landlord endeavours to leave him no greater share of the produce than what is sufficient to keep up the stock from which he furnishes the seed, pays the labour, and purchases and maintains the cattle and other instruments of husbandry, together with the ordinary profits of farming stock in the neighbourhood. This is evidently the smallest share with which the tenant can content himself, without being a loser, and the landlord seldom means to leave him any more. Whatever part of the produce, or, what is the same thing, whatever part of its price, is over and above this share, he naturally endeavours to reserve to himself as the rent of his land, which is evidently the highest the tenant can afford to pay in the actual circumstances of the land. Sometimes, indeed, the liberality, more frequently the ignorance, of the landlord, makes him accept of somewhat less than this portion; and sometimes, too, though more rarely, the ignorance of the tenant makes him undertake to pay somewhat more, or to content himself with somewhat less, than the ordinary profits of farming stock in the neighbourhood. This portion, however, may still be considered as the natural rent of land, or the rent at which it is naturally meant that land should, for the most part, be let.

The rent of land, it may be thought, is frequently no more than a reasonable profit or interest for the stock laid out by the landlord upon its improvement. This, no doubt, may be partly the case upon some occasions; for it can scarce ever be more than partly the case. The landlord demands a rent even for unimproved land, and the supposed interest or profit upon the expense of improvement is generally an addition to this original rent. Those improvements, besides, are not always made by the stock of the landlord, but sometimes by that of the tenant. When the lease comes to be renewed, however, the landlord commonly demands the same augmentation of rent as if they had been all made by his own.

He sometimes demands rent for what is altogether incapable of human improvements. Kelp is a species of sea-weed, which, when burnt, yields an

alkaline salt, useful for making glass, soap, and for several other purposes. It grows in several parts of Great Britain, particularly in Scotland, upon such rocks only as lie within the high-water mark, which are twice every day covered with the sea, and of which the produce, therefore, was never augmented by human industry. The landlord, however, whose estate is bounded by a kelp shore of this kind, demands a rent for it as much as for his corn-fields.

The sea in the neighbourhood of the islands of Shetland is more than commonly abundant in fish, which makes a great part of the subsistence of their inhabitants. But, in order to profit by the produce of the water, they must have a habitation upon the neighbouring land. The rent of the landlord is in proportion, not to what the farmer can make by the land, but to what he can make both by the land and the water. It is partly paid in sea-fish; and one of the very few instances in which rent makes a part of the price of that commodity, is to be found in that country.

The rent of land, therefore, considered as the price paid for the use of the land, is naturally a monopoly price. It is not at all proportioned to what the landlord may have laid out upon the improvement of the land, or to what he can afford to take, but to what the farmer can afford to give.

Such parts only of the produce of land can commonly be brought to market, of which the ordinary price is sufficient to replace the stock which must be employed in bringing them thither, together with its ordinary profits. If the ordinary price is more than this, the surplus part of it will naturally go to the rent of the land. If it is not more, though the commodity may be brought to market, it can afford no rent to the landlord. Whether the price is, or is not more, depends upon the demand.

There are some parts of the produce of land, for which the demand must always be such as to afford a greater price than what is sufficient to bring them to market; and there are others for which it either may or may not be such as to afford this greater price. The former must always afford a rent to the landlord. The latter sometimes may and sometimes may not, according to different circumstances.

Rent, it is to be observed, therefore, enters into the composition of the price of commodities in a different way from wages and profit. High or low wages and profit are the causes of high or low price; high or low rent is the effect of it. It is because high or low wages and profit must be paid, in order

to bring a particular commodity to market, that its price is high or low. But it is because its price is high or low, a great deal more, or very little more, or no more, than what is sufficient to pay those wages and profit, that it affords a high rent, or a low rent, or no rent at all.

The particular consideration, first, of those parts of the produce of land which always afford some rent; secondly, of those which sometimes may and sometimes may not afford rent; and, thirdly, of the variations which, in the different periods of improvement, naturally take place in the relative value of those two different sorts of rude produce, when compared both with one another and with manufactured commodities, will divide this chapter into three parts.

PART I.—Of the Produce of Land which always affords Rent.

As men, like all other animals, naturally multiply in proportion to the means of their subsistence, food is always more or less in demand. It can always purchase or command a greater or smaller quantity of labour, and somebody can always be found who is willing to do something in order to obtain it. The quantity of labour, indeed, which it can purchase, is not always equal to what it could maintain, if managed in the most economical manner, on account of the high wages which are sometimes given to labour; but it can always purchase such a quantity of labour as it can maintain, according to the rate at which that sort of labour is commonly maintained in the neighbourhood.

But land, in almost any situation, produces a greater quantity of food than what is sufficient to maintain all the labour necessary for bringing it to market, in the most liberal way in which that labour is ever maintained. The surplus, too, is always more than sufficient to replace the stock which employed that labour, together with its profits. Something, therefore, always remains for a rent to the landlord.

The most desert moors in Norway and Scotland produce some sort of pasture for cattle, of which the milk and the increase are always more than sufficient, not only to maintain all the labour necessary for tending them, and to pay the ordinary profit to the farmer or the owner of the herd or flock, but to afford some small rent to the landlord. The rent increases in proportion to the goodness of the pasture. The same extent of ground not

only maintains a greater number of cattle, but as they are brought within a smaller compass, less labour becomes requisite to tend them, and to collect their produce. The landlord gains both ways; by the increase of the produce, and by the diminution of the labour which must be maintained out of it.

The rent of land not only varies with its fertility, whatever be its produce, but with its situation, whatever be its fertility. Land in the neighbourhood of a town gives a greater rent than land equally fertile in a distant part of the country. Though it may cost no more labour to cultivate the one than the other, it must always cost more to bring the produce of the distant land to market. A greater quantity of labour, therefore, must be maintained out of it; and the surplus, from which are drawn both the profit of the farmer and the rent of the landlord, must be diminished. But in remote parts of the country, the rate of profit, as has already been shewn, is generally higher than in the neighbourhood of a large town. A smaller proportion of this diminished surplus, therefore, must belong to the landlord.

Good roads, canals, and navigable rivers, by diminishing the expense of carriage, put the remote parts of the country more nearly upon a level with those in the neighbourhood of the town. They are upon that account the greatest of all improvements. They encourage the cultivation of the remote, which must always be the most extensive circle of the country. They are advantageous to the town by breaking down the monopoly of the country in its neighbourhood. They are advantageous even to that part of the country. Though they introduce some rival commodities into the old market, they open many new markets to its produce. Monopoly, besides, is a great enemy to good management, which can never be universally established, but in consequence of that free and universal competition which forces every body to have recourse to it for the sake of self defence. It is not more than fifty years ago, that some of the counties in the neighbourhood of London petitioned the parliament against the extension of the turnpike roads into the remoter counties. Those remoter counties, they pretended, from the cheapness of labour, would be able to sell their grass and corn cheaper in the London market than themselves, and would thereby reduce their rents, and ruin their cultivation. Their rents, however, have risen, and their cultivation has been improved since that time.

A corn field of moderate fertility produces a much greater quantity of food for man, than the best pasture of equal extent. Though its cultivation requires much more labour, yet the surplus which remains after replacing

the seed and maintaining all that labour, is likewise much greater. If a pound of butcher's meat, therefore, was never supposed to be worth more than a pound of bread, this greater surplus would everywhere be of greater value and constitute a greater fund, both for the profit of the farmer and the rent of the landlord. It seems to have done so universally in the rude beginnings of agriculture.

But the relative values of those two different species of food, bread and butcher's meat, are very different in the different periods of agriculture. In its rude beginnings, the unimproved wilds, which then occupy the far greater part of the country, are all abandoned to cattle. There is more butcher's meat than bread; and bread, therefore, is the food for which there is the greatest competition, and which consequently brings the greatest price. At Buenos Ayres, we are told by Ulloa, four reals, one-and-twenty pence halfpenny sterling, was, forty or fifty years ago, the ordinary price of an ox, chosen from a herd of two or three hundred. He says nothing of the price of bread, probably because he found nothing remarkable about it. An ox there, he says, costs little more than the labour of catching him. But corn can nowhere be raised without a great deal of labour; and in a country which lies upon the river Plate, at that time the direct road from Europe to the silver mines of Potosi, the money-price of labour could be very cheap. It is otherwise when cultivation is extended over the greater part of the country. There is then more bread than butcher's meat. The competition changes its direction, and the price of butcher's meat becomes greater than the price of bread.

By the extension, besides, of cultivation, the unimproved wilds become insufficient to supply the demand for butcher's meat. A great part of the cultivated lands must be employed in rearing and fattening cattle; of which the price, therefore, must be sufficient to pay, not only the labour necessary for tending them, but the rent which the landlord, and the profit which the farmer, could have drawn from such land employed in tillage. The cattle bred upon the most uncultivated moors, when brought to the same market, are, in proportion to their weight or goodness, sold at the same price as those which are reared upon the most improved land. The proprietors of those moors profit by it, and raise the rent of their land in proportion to the price of their cattle. It is not more than a century ago, that in many parts of the Highlands of Scotland, butcher's meat was as cheap or cheaper than even bread made of oatmeal. The Union opened the market of England to

the Highland cattle. Their ordinary price, at present, is about three times greater than at the beginning of the century, and the rents of many Highland estates have been tripled and quadrupled in the same time. In almost every part of Great Britain, a pound of the best butcher's meat is, in the present times, generally worth more than two pounds of the best white bread; and in plentiful years it is sometimes worth three or four pounds.

It is thus that, in the progress of improvement, the rent and profit of unimproved pasture come to be regulated in some measure by the rent and profit of what is improved, and these again by the rent and profit of corn. Corn is an annual crop; butcher's meat, a crop which requires four or five years to grow. As an acre of land, therefore, will produce a much smaller quantity of the one species of food than of the other, the inferiority of the quantity must be compensated by the superiority of the price. If it was more than compensated, more corn-land would be turned into pasture; and if it was not compensated, part of what was in pasture would be brought back into corn.

This equality, however, between the rent and profit of grass and those of corn; of the land of which the immediate produce is food for cattle, and of that of which the immediate produce is food for men, must be understood to take place only through the greater part of the improved lands of a great country. In some particular local situations it is quite otherwise, and the rent and profit of grass are much superior to what can be made by corn.

Thus, in the neighbourhood of a great town, the demand for milk, and for forage to horses, frequently contribute, together with the high price of butcher's meat, to raise the value of grass above what may be called its natural proportion to that of corn. This local advantage, it is evident, cannot be communicated to the lands at a distance.

Particular circumstances have sometimes rendered some countries so populous, that the whole territory, like the lands in the neighbourhood of a great town, has not been sufficient to produce both the grass and the corn necessary for the subsistence of their inhabitants. Their lands, therefore, have been principally employed in the production of grass, the more bulky commodity, and which cannot be so easily brought from a great distance; and corn, the food of the great body of the people, has been chiefly imported from foreign countries. Holland is at present in this situation; and a considerable part of ancient Italy seems to have been so during the prosperity of the Romans. To feed well, old Cato said, as we are told by

Cicero, was the first and most profitable thing in the management of a private estate; to feed tolerably well, the second; and to feed ill, the third. To plough, he ranked only in the fourth place of profit and advantage. Tillage, indeed, in that part of ancient Italy which lay in the neighbourhood of Rome, must have been very much discouraged by the distributions of corn which were frequently made to the people, either gratuitously, or at a very low price. This corn was brought from the conquered provinces, of which several, instead of taxes, were obliged to furnish a tenth part of their produce at a stated price, about sixpence a-peck, to the republic. The low price at which this corn was distributed to the people, must necessarily have sunk the price of what could be brought to the Roman market from Latium, or the ancient territory of Rome, and must have discouraged its cultivation in that country.

In an open country, too, of which the principal produce is corn, a well-inclosed piece of grass will frequently rent higher than any corn field in its neighbourhood. It is convenient for the maintenance of the cattle employed in the cultivation of the corn; and its high rent is, in this case, not so properly paid from the value of its own produce, as from that of the corn lands which are cultivated by means of it. It is likely to fall, if ever the neighbouring lands are completely inclosed. The present high rent of inclosed land in Scotland seems owing to the scarcity of inclosure, and will probably last no longer than that scarcity. The advantage of inclosure is greater for pasture than for corn. It saves the labour of guarding the cattle, which feed better, too, when they are not liable to be disturbed by their keeper or his dog.

But where there is no local advantage of this kind, the rent and profit of corn, or whatever else is the common vegetable food of the people, must naturally regulate upon the land which is fit for producing it, the rent and profit of pasture.

The use of the artificial grasses, of turnips, carrots, cabbages, and the other expedients which have been fallen upon to make an equal quantity of land feed a greater number of cattle than when in natural grass, should somewhat reduce, it might be expected, the superiority which, in an improved country, the price of butcher's meat naturally has over that of bread. It seems accordingly to have done so; and there is some reason for believing that, at least in the London market, the price of butcher's meat, in

proportion to the price of bread, is a good deal lower in the present times than it was in the beginning of the last century.

In the Appendix to the life of Prince Henry, Doctor Birch has given us an account of the prices of butcher's meat as commonly paid by that prince. It is there said, that the four quarters of an ox, weighing six hundred pounds, usually cost him nine pounds ten shillings, or thereabouts; that is thirty-one shillings and eight-pence per hundred pounds weight. Prince Henry died on the 6th of November 1612, in the nineteenth year of his age.

In March 1764, there was a parliamentary inquiry into the causes of the high price of provisions at that time. It was then, among other proof to the same purpose, given in evidence by a Virginia merchant, that in March 1763, he had victualled his ships for twentyfour or twenty-five shillings the hundred weight of beef, which he considered as the ordinary price; whereas, in that dear year, he had paid twenty-seven shillings for the same weight and sort. This high price in 1764 is, however, four shillings and eight-pence cheaper than the ordinary price paid by Prince Henry; and it is the best beef only, it must be observed, which is fit to be salted for those distant voyages.

The price paid by Prince Henry amounts to 3d. $\frac{4}{5}$ ths per pound weight of the whole carcase, coarse and choice pieces taken together; and at that rate the choice pieces could not have been sold by retail for less than $4\frac{1}{2}$ d. or 5d. the pound.

In the parliamentary inquiry in 1764, the witnesses stated the price of the choice pieces of the best beef to be to the consumer 4d. and $4\frac{1}{2}$ d. the pound; and the coarse pieces in general to be from seven farthings to $2\frac{1}{2}$ d. and $2\frac{3}{4}$ d.; and this, they said, was in general one halfpenny dearer than the same sort of pieces had usually been sold in the month of March. But even this high price is still a good deal cheaper than what we can well suppose the ordinary retail price to have been in the time of Prince Henry.

During the first twelve years of the last century, the average price of the best wheat at the Windsor market was £ 1:18:3 $\frac{1}{2}$ d. the quarter of nine Winchester bushels.

But in the twelve years preceding 1764 including that year, the average price of the same measure of the best wheat at the same market was £ 2:1:9 $\frac{1}{2}$ d.

In the first twelve years of the last century, therefore, wheat appears to have been a good deal cheaper, and butcher's meat a good deal dearer, than

in the twelve years preceding 1764, including that year.

In all great countries, the greater part of the cultivated lands are employed in producing either food for men or food for cattle. The rent and profit of these regulate the rent and profit of all other cultivated land. If any particular produce afforded less, the land would soon be turned into corn or pasture; and if any afforded more, some part of the lands in corn or pasture would soon be turned to that produce.

Those productions, indeed, which require either a greater original expense of improvement, or a greater annual expense of cultivation in order to fit the land for them, appear commonly to afford, the one a greater rent, the other a greater profit, than corn or pasture. This superiority, however, will seldom be found to amount to more than a reasonable interest or compensation for this superior expense.

In a hop garden, a fruit garden, a kitchen garden, both the rent of the landlord, and the profit of the farmer, are generally greater than in acorn or grass field. But to bring the ground into this condition requires more expense. Hence a greater rent becomes due to the landlord. It requires, too, a more attentive and skilful management. Hence a greater profit becomes due to the farmer. The crop, too, at least in the hop and fruit garden, is more precarious. Its price, therefore, besides compensating all occasional losses, must afford something like the profit of insurance. The circumstances of gardeners, generally mean, and always moderate, may satisfy us that their great ingenuity is not commonly over-recompensed. Their delightful art is practised by so many rich people for amusement, that little advantage is to be made by those who practise it for profit; because the persons who should naturally be their best customers, supply themselves with all their most precious productions.

The advantage which the landlord derives from such improvements, seems at no time to have been greater than what was sufficient to compensate the original expense of making them. In the ancient husbandry, after the vineyard, a well-watered kitchen garden seems to have been the part of the farm which was supposed to yield the most valuable produce. But Democritus, who wrote upon husbandry about two thousand years ago, and who was regarded by the ancients as one of the fathers of the art, thought they did not act wisely who inclosed a kitchen garden. The profit, he said, would not compensate the expense of a stone-wall: and bricks (he meant, I suppose, bricks baked in the sun) mouldered with the rain and the

winter-storm, and required continual repairs. Columella, who reports this judgment of Democritus, does not controvert it, but proposes a very frugal method of inclosing with a hedge of brambles and briars, which he says he had found by experience to be both a lasting and an impenetrable fence; but which, it seems, was not commonly known in the time of Democritus. Palladius adopts the opinion of Columella, which had before been recommended by Varro. In the judgment of those ancient improvers, the produce of a kitchen garden had, it seems, been little more than sufficient to pay the extraordinary culture and the expense of watering; for in countries so near the sun, it was thought proper, in those times as in the present, to have the command of a stream of water, which could be conducted to every bed in the garden. Through the greater part of Europe, a kitchen garden is not at present supposed to deserve a better inclosure than that recommended by Columella. In Great Britain, and some other northern countries, the finer fruits cannot be brought to perfection but by the assistance of a wall. Their price, therefore, in such countries, must be sufficient to pay the expense of building and maintaining what they cannot be had without. The fruit-wall frequently surrounds the kitchen garden, which thus enjoys the benefit of an inclosure which its own produce could seldom pay for.

That the vineyard, when properly planted and brought to perfection, was the most valuable part of the farm, seems to have been an undoubted maxim in the ancient agriculture, as it is in the modern, through all the wine countries. But whether it was advantageous to plant a new vineyard, was a matter of dispute among the ancient Italian husbandmen, as we learn from Columella. He decides, like a true lover of all curious cultivation, in favour of the vineyard; and endeavours to shew, by a comparison of the profit and expense, that it was a most advantageous improvement. Such comparisons, however, between the profit and expense of new projects are commonly very fallacious; and in nothing more so than in agriculture. Had the gain actually made by such plantations been commonly as great as he imagined it might have been, there could have been no dispute about it. The same point is frequently at this day a matter of controversy in the wine countries. Their writers on agriculture, indeed, the lovers and promoters of high cultivation, seem generally disposed to decide with Columella in favour of the vineyard. In France, the anxiety of the proprietors of the old vineyards to prevent the planting of any new ones, seems to favour their opinion, and to indicate a consciousness in those who must have the experience, that this

species of cultivation is at present in that country more profitable than any other. It seems, at the same time, however, to indicate another opinion, that this superior profit can last no longer than the laws which at present restrain the free cultivation of the vine. In 1731, they obtained an order of council, prohibiting both the planting of new vineyards, and the renewal of these old ones, of which the cultivation had been interrupted for two years, without a particular permission from the king, to be granted only in consequence of an information from the intendant of the province, certifying that he had examined the land, and that it was incapable of any other culture. The pretence of this order was the scarcity of corn and pasture, and the superabundance of wine. But had this superabundance been real, it would, without any order of council, have effectually prevented the plantation of new vineyards, by reducing the profits of this species of cultivation below their natural proportion to those of corn and pasture. With regard to the supposed scarcity of corn occasioned by the multiplication of vineyards, corn is nowhere in France more carefully cultivated than in the wine provinces, where the land is fit for producing it: as in Burgundy, Guienne, and the Upper Languedoc. The numerous hands employed in the one species of cultivation necessarily encourage the other, by affording a ready market for its produce. To diminish the number of those who are capable of paying it, is surely a most unpromising expedient for encouraging the cultivation of corn. It is like the policy which would promote agriculture, by discouraging manufactures.

The rent and profit of those productions, therefore, which require either a greater original expense of improvement in order to fit the land for them, or a greater annual expense of cultivation, though often much superior to those of corn and pasture, yet when they do no more than compensate such extraordinary expense, are in reality regulated by the rent and profit of those common crops.

It sometimes happens, indeed, that the quantity of land which can be fitted for some particular produce, is too small to supply the effectual demand. The whole produce can be disposed of to those who are willing to give somewhat more than what is sufficient to pay the whole rent, wages, and profit, necessary for raising and bringing it to market, according to their natural rates, or according to the rates at which they are paid in the greater part of other cultivated land. The surplus part of the price which remains after defraying the whole expense of improvement and cultivation, may

commonly, in this case, and in this case only, bear no regular proportion to the like surplus in corn or pasture, but may exceed it in almost any degree; and the greater part of this excess naturally goes to the rent of the landlord.

The usual and natural proportion, for example, between the rent and profit of wine, and those of corn and pasture, must be understood to take place only with regard to those vineyards which produce nothing but good common wine, such as can be raised almost anywhere, upon any light, gravelly, or sandy soil, and which has nothing to recommend it but its strength and wholesomeness. It is with such vineyards only, that the common land of the country can be brought into competition; for with those of a peculiar quality it is evident that it cannot.

The vine is more affected by the difference of soils than any other fruit-tree. From some it derives a flavour which no culture or management can equal, it is supposed, upon any other. This flavour, real or imaginary, is sometimes peculiar to the produce of a few vineyards; sometimes it extends through the greater part of a small district, and sometimes through a considerable part of a large province. The whole quantity of such wines that is brought to market falls short of the effectual demand, or the demand of those who would be willing to pay the whole rent, profit, and wages, necessary for preparing and bringing them thither, according to the ordinary rate, or according to the rate at which they are paid in common vineyards. The whole quantity, therefore, can be disposed of to those who are willing to pay more, which necessarily raises their price above that of common wine. The difference is greater or less, according as the fashionableness and scarcity of the wine render the competition of the buyers more or less eager. Whatever it be, the greater part of it goes to the rent of the landlord. For though such vineyards are in general more carefully cultivated than most others, the high price of the wine seems to be, not so much the effect, as the cause of this careful cultivation. In so valuable a produce, the loss occasioned by negligence is so great, as to force even the most careless to attention. A small part of this high price, therefore, is sufficient to pay the wages of the extraordinary labour bestowed upon their cultivation, and the profits of the extraordinary stock which puts that labour into motion.

The sugar colonies possessed by the European nations in the West Indies may be compared to those precious vineyards. Their whole produce falls short of the effectual demand of Europe, and can be disposed of to those who are willing to give more than what is sufficient to pay the whole rent,

profit, and wages, necessary for preparing and bringing it to market, according to the rate at which they are commonly paid by any other produce. In Cochin China, the finest white sugar generally sells for three piastres the quintal, about thirteen shillings and sixpence of our money, as we are told by Mr Poivre {*Voyages d'un Philosophe.*}, a very careful observer of the agriculture of that country. What is there called the quintal, weighs from a hundred and fifty to two hundred Paris pounds, or a hundred and seventy-five Paris pounds at a medium, which reduces the price of the hundred weight English to about eight shillings sterling; not a fourth part of what is commonly paid for the brown or muscovada sugars imported from our colonies, and not a sixth part of what is paid for the finest white sugar. The greater part of the cultivated lands in Cochin China are employed in producing corn and rice, the food of the great body of the people. The respective prices of corn, rice, and sugar, are there probably in the natural proportion, or in that which naturally takes place in the different crops of the greater part of cultivated land, and which recompenses the landlord and farmer, as nearly as can be computed, according to what is usually the original expense of improvement, and the annual expense of cultivation. But in our sugar colonies, the price of sugar bears no such proportion to that of the produce of a rice or corn field either in Europe or America. It is commonly said that a sugar planter expects that the rum and the molasses should defray the whole expense of his cultivation, and that his sugar should be all clear profit. If this be true, for I pretend not to affirm it, it is as if a corn farmer expected to defray the expense of his cultivation with the chaff and the straw, and that the grain should be all clear profit. We see frequently societies of merchants in London, and other trading towns, purchase waste lands in our sugar colonies, which they expect to improve and cultivate with profit, by means of factors and agents, notwithstanding the great distance and the uncertain returns, from the defective administration of justice in those countries. Nobody will attempt to improve and cultivate in the same manner the most fertile lands of Scotland, Ireland, or the corn provinces of North America, though, from the more exact administration of justice in these countries, more regular returns might be expected.

In Virginia and Maryland, the cultivation of tobacco is preferred, as most profitable, to that of corn. Tobacco might be cultivated with advantage through the greater part of Europe; but, in almost every part of Europe, it

has become a principal subject of taxation; and to collect a tax from every different farm in the country where this plant might happen to be cultivated, would be more difficult, it has been supposed, than to levy one upon its importation at the custom-house. The cultivation of tobacco has, upon this account, been most absurdly prohibited through the greater part of Europe, which necessarily gives a sort of monopoly to the countries where it is allowed; and as Virginia and Maryland produce the greatest quantity of it, they share largely, though with some competitors, in the advantage of this monopoly. The cultivation of tobacco, however, seems not to be so advantageous as that of sugar. I have never even heard of any tobacco plantation that was improved and cultivated by the capital of merchants who resided in Great Britain; and our tobacco colonies send us home no such wealthy planters as we see frequently arrive from our sugar islands. Though, from the preference given in those colonies to the cultivation of tobacco above that of corn, it would appear that the effectual demand of Europe for tobacco is not completely supplied, it probably is more nearly so than that for sugar; and though the present price of tobacco is probably more than sufficient to pay the whole rent, wages, and profit, necessary for preparing and bringing it to market, according to the rate at which they are commonly paid in corn land, it must not be so much more as the present price of sugar. Our tobacco planters, accordingly, have shewn the same fear of the superabundance of tobacco, which the proprietors of the old vineyards in France have of the superabundance of wine. By act of assembly, they have restrained its cultivation to six thousand plants, supposed to yield a thousand weight of tobacco, for every negro between sixteen and sixty years of age. Such a negro, over and above this quantity of tobacco, can manage, they reckon, four acres of Indian corn. To prevent the market from being overstocked, too, they have sometimes, in plentiful years, we are told by Dr Douglas {Douglas's Summary, vol. ii. p. 379, 373.} (I suspect he has been ill informed), burnt a certain quantity of tobacco for every negro, in the same manner as the Dutch are said to do of spices. If such violent methods are necessary to keep up the present price of tobacco, the superior advantage of its culture over that of corn, if it still has any, will not probably be of long continuance.

It is in this manner that the rent of the cultivated land, of which the produce is human food, regulates the rent of the greater part of other cultivated land. No particular produce can long afford less, because the land

would immediately be turned to another use; and if any particular produce commonly affords more, it is because the quantity of land which can be fitted for it is too small to supply the effectual demand.

In Europe, corn is the principal produce of land, which serves immediately for human food. Except in particular situations, therefore, the rent of corn land regulates in Europe that of all other cultivated land. Britain need envy neither the vineyards of France, nor the olive plantations of Italy. Except in particular situations, the value of these is regulated by that of corn, in which the fertility of Britain is not much inferior to that of either of those two countries.

If, in any country, the common and favourite vegetable food of the people should be drawn from a plant of which the most common land, with the same, or nearly the same culture, produced a much greater quantity than the most fertile does of corn; the rent of the landlord, or the surplus quantity of food which would remain to him, after paying the labour, and replacing the stock of the farmer, together with its ordinary profits, would necessarily be much greater. Whatever was the rate at which labour was commonly maintained in that country, this greater surplus could always maintain a greater quantity of it, and, consequently, enable the landlord to purchase or command a greater quantity of it. The real value of his rent, his real power and authority, his command of the necessaries and conveniencies of life with which the labour of other people could supply him, would necessarily be much greater.

A rice field produces a much greater quantity of food than the most fertile corn field. Two crops in the year, from thirty to sixty bushels each, are said to be the ordinary produce of an acre. Though its cultivation, therefore, requires more labour, a much greater surplus remains after maintaining all that labour. In those rice countries, therefore, where rice is the common and favourite vegetable food of the people, and where the cultivators are chiefly maintained with it, a greater share of this greater surplus should belong to the landlord than in corn countries. In Carolina, where the planters, as in other British colonies, are generally both farmers and landlords, and where rent, consequently, is confounded with profit, the cultivation of rice is found to be more profitable than that of corn, though their fields produce only one crop in the year, and though, from the prevalence of the customs of Europe, rice is not there the common and favourite vegetable food of the people.

A good rice field is a bog at all seasons, and at one season a bog covered with water. It is unfit either for corn, or pasture, or vineyard, or, indeed, for any other vegetable produce that is very useful to men; and the lands which are fit for those purposes are not fit for rice. Even in the rice countries, therefore, the rent of rice lands cannot regulate the rent of the other cultivated land which can never be turned to that produce.

The food produced by a field of potatoes is not inferior in quantity to that produced by a field of rice, and much superior to what is produced by a field of wheat. Twelve thousand weight of potatoes from an acre of land is not a greater produce than two thousand weight of wheat. The food or solid nourishment, indeed, which can be drawn from each of those two plants, is not altogether in proportion to their weight, on account of the watery nature of potatoes. Allowing, however, half the weight of this root to go to water, a very large allowance, such an acre of potatoes will still produce six thousand weight of solid nourishment, three times the quantity produced by the acre of wheat. An acre of potatoes is cultivated with less expense than an acre of wheat; the fallow, which generally precedes the sowing of wheat, more than compensating the hoeing and other extraordinary culture which is always given to potatoes. Should this root ever become in any part of Europe, like rice in some rice countries, the common and favourite vegetable food of the people, so as to occupy the same proportion of the lands in tillage, which wheat and other sorts of grain for human food do at present, the same quantity of cultivated land would maintain a much greater number of people; and the labourers being generally fed with potatoes, a greater surplus would remain after replacing all the stock, and maintaining all the labour employed in cultivation. A greater share of this surplus, too, would belong to the landlord. Population would increase, and rents would rise much beyond what they are at present.

The land which is fit for potatoes, is fit for almost every other useful vegetable. If they occupied the same proportion of cultivated land which corn does at present, they would regulate, in the same manner, the rent of the greater part of other cultivated land.

In some parts of Lancashire, it is pretended, I have been told, that bread of oatmeal is a heartier food for labouring people than wheaten bread, and I have frequently heard the same doctrine held in Scotland. I am, however, somewhat doubtful of the truth of it. The common people in Scotland, who are fed with oatmeal, are in general neither so strong nor so handsome as

the same rank of people in England, who are fed with wheaten bread. They neither work so well, nor look so well; and as there is not the same difference between the people of fashion in the two countries, experience would seem to shew, that the food of the common people in Scotland is not so suitable to the human constitution as that of their neighbours of the same rank in England. But it seems to be otherwise with potatoes. The chairmen, porters, and coal-heavers in London, and those unfortunate women who live by prostitution, the strongest men and the most beautiful women perhaps in the British dominions, are said to be, the greater part of them, from the lowest rank of people in Ireland, who are generally fed with this root. No food can afford a more decisive proof of its nourishing quality, or of its being peculiarly suitable to the health of the human constitution.

It is difficult to preserve potatoes through the year, and impossible to store them like corn, for two or three years together. The fear of not being able to sell them before they rot, discourages their cultivation, and is, perhaps, the chief obstacle to their ever becoming in any great country, like bread, the principal vegetable food of all the different ranks of the people.

PART II.—Of the Produce of Land, which sometimes does, and sometimes does not, afford Rent.

Human food seems to be the only produce of land, which always and necessarily affords some rent to the landlord. Other sorts of produce sometimes may, and sometimes may not, according to different circumstances.

After food, clothing and lodging are the two great wants of mankind.

Land, in its original rude state, can afford the materials of clothing and lodging to a much greater number of people than it can feed. In its improved state, it can sometimes feed a greater number of people than it can supply with those materials; at least in the way in which they require them, and are willing to pay for them. In the one state, therefore, there is always a superabundance of these materials, which are frequently, upon that account, of little or no value. In the other, there is often a scarcity, which necessarily augments their value. In the one state, a great part of them is thrown away as useless and the price of what is used is considered as equal only to the labour and expense of fitting it for use, and can, therefore, afford no rent to the landlord. In the other, they are all made use of, and there is

frequently a demand for more than can be had. Somebody is always willing to give more for every part of them, than what is sufficient to pay the expense of bringing them to market. Their price, therefore, can always afford some rent to the landlord.

The skins of the larger animals were the original materials of clothing. Among nations of hunters and shepherds, therefore, whose food consists chiefly in the flesh of those animals, everyman, by providing himself with food, provides himself with the materials of more clothing than he can wear. If there was no foreign commerce, the greater part of them would be thrown away as things of no value. This was probably the case among the hunting nations of North America, before their country was discovered by the Europeans, with whom they now exchange their surplus peltry, for blankets, fire-arms, and brandy, which gives it some value. In the present commercial state of the known world, the most barbarous nations, I believe, among whom land property is established, have some foreign commerce of this kind, and find among their wealthier neighbours such a demand for all the materials of clothing, which their land produces, and which can neither be wrought up nor consumed at home, as raises their price above what it costs to send them to those wealthier neighbours. It affords, therefore, some rent to the landlord. When the greater part of the Highland cattle were consumed on their own hills, the exportation of their hides made the most considerable article of the commerce of that country, and what they were exchanged for afforded some addition to the rent of the Highland estates. The wool of England, which in old times, could neither be consumed nor wrought up at home, found a market in the then wealthier and more industrious country of Flanders, and its price afforded something to the rent of the land which produced it. In countries not better cultivated than England was then, or than the Highlands of Scotland are now, and which had no foreign commerce, the materials of clothing would evidently be so superabundant, that a great part of them would be thrown away as useless, and no part could afford any rent to the landlord.

The materials of lodging cannot always be transported to so great a distance as those of clothing, and do not so readily become an object of foreign commerce. When they are superabundant in the country which produces them, it frequently happens, even in the present commercial state of the world, that they are of no value to the landlord. A good stone quarry in the neighbourhood of London would afford a considerable rent. In many

parts of Scotland and Wales it affords none. Barren timber for building is of great value in a populous and well-cultivated country, and the land which produces it affords a considerable rent. But in many parts of North America, the landlord would be much obliged to any body who would carry away the greater part of his large trees. In some parts of the Highlands of Scotland, the bark is the only part of the wood which, for want of roads and water-carriage, can be sent to market; the timber is left to rot upon the ground. When the materials of lodging are so superabundant, the part made use of is worth only the labour and expense of fitting it for that use. It affords no rent to the landlord, who generally grants the use of it to whoever takes the trouble of asking it. The demand of wealthier nations, however, sometimes enables him to get a rent for it. The paving of the streets of London has enabled the owners of some barren rocks on the coast of Scotland to draw a rent from what never afforded any before. The woods of Norway, and of the coasts of the Baltic, find a market in many parts of Great Britain, which they could not find at home, and thereby afford some rent to their proprietors.

Countries are populous, not in proportion to the number of people whom their produce can clothe and lodge, but in proportion to that of those whom it can feed. When food is provided, it is easy to find the necessary clothing and lodging. But though these are at hand, it may often be difficult to find food. In some parts of the British dominions, what is called a house may be built by one day's labour of one man. The simplest species of clothing, the skins of animals, require somewhat more labour to dress and prepare them for use. They do not, however, require a great deal. Among savage or barbarous nations, a hundredth, or little more than a hundredth part of the labour of the whole year, will be sufficient to provide them with such clothing and lodging as satisfy the greater part of the people. All the other ninety-nine parts are frequently no more than enough to provide them with food.

But when, by the improvement and cultivation of land, the labour of one family can provide food for two, the labour of half the society becomes sufficient to provide food for the whole. The other half, therefore, or at least the greater part of them, can be employed in providing other things, or in satisfying the other wants and fancies of mankind. Clothing and lodging, household furniture, and what is called equipage, are the principal objects of the greater part of those wants and fancies. The rich man consumes no

more food than his poor neighbour. In quality it may be very different, and to select and prepare it may require more labour and art; but in quantity it is very nearly the same. But compare the spacious palace and great wardrobe of the one, with the hovel and the few rags of the other, and you will be sensible that the difference between their clothing, lodging, and household furniture, is almost as great in quantity as it is in quality. The desire of food is limited in every man by the narrow capacity of the human stomach; but the desire of the conveniencies and ornaments of building, dress, equipage, and household furniture, seems to have no limit or certain boundary. Those, therefore, who have the command of more food than they themselves can consume, are always willing to exchange the surplus, or, what is the same thing, the price of it, for gratifications of this other kind. What is over and above satisfying the limited desire, is given for the amusement of those desires which cannot be satisfied, but seem to be altogether endless. The poor, in order to obtain food, exert themselves to gratify those fancies of the rich; and to obtain it more certainly, they vie with one another in the cheapness and perfection of their work. The number of workmen increases with the increasing quantity of food, or with the growing improvement and cultivation of the lands; and as the nature of their business admits of the utmost subdivisions of labour, the quantity of materials which they can work up, increases in a much greater proportion than their numbers. Hence arises a demand for every sort of material which human invention can employ, either usefully or ornamentally, in building, dress, equipage, or household furniture; for the fossils and minerals contained in the bowels of the earth, the precious metals, and the precious stones.

Food is, in this manner, not only the original source of rent, but every other part of the produce of land which afterwards affords rent, derives that part of its value from the improvement of the powers of labour in producing food, by means of the improvement and cultivation of land.

Those other parts of the produce of land, however, which afterwards afford rent, do not afford it always. Even in improved and cultivated countries, the demand for them is not always such as to afford a greater price than what is sufficient to pay the labour, and replace, together with its ordinary profits, the stock which must be employed in bringing them to market. Whether it is or is not such, depends upon different circumstances.

Whether a coal mine, for example, can afford any rent, depends partly upon its fertility, and partly upon its situation.

A mine of any kind may be said to be either fertile or barren, according as the quantity of mineral which can be brought from it by a certain quantity of labour, is greater or less than what can be brought by an equal quantity from the greater part of other mines of the same kind.

Some coal mines, advantageously situated, cannot be wrought on account of their barrenness. The produce does not pay the expense. They can afford neither profit nor rent.

There are some, of which the produce is barely sufficient to pay the labour, and replace, together with its ordinary profits, the stock employed in working them. They afford some profit to the undertaker of the work, but no rent to the landlord. They can be wrought advantageously by nobody but the landlord, who, being himself the undertaker of the work, gets the ordinary profit of the capital which he employs in it. Many coal mines in Scotland are wrought in this manner, and can be wrought in no other. The landlord will allow nobody else to work them without paying some rent, and nobody can afford to pay any.

Other coal mines in the same country, sufficiently fertile, cannot be wrought on account of their situation. A quantity of mineral, sufficient to defray the expense of working, could be brought from the mine by the ordinary, or even less than the ordinary quantity of labour: but in an inland country, thinly inhabited, and without either good roads or water-carriage, this quantity could not be sold.

Coals are a less agreeable fuel than wood: they are said too to be less wholesome. The expense of coals, therefore, at the place where they are consumed, must generally be somewhat less than that of wood.

The price of wood, again, varies with the state of agriculture, nearly in the same manner, and exactly for the same reason, as the price of cattle. In its rude beginnings, the greater part of every country is covered with wood, which is then a mere incumbrance, of no value to the landlord, who would gladly give it to any body for the cutting. As agriculture advances, the woods are partly cleared by the progress of tillage, and partly go to decay in consequence of the increased number of cattle. These, though they do not increase in the same proportion as corn, which is altogether the acquisition of human industry, yet multiply under the care and protection of men, who store up in the season of plenty what may maintain them in that of scarcity; who, through the whole year, furnish them with a greater quantity of food

than uncultivated nature provides for them; and who, by destroying and extirpating their enemies, secure them in the free enjoyment of all that she provides. Numerous herds of cattle, when allowed to wander through the woods, though they do not destroy the old trees, hinder any young ones from coming up; so that, in the course of a century or two, the whole forest goes to ruin. The scarcity of wood then raises its price. It affords a good rent; and the landlord sometimes finds that he can scarce employ his best lands more advantageously than in growing barren timber, of which the greatness of the profit often compensates the lateness of the returns. This seems, in the present times, to be nearly the state of things in several parts of Great Britain, where the profit of planting is found to be equal to that of either corn or pasture. The advantage which the landlord derives from planting can nowhere exceed, at least for any considerable time, the rent which these could afford him; and in an inland country, which is highly cultivated, it will frequently not fall much short of this rent. Upon the sea-coast of a well-improved country, indeed, if coals can conveniently be had for fuel, it may sometimes be cheaper to bring barren timber for building from less cultivated foreign countries than to raise it at home. In the new town of Edinburgh, built within these few years, there is not, perhaps, a single stick of Scotch timber.

Whatever may be the price of wood, if that of coals is such that the expense of a coal fire is nearly equal to that of a wood one we may be assured, that at that place, and in these circumstances, the price of coals is as high as it can be. It seems to be so in some of the inland parts of England, particularly in Oxfordshire, where it is usual, even in the fires of the common people, to mix coals and wood together, and where the difference in the expense of those two sorts of fuel cannot, therefore, be very great. Coals, in the coal countries, are everywhere much below this highest price. If they were not, they could not bear the expense of a distant carriage, either by land or by water. A small quantity only could be sold; and the coal masters and the coal proprietors find it more for their interest to sell a great quantity at a price somewhat above the lowest, than a small quantity at the highest. The most fertile coal mine, too, regulates the price of coals at all the other mines in its neighbourhood. Both the proprietor and the undertaker of the work find, the one that he can get a greater rent, the other that he can get a greater profit, by somewhat underselling all their neighbours. Their neighbours are soon obliged to sell at the same price,

though they cannot so well afford it, and though it always diminishes, and sometimes takes away altogether, both their rent and their profit. Some works are abandoned altogether; others can afford no rent, and can be wrought only by the proprietor.

The lowest price at which coals can be sold for any considerable time, is, like that of all other commodities, the price which is barely sufficient to replace, together with its ordinary profits, the stock which must be employed in bringing them to market. At a coal mine for which the landlord can get no rent, but, which he must either work himself or let it alone altogether, the price of coals must generally be nearly about this price.

Rent, even where coals afford one, has generally a smaller share in their price than in that of most other parts of the rude produce of land. The rent of an estate above ground, commonly amounts to what is supposed to be a third of the gross produce; and it is generally a rent certain and independent of the occasional variations in the crop. In coal mines, a fifth of the gross produce is a very great rent, a tenth the common rent; and it is seldom a rent certain, but depends upon the occasional variations in the produce. These are so great, that in a country where thirty years purchase is considered as a moderate price for the property of a landed estate, ten years purchase is regarded as a good price for that of a coal mine.

The value of a coal mine to the proprietor, frequently depends as much upon its situation as upon its fertility. That of a metallic mine depends more upon its fertility, and less upon its situation. The coarse, and still more the precious metals, when separated from the ore, are so valuable, that they can generally bear the expense of a very long land, and of the most distant sea carriage. Their market is not confined to the countries in the neighbourhood of the mine, but extends to the whole world. The copper of Japan makes an article of commerce in Europe; the iron of Spain in that of Chili and Peru. The silver of Peru finds its way, not only to Europe, but from Europe to China.

The price of coals in Westmoreland or Shropshire can have little effect on their price at Newcastle; and their price in the Lionnois can have none at all. The productions of such distant coal mines can never be brought into competition with one another. But the productions of the most distant metallic mines frequently may, and in fact commonly are.

The price, therefore, of the coarse, and still more that of the precious metals, at the most fertile mines in the world, must necessarily more or less affect their price at every other in it. The price of copper in Japan must have some influence upon its price at the copper mines in Europe. The price of silver in Peru, or the quantity either of labour or of other goods which it will purchase there, must have some influence on its price, not only at the silver mines of Europe, but at those of China. After the discovery of the mines of Peru, the silver mines of Europe were, the greater part of them, abandoned. The value of silver was so much reduced, that their produce could no longer pay the expense of working them, or replace, with a profit, the food, clothes, lodging, and other necessaries which were consumed in that operation. This was the case, too, with the mines of Cuba and St. Domingo, and even with the ancient mines of Peru, after the discovery of those of Potosi. The price of every metal, at every mine, therefore, being regulated in some measure by its price at the most fertile mine in the world that is actually wrought, it can, at the greater part of mines, do very little more than pay the expense of working, and can seldom afford a very high rent to the landlord. Rent accordingly, seems at the greater part of mines to have but a small share in the price of the coarse, and a still smaller in that of the precious metals. Labour and profit make up the greater part of both.

A sixth part of the gross produce may be reckoned the average rent of the tin mines of Cornwall, the most fertile that are known in the world, as we are told by the Rev. Mr. Borlace, vice-warden of the stannaries. Some, he says, afford more, and some do not afford so much. A sixth part of the gross produce is the rent, too, of several very fertile lead mines in Scotland.

In the silver mines of Peru, we are told by Frezier and Ulloa, the proprietor frequently exacts no other acknowledgment from the undertaker of the mine, but that he will grind the ore at his mill, paying him the ordinary multure or price of grinding. Till 1736, indeed, the tax of the king of Spain amounted to one fifth of the standard silver, which till then might be considered as the real rent of the greater part of the silver mines of Peru, the richest which have been known in the world. If there had been no tax, this fifth would naturally have belonged to the landlord, and many mines might have been wrought which could not then be wrought, because they could not afford this tax. The tax of the duke of Cornwall upon tin is supposed to amount to more than five per cent. or one twentieth part of the value; and whatever may be his proportion, it would naturally, too, belong

to the proprietor of the mine, if tin was duty free. But if you add one twentieth to one sixth, you will find that the whole average rent of the tin mines of Cornwall, was to the whole average rent of the silver mines of Peru, as thirteen to twelve. But the silver mines of Peru are not now able to pay even this low rent; and the tax upon silver was, in 1736, reduced from one fifth to one tenth. Even this tax upon silver, too, gives more temptation to smuggling than the tax of one twentieth upon tin; and smuggling must be much easier in the precious than in the bulky commodity. The tax of the king of Spain, accordingly, is said to be very ill paid, and that of the duke of Cornwall very well. Rent, therefore, it is probable, makes a greater part of the price of tin at the most fertile tin mines than it does of silver at the most fertile silver mines in the world. After replacing the stock employed in working those different mines, together with its ordinary profits, the residue which remains to the proprietor is greater, it seems, in the coarse, than in the precious metal.

Neither are the profits of the undertakers of silver mines commonly very great in Peru. The same most respectable and well-informed authors acquaint us, that when any person undertakes to work a new mine in Peru, he is universally looked upon as a man destined to bankruptcy and ruin, and is upon that account shunned and avoided by every body. Mining, it seems, is considered there in the same light as here, as a lottery, in which the prizes do not compensate the blanks, though the greatness of some tempts many adventurers to throw away their fortunes in such unprosperous projects.

As the sovereign, however, derives a considerable part of his revenue from the produce of silver mines, the law in Peru gives every possible encouragement to the discovery and working of new ones. Whoever discovers a new mine, is entitled to measure off two hundred and forty-six feet in length, according to what he supposes to be the direction of the vein, and half as much in breadth. He becomes proprietor of this portion of the mine, and can work it without paying any acknowledgment to the landlord. The interest of the duke of Cornwall has given occasion to a regulation nearly of the same kind in that ancient dutchy. In waste and uninclosed lands, any person who discovers a tin mine may mark out its limits to a certain extent, which is called bounding a mine. The bounder becomes the real proprietor of the mine, and may either work it himself, or give it in lease to another, without the consent of the owner of the land, to whom, however, a very small acknowledgment must be paid upon working it. In

both regulations, the sacred rights of private property are sacrificed to the supposed interests of public revenue.

The same encouragement is given in Peru to the discovery and working of new gold mines; and in gold the king's tax amounts only to a twentieth part of the standard rental. It was once a fifth, and afterwards a tenth, as in silver; but it was found that the work could not bear even the lowest of these two taxes. If it is rare, however, say the same authors, Frezier and Ulloa, to find a person who has made his fortune by a silver, it is still much rarer to find one who has done so by a gold mine. This twentieth part seems to be the whole rent which is paid by the greater part of the gold mines of Chili and Peru. Gold, too, is much more liable to be smuggled than even silver; not only on account of the superior value of the metal in proportion to its bulk, but on account of the peculiar way in which nature produces it. Silver is very seldom found virgin, but, like most other metals, is generally mineralized with some other body, from which it is impossible to separate it in such quantities as will pay for the expense, but by a very laborious and tedious operation, which cannot well be carried on but in work-houses erected for the purpose, and, therefore, exposed to the inspection of the king's officers. Gold, on the contrary, is almost always found virgin. It is sometimes found in pieces of some bulk; and, even when mixed, in small and almost insensible particles, with sand, earth, and other extraneous bodies, it can be separated from them by a very short and simple operation, which can be carried on in any private house by any body who is possessed of a small quantity of mercury. If the king's tax, therefore, is but ill paid upon silver, it is likely to be much worse paid upon gold; and rent must make a much smaller part of the price of gold than that of silver.

The lowest price at which the precious metals can be sold, or the smallest quantity of other goods for which they can be exchanged, during any considerable time, is regulated by the same principles which fix the lowest ordinary price of all other goods. The stock which must commonly be employed, the food, clothes, and lodging, which must commonly be consumed in bringing them from the mine to the market, determine it. It must at least be sufficient to replace that stock, with the ordinary profits.

Their highest price, however, seems not to be necessarily determined by any thing but the actual scarcity or plenty of these metals themselves. It is not determined by that of any other commodity, in the same manner as the price of coals is by that of wood, beyond which no scarcity can ever raise it.

Increase the scarcity of gold to a certain degree, and the smallest bit of it may become more precious than a diamond, and exchange for a greater quantity of other goods.

The demand for those metals arises partly from their utility, and partly from their beauty. If you except iron, they are more useful than, perhaps, any other metal. As they are less liable to rust and impurity, they can more easily be kept clean; and the utensils, either of the table or the kitchen, are often, upon that account, more agreeable when made of them. A silver boiler is more cleanly than a lead, copper, or tin one; and the same quality would render a gold boiler still better than a silver one. Their principal merit, however, arises from their beauty, which renders them peculiarly fit for the ornaments of dress and furniture. No paint or dye can give so splendid a colour as gilding. The merit of their beauty is greatly enhanced by their scarcity. With the greater part of rich people, the chief enjoyment of riches consists in the parade of riches; which, in their eye, is never so complete as when they appear to possess those decisive marks of opulence which nobody can possess but themselves. In their eyes, the merit of an object, which is in any degree either useful or beautiful, is greatly enhanced by its scarcity, or by the great labour which it requires to collect any considerable quantity of it; a labour which nobody can afford to pay but themselves. Such objects they are willing to purchase at a higher price than things much more beautiful and useful, but more common. These qualities of utility, beauty, and scarcity, are the original foundation of the high price of those metals, or of the great quantity of other goods for which they can everywhere be exchanged. This value was antecedent to, and independent of their being employed as coin, and was the quality which fitted them for that employment. That employment, however, by occasioning a new demand, and by diminishing the quantity which could be employed in any other way, may have afterwards contributed to keep up or increase their value.

The demand for the precious stones arises altogether from their beauty. They are of no use but as ornaments; and the merit of their beauty is greatly enhanced by their scarcity, or by the difficulty and expense of getting them from the mine. Wages and profit accordingly make up, upon most occasions, almost the whole of the high price. Rent comes in but for a very small share, frequently for no share; and the most fertile mines only afford any considerable rent. When Tavernier, a jeweller, visited the diamond

mines of Golconda and Visiapour, he was informed that the sovereign of the country, for whose benefit they were wrought, had ordered all of them to be shut up except those which yielded the largest and finest stones. The other, it seems, were to the proprietor not worth the working.

As the prices, both of the precious metals and of the precious stones, is regulated all over the world by their price at the most fertile mine in it, the rent which a mine of either can afford to its proprietor is in proportion, not to its absolute, but to what may be called its relative fertility, or to its superiority over other mines of the same kind. If new mines were discovered, as much superior to those of Potosi, as they were superior to those of Europe, the value of silver might be so much degraded as to render even the mines of Potosi not worth the working. Before the discovery of the Spanish West Indies, the most fertile mines in Europe may have afforded as great a rent to their proprietors as the richest mines in Peru do at present. Though the quantity of silver was much less, it might have exchanged for an equal quantity of other goods, and the proprietor's share might have enabled him to purchase or command an equal quantity either of labour or of commodities.

The value, both of the produce and of the rent, the real revenue which they afforded, both to the public and to the proprietor, might have been the same.

The most abundant mines, either of the precious metals, or of the precious stones, could add little to the wealth of the world. A produce, of which the value is principally derived from its scarcity, is necessarily degraded by its abundance. A service of plate, and the other frivolous ornaments of dress and furniture, could be purchased for a smaller quantity of commodities; and in this would consist the sole advantage which the world could derive from that abundance.

It is otherwise in estates above ground. The value, both of their produce and of their rent, is in proportion to their absolute, and not to their relative fertility. The land which produces a certain quantity of food, clothes, and lodging, can always feed, clothe, and lodge, a certain number of people; and whatever may be the proportion of the landlord, it will always give him a proportionable command of the labour of those people, and of the commodities with which that labour can supply him. The value of the most barren land is not diminished by the neighbourhood of the most fertile. On the contrary, it is generally increased by it. The great number of people

maintained by the fertile lands afford a market to many parts of the produce of the barren, which they could never have found among those whom their own produce could maintain.

Whatever increases the fertility of land in producing food, increases not only the value of the lands upon which the improvement is bestowed, but contributes likewise to increase that of many other lands, by creating a new demand for their produce. That abundance of food, of which, in consequence of the improvement of land, many people have the disposal beyond what they themselves can consume, is the great cause of the demand, both for the precious metals and the precious stones, as well as for every other conveniency and ornament of dress, lodging, household furniture, and equipage. Food not only constitutes the principal part of the riches of the world, but it is the abundance of food which gives the principal part of their value to many other sorts of riches. The poor inhabitants of Cuba and St. Domingo, when they were first discovered by the Spaniards, used to wear little bits of gold as ornaments in their hair and other parts of their dress. They seemed to value them as we would do any little pebbles of somewhat more than ordinary beauty, and to consider them as just worth the picking up, but not worth the refusing to any body who asked them, They gave them to their new guests at the first request, without seeming to think that they had made them any very valuable present. They were astonished to observe the rage of the Spaniards to obtain them; and had no notion that there could anywhere be a country in which many people had the disposal of so great a superfluity of food; so scanty always among themselves, that, for a very small quantity of those glittering baubles, they would willingly give as much as might maintain a whole family for many years. Could they have been made to understand this, the passion of the Spaniards would not have surprised them.

PART III.—Of the variations in the Proportion
between the respective Values of that sort of Produce
which always affords Rent, and of that which
sometimes does, and sometimes does not, afford
Rent.

The increasing abundance of food, in consequence of the increasing improvement and cultivation, must necessarily increase the demand for every part of the produce of land which is not food, and which can be applied either to use or to ornament. In the whole progress of improvement, it might, therefore, be expected there should be only one variation in the comparative values of those two different sorts of produce. The value of that sort which sometimes does, and sometimes does not afford rent, should constantly rise in proportion to that which always affords some rent. As art and industry advance, the materials of clothing and lodging, the useful fossils and materials of the earth, the precious metals and the precious stones, should gradually come to be more and more in demand, should gradually exchange for a greater and a greater quantity of food; or, in other words, should gradually become dearer and dearer. This, accordingly, has been the case with most of these things upon most occasions, and would have been the case with all of them upon all occasions, if particular accidents had not, upon some occasions, increased the supply of some of them in a still greater proportion than the demand.

The value of a free-stone quarry, for example, will necessarily increase with the increasing improvement and population of the country round about it, especially if it should be the only one in the neighbourhood. But the value of a silver mine, even though there should not be another within a thousand miles of it, will not necessarily increase with the improvement of the country in which it is situated. The market for the produce of a free-stone quarry can seldom extend more than a few miles round about it, and the demand must generally be in proportion to the improvement and population of that small district; but the market for the produce of a silver mine may extend over the whole known world. Unless the world in general, therefore, be advancing in improvement and population, the demand for silver might not be at all increased by the improvement even of a large country in the neighbourhood of the mine. Even though the world in general were improving, yet if, in the course of its improvements, new mines should be discovered, much more fertile than any which had been known before, though the demand for silver would necessarily increase, yet the supply might increase in so much a greater proportion, that the real price of that metal might gradually fall; that is, any given quantity, a pound weight of it, for example, might gradually purchase or command a smaller and a smaller

quantity of labour, or exchange for a smaller and a smaller quantity of corn, the principal part of the subsistence of the labourer.

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The great market for silver is the commercial and civilized part of the world.

If, by the general progress of improvement, the demand of this market should increase, while, at the same time, the supply did not increase in the same proportion, the value of silver would gradually rise in proportion to that of corn. Any given quantity of silver would exchange for a greater and a greater quantity of corn; or, in other words, the average money price of corn would gradually become cheaper and cheaper.

If, on the contrary, the supply, by some accident, should increase, for many years together, in a greater proportion than the demand, that metal would gradually become cheaper and cheaper; or, in other words, the average money price of corn would, in spite of all improvements, gradually become dearer and dearer.

But if, on the other hand, the supply of that metal should increase nearly in the same proportion as the demand, it would continue to purchase or exchange for nearly the same quantity of corn; and the average money price of corn would, in spite of all improvements, continue very nearly the same.

These three seem to exhaust all the possible combinations of events which can happen in the progress of improvement; and during the course of the four centuries preceding the present, if we may judge by what has happened both in France and Great Britain, each of those three different combinations seems to have taken place in the European market, and nearly in the same order, too, in which I have here set them down.

Digression concerning the Variations in the value of Silver during the Course of the Four last Centuries.

First Period.—In 1350, and for some time before, the average price of the quarter of wheat in England seems not to have been estimated lower than four ounces of silver, Tower weight, equal to about twenty shillings of our present money. From this price it seems to have fallen gradually to two ounces of silver, equal to about ten shillings of our present money, the price at which we find it estimated in the beginning of the sixteenth century, and at which it seems to have continued to be estimated till about 1570.

In 1350, being the 25th of Edward III. was enacted what is called the Statute of Labourers. In the preamble, it complains much of the insolence of servants, who endeavoured to raise their wages upon their masters. It

therefore ordains, that all servants and labourers should, for the future, be contented with the same wages and liveries (liveries in those times signified not only clothes, but provisions) which they had been accustomed to receive in the 20th year of the king, and the four preceding years; that, upon this account, their livery-wheat should nowhere be estimated higher than tenpence a-bushel, and that it should always be in the option of the master to deliver them either the wheat or the money. Tenpence: a-bushel, therefore, had, in the 25th of Edward III. been reckoned a very moderate price of wheat, since it required a particular statute to oblige servants to accept of it in exchange for their usual livery of provisions; and it had been reckoned a reasonable price ten years before that, or in the 16th year of the king, the term to which the statute refers. But in the 16th year of Edward III. tenpence contained about half an ounce of silver, Tower weight, and was nearly equal to half-a-crown of our present money. Four ounces of silver, Tower weight, therefore, equal to six shillings and eightpence of the money of those times, and to near twenty shillings of that of the present, must have been reckoned a moderate price for the quarter of eight bushels.

This statute is surely a better evidence of what was reckoned, in those times, a moderate price of grain, than the prices of some particular years, which have generally been recorded by historians and other writers, on account of their extraordinary dearness or cheapness, and from which, therefore, it is difficult to form any judgment concerning what may have been the ordinary price. There are, besides, other reasons for believing that, in the beginning of the fourteenth century, and for some time before, the common price of wheat was not less than four ounces of silver the quarter, and that of other grain in proportion.

In 1309, Ralph de Born, prior of St Augustine's, Canterbury, gave a feast upon his installation-day, of which William Thorn has preserved, not only the bill of fare, but the prices of many particulars. In that feast were consumed, 1st, fifty-three quarters of wheat, which cost nineteen pounds, or seven shillings, and twopence a-quarter, equal to about one-and-twenty shillings and sixpence of our present money; 2dly, fifty-eight quarters of malt, which cost seventeen pounds ten shillings, or six shillings a-quarter, equal to about eighteen shillings of our present money; 3dly, twenty quarters of oats, which cost four pounds, or four shillings a-quarter, equal to about twelve shillings of our present money. The prices of malt and oats seem here to lie higher than their ordinary proportion to the price of wheat.

These prices are not recorded, on account of their extraordinary dearness or cheapness, but are mentioned accidentally, as the prices actually paid for large quantities of grain consumed at a feast, which was famous for its magnificence.

In 1262, being the 51st of Henry III. was revived an ancient statute, called the assize of bread and ale, which, the king says in the preamble, had been made in the times of his progenitors, some time kings of England. It is probably, therefore, as old at least as the time of his grandfather, Henry II. and may have been as old as the Conquest. It regulates the price of bread according as the prices of wheat may happen to be, from one shilling to twenty shillings the quarter of the money of those times. But statutes of this kind are generally presumed to provide with equal care for all deviations from the middle price, for those below it, as well as for those above it. Ten shillings, therefore, containing six ounces of silver, Tower weight, and equal to about thirty shillings of our present money, must, upon this supposition, have been reckoned the middle price of the quarter of wheat when this statute was first enacted, and must have continued to be so in the 51st of Henry III. We cannot, therefore, be very wrong in supposing that the middle price was not less than one-third of the highest price at which this statute regulates the price of bread, or than six shillings and eightpence of the money of those times, containing four ounces of silver, Tower weight.

From these different facts, therefore, we seem to have some reason to conclude that, about the middle of the fourteenth century, and for a considerable time before, the average or ordinary price of the quarter of wheat was not supposed to be less than four ounces of silver, Tower weight.

From about the middle of the fourteenth to the beginning of the sixteenth century, what was reckoned the reasonable and moderate, that is, the ordinary or average price of wheat, seems to have sunk gradually to about one half of this price; so as at last to have fallen to about two ounces of silver, Tower weight, equal to about ten shillings of our present money. It continued to be estimated at this price till about 1570.

In the household book of Henry, the fifth earl of Northumberland, drawn up in 1512 there are two different estimations of wheat. In one of them it is computed at six shilling and eightpence the quarter, in the other at five shillings and eightpence only. In 1512, six shillings and eightpence contained only two ounces of silver, Tower weight, and were equal to about ten shillings of our present money.

From the 25th of Edward III. to the beginning of the reign of Elizabeth, during the space of more than two hundred years, six shillings and eightpence, it appears from several different statutes, had continued to be considered as what is called the moderate and reasonable, that is, the ordinary or average price of wheat. The quantity of silver, however, contained in that nominal sum was, during the course of this period, continually diminishing in consequence of some alterations which were made in the coin. But the increase of the value of silver had, it seems, so far compensated the diminution of the quantity of it contained in the same nominal sum, that the legislature did not think it worth while to attend to this circumstance.

Thus, in 1436, it was enacted, that wheat might be exported without a licence when the price was so low as six shillings and eightpence: and in 1463, it was enacted, that no wheat should be imported if the price was not above six shillings and eightpence the quarter: The legislature had imagined, that when the price was so low, there could be no inconveniency in exportation, but that when it rose higher, it became prudent to allow of importation. Six shillings and eightpence, therefore, containing about the same quantity of silver as thirteen shillings and fourpence of our present money (one-third part less than the same nominal sum contained in the time of Edward III), had, in those times, been considered as what is called the moderate and reasonable price of wheat.

In 1554, by the 1st and 2nd of Philip and Mary, and in 1558, by the 1st of Elizabeth, the exportation of wheat was in the same manner prohibited, whenever the price of the quarter should exceed six shillings and eightpence, which did not then contain two penny worth more silver than the same nominal sum does at present. But it had soon been found, that to restrain the exportation of wheat till the price was so very low, was, in reality, to prohibit it altogether. In 1562, therefore, by the 5th of Elizabeth, the exportation of wheat was allowed from certain ports, whenever the price of the quarter should not exceed ten shillings, containing nearly the same quantity of silver as the like nominal sum does at present. This price had at this time, therefore, been considered as what is called the moderate and reasonable price of wheat. It agrees nearly with the estimation of the Northumberland book in 1512.

That in France the average price of grain was, in the same manner, much lower in the end of the fifteenth and beginning of the sixteenth century, than

in the two centuries preceding, has been observed both by Mr Dupré de St Maur, and by the elegant author of the Essay on the Policy of Grain. Its price, during the same period, had probably sunk in the same manner through the greater part of Europe.

This rise in the value of silver, in proportion to that of corn, may either have been owing altogether to the increase of the demand for that metal, in consequence of increasing improvement and cultivation, the supply, in the mean time, continuing the same as before; or, the demand continuing the same as before, it may have been owing altogether to the gradual diminution of the supply: the greater part of the mines which were then known in the world being much exhausted, and, consequently, the expense of working them much increased; or it may have been owing partly to the one, and partly to the other of those two circumstances. In the end of the fifteenth and beginning of the sixteenth centuries, the greater part of Europe was approaching towards a more settled form of government than it had enjoyed for several ages before. The increase of security would naturally increase industry and improvement; and the demand for the precious metals, as well as for every other luxury and ornament, would naturally increase with the increase of riches. A greater annual produce would require a greater quantity of coin to circulate it; and a greater number of rich people would require a greater quantity of plate and other ornaments of silver. It is natural to suppose, too, that the greater part of the mines which then supplied the European market with silver might be a good deal exhausted, and have become more expensive in the working. They had been wrought, many of them, from the time of the Romans.

It has been the opinion, however, of the greater part of those who have written upon the prices of commodities in ancient times, that, from the Conquest, perhaps from the invasion of Julius Caesar, till the discovery of the mines of America, the value of silver was continually diminishing. This opinion they seem to have been led into, partly by the observations which they had occasion to make upon the prices both of corn and of some other parts of the rude produce of land, and partly by the popular notion, that as the quantity of silver naturally increases in every country with the increase of wealth, so its value diminishes as its quantity increases.

In their observations upon the prices of corn, three different circumstances seem frequently to have misled them.

First, in ancient times, almost all rents were paid in kind; in a certain quantity of corn, cattle, poultry, etc. It sometimes happened, however, that the landlord would stipulate, that he should be at liberty to demand of the tenant, either the annual payment in kind or a certain sum of money instead of it. The price at which the payment in kind was in this manner exchanged for a certain sum of money, is in Scotland called the conversion price. As the option is always in the landlord to take either the substance or the price, it is necessary, for the safety of the tenant, that the conversion price should rather be below than above the average market price. In many places, accordingly, it is not much above one half of this price. Through the greater part of Scotland this custom still continues with regard to poultry, and in some places with regard to cattle. It might probably have continued to take place, too, with regard to corn, had not the institution of the public fiars put an end to it. These are annual valuations, according to the judgment of an assize, of the average price of all the different sorts of grain, and of all the different qualities of each, according to the actual market price in every different county. This institution rendered it sufficiently safe for the tenant, and much more convenient for the landlord, to convert, as they call it, the corn rent, rather at what should happen to be the price of the fiars of each year, than at any certain fixed price. But the writers who have collected the prices of corn in ancient times seem frequently to have mistaken what is called in Scotland the conversion price for the actual market price. Fleetwood acknowledges, upon one occasion, that he had made this mistake. As he wrote his book, however, for a particular purpose, he does not think proper to make this acknowledgment till after transcribing this conversion price fifteen times. The price is eight shillings the quarter of wheat. This sum in 1423, the year at which he begins with it, contained the same quantity of silver as sixteen shillings of our present money. But in 1562, the year at which he ends with it, it contained no more than the same nominal sum does at present.

Secondly, they have been misled by the slovenly manner in which some ancient statutes of assize had been sometimes transcribed by lazy copiers, and sometimes, perhaps, actually composed by the legislature.

The ancient statutes of assize seem to have begun always with determining what ought to be the price of bread and ale when the price of wheat and barley were at the lowest; and to have proceeded gradually to determine what it ought to be, according as the prices of those two sorts of

grain should gradually rise above this lowest price. But the transcribers of those statutes seem frequently to have thought it sufficient to copy the regulation as far as the three or four first and lowest prices; saving in this manner their own labour, and judging, I suppose, that this was enough to show what proportion ought to be observed in all higher prices.

Thus, in the assize of bread and ale, of the 51st of Henry III. the price of bread was regulated according to the different prices of wheat, from one shilling to twenty shillings the quarter of the money of those times. But in the manuscripts from which all the different editions of the statutes, preceding that of Mr Ruffhead, were printed, the copiers had never transcribed this regulation beyond the price of twelve shillings. Several writers, therefore, being misled by this faulty transcription, very naturally conclude that the middle price, or six shillings the quarter, equal to about eighteen shillings of our present money, was the ordinary or average price of wheat at that time.

In the statute of Tumbrel and Pillory, enacted nearly about the same time, the price of ale is regulated according to every sixpence rise in the price of barley, from two shillings, to four shillings the quarter. That four shillings, however, was not considered as the highest price to which barley might frequently rise in those times, and that these prices were only given as an example of the proportion which ought to be observed in all other prices, whether higher or lower, we may infer from the last words of the statute: “*Et sic deinceps crescetur vel diminuetur per sex denarios.*” The expression is very slovenly, but the meaning is plain enough, “that the price of ale is in this manner to be increased or diminished according to every sixpence rise or fall in the price of barley.” In the composition of this statute, the legislature itself seems to have been as negligent as the copiers were in the transcription of the other.

In an ancient manuscript of the *Regiam Majestatem*, an old Scotch law book, there is a statute of assize, in which the price of bread is regulated according to all the different prices of wheat, from tenpence to three shillings the Scotch boll, equal to about half an English quarter. Three shillings Scotch, at the time when this assize is supposed to have been enacted, were equal to about nine shillings sterling of our present money. Mr Ruddiman seems {See his Preface to Anderson’s *Diplomata Scotiae*.} to conclude from this, that three shillings was the highest price to which wheat ever rose in those times, and that tenpence, a shilling, or at most two

shillings, were the ordinary prices. Upon consulting the manuscript, however, it appears evidently, that all these prices are only set down as examples of the proportion which ought to be observed between the respective prices of wheat and bread. The last words of the statute are “*reliqua judicabis secundum praescripta, habendo respectum ad pretium bladi.*”—“You shall judge of the remaining cases, according to what is above written, having respect to the price of corn.”

Thirdly, they seem to have been misled too, by the very low price at which wheat was sometimes sold in very ancient times; and to have imagined, that as its lowest price was then much lower than in later times its ordinary price must likewise have been much lower. They might have found, however, that in those ancient times its highest price was fully as much above, as its lowest price was below any thing that had ever been known in later times. Thus, in 1270, Fleetwood gives us two prices of the quarter of wheat. The one is four pounds sixteen shillings of the money of those times, equal to fourteen pounds eight shillings of that of the present; the other is six pounds eight shillings, equal to nineteen pounds four shillings of our present money. No price can be found in the end of the fifteenth, or beginning of the sixteenth century, which approaches to the extravagance of these. The price of corn, though at all times liable to variation varies most in those turbulent and disorderly societies, in which the interruption of all commerce and communication hinders the plenty of one part of the country from relieving the scarcity of another. In the disorderly state of England under the Plantagenets, who governed it from about the middle of the twelfth till towards the end of the fifteenth century, one district might be in plenty, while another, at no great distance, by having its crop destroyed, either by some accident of the seasons, or by the incursion of some neighbouring baron, might be suffering all the horrors of a famine; and yet if the lands of some hostile lord were interposed between them, the one might not be able to give the least assistance to the other. Under the vigorous administration of the Tudors, who governed England during the latter part of the fifteenth, and through the whole of the sixteenth century, no baron was powerful enough to dare to disturb the public security.

The reader will find at the end of this chapter all the prices of wheat which have been collected by Fleetwood, from 1202 to 1597, both inclusive, reduced to the money of the present times, and digested,

according to the order of time, into seven divisions of twelve years each. At the end of each division, too, he will find the average price of the twelve years of which it consists. In that long period of time, Fleetwood has been able to collect the prices of no more than eighty years; so that four years are wanting to make out the last twelve years. I have added, therefore, from the accounts of Eton college, the prices of 1598, 1599, 1600, and 1601. It is the only addition which I have made. The reader will see, that from the beginning of the thirteenth till after the middle of the sixteenth century, the average price of each twelve years grows gradually lower and lower; and that towards the end of the sixteenth century it begins to rise again. The prices, indeed, which Fleetwood has been able to collect, seem to have been those chiefly which were remarkable for extraordinary dearness or cheapness; and I do not pretend that any very certain conclusion can be drawn from them. So far, however, as they prove any thing at all, they confirm the account which I have been endeavouring to give. Fleetwood himself, however, seems, with most other writers, to have believed, that, during all this period, the value of silver, in consequence of its increasing abundance, was continually diminishing. The prices of corn, which he himself has collected, certainly do not agree with this opinion. They agree perfectly with that of Mr Dupré de St Maur, and with that which I have been endeavouring to explain. Bishop Fleetwood and Mr Dupré de St Maur are the two authors who seem to have collected, with the greatest diligence and fidelity, the prices of things in ancient times. It is somewhat curious that, though their opinions are so very different, their facts, so far as they relate to the price of corn at least, should coincide so very exactly.

It is not, however, so much from the low price of corn, as from that of some other parts of the rude produce of land, that the most judicious writers have inferred the great value of silver in those very ancient times. Corn, it has been said, being a sort of manufacture, was, in those rude ages, much dearer in proportion than the greater part of other commodities; it is meant, I suppose, than the greater part of unmanufactured commodities, such as cattle, poultry, game of all kinds, etc. That in those times of poverty and barbarism these were proportionably much cheaper than corn, is undoubtedly true. But this cheapness was not the effect of the high value of silver, but of the low value of those commodities. It was not because silver would in such times purchase or represent a greater quantity of labour, but because such commodities would purchase or represent a much smaller

quantity than in times of more opulence and improvement. Silver must certainly be cheaper in Spanish America than in Europe; in the country where it is produced, than in the country to which it is brought, at the expense of a long carriage both by land and by sea, of a freight, and an insurance. One-and-twenty pence halfpenny sterling, however, we are told by Ulloa, was, not many years ago, at Buenos Ayres, the price of an ox chosen from a herd of three or four hundred. Sixteen shillings sterling, we are told by Mr Byron, was the price of a good horse in the capital of Chili. In a country naturally fertile, but of which the far greater part is altogether uncultivated, cattle, poultry, game of all kinds, etc. as they can be acquired with a very small quantity of labour, so they will purchase or command but a very small quantity. The low money price for which they may be sold, is no proof that the real value of silver is there very high, but that the real value of those commodities is very low.

Labour, it must always be remembered, and not any particular commodity, or set of commodities, is the real measure of the value both of silver and of all other commodities.

But in countries almost waste, or but thinly inhabited, cattle, poultry, game of all kinds, etc. as they are the spontaneous productions of Nature, so she frequently produces them in much greater quantities than the consumption of the inhabitants requires. In such a state of things, the supply commonly exceeds the demand. In different states of society, in different states of improvement, therefore, such commodities will represent, or be equivalent, to very different quantities of labour.

In every state of society, in every stage of improvement, corn is the production of human industry. But the average produce of every sort of industry is always suited, more or less exactly, to the average consumption; the average supply to the average demand. In every different stage of improvement, besides, the raising of equal quantities of corn in the same soil and climate, will, at an average, require nearly equal quantities of labour; or, what comes to the same thing, the price of nearly equal quantities; the continual increase of the productive powers of labour, in an improved state of cultivation, being more or less counterbalanced by the continual increasing price of cattle, the principal instruments of agriculture. Upon all these accounts, therefore, we may rest assured, that equal quantities of corn will, in every state of society, in every stage of improvement, more nearly represent, or be equivalent to, equal quantities of

labour, than equal quantities of any other part of the rude produce of land. Corn, accordingly, it has already been observed, is, in all the different stages of wealth and improvement, a more accurate measure of value than any other commodity or set of commodities. In all those different stages, therefore, we can judge better of the real value of silver, by comparing it with corn, than by comparing it with any other commodity or set of commodities.

Corn, besides, or whatever else is the common and favourite vegetable food of the people, constitutes, in every civilized country, the principal part of the subsistence of the labourer. In consequence of the extension of agriculture, the land of every country produces a much greater quantity of vegetable than of animal food, and the labourer everywhere lives chiefly upon the wholesome food that is cheapest and most abundant. Butcher's meat, except in the most thriving countries, or where labour is most highly rewarded, makes but an insignificant part of his subsistence; poultry makes a still smaller part of it, and game no part of it. In France, and even in Scotland, where labour is somewhat better rewarded than in France, the labouring poor seldom eat butcher's meat, except upon holidays, and other extraordinary occasions. The money price of labour, therefore, depends much more upon the average money price of corn, the subsistence of the labourer, than upon that of butcher's meat, or of any other part of the rude produce of land. The real value of gold and silver, therefore, the real quantity of labour which they can purchase or command, depends much more upon the quantity of corn which they can purchase or command, than upon that of butcher's meat, or any other part of the rude produce of land.

Such slight observations, however, upon the prices either of corn or of other commodities, would not probably have misled so many intelligent authors, had they not been influenced at the same time by the popular notion, that as the quantity of silver naturally increases in every country with the increase of wealth, so its value diminishes as its quantity increases. This notion, however, seems to be altogether groundless.

The quantity of the precious metals may increase in any country from two different causes; either, first, from the increased abundance of the mines which supply it; or, secondly, from the increased wealth of the people, from the increased produce of their annual labour. The first of these causes is no doubt necessarily connected with the diminution of the value of the precious metals; but the second is not.

When more abundant mines are discovered, a greater quantity of the precious metals is brought to market; and the quantity of the necessaries and conveniencies of life for which they must be exchanged being the same as before, equal quantities of the metals must be exchanged for smaller quantities of commodities. So far, therefore, as the increase of the quantity of the precious metals in any country arises from the increased abundance of the mines, it is necessarily connected with some diminution of their value.

When, on the contrary, the wealth of any country increases, when the annual produce of its labour becomes gradually greater and greater, a greater quantity of coin becomes necessary in order to circulate a greater quantity of commodities: and the people, as they can afford it, as they have more commodities to give for it, will naturally purchase a greater and a greater quantity of plate. The quantity of their coin will increase from necessity; the quantity of their plate from vanity and ostentation, or from the same reason that the quantity of fine statues, pictures, and of every other luxury and curiosity, is likely to increase among them. But as statuaries and painters are not likely to be worse rewarded in times of wealth and prosperity, than in times of poverty and depression, so gold and silver are not likely to be worse paid for.

The price of gold and silver, when the accidental discovery of more abundant mines does not keep it down, as it naturally rises with the wealth of every country, so, whatever be the state of the mines, it is at all times naturally higher in a rich than in a poor country. Gold and silver, like all other commodities, naturally seek the market where the best price is given for them, and the best price is commonly given for every thing in the country which can best afford it. Labour, it must be remembered, is the ultimate price which is paid for every thing; and in countries where labour is equally well rewarded, the money price of labour will be in proportion to that of the subsistence of the labourer. But gold and silver will naturally exchange for a greater quantity of subsistence in a rich than in a poor country; in a country which abounds with subsistence, than in one which is but indifferently supplied with it. If the two countries are at a great distance, the difference may be very great; because, though the metals naturally fly from the worse to the better market, yet it may be difficult to transport them in such quantities as to bring their price nearly to a level in both. If the countries are near, the difference will be smaller, and may sometimes be

scarce perceptible; because in this case the transportation will be easy. China is a much richer country than any part of Europe, and the difference between the price of subsistence in China and in Europe is very great. Rice in China is much cheaper than wheat is any where in Europe. England is a much richer country than Scotland, but the difference between the money price of corn in those two countries is much smaller, and is but just perceptible. In proportion to the quantity or measure, Scotch corn generally appears to be a good deal cheaper than English; but, in proportion to its quality, it is certainly somewhat dearer. Scotland receives almost every year very large supplies from England, and every commodity must commonly be somewhat dearer in the country to which it is brought than in that from which it comes. English corn, therefore, must be dearer in Scotland than in England; and yet in proportion to its quality, or to the quantity and goodness of the flour or meal which can be made from it, it cannot commonly be sold higher there than the Scotch corn which comes to market in competition with it.

The difference between the money price of labour in China and in Europe, is still greater than that between the money price of subsistence; because the real recompence of labour is higher in Europe than in China, the greater part of Europe being in an improving state, while China seems to be standing still. The money price of labour is lower in Scotland than in England, because the real recompence of labour is much lower: Scotland, though advancing to greater wealth, advances much more slowly than England. The frequency of emigration from Scotland, and the rarity of it from England, sufficiently prove that the demand for labour is very different in the two countries. The proportion between the real recompence of labour in different countries, it must be remembered, is naturally regulated, not by their actual wealth or poverty, but by their advancing, stationary, or declining condition.

Gold and silver, as they are naturally of the greatest value among the richest, so they are naturally of the least value among the poorest nations. Among savages, the poorest of all nations, they are scarce of any value.

In great towns, corn is always dearer than in remote parts of the country. This, however, is the effect, not of the real cheapness of silver, but of the real dearness of corn. It does not cost less labour to bring silver to the great town than to the remote parts of the country; but it costs a great deal more to bring corn.

In some very rich and commercial countries, such as Holland and the territory of Genoa, corn is dear for the same reason that it is dear in great towns. They do not produce enough to maintain their inhabitants. They are rich in the industry and skill of their artificers and manufacturers, in every sort of machinery which can facilitate and abridge labour; in shipping, and in all the other instruments and means of carriage and commerce: but they are poor in corn, which, as it must be brought to them from distant countries, must, by an addition to its price, pay for the carriage from those countries. It does not cost less labour to bring silver to Amsterdam than to Dantzic; but it costs a great deal more to bring corn. The real cost of silver must be nearly the same in both places; but that of corn must be very different. Diminish the real opulence either of Holland or of the territory of Genoa, while the number of their inhabitants remains the same; diminish their power of supplying themselves from distant countries; and the price of corn, instead of sinking with that diminution in the quantity of their silver, which must necessarily accompany this declension, either as its cause or as its effect, will rise to the price of a famine. When we are in want of necessaries, we must part with all superfluities, of which the value, as it rises in times of opulence and prosperity, so it sinks in times of poverty and distress. It is otherwise with necessaries. Their real price, the quantity of labour which they can purchase or command, rises in times of poverty and distress, and sinks in times of opulence and prosperity, which are always times of great abundance; for they could not otherwise be times of opulence and prosperity. Corn is a necessary, silver is only a superfluity.

Whatever, therefore, may have been the increase in the quantity of the precious metals, which, during the period between the middle of the fourteenth and that of the sixteenth century, arose from the increase of wealth and improvement, it could have no tendency to diminish their value, either in Great Britain, or in any other part of Europe. If those who have collected the prices of things in ancient times, therefore, had, during this period, no reason to infer the diminution of the value of silver from any observations which they had made upon the prices either of corn, or of other commodities, they had still less reason to infer it from any supposed increase of wealth and improvement.

Second Period.—But how various soever may have been the opinions of the learned concerning the progress of the value of silver during the first period, they are unanimous concerning it during the second.

From about 1570 to about 1640, during a period of about seventy years, the variation in the proportion between the value of silver and that of corn held a quite opposite course. Silver sunk in its real value, or would exchange for a smaller quantity of labour than before; and corn rose in its nominal price, and, instead of being commonly sold for about two ounces of silver the quarter, or about ten shillings of our present money, came to be sold for six and eight ounces of silver the quarter, or about thirty and forty shillings of our present money.

The discovery of the abundant mines of America seems to have been the sole cause of this diminution in the value of silver, in proportion to that of corn. It is accounted for, accordingly, in the same manner by every body; and there never has been any dispute, either about the fact, or about the cause of it. The greater part of Europe was, during this period, advancing in industry and improvement, and the demand for silver must consequently have been increasing; but the increase of the supply had, it seems, so far exceeded that of the demand, that the value of that metal sunk considerably. The discovery of the mines of America, it is to be observed, does not seem to have had any very sensible effect upon the prices of things in England till after 1570; though even the mines of Potosi had been discovered more than twenty years before.

From 1595 to 1620, both inclusive, the average price of the quarter of nine bushels of the best wheat, at Windsor market, appears, from the accounts of Eton college, to have been £ 2:1:6 $\frac{9}{13}$. From which sum, neglecting the fraction, and deducting a ninth, or 4s. 7 $\frac{1}{3}$ d., the price of the quarter of eight bushels comes out to have been £ 1:16:10 $\frac{2}{3}$. And from this sum, neglecting likewise the fraction, and deducting a ninth, or 4s. 1 $\frac{1}{9}$ d., for the difference between the price of the best wheat and that of the middle wheat, the price of the middle wheat comes out to have been about £ 1:12:8 $\frac{8}{9}$, or about six ounces and one-third of an ounce of silver.

From 1621 to 1636, both inclusive, the average price of the same measure of the best wheat, at the same market, appears, from the same accounts, to have been £ 2:10s.; from which, making the like deductions as in the foregoing case, the average price of the quarter of eight bushels of middle wheat comes out to have been £ 1:19:6, or about seven ounces and two-thirds of an ounce of silver.

Third Period.—Between 1630 and 1640, or about 1636, the effect of the discovery of the mines of America, in reducing the value of silver, appears

to have been completed, and the value of that metal seems never to have sunk lower in proportion to that of corn than it was about that time. It seems to have risen somewhat in the course of the present century, and it had probably begun to do so, even some time before the end of the last.

From 1637 to 1700, both inclusive, being the sixty-four last years of the last century the average price of the quarter of nine bushels of the best wheat, at Windsor market, appears, from the same accounts, to have been £ 2:11:0 $\frac{1}{3}$, which is only 1s. 0 $\frac{1}{3}$ d. dearer than it had been during the sixteen years before. But, in the course of these sixty-four years, there happened two events, which must have produced a much greater scarcity of corn than what the course of the seasons would otherwise have occasioned, and which, therefore, without supposing any further reduction in the value of silver, will much more than account for this very small enhancement of price.

The first of these events was the civil war, which, by discouraging tillage and interrupting commerce, must have raised the price of corn much above what the course of the seasons would otherwise have occasioned. It must have had this effect, more or less, at all the different markets in the kingdom, but particularly at those in the neighbourhood of London, which require to be supplied from the greatest distance. In 1648, accordingly, the price of the best wheat, at Windsor market, appears, from the same accounts, to have been £ 4:5s., and, in 1649, to have been £ 4, the quarter of nine bushels. The excess of those two years above £ 2:10s. (the average price of the sixteen years preceding 1637) is £ 3:5s., which, divided among the sixty four last years of the last century, will alone very nearly account for that small enhancement of price which seems to have taken place in them. These, however, though the highest, are by no means the only high prices which seem to have been occasioned by the civil wars.

The second event was the bounty upon the exportation of corn, granted in 1688. The bounty, it has been thought by many people, by encouraging tillage, may, in a long course of years, have occasioned a greater abundance, and, consequently, a greater cheapness of corn in the home market, than what would otherwise have taken place there. How far the bounty could produce this effect at any time I shall examine hereafter: I shall only observe at present, that between 1688 and 1700, it had not time to produce any such effect. During this short period, its only effect must have been, by encouraging the exportation of the surplus produce of every year, and

thereby hindering the abundance of one year from compensating the scarcity of another, to raise the price in the home market. The scarcity which prevailed in England, from 1693 to 1699, both inclusive, though no doubt principally owing to the badness of the seasons, and, therefore, extending through a considerable part of Europe, must have been somewhat enhanced by the bounty. In 1699, accordingly, the further exportation of corn was prohibited for nine months.

There was a third event which occurred in the course of the same period, and which, though it could not occasion any scarcity of corn, nor, perhaps, any augmentation in the real quantity of silver which was usually paid for it, must necessarily have occasioned some augmentation in the nominal sum. This event was the great debasement of the silver coin, by clipping and wearing. This evil had begun in the reign of Charles II. and had gone on continually increasing till 1695; at which time, as we may learn from Mr Lowndes, the current silver coin was, at an average, near five-and-twenty per cent. below its standard value. But the nominal sum which constitutes the market price of every commodity is necessarily regulated, not so much by the quantity of silver, which, according to the standard, ought to be contained in it, as by that which, it is found by experience, actually is contained in it. This nominal sum, therefore, is necessarily higher when the coin is much debased by clipping and wearing, than when near to its standard value.

In the course of the present century, the silver coin has not at any time been more below its standard weight than it is at present. But though very much defaced, its value has been kept up by that of the gold coin, for which it is exchanged. For though, before the late recoinage, the gold coin was a good deal defaced too, it was less so than the silver. In 1695, on the contrary, the value of the silver coin was not kept up by the gold coin; a guinea then commonly exchanging for thirty shillings of the worn and clipt silver. Before the late recoinage of the gold, the price of silver bullion was seldom higher than five shillings and sevenpence an ounce, which is but fivepence above the mint price. But in 1695, the common price of silver bullion was six shillings and fivepence an ounce, {Lowndes's Essay on the Silver Coin, 68.} which is fifteen pence above the mint price. Even before the late recoinage of the gold, therefore, the coin, gold and silver together, when compared with silver bullion, was not supposed to be more than eight per cent. below its standard value, In 1695, on the contrary, it had been

supposed to be near five-and-twenty per cent. below that value. But in the beginning of the present century, that is, immediately after the great recoinage in King William's time, the greater part of the current silver coin must have been still nearer to its standard weight than it is at present. In the course of the present century, too, there has been no great public calamity, such as a civil war, which could either discourage tillage, or interrupt the interior commerce of the country. And though the bounty which has taken place through the greater part of this century, must always raise the price of corn somewhat higher than it otherwise would be in the actual state of tillage; yet, as in the course of this century, the bounty has had full time to produce all the good effects commonly imputed to it to encourage tillage, and thereby to increase the quantity of corn in the home market, it may, upon the principles of a system which I shall explain and examine hereafter, be supposed to have done something to lower the price of that commodity the one way, as well as to raise it the other. It is by many people supposed to have done more. In the sixty-four years of the present century, accordingly, the average price of the quarter of nine bushels of the best wheat, at Windsor market, appears, by the accounts of Eton college, to have been £ 2:0:6 $\frac{10}{32}$, which is about ten shillings and sixpence, or more than five-and-twenty percent. cheaper than it had been during the sixty-four last years of the last century; and about nine shillings and sixpence cheaper than it had been during the sixteen years preceding 1636, when the discovery of the abundant mines of America may be supposed to have produced its full effect; and about one shilling cheaper than it had been in the twenty-six years preceding 1620, before that discovery can well be supposed to have produced its full effect. According to this account, the average price of middle wheat, during these sixty-four first years of the present century, comes out to have been about thirty-two shillings the quarter of eight bushels.

The value of silver, therefore, seems to have risen somewhat in proportion to that of corn during the course of the present century, and it had probably begun to do so even some time before the end of the last.

In 1687, the price of the quarter of nine bushels of the best wheat, at Windsor market, was £ 1:5:2, the lowest price at which it had ever been from 1595.

In 1688, Mr Gregory King, a man famous for his knowledge in matters of this kind, estimated the average price of wheat, in years of moderate plenty,

to be to the grower 3s. 6d. the bushel, or eight-and-twenty shillings the quarter. The grower's price I understand to be the same with what is sometimes called the contract price, or the price at which a farmer contracts for a certain number of years to deliver a certain quantity of corn to a dealer. As a contract of this kind saves the farmer the expense and trouble of marketing, the contract price is generally lower than what is supposed to be the average market price. Mr King had judged eight-and-twenty shillings the quarter to be at that time the ordinary contract price in years of moderate plenty. Before the scarcity occasioned by the late extraordinary course of bad seasons, it was, I have been assured, the ordinary contract price in all common years.

In 1688 was granted the parliamentary bounty upon the exportation of corn. The country gentlemen, who then composed a still greater proportion of the legislature than they do at present, had felt that the money price of corn was falling. The bounty was an expedient to raise it artificially to the high price at which it had frequently been sold in the times of Charles I. and II. It was to take place, therefore, till wheat was so high as fortyeight shillings the quarter; that is, twenty shillings, or 5-7ths dearer than Mr King had, in that very year, estimated the grower's price to be in times of moderate plenty. If his calculations deserve any part of the reputation which they have obtained very universally, eight-and-forty shillings the quarter was a price which, without some such expedient as the bounty, could not at that time be expected, except in years of extraordinary scarcity. But the government of King William was not then fully settled. It was in no condition to refuse anything to the country gentlemen, from whom it was, at that very time, soliciting the first establishment of the annual land-tax.

The value of silver, therefore, in proportion to that of corn, had probably risen somewhat before the end of the last century; and it seems to have continued to do so during the course of the greater part of the present, though the necessary operation of the bounty must have hindered that rise from being so sensible as it otherwise would have been in the actual state of tillage.

In plentiful years, the bounty, by occasioning an extraordinary exportation, necessarily raises the price of corn above what it otherwise would be in those years. To encourage tillage, by keeping up the price of corn, even in the most plentiful years, was the avowed end of the institution.

In years of great scarcity, indeed, the bounty has generally been suspended. It must, however, have had some effect upon the prices of many of those years. By the extraordinary exportation which it occasions in years of plenty, it must frequently hinder the plenty of one year from compensating the scarcity of another.

Both in years of plenty and in years of scarcity, therefore, the bounty raises the price of corn above what it naturally would be in the actual state of tillage. If during the sixty-four first years of the present century, therefore, the average price has been lower than during the sixty-four last years of the last century, it must, in the same state of tillage, have been much more so, had it not been for this operation of the bounty.

But, without the bounty, it may be said the state of tillage would not have been the same. What may have been the effects of this institution upon the agriculture of the country, I shall endeavour to explain hereafter, when I come to treat particularly of bounties. I shall only observe at present, that this rise in the value of silver, in proportion to that of corn, has not been peculiar to England. It has been observed to have taken place in France during the same period, and nearly in the same proportion, too, by three very faithful, diligent, and laborious collectors of the prices of corn, Mr Dupré de St Maur, Mr Messance, and the author of the Essay on the Police of Grain. But in France, till 1764, the exportation of grain was by law prohibited; and it is somewhat difficult to suppose, that nearly the same diminution of price which took place in one country, notwithstanding this prohibition, should, in another, be owing to the extraordinary encouragement given to exportation.

It would be more proper, perhaps, to consider this variation in the average money price of corn as the effect rather of some gradual rise in the real value of silver in the European market, than of any fall in the real average value of corn. Corn, it has already been observed, is, at distant periods of time, a more accurate measure of value than either silver or, perhaps, any other commodity. When, after the discovery of the abundant mines of America, corn rose to three and four times its former money price, this change was universally ascribed, not to any rise in the real value of corn, but to a fall in the real value of silver. If, during the sixty-four first years of the present century, therefore, the average money price of corn has fallen somewhat below what it had been during the greater part of the last century, we should, in the same manner, impute this change, not to any fall

in the real value of corn, but to some rise in the real value of silver in the European market.

The high price of corn during these ten or twelve years past, indeed, has occasioned a suspicion that the real value of silver still continues to fall in the European market. This high price of corn, however, seems evidently to have been the effect of the extraordinary unfavourableness of the seasons, and ought, therefore, to be regarded, not as a permanent, but as a transitory and occasional event. The seasons, for these ten or twelve years past, have been unfavourable through the greater part of Europe; and the disorders of Poland have very much increased the scarcity in all those countries, which, in dear years, used to be supplied from that market. So long a course of bad seasons, though not a very common event, is by no means a singular one; and whoever has inquired much into the history of the prices of corn in former times, will be at no loss to recollect several other examples of the same kind. Ten years of extraordinary scarcity, besides, are not more wonderful than ten years of extraordinary plenty. The low price of corn, from 1741 to 1750, both inclusive, may very well be set in opposition to its high price during these last eight or ten years. From 1741 to 1750, the average price of the quarter of nine bushels of the best wheat, at Windsor market, it appears from the accounts of Eton college, was only £ 1:13:9 $\frac{4}{5}$, which is nearly 6s.3d. below the average price of the sixty-four first years of the present century. The average price of the quarter of eight bushels of middle wheat comes out, according to this account, to have been, during these ten years, only £ 1:6:8.

Between 1741 and 1750, however, the bounty must have hindered the price of corn from falling so low in the home market as it naturally would have done. During these ten years, the quantity of all sorts of grain exported, it appears from the custom-house books, amounted to no less than 8,029,156 quarters, one bushel. The bounty paid for this amounted to £ 1,514,962:17:4 $\frac{1}{2}$. In 1749, accordingly, Mr Pelham, at that time prime minister, observed to the house of commons, that, for the three years preceding, a very extraordinary sum had been paid as bounty for the exportation of corn. He had good reason to make this observation, and in the following year he might have had still better. In that single year, the bounty paid amounted to no less than £ 324,176:10:6. {See Tracts on the Corn Trade, Tract 3,} It is unnecessary to observe how much this forced

exportation must have raised the price of corn above what it otherwise would have been in the home market.

At the end of the accounts annexed to this chapter the reader will find the particular account of those ten years separated from the rest. He will find there, too, the particular account of the preceding ten years, of which the average is likewise below, though not so much below, the general average of the sixty-four first years of the century. The year 1740, however, was a year of extraordinary scarcity. These twenty years preceding 1750 may very well be set in opposition to the twenty preceding 1770. As the former were a good deal below the general average of the century, notwithstanding the intervention of one or two dear years; so the latter have been a good deal above it, notwithstanding the intervention of one or two cheap ones, of 1759, for example. If the former have not been as much below the general average as the latter have been above it, we ought probably to impute it to the bounty. The change has evidently been too sudden to be ascribed to any change in the value of silver, which is always slow and gradual. The suddenness of the effect can be accounted for only by a cause which can operate suddenly, the accidental variations of the seasons.

The money price of labour in Great Britain has, indeed, risen during the course of the present century. This, however, seems to be the effect, not so much of any diminution in the value of silver in the European market, as of an increase in the demand for labour in Great Britain, arising from the great, and almost universal prosperity of the country. In France, a country not altogether so prosperous, the money price of labour has, since the middle of the last century, been observed to sink gradually with the average money price of corn. Both in the last century and in the present, the day wages of common labour are there said to have been pretty uniformly about the twentieth part of the average price of the septier of wheat; a measure which contains a little more than four Winchester bushels. In Great Britain, the real recompence of labour, it has already been shewn, the real quantities of the necessaries and conveniencies of life which are given to the labourer, has increased considerably during the course of the present century. The rise in its money price seems to have been the effect, not of any diminution of the value of silver in the general market of Europe, but of a rise in the real price of labour, in the particular market of Great Britain, owing to the peculiarly happy circumstances of the country.

For some time after the first discovery of America, silver would continue to sell at its former, or not much below its former price. The profits of mining would for some time be very great, and much above their natural rate. Those who imported that metal into Europe, however, would soon find that the whole annual importation could not be disposed of at this high price. Silver would gradually exchange for a smaller and a smaller quantity of goods. Its price would sink gradually lower and lower, till it fell to its natural price; or to what was just sufficient to pay, according to their natural rates, the wages of the labour, the profits of the stock, and the rent of the land, which must be paid in order to bring it from the mine to the market. In the greater part of the silver mines of Peru, the tax of the king of Spain, amounting to a tenth of the gross produce, eats up, it has already been observed, the whole rent of the land. This tax was originally a half; it soon afterwards fell to a third, then to a fifth, and at last to a tenth, at which late it still continues. In the greater part of the silver mines of Peru, this, it seems, is all that remains, after replacing the stock of the undertaker of the work, together with its ordinary profits; and it seems to be universally acknowledged that these profits, which were once very high, are now as low as they can well be, consistently with carrying on the works.

The tax of the king of Spain was reduced to a fifth of the registered silver in 1504 {Solorzano, vol, ii.}, one-and-forty years before 1545, the date of the discovery of the mines of Potosi. In the course of ninety years, or before 1636, these mines, the most fertile in all America, had time sufficient to produce their full effect, or to reduce the value of silver in the European market as low as it could well fall, while it continued to pay this tax to the king of Spain. Ninety years is time sufficient to reduce any commodity, of which there is no monopoly, to its natural price, or to the lowest price at which, while it pays a particular tax, it can continue to be sold for any considerable time together.

The price of silver in the European market might, perhaps, have fallen still lower, and it might have become necessary either to reduce the tax upon it, not only to one-tenth, as in 1736, but to one twentieth, in the same manner as that upon gold, or to give up working the greater part of the American mines which are now wrought. The gradual increase of the demand for silver, or the gradual enlargement of the market for the produce of the silver mines of America, is probably the cause which has prevented this from happening, and which has not only kept up the value of silver in

the European market, but has perhaps even raised it somewhat higher than it was about the middle of the last century.

Since the first discovery of America, the market for the produce of its silver mines has been growing gradually more and more extensive.

First, the market of Europe has become gradually more and more extensive. Since the discovery of America, the greater part of Europe has been much improved. England, Holland, France, and Germany; even Sweden, Denmark, and Russia, have all advanced considerably, both in agriculture and in manufactures. Italy seems not to have gone backwards. The fall of Italy preceded the conquest of Peru. Since that time it seems rather to have recovered a little. Spain and Portugal, indeed, are supposed to have gone backwards. Portugal, however, is but a very small part of Europe, and the declension of Spain is not, perhaps, so great as is commonly imagined. In the beginning of the sixteenth century, Spain was a very poor country, even in comparison with France, which has been so much improved since that time. It was the well known remark of the emperor Charles V. who had travelled so frequently through both countries, that every thing abounded in France, but that every thing was wanting in Spain. The increasing produce of the agriculture and manufactures of Europe must necessarily have required a gradual increase in the quantity of silver coin to circulate it; and the increasing number of wealthy individuals must have required the like increase in the quantity of their plate and other ornaments of silver.

Secondly, America is itself a new market, for the produce of its own silver mines; and as its advances in agriculture, industry, and population, are much more rapid than those of the most thriving countries in Europe, its demand must increase much more rapidly. The English colonies are altogether a new market, which, partly for coin, and partly for plate, requires a continual augmenting supply of silver through a great continent where there never was any demand before. The greater part, too, of the Spanish and Portuguese colonies, are altogether new markets. New Granada, the Yucatan, Paraguay, and the Brazils, were, before discovered by the Europeans, inhabited by savage nations, who had neither arts nor agriculture. A considerable degree of both has now been introduced into all of them. Even Mexico and Peru, though they cannot be considered as altogether new markets, are certainly much more extensive ones than they ever were before. After all the wonderful tales which have been published

concerning the splendid state of those countries in ancient times, whoever reads, with any degree of sober judgment, the history of their first discovery and conquest, will evidently discern that, in arts, agriculture, and commerce, their inhabitants were much more ignorant than the Tartars of the Ukraine are at present. Even the Peruvians, the more civilized nation of the two, though they made use of gold and silver as ornaments, had no coined money of any kind. Their whole commerce was carried on by barter, and there was accordingly scarce any division of labour among them. Those who cultivated the ground, were obliged to build their own houses, to make their own household furniture, their own clothes, shoes, and instruments of agriculture. The few artificers among them are said to have been all maintained by the sovereign, the nobles, and the priests, and were probably their servants or slaves. All the ancient arts of Mexico and Peru have never furnished one single manufacture to Europe. The Spanish armies, though they scarce ever exceeded five hundred men, and frequently did not amount to half that number, found almost everywhere great difficulty in procuring subsistence. The famines which they are said to have occasioned almost wherever they went, in countries, too, which at the same time are represented as very populous and well cultivated, sufficiently demonstrate that the story of this populousness and high cultivation is in a great measure fabulous. The Spanish colonies are under a government in many respects less favourable to agriculture, improvement, and population, than that of the English colonies. They seem, however, to be advancing in all those much more rapidly than any country in Europe. In a fertile soil and happy climate, the great abundance and cheapness of land, a circumstance common to all new colonies, is, it seems, so great an advantage, as to compensate many defects in civil government. Frezier, who visited Peru in 1713, represents Lima as containing between twenty-five and twenty-eight thousand inhabitants. Ulloa, who resided in the same country between 1740 and 1746, represents it as containing more than fifty thousand. The difference in their accounts of the populousness of several other principal towns of Chili and Peru is nearly the same; and as there seems to be no reason to doubt of the good information of either, it marks an increase which is scarce inferior to that of the English colonies. America, therefore, is a new market for the produce of its own silver mines, of which the demand must increase much more rapidly than that of the most thriving country in Europe.

Thirdly, the East Indies is another market for the produce of the silver mines of America, and a market which, from the time of the first discovery of those mines, has been continually taking off a greater and a greater quantity of silver. Since that time, the direct trade between America and the East Indies, which is carried on by means of the Acapulco ships, has been continually augmenting, and the indirect intercourse by the way of Europe has been augmenting in a still greater proportion. During the sixteenth century, the Portuguese were the only European nation who carried on any regular trade to the East Indies. In the last years of that century, the Dutch began to encroach upon this monopoly, and in a few years expelled them from their principal settlements in India. During the greater part of the last century, those two nations divided the most considerable part of the East India trade between them; the trade of the Dutch continually augmenting in a still greater proportion than that of the Portuguese declined. The English and French carried on some trade with India in the last century, but it has been greatly augmented in the course of the present. The East India trade of the Swedes and Danes began in the course of the present century. Even the Muscovites now trade regularly with China, by a sort of caravans which go over land through Siberia and Tartary to Pekin. The East India trade of all these nations, if we except that of the French, which the last war had well nigh annihilated, has been almost continually augmenting. The increasing consumptions of East India goods in Europe is, it seems, so great, as to afford a gradual increase of employment to them all. Tea, for example, was a drug very little used in Europe, before the middle of the last century. At present, the value of the tea annually imported by the English East India company, for the use of their own countrymen, amounts to more than a million and a half a year; and even this is not enough; a great deal more being constantly smuggled into the country from the ports of Holland, from Gottenburgh in Sweden, and from the coast of France, too, as long as the French East India company was in prosperity. The consumption of the porcelain of China, of the spiceries of the Moluccas, of the piece goods of Bengal, and of innumerable other articles, has increased very nearly in a like proportion. The tonnage, accordingly, of all the European shipping employed in the East India trade, at any one time during the last century, was not, perhaps, much greater than that of the English East India company before the late reduction of their shipping.

But in the East Indies, particularly in China and Indostan, the value of the precious metals, when the Europeans first began to trade to those countries, was much higher than in Europe; and it still continues to be so. In rice countries, which generally yield two, sometimes three crops in the year, each of them more plentiful than any common crop of corn, the abundance of food must be much greater than in any corn country of equal extent. Such countries are accordingly much more populous. In them, too, the rich, having a greater superabundance of food to dispose of beyond what they themselves can consume, have the means of purchasing a much greater quantity of the labour of other people. The retinue of a grandee in China or Indostan accordingly is, by all accounts, much more numerous and splendid than that of the richest subjects in Europe. The same superabundance of food, of which they have the disposal, enables them to give a greater quantity of it for all those singular and rare productions which nature furnishes but in very small quantities; such as the precious metals and the precious stones, the great objects of the competition of the rich. Though the mines, therefore, which supplied the Indian market, had been as abundant as those which supplied the European, such commodities would naturally exchange for a greater quantity of food in India than in Europe. But the mines which supplied the Indian market with the precious metals seem to have been a good deal less abundant, and those which supplied it with the precious stones a good deal more so, than the mines which supplied the European. The precious metals, therefore, would naturally exchange in India for a somewhat greater quantity of the precious stones, and for a much greater quantity of food than in Europe. The money price of diamonds, the greatest of all superfluities, would be somewhat lower, and that of food, the first of all necessaries, a great deal lower in the one country than in the other. But the real price of labour, the real quantity of the necessaries of life which is given to the labourer, it has already been observed, is lower both in China and Indostan, the two great markets of India, than it is through the greater part of Europe. The wages of the labourer will there purchase a smaller quantity of food: and as the money price of food is much lower in India than in Europe, the money price of labour is there lower upon a double account; upon account both of the small quantity of food which it will purchase, and of the low price of that food. But in countries of equal art and industry, the money price of the greater part of manufactures will be in proportion to the money price of labour; and in manufacturing art and

industry, China and Indostan, though inferior, seem not to be much inferior to any part of Europe. The money price of the greater part of manufactures, therefore, will naturally be much lower in those great empires than it is anywhere in Europe. Through the greater part of Europe, too, the expense of land-carriage increases very much both the real and nominal price of most manufactures. It costs more labour, and therefore more money, to bring first the materials, and afterwards the complete manufacture to market. In China and Indostan, the extent and variety of inland navigations save the greater part of this labour, and consequently of this money, and thereby reduce still lower both the real and the nominal price of the greater part of their manufactures. Upon all these accounts, the precious metals are a commodity which it always has been, and still continues to be, extremely advantageous to carry from Europe to India. There is scarce any commodity which brings a better price there; or which, in proportion to the quantity of labour and commodities which it costs in Europe, will purchase or command a greater quantity of labour and commodities in India. It is more advantageous, too, to carry silver thither than gold; because in China, and the greater part of the other markets of India, the proportion between fine silver and fine gold is but as ten, or at most as twelve to one; whereas in Europe it is as fourteen or fifteen to one. In China, and the greater part of the other markets of India, ten, or at most twelve ounces of silver, will purchase an ounce of gold; in Europe, it requires from fourteen to fifteen ounces. In the cargoes, therefore, of the greater part of European ships which sail to India, silver has generally been one of the most valuable articles. It is the most valuable article in the Acapulco ships which sail to Manilla. The silver of the new continent seems, in this manner, to be one of the principal commodities by which the commerce between the two extremities of the old one is carried on; and it is by means of it, in a great measure, that those distant parts of the world are connected with one another.

In order to supply so very widely extended a market, the quantity of silver annually brought from the mines must not only be sufficient to support that continued increase, both of coin and of plate, which is required in all thriving countries; but to repair that continual waste and consumption of silver which takes place in all countries where that metal is used.

The continual consumption of the precious metals in coin by wearing, and in plate both by wearing and cleaning, is very sensible; and in

commodities of which the use is so very widely extended, would alone require a very great annual supply. The consumption of those metals in some particular manufactures, though it may not perhaps be greater upon the whole than this gradual consumption, is, however, much more sensible, as it is much more rapid. In the manufactures of Birmingham alone, the quantity of gold and silver annually employed in gilding and plating, and thereby disqualified from ever afterwards appearing in the shape of those metals, is said to amount to more than fifty thousand pounds sterling. We may from thence form some notion how great must be the annual consumption in all the different parts of the world, either in manufactures of the same kind with those of Birmingham, or in laces, embroideries, gold and silver stuffs, the gilding of books, furniture, etc. A considerable quantity, too, must be annually lost in transporting those metals from one place to another both by sea and by land. In the greater part of the governments of Asia, besides, the almost universal custom of concealing treasures in the bowels of the earth, of which the knowledge frequently dies with the person who makes the concealment, must occasion the loss of a still greater quantity.

The quantity of gold and silver imported at both Cadiz and Lisbon (including not only what comes under register, but what may be supposed to be smuggled) amounts, according to the best accounts, to about six millions sterling a-year.

According to Mr Meggens {Postscript to the Universal Merchant p. 15 and 16. This postscript was not printed till 1756, three years after the publication of the book, which has never had a second edition. The postscript is, therefore, to be found in few copies; it corrects several errors in the book.}, the annual importation of the precious metals into Spain, at an average of six years, viz. from 1748 to 1753, both inclusive, and into Portugal, at an average of seven years, viz. from 1747 to 1753, both inclusive, amounted in silver to 1,101,107 pounds weight, and in gold to 49,940 pounds weight. The silver, at sixty two shillings the pound troy, amounts to £ 3,413,431:10s. sterling. The gold, at forty-four guineas and a half the pound troy, amounts to £ 2,333,446:14s. sterling. Both together amount to £ 5,746,878:4s. sterling. The account of what was imported under register, he assures us, is exact. He gives us the detail of the particular places from which the gold and silver were brought, and of the particular quantity of each metal, which, according to the register, each of them

afforded. He makes an allowance, too, for the quantity of each metal which, he supposes, may have been smuggled. The great experience of this judicious merchant renders his opinion of considerable weight.

According to the eloquent, and sometimes well-informed, author of the Philosophical and Political History of the Establishment of the Europeans in the two Indies, the annual importation of registered gold and silver into Spain, at an average of eleven years, viz. from 1754 to 1764, both inclusive, amounted to 13,984,185 $\frac{3}{5}$ piastres of ten reals. On account of what may have been smuggled, however, the whole annual importation, he supposes, may have amounted to seventeen millions of piastres, which, at 4s. 6d. the piastre, is equal to £ 3,825,000 sterling. He gives the detail, too, of the particular places from which the gold and silver were brought, and of the particular quantities of each metal, which according to the register, each of them afforded. He informs us, too, that if we were to judge of the quantity of gold annually imported from the Brazils to Lisbon, by the amount of the tax paid to the king of Portugal, which it seems, is one-fifth of the standard metal, we might value it at eighteen millions of cruzadoes, or forty-five millions of French livres, equal to about twenty millions sterling. On account of what may have been smuggled, however, we may safely, he says, add to this sum an eighth more, or £ 250,000 sterling, so that the whole will amount to £ 2,250,000 sterling. According to this account, therefore, the whole annual importation of the precious metals into both Spain and Portugal, mounts to about £ 6,075,000 sterling.

Several other very well authenticated, though manuscript accounts, I have been assured, agree in making this whole annual importation amount, at an average, to about six millions sterling; sometimes a little more, sometimes a little less.

The annual importation of the precious metals into Cadiz and Lisbon, indeed, is not equal to the whole annual produce of the mines of America. Some part is sent annually by the Acapulco ships to Manilla; some part is employed in a contraband trade, which the Spanish colonies carry on with those of other European nations; and some part, no doubt, remains in the country. The mines of America, besides, are by no means the only gold and silver mines in the world. They, are, however, by far the most abundant. The produce of all the other mines which are known is insignificant, it is acknowledged, in comparison with theirs; and the far greater part of their produce, it is likewise acknowledged, is annually imported into Cadiz and Lisbon. But the consumption of Birmingham alone, at the rate of fifty thousand pounds a-year, is equal to the hundred-and-twentieth part of this annual importation, at the rate of six millions a-year. The whole annual consumption of gold and silver, therefore, in all the different countries of the world where those metals are used, may, perhaps, be nearly equal to the whole annual produce. The remainder may be no more than sufficient to supply the increasing demand of all thriving countries. It may even have fallen so far short of this demand, as somewhat to raise the price of those metals in the European market.

The quantity of brass and iron annually brought from the mine to the market, is out of all proportion greater than that of gold and silver. We do not, however, upon this account, imagine that those coarse metals are likely to multiply beyond the demand, or to become gradually cheaper and cheaper. Why should we imagine that the precious metals are likely to do so? The coarse metals, indeed, though harder, are put to much harder uses, and, as they are of less value, less care is employed in their preservation. The precious metals, however, are not necessarily immortal any more than they, but are liable, too, to be lost, wasted, and consumed, in a great variety of ways.

The price of all metals, though liable to slow and gradual variations, varies less from year to year than that of almost any other part of the rude produce of land: and the price of the precious metals is even less liable to sudden variations than that of the coarse ones. The durability of metals is

the foundation of this extraordinary steadiness of price. The corn which was brought to market last year will be all, or almost all, consumed, long before the end of this year. But some part of the iron which was brought from the mine two or three hundred years ago, may be still in use, and, perhaps, some part of the gold which was brought from it two or three thousand years ago. The different masses of corn, which, in different years, must supply the consumption of the world, will always be nearly in proportion to the respective produce of those different years. But the proportion between the different masses of iron which may be in use in two different years, will be very little affected by any accidental difference in the produce of the iron mines of those two years; and the proportion between the masses of gold will be still less affected by any such difference in the produce of the gold mines. Though the produce of the greater part of metallic mines, therefore, varies, perhaps, still more from year to year than that of the greater part of corn fields, those variations have not the same effect upon the price of the one species of commodities as upon that of the other.

Variations in the Proportion between the respective Values of Gold and Silver.

Before the discovery of the mines of America, the value of fine gold to fine silver was regulated in the different mines of Europe, between the proportions of one to ten and one to twelve; that is, an ounce of fine gold was supposed to be worth from ten to twelve ounces of fine silver. About the middle of the last century, it came to be regulated, between the proportions of one to fourteen and one to fifteen; that is, an ounce of fine gold came to be supposed worth between fourteen and fifteen ounces of fine silver. Gold rose in its nominal value, or in the quantity of silver which was given for it. Both metals sunk in their real value, or in the quantity of labour which they could purchase; but silver sunk more than gold. Though both the gold and silver mines of America exceeded in fertility all those which had ever been known before, the fertility of the silver mines had, it seems, been proportionally still greater than that of the gold ones.

The great quantities of silver carried annually from Europe to India, have, in some of the English settlements, gradually reduced the value of that metal in proportion to gold. In the mint of Calcutta, an ounce of fine gold is supposed to be worth fifteen ounces of fine silver, in the same manner as in Europe. It is in the mint, perhaps, rated too high for the value which it bears

in the market of Bengal. In China, the proportion of gold to silver still continues as one to ten, or one to twelve. In Japan, it is said to be as one to eight.

The proportion between the quantities of gold and silver annually imported into Europe, according to Mr Meggens' account, is as one to twenty-two nearly; that is, for one ounce of gold there are imported a little more than twenty-two ounces of silver. The great quantity of silver sent annually to the East Indies reduces, he supposes, the quantities of those metals which remain in Europe to the proportion of one to fourteen or fifteen, the proportion of their values. The proportion between their values, he seems to think, must necessarily be the same as that between their quantities, and would therefore be as one to twenty-two, were it not for this greater exportation of silver.

But the ordinary proportion between the respective values of two commodities is not necessarily the same as that between the quantities of them which are commonly in the market. The price of an ox, reckoned at ten guineas, is about three score times the price of a lamb, reckoned at 3s. 6d. It would be absurd, however, to infer from thence, that there are commonly in the market three score lambs for one ox; and it would be just as absurd to infer, because an ounce of gold will commonly purchase from fourteen or fifteen ounces of silver, that there are commonly in the market only fourteen or fifteen ounces of silver for one ounce of gold.

The quantity of silver commonly in the market, it is probable, is much greater in proportion to that of gold, than the value of a certain quantity of gold is to that of an equal quantity of silver. The whole quantity of a cheap commodity brought to market is commonly not only greater, but of greater value, than the whole quantity of a dear one. The whole quantity of bread annually brought to market, is not only greater, but of greater value, than the whole quantity of butcher's meat; the whole quantity of butcher's meat, than the whole quantity of poultry; and the whole quantity of poultry, than the whole quantity of wild fowl. There are so many more purchasers for the cheap than for the dear commodity, that, not only a greater quantity of it, but a greater value can commonly be disposed of. The whole quantity, therefore, of the cheap commodity, must commonly be greater in proportion to the whole quantity of the dear one, than the value of a certain quantity of the dear one, is to the value of an equal quantity of the cheap one. When we compare the precious metals with one another, silver is a cheap, and gold a

dear commodity. We ought naturally to expect, therefore, that there should always be in the market, not only a greater quantity, but a greater value of silver than of gold. Let any man, who has a little of both, compare his own silver with his gold plate, and he will probably find, that not only the quantity, but the value of the former, greatly exceeds that of the latter. Many people, besides, have a good deal of silver who have no gold plate, which, even with those who have it, is generally confined to watch-cases, snuff-boxes, and such like trinkets, of which the whole amount is seldom of great value. In the British coin, indeed, the value of the gold preponderates greatly, but it is not so in that of all countries. In the coin of some countries, the value of the two metals is nearly equal. In the Scotch coin, before the union with England, the gold preponderated very little, though it did somewhat {See Ruddiman's Preface to Anderson's *Diplomata*, etc. *Scotiae*.}, as it appears by the accounts of the mint. In the coin of many countries the silver preponderates. In France, the largest sums are commonly paid in that metal, and it is there difficult to get more gold than what is necessary to carry about in your pocket. The superior value, however, of the silver plate above that of the gold, which takes place in all countries, will much more than compensate the preponderancy of the gold coin above the silver, which takes place only in some countries.

Though, in one sense of the word, silver always has been, and probably always will be, much cheaper than gold; yet, in another sense, gold may perhaps, in the present state of the Spanish market, be said to be somewhat cheaper than silver. A commodity may be said to be dear or cheap not only according to the absolute greatness or smallness of its usual price, but according as that price is more or less above the lowest for which it is possible to bring it to market for any considerable time together. This lowest price is that which barely replaces, with a moderate profit, the stock which must be employed in bringing the commodity thither. It is the price which affords nothing to the landlord, of which rent makes not any component part, but which resolves itself altogether into wages and profit. But, in the present state of the Spanish market, gold is certainly somewhat nearer to this lowest price than silver. The tax of the king of Spain upon gold is only one-twentieth part of the standard metal, or five per cent.; whereas his tax upon silver amounts to one-tenth part of it, or to ten per cent. In these taxes, too, it has already been observed, consists the whole rent of the greater part of the gold and silver mines of Spanish America; and

that upon gold is still worse paid than that upon silver. The profits of the undertakers of gold mines, too, as they more rarely make a fortune, must, in general, be still more moderate than those of the undertakers of silver mines. The price of Spanish gold, therefore, as it affords both less rent and less profit, must, in the Spanish market, be somewhat nearer to the lowest price for which it is possible to bring it thither, than the price of Spanish silver. When all expenses are computed, the whole quantity of the one metal, it would seem, cannot, in the Spanish market, be disposed of so advantageously as the whole quantity of the other. The tax, indeed, of the king of Portugal upon the gold of the Brazils, is the same with the ancient tax of the king of Spain upon the silver of Mexico and Peru; or one-fifth part of the standard metal. It may therefore be uncertain, whether, to the general market of Europe, the whole mass of American gold comes at a price nearer to the lowest for which it is possible to bring it thither, than the whole mass of American silver.

The price of diamonds and other precious stones may, perhaps, be still nearer to the lowest price at which it is possible to bring them to market, than even the price of gold.

Though it is not very probable that any part of a tax, which is not only imposed upon one of the most proper subjects of taxation, a mere luxury and superfluity, but which affords so very important a revenue as the tax upon silver, will ever be given up as long as it is possible to pay it; yet the same impossibility of paying it, which, in 1736. made it necessary to reduce it from one-fifth to one-tenth, may in time make it necessary to reduce it still further; in the same manner as it made it necessary to reduce the tax upon gold to one-twentieth. That the silver mines of Spanish America, like all other mines, become gradually more expensive in the working, on account of the greater depths at which it is necessary to carry on the works, and of the greater expense of drawing out the water, and of supplying them with fresh air at those depths, is acknowledged by everybody who has inquired into the state of those mines.

These causes, which are equivalent to a growing scarcity of silver (for a commodity may be said to grow scarcer when it becomes more difficult and expensive to collect a certain quantity of it), must, in time, produce one or other of the three following events: The increase of the expense must either, first, be compensated altogether by a proportionable increase in the price of the metal; or, secondly, it must be compensated altogether by a

proportionable diminution of the tax upon silver; or, thirdly, it must be compensated partly by the one and partly by the other of those two expedients. This third event is very possible. As gold rose in its price in proportion to silver, notwithstanding a great diminution of the tax upon gold, so silver might rise in its price in proportion to labour and commodities, notwithstanding an equal diminution of the tax upon silver.

Such successive reductions of the tax, however, though they may not prevent altogether, must certainly retard, more or less, the rise of the value of silver in the European market. In consequence of such reductions, many mines may be wrought which could not be wrought before, because they could not afford to pay the old tax; and the quantity of silver annually brought to market, must always be somewhat greater, and, therefore, the value of any given quantity somewhat less, than it otherwise would have been. In consequence of the reduction in 1736, the value of silver in the European market, though it may not at this day be lower than before that reduction, is, probably, at least ten per cent. lower than it would have been, had the court of Spain continued to exact the old tax. That, notwithstanding this reduction, the value of silver has, during the course of the present century, begun to rise somewhat in the European market, the facts and arguments which have been alleged above, dispose me to believe, or more properly to suspect and conjecture; for the best opinion which I can form upon this subject, scarce, perhaps, deserves the name of belief. The rise, indeed, supposing there has been any, has hitherto been so very small, that after all that has been said, it may, perhaps, appear to many people uncertain, not only whether this event has actually taken place, but whether the contrary may not have taken place, or whether the value of silver may not still continue to fall in the European market.

It must be observed, however, that whatever may be the supposed annual importation of gold and silver, there must be a certain period at which the annual consumption of those metals will be equal to that annual importation. Their consumption must increase as their mass increases, or rather in a much greater proportion. As their mass increases, their value diminishes. They are more used, and less cared for, and their consumption consequently increases in a greater proportion than their mass. After a certain period, therefore, the annual consumption of those metals must, in this manner, become equal to their annual importation, provided that

importation is not continually increasing; which, in the present times, is not supposed to be the case.

If, when the annual consumption has become equal to the annual importation, the annual importation should gradually diminish, the annual consumption may, for some time, exceed the annual importation. The mass of those metals may gradually and insensibly diminish, and their value gradually and insensibly rise, till the annual importation becoming again stationary, the annual consumption will gradually and insensibly accommodate itself to what that annual importation can maintain.

Grounds of the suspicion that the Value of Silver still continues to decrease.

The increase of the wealth of Europe, and the popular notion, that as the quantity of the precious metals naturally increases with the increase of wealth, so their value diminishes as their quantity increases, may, perhaps, dispose many people to believe that their value still continues to fall in the European market; and the still gradually increasing price of many parts of the rude produce of land may confirm them still farther in this opinion.

That that increase in the quantity of the precious metals, which arises in any country from the increase of wealth, has no tendency to diminish their value, I have endeavoured to shew already. Gold and silver naturally resort to a rich country, for the same reason that all sorts of luxuries and curiosities resort to it; not because they are cheaper there than in poorer countries, but because they are dearer, or because a better price is given for them. It is the superiority of price which attracts them; and as soon as that superiority ceases, they necessarily cease to go thither.

If you except corn, and such other vegetables as are raised altogether by human industry, that all other sorts of rude produce, cattle, poultry, game of all kinds, the useful fossils and minerals of the earth, etc. naturally grow dearer, as the society advances in wealth and improvement, I have endeavoured to shew already. Though such commodities, therefore, come to exchange for a greater quantity of silver than before, it will not from thence follow that silver has become really cheaper, or will purchase less labour than before; but that such commodities have become really dearer, or will purchase more labour than before. It is not their nominal price only, but their real price, which rises in the progress of improvement. The rise of their nominal price is the effect, not of any degradation of the value of silver, but of the rise in their real price.

Different Effects of the Progress of Improvement upon three different sorts of rude Produce.

These different sorts of rude produce may be divided into three classes. The first comprehends those which it is scarce in the power of human industry to multiply at all. The second, those which it can multiply in proportion to the demand. The third, those in which the efficacy of industry is either limited or uncertain. In the progress of wealth and improvement, the real price of the first may rise to any degree of extravagance, and seems not to be limited by any certain boundary. That of the second, though it may rise greatly, has, however, a certain boundary, beyond which it cannot well pass for any considerable time together. That of the third, though its natural tendency is to rise in the progress of improvement, yet in the same degree of improvement it may sometimes happen even to fall, sometimes to continue the same, and sometimes to rise more or less, according as different accidents render the efforts of human industry, in multiplying this sort of rude produce, more or less successful.

First Sort.—The first sort of rude produce, of which the price rises in the progress of improvement, is that which it is scarce in the power of human industry to multiply at all. It consists in those things which nature produces only in certain quantities, and which being of a very perishable nature, it is impossible to accumulate together the produce of many different seasons. Such are the greater part of rare and singular birds and fishes, many different sorts of game, almost all wild-fowl, all birds of passage in particular, as well as many other things. When wealth, and the luxury which accompanies it, increase, the demand for these is likely to increase with them, and no effort of human industry may be able to increase the supply much beyond what it was before this increase of the demand. The quantity of such commodities, therefore, remaining the same, or nearly the same, while the competition to purchase them is continually increasing, their price may rise to any degree of extravagance, and seems not to be limited by any certain boundary. If woodcocks should become so fashionable as to sell for twenty guineas a-piece, no effort of human industry could increase the number of those brought to market, much beyond what it is at present. The high price paid by the Romans, in the time of their greatest grandeur, for rare birds and fishes, may in this manner easily be accounted for. These prices were not the effects of the low value of silver in those times, but of the high value of such rarities and curiosities as human industry could not

multiply at pleasure. The real value of silver was higher at Rome, for sometime before, and after the fall of the republic, than it is through the greater part of Europe at present. Three sestertii equal to about sixpence sterling, was the price which the republic paid for the modius or peck of the tithe wheat of Sicily. This price, however, was probably below the average market price, the obligation to deliver their wheat at this rate being considered as a tax upon the Sicilian farmers. When the Romans, therefore, had occasion to order more corn than the tithe of wheat amounted to, they were bound by capitulation to pay for the surplus at the rate of four sestertii, or eightpence sterling the peck; and this had probably been reckoned the moderate and reasonable, that is, the ordinary or average contract price of those times; it is equal to about one-and-twenty shillings the quarter. Eight-and-twenty shillings the quarter was, before the late years of scarcity, the ordinary contract price of English wheat, which in quality is inferior to the Sicilian, and generally sells for a lower price in the European market. The value of silver, therefore, in those ancient times, must have been to its value in the present, as three to four inversely; that is, three ounces of silver would then have purchased the same quantity of labour and commodities which four ounces will do at present. When we read in Pliny, therefore, that Seius {Lib. X, c. 29.} bought a white nightingale, as a present for the empress Agrippina, at the price of six thousand sestertii, equal to about fifty pounds of our present money; and that Asinius Celer {Lib. IX, c. 17.} purchased a surmullet at the price of eight thousand sestertii, equal to about sixty-six pounds thirteen shillings and fourpence of our present money; the extravagance of those prices, how much soever it may surprise us, is apt, notwithstanding, to appear to us about one third less than it really was. Their real price, the quantity of labour and subsistence which was given away for them, was about one-third more than their nominal price is apt to express to us in the present times. Seius gave for the nightingale the command of a quantity of labour and subsistence, equal to what £ 66:13: 4d. would purchase in the present times; and Asinius Celer gave for a surmullet the command of a quantity equal to what £ 88:17: 9d. would purchase. What occasioned the extravagance of those high prices was, not so much the abundance of silver, as the abundance of labour and subsistence, of which those Romans had the disposal, beyond what was necessary for their own use. The quantity of silver, of which they had the

disposal, was a good deal less than what the command of the same quantity of labour and subsistence would have procured to them in the present times.

Second sort.—The second sort of rude produce, of which the price rises in the progress of improvement, is that which human industry can multiply in proportion to the demand. It consists in those useful plants and animals, which, in uncultivated countries, nature produces with such profuse abundance, that they are of little or no value, and which, as cultivation advances, are therefore forced to give place to some more profitable produce. During a long period in the progress of improvement, the quantity of these is continually diminishing, while, at the same time, the demand for them is continually increasing. Their real value, therefore, the real quantity of labour which they will purchase or command, gradually rises, till at last it gets so high as to render them as profitable a produce as any thing else which human industry can raise upon the most fertile and best cultivated land. When it has got so high, it cannot well go higher. If it did, more land and more industry would soon be employed to increase their quantity.

When the price of cattle, for example, rises so high, that it is as profitable to cultivate land in order to raise food for them as in order to raise food for man, it cannot well go higher. If it did, more corn land would soon be turned into pasture. The extension of tillage, by diminishing the quantity of wild pasture, diminishes the quantity of butcher's meat, which the country naturally produces without labour or cultivation; and, by increasing the number of those who have either corn, or, what comes to the same thing, the price of corn, to give in exchange for it, increases the demand. The price of butcher's meat, therefore, and, consequently, of cattle, must gradually rise, till it gets so high, that it becomes as profitable to employ the most fertile and best cultivated lands in raising food for them as in raising corn. But it must always be late in the progress of improvement before tillage can be so far extended as to raise the price of cattle to this height; and, till it has got to this height, if the country is advancing at all, their price must be continually rising. There are, perhaps, some parts of Europe in which the price of cattle has not yet got to this height. It had not got to this height in any part of Scotland before the Union. Had the Scotch cattle been always confined to the market of Scotland, in a country in which the quantity of land, which can be applied to no other purpose but the feeding of cattle, is so great in proportion to what can be applied to other purposes, it is scarce possible, perhaps, that their price could ever have risen so high as to render it

profitable to cultivate land for the sake of feeding them. In England, the price of cattle, it has already been observed, seems, in the neighbourhood of London, to have got to this height about the beginning of the last century; but it was much later, probably, before it got through the greater part of the remoter counties, in some of which, perhaps, it may scarce yet have got to it. Of all the different substances, however, which compose this second sort of rude produce, cattle is, perhaps, that of which the price, in the progress of improvement, rises first to this height.

Till the price of cattle, indeed, has got to this height, it seems scarce possible that the greater part, even of those lands which are capable of the highest cultivation, can be completely cultivated. In all farms too distant from any town to carry manure from it, that is, in the far greater part of those of every extensive country, the quantity of well cultivated land must be in proportion to the quantity of manure which the farm itself produces; and this, again, must be in proportion to the stock of cattle which are maintained upon it. The land is manured, either by pasturing the cattle upon it, or by feeding them in the stable, and from thence carrying out their dung to it. But unless the price of the cattle be sufficient to pay both the rent and profit of cultivated land, the farmer cannot afford to pasture them upon it; and he can still less afford to feed them in the stable. It is with the produce of improved and cultivated land only that cattle can be fed in the stable; because, to collect the scanty and scattered produce of waste and unimproved lands, would require too much labour, and be too expensive. If the price of the cattle, therefore, is not sufficient to pay for the produce of improved and cultivated land, when they are allowed to pasture it, that price will be still less sufficient to pay for that produce, when it must be collected with a good deal of additional labour, and brought into the stable to them. In these circumstances, therefore, no more cattle can with profit be fed in the stable than what are necessary for tillage. But these can never afford manure enough for keeping constantly in good condition all the lands which they are capable of cultivating. What they afford, being insufficient for the whole farm, will naturally be reserved for the lands to which it can be most advantageously or conveniently applied; the most fertile, or those, perhaps, in the neighbourhood of the farm-yard. These, therefore, will be kept constantly in good condition, and fit for tillage. The rest will, the greater part of them, be allowed to lie waste, producing scarce any thing but some miserable pasture, just sufficient to keep alive a few straggling, half-starved

cattle; the farm, though much overstocked in proportion to what would be necessary for its complete cultivation, being very frequently overstocked in proportion to its actual produce. A portion of this waste land, however, after having been pastured in this wretched manner for six or seven years together, may be ploughed up, when it will yield, perhaps, a poor crop or two of bad oats, or of some other coarse grain; and then, being entirely exhausted, it must be rested and pastured again as before, and another portion ploughed up, to be in the same manner exhausted and rested again in its turn. Such, accordingly, was the general system of management all over the low country of Scotland before the Union. The lands which were kept constantly well manured and in good condition seldom exceeded a third or fourth part of the whole farm, and sometimes did not amount to a fifth or a sixth part of it. The rest were never manured, but a certain portion of them was in its turn, notwithstanding, regularly cultivated and exhausted. Under this system of management, it is evident, even that part of the lands of Scotland which is capable of good cultivation, could produce but little in comparison of what it may be capable of producing. But how disadvantageous soever this system may appear, yet, before the Union, the low price of cattle seems to have rendered it almost unavoidable. If, notwithstanding a great rise in the price, it still continues to prevail through a considerable part of the country, it is owing in many places, no doubt, to ignorance and attachment to old customs, but, in most places, to the unavoidable obstructions which the natural course of things opposes to the immediate or speedy establishment of a better system: first, to the poverty of the tenants, to their not having yet had time to acquire a stock of cattle sufficient to cultivate their lands more completely, the same rise of price, which would render it advantageous for them to maintain a greater stock, rendering it more difficult for them to acquire it; and, secondly, to their not having yet had time to put their lands in condition to maintain this greater stock properly, supposing they were capable of acquiring it. The increase of stock and the improvement of land are two events which must go hand in hand, and of which the one can nowhere much outrun the other. Without some increase of stock, there can be scarce any improvement of land, but there can be no considerable increase of stock, but in consequence of a considerable improvement of land; because otherwise the land could not maintain it. These natural obstructions to the establishment of a better system, cannot be removed but by a long course of frugality and industry;

and half a century or a century more, perhaps, must pass away before the old system, which is wearing out gradually, can be completely abolished through all the different parts of the country. Of all the commercial advantages, however, which Scotland has derived from the Union with England, this rise in the price of cattle is, perhaps, the greatest. It has not only raised the value of all highland estates, but it has, perhaps, been the principal cause of the improvement of the low country.

In all new colonies, the great quantity of waste land, which can for many years be applied to no other purpose but the feeding of cattle, soon renders them extremely abundant; and in every thing great cheapness is the necessary consequence of great abundance. Though all the cattle of the European colonies in America were originally carried from Europe, they soon multiplied so much there, and became of so little value, that even horses were allowed to run wild in the woods, without any owner thinking it worth while to claim them. It must be a long time after the first establishment of such colonies, before it can become profitable to feed cattle upon the produce of cultivated land. The same causes, therefore, the want of manure, and the disproportion between the stock employed in cultivation and the land which it is destined to cultivate, are likely to introduce there a system of husbandry, not unlike that which still continues to take place in so many parts of Scotland. Mr Kalm, the Swedish traveller, when he gives an account of the husbandry of some of the English colonies in North America, as he found it in 1749, observes, accordingly, that he can with difficulty discover there the character of the English nation, so well skilled in all the different branches of agriculture. They make scarce any manure for their corn fields, he says; but when one piece of ground has been exhausted by continual cropping, they clear and cultivate another piece of fresh land; and when that is exhausted, proceed to a third. Their cattle are allowed to wander through the woods and other uncultivated grounds, where they are half-starved; having long ago extirpated almost all the annual grasses, by cropping them too early in the spring, before they had time to form their flowers, or to shed their seeds. {Kalm's Travels, vol 1, pp. 343, 344.} The annual grasses were, it seems, the best natural grasses in that part of North America; and when the Europeans first settled there, they used to grow very thick, and to rise three or four feet high. A piece of ground which, when he wrote, could not maintain one cow, would in former times, he was assured, have maintained four, each of which would have

given four times the quantity of milk which that one was capable of giving. The poorness of the pasture had, in his opinion, occasioned the degradation of their cattle, which degenerated sensibly from one generation to another. They were probably not unlike that stunted breed which was common all over Scotland thirty or forty years ago, and which is now so much mended through the greater part of the low country, not so much by a change of the breed, though that expedient has been employed in some places, as by a more plentiful method of feeding them.

Though it is late, therefore, in the progress of improvement, before cattle can bring such a price as to render it profitable to cultivate land for the sake of feeding them; yet of all the different parts which compose this second sort of rude produce, they are perhaps the first which bring this price; because, till they bring it, it seems impossible that improvement can be brought near even to that degree of perfection to which it has arrived in many parts of Europe.

As cattle are among the first, so perhaps venison is among the last parts of this sort of rude produce which bring this price. The price of venison in Great Britain, how extravagant soever it may appear, is not near sufficient to compensate the expense of a deer park, as is well known to all those who have had any experience in the feeding of deer. If it was otherwise, the feeding of deer would soon become an article of common farming, in the same manner as the feeding of those small birds, called turdi, was among the ancient Romans. Varro and Columella assure us, that it was a most profitable article. The fattening of ortolans, birds of passage which arrive lean in the country, is said to be so in some parts of France. If venison continues in fashion, and the wealth and luxury of Great Britain increase as they have done for some time past, its price may very probably rise still higher than it is at present.

Between that period in the progress of improvement, which brings to its height the price of so necessary an article as cattle, and that which brings to it the price of such a superfluity as venison, there is a very long interval, in the course of which many other sorts of rude produce gradually arrive at their highest price, some sooner and some later, according to different circumstances.

Thus, in every farm, the offals of the barn and stable will maintain a certain number of poultry. These, as they are fed with what would otherwise be lost, are a mere save-all; and as they cost the farmer scarce any thing, so

he can afford to sell them for very little. Almost all that he gets is pure gain, and their price can scarce be so low as to discourage him from feeding this number. But in countries ill cultivated, and therefore but thinly inhabited, the poultry, which are thus raised without expense, are often fully sufficient to supply the whole demand. In this state of things, therefore, they are often as cheap as butcher's meat, or any other sort of animal food. But the whole quantity of poultry which the farm in this manner produces without expense, must always be much smaller than the whole quantity of butcher's meat which is reared upon it; and in times of wealth and luxury, what is rare, with only nearly equal merit, is always preferred to what is common. As wealth and luxury increase, therefore, in consequence of improvement and cultivation, the price of poultry gradually rises above that of butcher's meat, till at last it gets so high, that it becomes profitable to cultivate land for the sake of feeding them. When it has got to this height, it cannot well go higher. If it did, more land would soon be turned to this purpose. In several provinces of France, the feeding of poultry is considered as a very important article in rural economy, and sufficiently profitable to encourage the farmer to raise a considerable quantity of Indian corn and buckwheat for this purpose. A middling farmer will there sometimes have four hundred fowls in his yard. The feeding of poultry seems scarce yet to be generally considered as a matter of so much importance in England. They are certainly, however, dearer in England than in France, as England receives considerable supplies from France. In the progress of improvements, the period at which every particular sort of animal food is dearest, must naturally be that which immediately precedes the general practice of cultivating land for the sake of raising it. For some time before this practice becomes general, the scarcity must necessarily raise the price. After it has become general, new methods of feeding are commonly fallen upon, which enable the farmer to raise upon the same quantity of ground a much greater quantity of that particular sort of animal food. The plenty not only obliges him to sell cheaper, but, in consequence of these improvements, he can afford to sell cheaper; for if he could not afford it, the plenty would not be of long continuance. It has been probably in this manner that the introduction of clover, turnips, carrots, cabbages, etc. has contributed to sink the common price of butcher's meat in the London market, somewhat below what it was about the beginning of the last century.

The hog, that finds his food among ordure, and greedily devours many things rejected by every other useful animal, is, like poultry, originally kept as a save-all. As long as the number of such animals, which can thus be reared at little or no expense, is fully sufficient to supply the demand, this sort of butcher's meat comes to market at a much lower price than any other. But when the demand rises beyond what this quantity can supply, when it becomes necessary to raise food on purpose for feeding and fattening hogs, in the same manner as for feeding and fattening other cattle, the price necessarily rises, and becomes proportionably either higher or lower than that of other butcher's meat, according as the nature of the country, and the state of its agriculture, happen to render the feeding of hogs more or less expensive than that of other cattle. In France, according to Mr Buffon, the price of pork is nearly equal to that of beef. In most parts of Great Britain it is at present somewhat higher.

The great rise in the price both of hogs and poultry, has, in Great Britain, been frequently imputed to the diminution of the number of cottagers and other small occupiers of land; an event which has in every part of Europe been the immediate forerunner of improvement and better cultivation, but which at the same time may have contributed to raise the price of those articles, both somewhat sooner and somewhat faster than it would otherwise have risen. As the poorest family can often maintain a cat or a dog without any expense, so the poorest occupiers of land can commonly maintain a few poultry, or a sow and a few pigs, at very little. The little offals of their own table, their whey, skimmed milk, and butter milk, supply those animals with a part of their food, and they find the rest in the neighbouring fields, without doing any sensible damage to any body. By diminishing the number of those small occupiers, therefore, the quantity of this sort of provisions, which is thus produced at little or no expense, must certainly have been a good deal diminished, and their price must consequently have been raised both sooner and faster than it would otherwise have risen. Sooner or later, however, in the progress of improvement, it must at any rate have risen to the utmost height to which it is capable of rising; or to the price which pays the labour and expense of cultivating the land which furnishes them with food, as well as these are paid upon the greater part of other cultivated land.

The business of the dairy, like the feeding of hogs and poultry, is originally carried on as a save-all. The cattle necessarily kept upon the farm produce more milk than either the rearing of their own young, or the

consumption of the farmer's family requires; and they produce most at one particular season. But of all the productions of land, milk is perhaps the most perishable. In the warm season, when it is most abundant, it will scarce keep four-and-twenty hours. The farmer, by making it into fresh butter, stores a small part of it for a week; by making it into salt butter, for a year; and by making it into cheese, he stores a much greater part of it for several years. Part of all these is reserved for the use of his own family; the rest goes to market, in order to find the best price which is to be had, and which can scarce be so low as to discourage him from sending thither whatever is over and above the use of his own family. If it is very low indeed, he will be likely to manage his dairy in a very slovenly and dirty manner, and will scarce, perhaps, think it worth while to have a particular room or building on purpose for it, but will suffer the business to be carried on amidst the smoke, filth, and nastiness of his own kitchen, as was the case of almost all the farmers' dairies in Scotland thirty or forty years ago, and as is the case of many of them still. The same causes which gradually raise the price of butcher's meat, the increase of the demand, and, in consequence of the improvement of the country, the diminution of the quantity which can be fed at little or no expense, raise, in the same manner, that of the produce of the dairy, of which the price naturally connects with that of butcher's meat, or with the expense of feeding cattle. The increase of price pays for more labour, care, and cleanliness. The dairy becomes more worthy of the farmer's attention, and the quality of its produce gradually improves. The price at last gets so high, that it becomes worth while to employ some of the most fertile and best cultivated lands in feeding cattle merely for the purpose of the dairy; and when it has got to this height, it cannot well go higher. If it did, more land would soon be turned to this purpose. It seems to have got to this height through the greater part of England, where much good land is commonly employed in this manner. If you except the neighbourhood of a few considerable towns, it seems not yet to have got to this height anywhere in Scotland, where common farmers seldom employ much good land in raising food for cattle, merely for the purpose of the dairy. The price of the produce, though it has risen very considerably within these few years, is probably still too low to admit of it. The inferiority of the quality, indeed, compared with that of the produce of English dairies, is fully equal to that of the price. But this inferiority of quality is, perhaps, rather the effect of this lowness of price, than the cause of it. Though the

quality was much better, the greater part of what is brought to market could not, I apprehend, in the present circumstances of the country, be disposed of at a much better price; and the present price, it is probable, would not pay the expense of the land and labour necessary for producing a much better quality. Through the greater part of England, notwithstanding the superiority of price, the dairy is not reckoned a more profitable employment of land than the raising of corn, or the fattening of cattle, the two great objects of agriculture. Through the greater part of Scotland, therefore, it cannot yet be even so profitable.

The lands of no country, it is evident, can ever be completely cultivated and improved, till once the price of every produce, which human industry is obliged to raise upon them, has got so high as to pay for the expense of complete improvement and cultivation. In order to do this, the price of each particular produce must be sufficient, first, to pay the rent of good corn land, as it is that which regulates the rent of the greater part of other cultivated land; and, secondly, to pay the labour and expense of the farmer, as well as they are commonly paid upon good corn land; or, in other words, to replace with the ordinary profits the stock which he employs about it. This rise in the price of each particular produce; must evidently be previous to the improvement and cultivation of the land which is destined for raising it. Gain is the end of all improvement; and nothing could deserve that name, of which loss was to be the necessary consequence. But loss must be the necessary consequence of improving land for the sake of a produce of which the price could never bring back the expense. If the complete improvement and cultivation of the country be, as it most certainly is, the greatest of all public advantages, this rise in the price of all those different sorts of rude produce, instead of being considered as a public calamity, ought to be regarded as the necessary forerunner and attendant of the greatest of all public advantages.

This rise, too, in the nominal or money price of all those different sorts of rude produce, has been the effect, not of any degradation in the value of silver, but of a rise in their real price. They have become worth, not only a greater quantity of silver, but a greater quantity of labour and subsistence than before. As it costs a greater quantity of labour and subsistence to bring them to market, so, when they are brought thither they represent, or are equivalent to a greater quantity.

Third Sort.—The third and last sort of rude produce, of which the price naturally rises in the progress of improvement, is that in which the efficacy of human industry, in augmenting the quantity, is either limited or uncertain. Though the real price of this sort of rude produce, therefore, naturally tends to rise in the progress of improvement, yet, according as different accidents happen to render the efforts of human industry more or less successful in augmenting the quantity, it may happen sometimes even to fall, sometimes to continue the same, in very different periods of improvement, and sometimes to rise more or less in the same period.

There are some sorts of rude produce which nature has rendered a kind of appendages to other sorts; so that the quantity of the one which any country can afford, is necessarily limited by that of the other. The quantity of wool or of raw hides, for example, which any country can afford, is necessarily limited by the number of great and small cattle that are kept in it. The state of its improvement, and the nature of its agriculture, again necessarily determine this number.

The same causes which, in the progress of improvement, gradually raise the price of butcher's meat, should have the same effect, it may be thought, upon the prices of wool and raw hides, and raise them, too, nearly in the same proportion. It probably would be so, if, in the rude beginnings of improvement, the market for the latter commodities was confined within as narrow bounds as that for the former. But the extent of their respective markets is commonly extremely different.

The market for butcher's meat is almost everywhere confined to the country which produces it. Ireland, and some part of British America, indeed, carry on a considerable trade in salt provisions; but they are, I believe, the only countries in the commercial world which do so, or which export to other countries any considerable part of their butcher's meat.

The market for wool and raw hides, on the contrary, is, in the rude beginnings of improvement, very seldom confined to the country which produces them. They can easily be transported to distant countries; wool without any preparation, and raw hides with very little; and as they are the materials of many manufactures, the industry of other countries may occasion a demand for them, though that of the country which produces them might not occasion any.

In countries ill cultivated, and therefore but thinly inhabited, the price of the wool and the hide bears always a much greater proportion to that of the whole beast, than in countries where, improvement and population being further advanced, there is more demand for butcher's meat. Mr Hume observes, that in the Saxon times, the fleece was estimated at two-fifths of the value of the whole sheep and that this was much above the proportion of its present estimation. In some provinces of Spain, I have been assured, the sheep is frequently killed merely for the sake of the fleece and the tallow. The carcase is often left to rot upon the ground, or to be devoured by beasts and birds of prey. If this sometimes happens even in Spain, it happens almost constantly in Chili, at Buenos Ayres, and in many other parts of Spanish America, where the horned cattle are almost constantly killed merely for the sake of the hide and the tallow. This, too, used to happen almost constantly in Hispaniola, while it was infested by the buccaneers, and before the settlement, improvement, and populousness of the French plantations (which now extend round the coast of almost the whole western half of the island) had given some value to the cattle of the Spaniards, who still continue to possess, not only the eastern part of the coast, but the whole inland mountainous part of the country.

Though, in the progress of improvement and population, the price of the whole beast necessarily rises, yet the price of the carcase is likely to be much more affected by this rise than that of the wool and the hide. The market for the carcase being in the rude state of society confined always to the country which produces it, must necessarily be extended in proportion to the improvement and population of that country. But the market for the wool and the hides, even of a barbarous country, often extending to the whole commercial world, it can very seldom be enlarged in the same proportion. The state of the whole commercial world can seldom be much affected by the improvement of any particular country; and the market for such commodities may remain the same, or very nearly the same, after such improvements, as before. It should, however, in the natural course of things, rather, upon the whole, be somewhat extended in consequence of them. If the manufactures, especially, of which those commodities are the materials, should ever come to flourish in the country, the market, though it might not be much enlarged, would at least be brought much nearer to the place of growth than before; and the price of those materials might at least be increased by what had usually been the expense of transporting them to

distant countries. Though it might not rise, therefore, in the same proportion as that of butcher's meat, it ought naturally to rise somewhat, and it ought certainly not to fall.

In England, however, notwithstanding the flourishing state of its woollen manufacture, the price of English wool has fallen very considerably since the time of Edward III. There are many authentic records which demonstrate that, during the reign of that prince (towards the middle of the fourteenth century, or about 1339), what was reckoned the moderate and reasonable price of the tod, or twenty-eight pounds of English wool, was not less than ten shillings of the money of those times {See Smith's *Memoirs of Wool*, vol. i c. 5, 6, 7. also vol. ii.}, containing, at the rate of twenty-pence the ounce, six ounces of silver, Tower weight, equal to about thirty shillings of our present money. In the present times, one-and-twenty shillings the tod may be reckoned a good price for very good English wool. The money price of wool, therefore, in the time of Edward III. was to its money price in the present times as ten to seven. The superiority of its real price was still greater. At the rate of six shillings and eightpence the quarter, ten shillings was in those ancient times the price of twelve bushels of wheat. At the rate of twenty-eight shillings the quarter, one-and-twenty shillings is in the present times the price of six bushels only. The proportion between the real price of ancient and modern times, therefore, is as twelve to six, or as two to one. In those ancient times, a tod of wool would have purchased twice the quantity of subsistence which it will purchase at present, and consequently twice the quantity of labour, if the real recompence of labour had been the same in both periods.

This degradation, both in the real and nominal value of wool, could never have happened in consequence of the natural course of things. It has accordingly been the effect of violence and artifice. First, of the absolute prohibition of exporting wool from England: secondly, of the permission of importing it from Spain, duty free: thirdly, of the prohibition of exporting it from Ireland to another country but England. In consequence of these regulations, the market for English wool, instead of being somewhat extended, in consequence of the improvement of England, has been confined to the home market, where the wool of several other countries is allowed to come into competition with it, and where that of Ireland is forced into competition with it. As the woollen manufactures, too, of Ireland, are fully as much discouraged as is consistent with justice and fair

dealing, the Irish can work up but a smaller part of their own wool at home, and are therefore obliged to send a greater proportion of it to Great Britain, the only market they are allowed.

I have not been able to find any such authentic records concerning the price of raw hides in ancient times. Wool was commonly paid as a subsidy to the king, and its valuation in that subsidy ascertains, at least in some degree, what was its ordinary price. But this seems not to have been the case with raw hides. Fleetwood, however, from an account in 1425, between the prior of Burcester Oxford and one of his canons, gives us their price, at least as it was stated upon that particular occasion, viz. five ox hides at twelve shillings; five cow hides at seven shillings and threepence; thirtysix sheep skins of two years old at nine shillings; sixteen calf skins at two shillings. In 1425, twelve shillings contained about the same quantity of silver as four-and-twenty shillings of our present money. An ox hide, therefore, was in this account valued at the same quantity of silver as 4s. $\frac{4}{5}$ ths of our present money. Its nominal price was a good deal lower than at present. But at the rate of six shillings and eightpence the quarter, twelve shillings would in those times have purchased fourteen bushels and four-fifths of a bushel of wheat, which, at three and sixpence the bushel, would in the present times cost 51s. 4d. An ox hide, therefore, would in those times have purchased as much corn as ten shillings and threepence would purchase at present. Its real value was equal to ten shillings and threepence of our present money. In those ancient times, when the cattle were half starved during the greater part of the winter, we cannot suppose that they were of a very large size. An ox hide which weighs four stone of sixteen pounds of avoirdupois, is not in the present times reckoned a bad one; and in those ancient times would probably have been reckoned a very good one. But at half-a-crown the stone, which at this moment (February 1773) I understand to be the common price, such a hide would at present cost only ten shillings. Through its nominal price, therefore, is higher in the present than it was in those ancient times, its real price, the real quantity of subsistence which it will purchase or command, is rather somewhat lower. The price of cow hides, as stated in the above account, is nearly in the common proportion to that of ox hides. That of sheep skins is a good deal above it. They had probably been sold with the wool. That of calves skins, on the contrary, is greatly below it. In countries where the price of cattle is very low, the calves, which are not intended to be reared in order to keep up

the stock, are generally killed very young, as was the case in Scotland twenty or thirty years ago. It saves the milk, which their price would not pay for. Their skins, therefore, are commonly good for little.

The price of raw hides is a good deal lower at present than it was a few years ago; owing probably to the taking off the duty upon seal skins, and to the allowing, for a limited time, the importation of raw hides from Ireland, and from the plantations, duty free, which was done in 1769. Take the whole of the present century at an average, their real price has probably been somewhat higher than it was in those ancient times. The nature of the commodity renders it not quite so proper for being transported to distant markets as wool. It suffers more by keeping. A salted hide is reckoned inferior to a fresh one, and sells for a lower price. This circumstance must necessarily have some tendency to sink the price of raw hides produced in a country which does not manufacture them, but is obliged to export them, and comparatively to raise that of those produced in a country which does manufacture them. It must have some tendency to sink their price in a barbarous, and to raise it in an improved and manufacturing country. It must have had some tendency, therefore, to sink it in ancient, and to raise it in modern times. Our tanners, besides, have not been quite so successful as our clothiers, in convincing the wisdom of the nation, that the safety of the commonwealth depends upon the prosperity of their particular manufacture. They have accordingly been much less favoured. The exportation of raw hides has, indeed, been prohibited, and declared a nuisance; but their importation from foreign countries has been subjected to a duty; and though this duty has been taken off from those of Ireland and the plantations (for the limited time of five years only), yet Ireland has not been confined to the market of Great Britain for the sale of its surplus hides, or of those which are not manufactured at home. The hides of common cattle have, but within these few years, been put among the enumerated commodities which the plantations can send nowhere but to the mother country; neither has the commerce of Ireland been in this case oppressed hitherto, in order to support the manufactures of Great Britain.

Whatever regulations tend to sink the price, either of wool or of raw hides, below what it naturally would be, must, in an improved and cultivated country, have some tendency to raise the price of butcher's meat. The price both of the great and small cattle, which are fed on improved and cultivated land, must be sufficient to pay the rent which the landlord, and

the profit which the farmer, has reason to expect from improved and cultivated land. If it is not, they will soon cease to feed them. Whatever part of this price, therefore, is not paid by the wool and the hide, must be paid by the carcase. The less there is paid for the one, the more must be paid for the other. In what manner this price is to be divided upon the different parts of the beast, is indifferent to the landlords and farmers, provided it is all paid to them. In an improved and cultivated country, therefore, their interest as landlords and farmers cannot be much affected by such regulations, though their interest as consumers may, by the rise in the price of provisions. It would be quite otherwise, however, in an unimproved and uncultivated country, where the greater part of the lands could be applied to no other purpose but the feeding of cattle, and where the wool and the hide made the principal part of the value of those cattle. Their interest as landlords and farmers would in this case be very deeply affected by such regulations, and their interest as consumers very little. The fall in the price of the wool and the hide would not in this case raise the price of the carcase; because the greater part of the lands of the country being applicable to no other purpose but the feeding of cattle, the same number would still continue to be fed. The same quantity of butcher's meat would still come to market. The demand for it would be no greater than before. Its price, therefore, would be the same as before. The whole price of cattle would fall, and along with it both the rent and the profit of all those lands of which cattle was the principal produce, that is, of the greater part of the lands of the country. The perpetual prohibition of the exportation of wool, which is commonly, but very falsely, ascribed to Edward III., would, in the then circumstances of the country, have been the most destructive regulation which could well have been thought of. It would not only have reduced the actual value of the greater part of the lands in the kingdom, but by reducing the price of the most important species of small cattle, it would have retarded very much its subsequent improvement.

The wool of Scotland fell very considerably in its price in consequence of the union with England, by which it was excluded from the great market of Europe, and confined to the narrow one of Great Britain. The value of the greater part of the lands in the southern counties of Scotland, which are chiefly a sheep country, would have been very deeply affected by this event, had not the rise in the price of butcher's meat fully compensated the fall in the price of wool.

As the efficacy of human industry, in increasing the quantity either of wool or of raw hides, is limited, so far as it depends upon the produce of the country where it is exerted; so it is uncertain so far as it depends upon the produce of other countries. It so far depends not so much upon the quantity which they produce, as upon that which they do not manufacture; and upon the restraints which they may or may not think proper to impose upon the exportation of this sort of rude produce. These circumstances, as they are altogether independent of domestic industry, so they necessarily render the efficacy of its efforts more or less uncertain. In multiplying this sort of rude produce, therefore, the efficacy of human industry is not only limited, but uncertain.

In multiplying another very important sort of rude produce, the quantity of fish that is brought to market, it is likewise both limited and uncertain. It is limited by the local situation of the country, by the proximity or distance of its different provinces from the sea, by the number of its lakes and rivers, and by what may be called the fertility or barrenness of those seas, lakes, and rivers, as to this sort of rude produce. As population increases, as the annual produce of the land and labour of the country grows greater and greater, there come to be more buyers of fish; and those buyers, too, have a greater quantity and variety of other goods, or, what is the same thing, the price of a greater quantity and variety of other goods, to buy with. But it will generally be impossible to supply the great and extended market, without employing a quantity of labour greater than in proportion to what had been requisite for supplying the narrow and confined one. A market which, from requiring only one thousand, comes to require annually ten thousand ton of fish, can seldom be supplied, without employing more than ten times the quantity of labour which had before been sufficient to supply it. The fish must generally be sought for at a greater distance, larger vessels must be employed, and more expensive machinery of every kind made use of. The real price of this commodity, therefore, naturally rises in the progress of improvement. It has accordingly done so, I believe, more or less in every country.

Though the success of a particular day's fishing maybe a very uncertain matter, yet the local situation of the country being supposed, the general efficacy of industry in bringing a certain quantity of fish to market, taking the course of a year, or of several years together, it may, perhaps, be thought is certain enough; and it, no doubt, is so. As it depends more, however,

upon the local situation of the country, than upon the state of its wealth and industry; as upon this account it may in different countries be the same in very different periods of improvement, and very different in the same period; its connection with the state of improvement is uncertain; and it is of this sort of uncertainty that I am here speaking.

In increasing the quantity of the different minerals and metals which are drawn from the bowels of the earth, that of the more precious ones particularly, the efficacy of human industry seems not to be limited, but to be altogether uncertain.

The quantity of the precious metals which is to be found in any country, is not limited by any thing in its local situation, such as the fertility or barrenness of its own mines. Those metals frequently abound in countries which possess no mines. Their quantity, in every particular country, seems to depend upon two different circumstances; first, upon its power of purchasing, upon the state of its industry, upon the annual produce of its land and labour, in consequence of which it can afford to employ a greater or a smaller quantity of labour and subsistence, in bringing or purchasing such superfluities as gold and silver, either from its own mines, or from those of other countries; and, secondly, upon the fertility or barrenness of the mines which may happen at any particular time to supply the commercial world with those metals. The quantity of those metals in the countries most remote from the mines, must be more or less affected by this fertility or barrenness, on account of the easy and cheap transportation of those metals, of their small bulk and great value. Their quantity in China and Indostan must have been more or less affected by the abundance of the mines of America.

So far as their quantity in any particular country depends upon the former of those two circumstances (the power of purchasing), their real price, like that of all other luxuries and superfluities, is likely to rise with the wealth and improvement of the country, and to fall with its poverty and depression. Countries which have a great quantity of labour and subsistence to spare, can afford to purchase any particular quantity of those metals at the expense of a greater quantity of labour and subsistence, than countries which have less to spare.

So far as their quantity in any particular country depends upon the latter of those two circumstances (the fertility or barrenness of the mines which happen to supply the commercial world), their real price, the real quantity

of labour and subsistence which they will purchase or exchange for, will, no doubt, sink more or less in proportion to the fertility, and rise in proportion to the barrenness of those mines.

The fertility or barrenness of the mines, however, which may happen at any particular time to supply the commercial world, is a circumstance which, it is evident, may have no sort of connection with the state of industry in a particular country. It seems even to have no very necessary connection with that of the world in general. As arts and commerce, indeed, gradually spread themselves over a greater and a greater part of the earth, the search for new mines, being extended over a wider surface, may have somewhat a better chance for being successful than when confined within narrower bounds. The discovery of new mines, however, as the old ones come to be gradually exhausted, is a matter of the greatest uncertainty, and such as no human skill or industry can insure. All indications, it is acknowledged, are doubtful; and the actual discovery and successful working of a new mine can alone ascertain the reality of its value, or even of its existence. In this search there seem to be no certain limits, either to the possible success, or to the possible disappointment of human industry. In the course of a century or two, it is possible that new mines may be discovered, more fertile than any that have ever yet been known; and it is just equally possible, that the most fertile mine then known may be more barren than any that was wrought before the discovery of the mines of America. Whether the one or the other of those two events may happen to take place, is of very little importance to the real wealth and prosperity of the world, to the real value of the annual produce of the land and labour of mankind. Its nominal value, the quantity of gold and silver by which this annual produce could be expressed or represented, would, no doubt, be very different; but its real value, the real quantity of labour which it could purchase or command, would be precisely the same. A shilling might, in the one case, represent no more labour than a penny does at present; and a penny, in the other, might represent as much as a shilling does now. But in the one case, he who had a shilling in his pocket would be no richer than he who has a penny at present; and in the other, he who had a penny would be just as rich as he who has a shilling now. The cheapness and abundance of gold and silver plate would be the sole advantage which the world could derive from the one event; and the dearness and scarcity of those trifling superfluities, the only inconveniency it could suffer from the other.

Conclusion of the Digression concerning the Variations in the Value of Silver.

The greater part of the writers who have collected the money price of things in ancient times, seem to have considered the low money price of corn, and of goods in general, or, in other words, the high value of gold and silver, as a proof, not only of the scarcity of those metals, but of the poverty and barbarism of the country at the time when it took place. This notion is connected with the system of political economy, which represents national wealth as consisting in the abundance and national poverty in the scarcity, of gold and silver; a system which I shall endeavour to explain and examine at great length in the fourth book of this Inquiry. I shall only observe at present, that the high value of the precious metals can be no proof of the poverty or barbarism of any particular country at the time when it took place. It is a proof only of the barrenness of the mines which happened at that time to supply the commercial world. A poor country, as it cannot afford to buy more, so it can as little afford to pay dearer for gold and silver than a rich one; and the value of those metals, therefore, is not likely to be higher in the former than in the latter. In China, a country much richer than any part of Europe, the value of the precious metals is much higher than in any part of Europe. As the wealth of Europe, indeed, has increased greatly since the discovery of the mines of America, so the value of gold and silver has gradually diminished. This diminution of their value, however, has not been owing to the increase of the real wealth of Europe, of the annual produce of its land and labour, but to the accidental discovery of more abundant mines than any that were known before. The increase of the quantity of gold and silver in Europe, and the increase of its manufactures and agriculture, are two events which, though they have happened nearly about the same time, yet have arisen from very different causes, and have scarce any natural connection with one another. The one has arisen from a mere accident, in which neither prudence nor policy either had or could have any share; the other, from the fall of the feudal system, and from the establishment of a government which afforded to industry the only encouragement which it requires, some tolerable security that it shall enjoy the fruits of its own labour. Poland, where the feudal system still continues to take place, is at this day as beggarly a country as it was before the

discovery of America. The money price of corn, however, has risen; the real value of the precious metals has fallen in Poland, in the same manner as in other parts of Europe. Their quantity, therefore, must have increased there as in other places, and nearly in the same proportion to the annual produce of its land and labour. This increase of the quantity of those metals, however, has not, it seems, increased that annual produce, has neither improved the manufactures and agriculture of the country, nor mended the circumstances of its inhabitants. Spain and Portugal, the countries which possess the mines, are, after Poland, perhaps the two most beggarly countries in Europe. The value of the precious metals, however, must be lower in Spain and Portugal than in any other part of Europe, as they come from those countries to all other parts of Europe, loaded, not only with a freight and an insurance, but with the expense of smuggling, their exportation being either prohibited or subjected to a duty. In proportion to the annual produce of the land and labour, therefore, their quantity must be greater in those countries than in any other part of Europe; those countries, however, are poorer than the greater part of Europe. Though the feudal system has been abolished in Spain and Portugal, it has not been succeeded by a much better.

As the low value of gold and silver, therefore, is no proof of the wealth and flourishing state of the country where it takes place; so neither is their high value, or the low money price either of goods in general, or of corn in particular, any proof of its poverty and barbarism.

But though the low money price, either of goods in general, or of corn in particular, be no proof of the poverty or barbarism of the times, the low money price of some particular sorts of goods, such as cattle, poultry, game of all kinds, etc. in proportion to that of corn, is a most decisive one. It clearly demonstrates, first, their great abundance in proportion to that of corn, and, consequently, the great extent of the land which they occupied in proportion to what was occupied by corn; and, secondly, the low value of this land in proportion to that of corn land, and, consequently, the uncultivated and unimproved state of the far greater part of the lands of the country. It clearly demonstrates, that the stock and population of the country did not bear the same proportion to the extent of its territory, which they commonly do in civilized countries; and that society was at that time, and in that country, but in its infancy. From the high or low money price, either of goods in general, or of corn in particular, we can infer only, that the mines,

which at that time happened to supply the commercial world with gold and silver, were fertile or barren, not that the country was rich or poor. But from the high or low money price of some sorts of goods in proportion to that of others, we can infer, with a degree of probability that approaches almost to certainty, that it was rich or poor, that the greater part of its lands were improved or unimproved, and that it was either in a more or less barbarous state, or in a more or less civilized one.

Any rise in the money price of goods which proceeded altogether from the degradation of the value of silver, would affect all sorts of goods equally, and raise their price universally, a third, or a fourth, or a fifth part higher, according as silver happened to lose a third, or a fourth, or a fifth part of its former value. But the rise in the price of provisions, which has been the subject of so much reasoning and conversation, does not affect all sorts of provisions equally. Taking the course of the present century at an average, the price of corn, it is acknowledged, even by those who account for this rise by the degradation of the value of silver, has risen much less than that of some other sorts of provisions. The rise in the price of those other sorts of provisions, therefore, cannot be owing altogether to the degradation of the value of silver. Some other causes must be taken into the account; and those which have been above assigned, will, perhaps, without having recourse to the supposed degradation of the value of silver, sufficiently explain this rise in those particular sorts of provisions, of which the price has actually risen in proportion to that of corn.

As to the price of corn itself, it has, during the sixty-four first years of the present century, and before the late extraordinary course of bad seasons, been somewhat lower than it was during the sixty-four last years of the preceding century. This fact is attested, not only by the accounts of Windsor market, but by the public fiars of all the different counties of Scotland, and by the accounts of several different markets in France, which have been collected with great diligence and fidelity by Mr Messance, and by Mr Dupré de St Maur. The evidence is more complete than could well have been expected in a matter which is naturally so very difficult to be ascertained.

As to the high price of corn during these last ten or twelve years, it can be sufficiently accounted for from the badness of the seasons, without supposing any degradation in the value of silver.

The opinion, therefore, that silver is continually sinking in its value, seems not to be founded upon any good observations, either upon the prices of corn, or upon those of other provisions.

The same quantity of silver, it may perhaps be said, will, in the present times, even according to the account which has been here given, purchase a much smaller quantity of several sorts of provisions than it would have done during some part of the last century; and to ascertain whether this change be owing to a rise in the value of those goods, or to a fall in the value of silver, is only to establish a vain and useless distinction, which can be of no sort of service to the man who has only a certain quantity of silver to go to market with, or a certain fixed revenue in money. I certainly do not pretend that the knowledge of this distinction will enable him to buy cheaper. It may not, however, upon that account be altogether useless.

It may be of some use to the public, by affording an easy proof of the prosperous condition of the country. If the rise in the price of some sorts of provisions be owing altogether to a fall in the value of silver, it is owing to a circumstance, from which nothing can be inferred but the fertility of the American mines. The real wealth of the country, the annual produce of its land and labour, may, notwithstanding this circumstance, be either gradually declining, as in Portugal and Poland; or gradually advancing, as in most other parts of Europe. But if this rise in the price of some sorts of provisions be owing to a rise in the real value of the land which produces them, to its increased fertility, or, in consequence of more extended improvement and good cultivation, to its having been rendered fit for producing corn; it is

owing to a circumstance which indicates, in the clearest manner, the prosperous and advancing state of the country. The land constitutes by far the greatest, the most important, and the most durable part of the wealth of every extensive country. It may surely be of some use, or, at least, it may give some satisfaction to the public, to have so decisive a proof of the increasing value of by far the greatest, the most important, and the most durable part of its wealth.

It may, too, be of some use to the public, in regulating the pecuniary reward of some of its inferior servants. If this rise in the price of some sorts of provisions be owing to a fall in the value of silver, their pecuniary reward, provided it was not too large before, ought certainly to be augmented in proportion to the extent of this fall. If it is not augmented, their real recompence will evidently be so much diminished. But if this rise of price is owing to the increased value, in consequence of the improved fertility of the land which produces such provisions, it becomes a much nicer matter to judge, either in what proportion any pecuniary reward ought to be augmented, or whether it ought to be augmented at all. The extension of improvement and cultivation, as it necessarily raises more or less, in proportion to the price of corn, that of every sort of animal food, so it as necessarily lowers that of, I believe, every sort of vegetable food. It raises the price of animal food; because a great part of the land which produces it, being rendered fit for producing corn, must afford to the landlord and farmer the rent and profit of corn land. It lowers the price of vegetable food; because, by increasing the fertility of the land, it increases its abundance. The improvements of agriculture, too, introduce many sorts of vegetable food, which requiring less land, and not more labour than corn, come much cheaper to market. Such are potatoes and maize, or what is called Indian corn, the two most important improvements which the agriculture of Europe, perhaps, which Europe itself, has received from the great extension of its commerce and navigation. Many sorts of vegetable food, besides, which in the rude state of agriculture are confined to the kitchen-garden, and raised only by the spade, come, in its improved state, to be introduced into common fields, and to be raised by the plough; such as turnips, carrots, cabbages, etc. If, in the progress of improvement, therefore, the real price of one species of food necessarily rises, that of another as necessarily falls; and it becomes a matter of more nicety to judge how far the rise in the one may be compensated by the fall in the other. When the real price of

butcher's meat has once got to its height (which, with regard to every sort, except perhaps that of hogs flesh, it seems to have done through a great part of England more than a century ago), any rise which can afterwards happen in that of any other sort of animal food, cannot much affect the circumstances of the inferior ranks of people. The circumstances of the poor, through a great part of England, cannot surely be so much distressed by any rise in the price of poultry, fish, wild-fowl, or venison, as they must be relieved by the fall in that of potatoes.

In the present season of scarcity, the high price of corn no doubt distresses the poor. But in times of moderate plenty, when corn is at its ordinary or average price, the natural rise in the price of any other sort of rude produce cannot much affect them. They suffer more, perhaps, by the artificial rise which has been occasioned by taxes in the price of some manufactured commodities, as of salt, soap, leather, candles, malt, beer, ale, etc.

Effects of the Progress of Improvement upon the real Price of Manufactures.

It is the natural effect of improvement, however, to diminish gradually the real price of almost all manufactures. That of the manufacturing workmanship diminishes, perhaps, in all of them without exception. In consequence of better machinery, of greater dexterity, and of a more proper division and distribution of work, all of which are the natural effects of improvement, a much smaller quantity of labour becomes requisite for executing any particular piece of work; and though, in consequence of the flourishing circumstances of the society, the real price of labour should rise very considerably, yet the great diminution of the quantity will generally much more than compensate the greatest rise which can happen in the price.

There are, indeed, a few manufactures, in which the necessary rise in the real price of the rude materials will more than compensate all the advantages which improvement can introduce into the execution of the work in carpenters' and joiners' work, and in the coarser sort of cabinet work, the necessary rise in the real price of barren timber, in consequence of the improvement of land, will more than compensate all the advantages which can be derived from the best machinery, the greatest dexterity, and the most proper division and distribution of work.

But in all cases in which the real price of the rude material either does not rise at all, or does not rise very much, that of the manufactured commodity sinks very considerably.

This diminution of price has, in the course of the present and preceding century, been most remarkable in those manufactures of which the materials are the coarser metals. A better movement of a watch, than about the middle of the last century could have been bought for twenty pounds, may now perhaps be had for twenty shillings. In the work of cutlers and locksmiths, in all the toys which are made of the coarser metals, and in all those goods which are commonly known by the name of Birmingham and Sheffield ware, there has been, during the same period, a very great reduction of price, though not altogether so great as in watch-work. It has, however, been sufficient to astonish the workmen of every other part of Europe, who in many cases acknowledge that they can produce no work of equal goodness for double or even for triple the price. There are perhaps no manufactures, in which the division of labour can be carried further, or in which the machinery employed admits of a greater variety of improvements, than those of which the materials are the coarser metals.

In the clothing manufacture there has, during the same period, been no such sensible reduction of price. The price of superfine cloth, I have been assured, on the contrary, has, within these five-and-twenty or thirty years, risen somewhat in proportion to its quality, owing, it was said, to a considerable rise in the price of the material, which consists altogether of Spanish wool. That of the Yorkshire cloth, which is made altogether of English wool, is said, indeed, during the course of the present century, to have fallen a good deal in proportion to its quality. Quality, however, is so very disputable a matter, that I look upon all information of this kind as somewhat uncertain. In the clothing manufacture, the division of labour is nearly the same now as it was a century ago, and the machinery employed is not very different. There may, however, have been some small improvements in both, which may have occasioned some reduction of price.

But the reduction will appear much more sensible and undeniable, if we compare the price of this manufacture in the present times with what it was in a much remoter period, towards the end of the fifteenth century, when the labour was probably much less subdivided, and the machinery employed much more imperfect, than it is at present.

In 1487, being the 4th of Henry VII., it was enacted, that “whosoever shall sell by retail a broad yard of the finest scarlet grained, or of other grained cloth of the finest making, above sixteen shillings, shall forfeit forty shillings for every yard so sold.” Sixteen shillings, therefore, containing about the same quantity of silver as four-and-twenty shillings of our present money, was, at that time, reckoned not an unreasonable price for a yard of the finest cloth; and as this is a sumptuary law, such cloth, it is probable, had usually been sold somewhat dearer. A guinea may be reckoned the highest price in the present times. Even though the quality of the cloths, therefore, should be supposed equal, and that of the present times is most probably much superior, yet, even upon this supposition, the money price of the finest cloth appears to have been considerably reduced since the end of the fifteenth century. But its real price has been much more reduced. Six shillings and eightpence was then, and long afterwards, reckoned the average price of a quarter of wheat. Sixteen shillings, therefore, was the price of two quarters and more than three bushels of wheat. Valuing a quarter of wheat in the present times at eight-and-twenty shillings, the real price of a yard of fine cloth must, in those times, have been equal to at least three pounds six shillings and sixpence of our present money. The man who bought it must have parted with the command of a quantity of labour and subsistence equal to what that sum would purchase in the present times.

The reduction in the real price of the coarse manufacture, though considerable, has not been so great as in that of the fine.

In 1463, being the 3rd of Edward IV. it was enacted, that “no servant in husbandry nor common labourer, nor servant to any artificer inhabiting out of a city or burgh, shall use or wear in their clothing any cloth above two shillings the broad yard.” In the 3rd of Edward IV., two shillings contained very nearly the same quantity of silver as four of our present money. But the Yorkshire cloth which is now sold at four shillings the yard, is probably much superior to any that was then made for the wearing of the very poorest order of common servants. Even the money price of their clothing, therefore, may, in proportion to the quality, be somewhat cheaper in the present than it was in those ancient times. The real price is certainly a good deal cheaper. Tenpence was then reckoned what is called the moderate and reasonable price of a bushel of wheat. Two shillings, therefore, was the price of two bushels and near two pecks of wheat, which in the present times, at three shillings and sixpence the bushel, would be worth eight

shillings and ninepence. For a yard of this cloth the poor servant must have parted with the power of purchasing a quantity of subsistence equal to what eight shillings and ninepence would purchase in the present times. This is a sumptuary law, too, restraining the luxury and extravagance of the poor. Their clothing, therefore, had commonly been much more expensive.

The same order of people are, by the same law, prohibited from wearing hose, of which the price should exceed fourteen-pence the pair, equal to about eight-and-twenty pence of our present money. But fourteen-pence was in those times the price of a bushel and near two pecks of wheat; which in the present times, at three and sixpence the bushel, would cost five shillings and threepence. We should in the present times consider this as a very high price for a pair of stockings to a servant of the poorest and lowest order. He must however, in those times, have paid what was really equivalent to this price for them.

In the time of Edward IV. the art of knitting stockings was probably not known in any part of Europe. Their hose were made of common cloth, which may have been one of the causes of their dearness. The first person that wore stockings in England is said to have been Queen Elizabeth. She received them as a present from the Spanish ambassador.

Both in the coarse and in the fine woollen manufacture, the machinery employed was much more imperfect in those ancient, than it is in the present times. It has since received three very capital improvements, besides, probably, many smaller ones, of which it may be difficult to ascertain either the number or the importance. The three capital improvements are, first, the exchange of the rock and spindle for the spinning-wheel, which, with the same quantity of labour, will perform more than double the quantity of work. Secondly, the use of several very ingenious machines, which facilitate and abridge, in a still greater proportion, the winding of the worsted and woollen yarn, or the proper arrangement of the warp and woof before they are put into the loom; an operation which, previous to the invention of those machines, must have been extremely tedious and troublesome. Thirdly, the employment of the fulling-mill for thickening the cloth, instead of treading it in water. Neither wind nor water mills of any kind were known in England so early as the beginning of the sixteenth century, nor, so far as I know, in any other part of Europe north of the Alps. They had been introduced into Italy some time before.

The consideration of these circumstances may, perhaps, in some measure, explain to us why the real price both of the coarse and of the fine manufacture was so much higher in those ancient than it is in the present times. It cost a greater quantity of labour to bring the goods to market. When they were brought thither, therefore, they must have purchased, or exchanged for the price of, a greater quantity.

The coarse manufacture probably was, in those ancient times, carried on in England in the same manner as it always has been in countries where arts and manufactures are in their infancy. It was probably a household manufacture, in which every different part of the work was occasionally performed by all the different members of almost every private family, but so as to be their work only when they had nothing else to do, and not to be the principal business from which any of them derived the greater part of their subsistence. The work which is performed in this manner, it has already been observed, comes always much cheaper to market than that which is the principal or sole fund of the workman's subsistence. The fine manufacture, on the other hand, was not, in those times, carried on in England, but in the rich and commercial country of Flanders; and it was probably conducted then, in the same manner as now, by people who derived the whole, or the principal part of their subsistence from it. It was, besides, a foreign manufacture, and must have paid some duty, the ancient custom of tonnage and poundage at least, to the king. This duty, indeed, would not probably be very great. It was not then the policy of Europe to restrain, by high duties, the importation of foreign manufactures, but rather to encourage it, in order that merchants might be enabled to supply, at as easy a rate as possible, the great men with the conveniencies and luxuries which they wanted, and which the industry of their own country could not afford them.

The consideration of these circumstances may, perhaps, in some measure explain to us why, in those ancient times, the real price of the coarse manufacture was, in proportion to that of the fine, so much lower than in the present times.

Conclusion of the Chapter.

I shall conclude this very long chapter with observing, that every improvement in the circumstances of the society tends, either directly or indirectly, to raise the real rent of land to increase the real wealth of the

landlord, his power of purchasing the labour, or the produce of the labour of other people.

The extension of improvement and cultivation tends to raise it directly. The landlord's share of the produce necessarily increases with the increase of the produce.

That rise in the real price of those parts of the rude produce of land, which is first the effect of the extended improvement and cultivation, and afterwards the cause of their being still further extended, the rise in the price of cattle, for example, tends, too, to raise the rent of land directly, and in a still greater proportion. The real value of the landlord's share, his real command of the labour of other people, not only rises with the real value of the produce, but the proportion of his share to the whole produce rises with it.

That produce, after the rise in its real price, requires no more labour to collect it than before. A smaller proportion of it will, therefore, be sufficient to replace, with the ordinary profit, the stock which employs that labour. A greater proportion of it must consequently belong to the landlord.

All those improvements in the productive powers of labour, which tend directly to reduce the rent price of manufactures, tend indirectly to raise the real rent of land. The landlord exchanges that part of his rude produce, which is over and above his own consumption, or, what comes to the same thing, the price of that part of it, for manufactured produce. Whatever reduces the real price of the latter, raises that of the former. An equal quantity of the former becomes thereby equivalent to a greater quantity of the latter; and the landlord is enabled to purchase a greater quantity of the conveniencies, ornaments, or luxuries which he has occasion for.

Every increase in the real wealth of the society, every increase in the quantity of useful labour employed within it, tends indirectly to raise the real rent of land. A certain proportion of this labour naturally goes to the land. A greater number of men and cattle are employed in its cultivation, the produce increases with the increase of the stock which is thus employed in raising it, and the rent increases with the produce.

The contrary circumstances, the neglect of cultivation and improvement, the fall in the real price of any part of the rude produce of land, the rise in the real price of manufactures from the decay of manufacturing art and industry, the declension of the real wealth of the society, all tend, on the

other hand, to lower the real rent of land, to reduce the real wealth of the landlord, to diminish his power of purchasing either the labour, or the produce of the labour, of other people.

The whole annual produce of the land and labour of every country, or, what comes to the same thing, the whole price of that annual produce, naturally divides itself, it has already been observed, into three parts; the rent of land, the wages of labour, and the profits of stock; and constitutes a revenue to three different orders of people; to those who live by rent, to those who live by wages, and to those who live by profit. These are the three great, original, and constituent, orders of every civilized society, from whose revenue that of every other order is ultimately derived.

The interest of the first of those three great orders, it appears from what has been just now said, is strictly and inseparably connected with the general interest of the society. Whatever either promotes or obstructs the one, necessarily promotes or obstructs the other. When the public deliberates concerning any regulation of commerce or police, the proprietors of land never can mislead it, with a view to promote the interest of their own particular order; at least, if they have any tolerable knowledge of that interest. They are, indeed, too often defective in this tolerable knowledge. They are the only one of the three orders whose revenue costs them neither labour nor care, but comes to them, as it were, of its own accord, and independent of any plan or project of their own. That indolence which is the natural effect of the ease and security of their situation, renders them too often, not only ignorant, but incapable of that application of mind, which is necessary in order to foresee and understand the consequence of any public regulation.

The interest of the second order, that of those who live by wages, is as strictly connected with the interest of the society as that of the first. The wages of the labourer, it has already been shewn, are never so high as when the demand for labour is continually rising, or when the quantity employed is every year increasing considerably. When this real wealth of the society becomes stationary, his wages are soon reduced to what is barely enough to enable him to bring up a family, or to continue the race of labourers. When the society declines, they fall even below this. The order of proprietors may perhaps gain more by the prosperity of the society than that of labourers; but there is no order that suffers so cruelly from its decline. But though the interest of the labourer is strictly connected with that of the society, he is

incapable either of comprehending that interest, or of understanding its connexion with his own. His condition leaves him no time to receive the necessary information, and his education and habits are commonly such as to render him unfit to judge, even though he was fully informed. In the public deliberations, therefore, his voice is little heard, and less regarded; except upon particular occasions, when his clamour is animated, set on, and supported by his employers, not for his, but their own particular purposes.

His employers constitute the third order, that of those who live by profit. It is the stock that is employed for the sake of profit, which puts into motion the greater part of the useful labour of every society. The plans and projects of the employers of stock regulate and direct all the most important operation of labour, and profit is the end proposed by all those plans and projects. But the rate of profit does not, like rent and wages, rise with the prosperity, and fall with the declension of the society. On the contrary, it is naturally low in rich, and high in poor countries, and it is always highest in the countries which are going fastest to ruin. The interest of this third order, therefore, has not the same connexion with the general interest of the society, as that of the other two. Merchants and master manufacturers are, in this order, the two classes of people who commonly employ the largest capitals, and who by their wealth draw to themselves the greatest share of the public consideration. As during their whole lives they are engaged in plans and projects, they have frequently more acuteness of understanding than the greater part of country gentlemen. As their thoughts, however, are commonly exercised rather about the interest of their own particular branch of business. than about that of the society, their judgment, even when given with the greatest candour (which it has not been upon every occasion), is much more to be depended upon with regard to the former of those two objects, than with regard to the latter. Their superiority over the country gentleman is, not so much in their knowledge of the public interest, as in their having a better knowledge of their own interest than he has of his. It is by this superior knowledge of their own interest that they have frequently imposed upon his generosity, and persuaded him to give up both his own interest and that of the public, from a very simple but honest conviction, that their interest, and not his, was the interest of the public. The interest of the dealers, however, in any particular branch of trade or manufactures, is always in some respects different from, and even opposite to, that of the public. To widen the market, and to narrow the competition, is always the

interest of the dealers. To widen the market may frequently be agreeable enough to the interest of the public; but to narrow the competition must always be against it, and can only serve to enable the dealers, by raising their profits above what they naturally would be, to levy, for their own benefit, an absurd tax upon the rest of their fellow-citizens. The proposal of any new law or regulation of commerce which comes from this order, ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it.

PRICES OF WHEAT

Year Prices/Quarter Average of different Average prices of
in each year prices in one year each year in money
of 1776

	£	s	d	£	s	d	£	s	d
1202	0	12	0				1	16	0
1205	0	12	0						
	0	13	4	0	13	5	2	0	3
	0	15	0						
1223	0	12	0				1	16	0
1237	0	3	4				0	10	0
1243	0	2	0				0	6	0
1244	0	2	0				0	6	0
1246	0	16	0				2	8	0
1247	0	13	5				2	0	0
1257	1	4	0				3	12	0
1258	1	0	0						
	0	15	0	0	17	0	2	11	0
	0	16	0						
1270	4	16	0						
	6	8	0	5	12	0	16	16	0
1286	0	2	8						

0 16 0 0 9 4 1 8 0

Total 35 9 3

Average 2 19 1¼

1287 0 3 4 0 10 0

1288 0 0 8

0 1 0

0 1 4

0 1 6

0 1 8 0 3 0¼ 0 9 1¾

0 2 0

0 3 4

0 9 4

1289 0 12 0

0 6 0

0 2 0 0 10 1½ 1 10 4½

0 10 8

1 0 0

1290 0 16 0 2 8 0

1294 0 16 0 2 8 0

1302 0 4 0 0 12 0

1309 0 7 2 1 1 6

1315 1 0 0 3 0 0

1316 1 0 0

1 10 0 1 10 6 4 11 6

1 12 0

2 0 0

1317 2 4 0

0 14 0

2 13 0 1 19 6 5 18 6

4 0 0

0 6 8

1336 0 2 0 0 6 0

1338 0 3 4 0 10 0

Total 23 4 11¼

Average 1 18 8

1339	0 9 0		1 7 0
1349	0 2 0		0 5 2
1359	1 6 8		3 2 2
1361	0 2 0		0 4 8
1363	0 15 0		1 15 0
1369	1 0 0		
	1 4 0	1 2 0	2 9 4
1379	0 4 0		0 9 4
1387	0 2 0		0 4 8
1390	0 13 4		
	0 14 0	0 14 5	1 13 7
	0 16 0		
1401	0 16 0		1 17 6
1407	0 4 4 $\frac{3}{4}$		
	0 3 4	0 3 10	0 8 10
1416	0 16 0		1 12 0

Total 15 9 4
Average 1 5 9 $\frac{1}{2}$

1423	0 8 0		0
1425	0 4 0		0
1434	1 6 8		4
1435	0 5 4		8
1439	1 0 0		
	1 6 8	1 3 4	2 6 8
1440	1 4 0		2 8 0
1444	0 4 4	0 4 2	0 4 8
	0 4 0		
1445	0 4 6		0 9 0
1447	0 8 0		0 16 0
1448	0 6 8		0 13 4
1449	0 5 0		0 10 0
1451	0 8 0		0 16 0

Total 12 15 4
Average 1 1 3 $\frac{1}{3}$

1453	0 5 4		0 10 8
1455	0 1 2		0 2 4
1457	0 7 8		1 15 4
1459	0 5 0		0 10 0
1460	0 8 0		0 16 0
1463	0 2 0	0 1 10	0 3 8
	0 1 8		
1464	0 6 8		0 10 0
1486	1 4 0		1 17 0
1491	0 14 8		1 2 0
1494	0 4 0		0 6 0
1495	0 3 4		0 5 0
1497	1 0 0		1 11 0
		Total	8 9 0
		Average	0 14 1

1499	0 4 0		0 6 0
1504	0 5 8		0 8 6
1521	1 0 0		1 10 0
1551	0 8 0		0 8 0
1553	0 8 0		0 8 0
1554	0 8 0		0 8 0
1555	0 8 0		0 8 0
1556	0 8 0		0 8 0
1557	0 8 0		
	0 4 0	0 17 8½	0 17 8½
	0 5 0		
	2 13 4		
1558	0 8 0		0 8 0
1559	0 8 0		0 8 0
1560	0 8 0		0 8 0
		Total	6 0 2½
		Average	0 10 0½

1561	0 8 0		0 8 0
1562	0 8 0		0 8 0

1574	2 16 0		
	1 4 0	2 0 0	2 0 0
1587	3 4 0		3 4 0
1594	2 16 0		2 16 0
1595	2 13 0		2 13 0
1596	4 0 0		4 0 0
1597	5 4 0		
	4 0 0	4 12 0	4 12 0
1598	2 16 8		2 16 8
1599	1 19 2		1 19 8
1600	1 17 8		1 17 8
1601	1 14 10		1 14 10

Total 28 9 4

Average 2 7 5½

PRICES OF THE QUARTER OF NINE BUSHELS OF THE BEST OR HIGHEST PRICED WHEAT AT WINDSOR MARKET, ON LADY DAY AND MICHAELMAS, FROM 1595 TO 1764 BOTH INCLUSIVE; THE PRICE OF EACH YEAR BEING THE MEDIUM BETWEEN THE HIGHEST PRICES OF THESE TWO MARKET DAYS.

£ s d

1595	2	0	0
1596	2	8	0
1597	3	9	6
1598	2	16	8
1599	1	19	2
1600	1	17	8
1601	1	14	10
1602	1	9	4
1603	1	15	4
1604	1	10	8
1605	1	15	10
1606	1	13	0
1607	1	16	8
1608	2	16	8
1609	2	10	0
1610	1	15	10
1611	1	18	8
1612	2	2	4
1613	2	8	8
1614	2	1	8½
1615	1	18	8
1616	2	0	4
1617	2	8	8
1618	2	6	8
1619	1	15	4
1620	1	10	4
26)54	0	6½	
Average	2	1	6¾
1621	1	10	4
1622	2	18	8
1623	2	12	0
1624	2	8	0
1625	2	12	0
1626	2	9	4

1627 1 16 0
1628 1 8 0
1629 2 2 0
1630 2 15 8
1631 3 8 0
1632 2 13 4
1633 2 18 0
1634 2 16 0
1635 2 16 0
1636 2 16 8
16)40 0 0
Average 2 10 0

1637 2 13 0
1638 2 17 4
1639 2 4 10
1640 2 4 8
1641 2 8 0
1646 2 8 0
1647 3 13 0
1648 4 5 0
1649 4 0 0
1650 3 16 8
1651 3 13 4
1652 2 9 6
1653 1 15 6
1654 1 6 0
1655 1 13 4
1656 2 3 0
1657 2 6 8
1658 3 5 0
1659 3 6 0
1660 2 16 6
1661 3 10 0
1662 3 14 0
1663 2 17 0

1664	2	0	6
1665	2	9	4
1666	1	16	0
1667	1	16	0
1668	2	0	0
1669	2	4	4
1670	2	1	8
1671	2	2	0
1672	2	1	0
1673	2	6	8
1674	3	8	8
1675	3	4	8
1676	1	18	0
1677	2	2	0
1678	2	19	0
1679	3	0	0
1680	2	5	0
1681	2	6	8
1682	2	4	0
1683	2	0	0
1684	2	4	0
1685	2	6	8
1686	1	14	0
1687	1	5	2
1688	2	6	0
1689	1	10	0
1690	1	14	8
1691	1	14	0
1692	2	6	8
1693	3	7	8
1694	3	4	0
1695	2	13	0
1696	3	11	0
1697	3	0	0
1698	3	8	4
1699	3	4	0

1700 2 0 0
60) 153 1 8
Average 2 11 0^{1/3}

1701 1 17 8
1702 1 9 6
1703 1 16 0
1704 2 6 6
1705 1 10 0
1706 1 6 0
1707 1 8 6
1708 2 1 6
1709 3 18 6
1710 3 18 0
1711 2 14 0
1712 2 6 4
1713 2 11 0
1714 2 10 4
1715 2 3 0
1716 2 8 0
1717 2 5 8
1718 1 18 10
1719 1 15 0
1720 1 17 0
1721 1 17 6
1722 1 16 0
1723 1 14 8
1724 1 17 0
1725 2 8 6
1726 2 6 0
1727 2 2 0
1728 2 14 6
1729 2 6 10
1730 1 16 6
1731 1 12 10
1732 1 6 8

1 12 10

1 6 8

1733	1 8 4	1 8 4
1734	1 18 10	1 18 10
1735	2 3 0	2 3 0
1736	2 0 4	2 0 4
1737	1 18 0	1 18 0
1738	1 15 6	1 15 6
1739	1 18 6	1 18 6
1740	2 10 8	2 10 8

10) 18 12 8

1 17 3½

1741	2 6 8	2 6 8
1742	1 14 0	1 14 0
1743	1 4 10	1 4 10
1744	1 4 10	1 4 10
1745	1 7 6	1 7 6
1746	1 19 0	1 19 0
1747	1 14 10	1 14 10
1748	1 17 0	1 17 0
1749	1 17 0	1 17 0
1750	1 12 6	1 12 6

10) 16 18 2

1 13 9¼

1751	1 18 6
1752	2 1 10
1753	2 4 8
1754	1 13 8
1755	1 14 10
1756	2 5 3
1757	3 0 0
1758	2 10 0
1759	1 19 10
1760	1 16 6
1761	1 10 3
1762	1 19 0

1763 2 0 9

1764 2 6 9

64) 129 13 6

Average 2 0 $6\frac{3}{4}$

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BOOK II.

OF THE NATURE, ACCUMULATION, AND EMPLOYMENT OF STOCK.

INTRODUCTION.

In that rude state of society, in which there is no division of labour, in which exchanges are seldom made, and in which every man provides every thing for himself, it is not necessary that any stock should be accumulated, or stored up before-hand, in order to carry on the business of the society. Every man endeavours to supply, by his own industry, his own occasional wants, as they occur. When he is hungry, he goes to the forest to hunt; when his coat is worn out, he clothes himself with the skin of the first large animal he kills: and when his hut begins to go to ruin, he repairs it, as well as he can, with the trees and the turf that are nearest it.

But when the division of labour has once been thoroughly introduced, the produce of a man's own labour can supply but a very small part of his occasional wants. The far greater part of them are supplied by the produce of other men's labour, which he purchases with the produce, or, what is the same thing, with the price of the produce, of his own. But this purchase cannot be made till such time as the produce of his own labour has not only been completed, but sold. A stock of goods of different kinds, therefore, must be stored up somewhere, sufficient to maintain him, and to supply him with the materials and tools of his work, till such time at least as both these events can be brought about. A weaver cannot apply himself entirely to his peculiar business, unless there is before-hand stored up somewhere, either in his own possession, or in that of some other person, a stock sufficient to maintain him, and to supply him with the materials and tools of his work, till he has not only completed, but sold his web. This accumulation must evidently be previous to his applying his industry for so long a time to such a peculiar business.

As the accumulation of stock must, in the nature of things, be previous to the division of labour, so labour can be more and more subdivided in proportion only as stock is previously more and more accumulated. The

quantity of materials which the same number of people can work up, increases in a great proportion as labour comes to be more and more subdivided; and as the operations of each workman are gradually reduced to a greater degree of simplicity, a variety of new machines come to be invented for facilitating and abridging those operations. As the division of labour advances, therefore, in order to give constant employment to an equal number of workmen, an equal stock of provisions, and a greater stock of materials and tools than what would have been necessary in a ruder state of things, must be accumulated before-hand. But the number of workmen in every branch of business generally increases with the division of labour in that branch; or rather it is the increase of their number which enables them to class and subdivide themselves in this manner.

As the accumulation of stock is previously necessary for carrying on this great improvement in the productive powers of labour, so that accumulation naturally leads to this improvement. The person who employs his stock in maintaining labour, necessarily wishes to employ it in such a manner as to produce as great a quantity of work as possible. He endeavours, therefore, both to make among his workmen the most proper distribution of employment, and to furnish them with the best machines which he can either invent or afford to purchase. His abilities, in both these respects, are generally in proportion to the extent of his stock, or to the number of people whom it can employ. The quantity of industry, therefore, not only increases in every country with the increase of the stock which employs it, but, in consequence of that increase, the same quantity of industry produces a much greater quantity of work.

Such are in general the effects of the increase of stock upon industry and its productive powers.

In the following book, I have endeavoured to explain the nature of stock, the effects of its accumulation into capital of different kinds, and the effects of the different employments of those capitals. This book is divided into five chapters. In the first chapter, I have endeavoured to shew what are the different parts or branches into which the stock, either of an individual, or of a great society, naturally divides itself. In the second, I have endeavoured to explain the nature and operation of money, considered as a particular branch of the general stock of the society. The stock which is accumulated into a capital, may either be employed by the person to whom it belongs, or it may be lent to some other person. In the third and fourth chapters, I have

endeavoured to examine the manner in which it operates in both these situations. The fifth and last chapter treats of the different effects which the different employments of capital immediately produce upon the quantity, both of national industry, and of the annual produce of land and labour.

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CHAPTER I.

OF THE DIVISION OF STOCK.

When the stock which a man possesses is no more than sufficient to maintain him for a few days or a few weeks, he seldom thinks of deriving any revenue from it. He consumes it as sparingly as he can, and endeavours, by his labour, to acquire something which may supply its place before it be consumed altogether. His revenue is, in this case, derived from his labour only. This is the state of the greater part of the labouring poor in all countries.

But when he possesses stock sufficient to maintain him for months or years, he naturally endeavours to derive a revenue from the greater part of it, reserving only so much for his immediate consumption as may maintain him till this revenue begins to come in. His whole stock, therefore, is distinguished into two parts. That part which he expects is to afford him this revenue is called his capital. The other is that which supplies his immediate consumption, and which consists either, first, in that portion of his whole stock which was originally reserved for this purpose; or, secondly, in his revenue, from whatever source derived, as it gradually comes in; or, thirdly, in such things as had been purchased by either of these in former years, and which are not yet entirely consumed, such as a stock of clothes, household furniture, and the like. In one or other, or all of these three articles, consists the stock which men commonly reserve for their own immediate consumption.

There are two different ways in which a capital may be employed so as to yield a revenue or profit to its employer.

First, it maybe employed in raising, manufacturing, or purchasing goods, and selling them again with a profit. The capital employed in this manner yields no revenue or profit to its employer, while it either remains in his possession, or continues in the same shape. The goods of the merchant yield him no revenue or profit till he sells them for money, and the money yields him as little till it is again exchanged for goods. His capital is continually going from him in one shape, and returning to him in another; and it is only by means of such circulation, or successive changes, that it can yield him

any profit. Such capitals, therefore, may very properly be called circulating capitals.

Secondly, it may be employed in the improvement of land, in the purchase of useful machines and instruments of trade, or in such like things as yield a revenue or profit without changing masters, or circulating any further. Such capitals, therefore, may very properly be called fixed capitals.

Different occupations require very different proportions between the fixed and circulating capitals employed in them.

The capital of a merchant, for example, is altogether a circulating capital. He has occasion for no machines or instruments of trade, unless his shop or warehouse be considered as such.

Some part of the capital of every master artificer or manufacturer must be fixed in the instruments of his trade. This part, however, is very small in some, and very great in others, A master tailor requires no other instruments of trade but a parcel of needles. Those of the master shoemaker are a little, though but a very little, more expensive. Those of the weaver rise a good deal above those of the shoemaker. The far greater part of the capital of all such master artificers, however, is circulated either in the wages of their workmen, or in the price of their materials, and repaid, with a profit, by the price of the work.

In other works a much greater fixed capital is required. In a great iron-work, for example, the furnace for melting the ore, the forge, the slit-mill, are instruments of trade which cannot be erected without a very great expense. In coal works, and mines of every kind, the machinery necessary, both for drawing out the water, and for other purposes, is frequently still more expensive.

That part of the capital of the farmer which is employed in the instruments of agriculture is a fixed, that which is employed in the wages and maintenance of his labouring servants is a circulating capital. He makes a profit of the one by keeping it in his own possession, and of the other by parting with it. The price or value of his labouring cattle is a fixed capital, in the same manner as that of the instruments of husbandry; their maintenance is a circulating capital, in the same manner as that of the labouring servants. The farmer makes his profit by keeping the labouring cattle, and by parting with their maintenance. Both the price and the maintenance of the cattle which are bought in and fattened, not for labour,

but for sale, are a circulating capital. The farmer makes his profit by parting with them. A flock of sheep or a herd of cattle, that, in a breeding country, is brought in neither for labour nor for sale, but in order to make a profit by their wool, by their milk, and by their increase, is a fixed capital. The profit is made by keeping them. Their maintenance is a circulating capital. The profit is made by parting with it; and it comes back with both its own profit and the profit upon the whole price of the cattle, in the price of the wool, the milk, and the increase. The whole value of the seed, too, is properly a fixed capital. Though it goes backwards and forwards between the ground and the granary, it never changes masters, and therefore does not properly circulate. The farmer makes his profit, not by its sale, but by its increase.

The general stock of any country or society is the same with that of all its inhabitants or members; and, therefore, naturally divides itself into the same three portions, each of which has a distinct function or office.

The first is that portion which is reserved for immediate consumption, and of which the characteristic is, that it affords no revenue or profit. It consists in the stock of food, clothes, household furniture, etc. which have been purchased by their proper consumers, but which are not yet entirely consumed. The whole stock of mere dwelling-houses, too, subsisting at anyone time in the country, make a part of this first portion. The stock that is laid out in a house, if it is to be the dwelling-house of the proprietor, ceases from that moment to serve in the function of a capital, or to afford any revenue to its owner. A dwelling-house, as such, contributes nothing to the revenue of its inhabitant; and though it is, no doubt, extremely useful to him, it is as his clothes and household furniture are useful to him, which, however, make a part of his expense, and not of his revenue. If it is to be let to a tenant for rent, as the house itself can produce nothing, the tenant must always pay the rent out of some other revenue, which he derives, either from labour, or stock, or land. Though a house, therefore, may yield a revenue to its proprietor, and thereby serve in the function of a capital to him, it cannot yield any to the public, nor serve in the function of a capital to it, and the revenue of the whole body of the people can never be in the smallest degree increased by it. Clothes and household furniture, in the same manner, sometimes yield a revenue, and thereby serve in the function of a capital to particular persons. In countries where masquerades are common, it is a trade to let out masquerade dresses for a night. Upholsterers frequently let furniture by the month or by the year. Undertakers let the

furniture of funerals by the day and by the week. Many people let furnished houses, and get a rent, not only for the use of the house, but for that of the furniture. The revenue, however, which is derived from such things, must always be ultimately drawn from some other source of revenue. Of all parts of the stock, either of an individual or of a society, reserved for immediate consumption, what is laid out in houses is most slowly consumed. A stock of clothes may last several years; a stock of furniture half a century or a century; but a stock of houses, well built and properly taken care of, may last many centuries. Though the period of their total consumption, however, is more distant, they are still as really a stock reserved for immediate consumption as either clothes or household furniture.

The second of the three portions into which the general stock of the society divides itself, is the fixed capital; of which the characteristic is, that it affords a revenue or profit without circulating or changing masters. It consists chiefly of the four following articles.

First, of all useful machines and instruments of trade, which facilitate and abridge labour.

Secondly, of all those profitable buildings which are the means of procuring a revenue, not only to the proprietor who lets them for a rent, but to the person who possesses them, and pays that rent for them; such as shops, warehouses, work-houses, farm-houses, with all their necessary buildings, stables, granaries, etc. These are very different from mere dwelling-houses. They are a sort of instruments of trade, and may be considered in the same light.

Thirdly, of the improvements of land, of what has been profitably laid out in clearing, draining, inclosing, manuring, and reducing it into the condition most proper for tillage and culture. An improved farm may very justly be regarded in the same light as those useful machines which facilitate and abridge labour, and by means of which an equal circulating capital can afford a much greater revenue to its employer. An improved farm is equally advantageous and more durable than any of those machines, frequently requiring no other repairs than the most profitable application of the farmer's capital employed in cultivating it.

Fourthly, of the acquired and useful abilities of all the inhabitants and members of the society. The acquisition of such talents, by the maintenance of the acquirer during his education, study, or apprenticeship, always costs a

real expense, which is a capital fixed and realized, as it were, in his person. Those talents, as they make a part of his fortune, so do they likewise that of the society to which he belongs. The improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labour, and which, though it costs a certain expense, repays that expense with a profit.

The third and last of the three portions into which the general stock of the society naturally divides itself, is the circulating capital, of which the characteristic is, that it affords a revenue only by circulating or changing masters. It is composed likewise of four parts.

First, of the money, by means of which all the other three are circulated and distributed to their proper consumers.

Secondly, of the stock of provisions which are in the possession of the butcher, the grazier, the farmer, the corn-merchant, the brewer, etc. and from the sale of which they expect to derive a profit.

Thirdly, of the materials, whether altogether rude, or more or less manufactured, of clothes, furniture, and building which are not yet made up into any of those three shapes, but which remain in the hands of the growers, the manufacturers, the mercers, and drapers, the timber-merchants, the carpenters and joiners, the brick-makers, etc.

Fourthly, and lastly, of the work which is made up and completed, but which is still in the hands of the merchant and manufacturer, and not yet disposed of or distributed to the proper consumers; such as the finished work which we frequently find ready made in the shops of the smith, the cabinet-maker, the goldsmith, the jeweller, the china-merchant, etc. The circulating capital consists, in this manner, of the provisions, materials, and finished work of all kinds that are in the hands of their respective dealers, and of the money that is necessary for circulating and distributing them to those who are finally to use or to consume them.

Of these four parts, three—provisions, materials, and finished work, are either annually or in a longer or shorter period, regularly withdrawn from it, and placed either in the fixed capital, or in the stock reserved for immediate consumption.

Every fixed capital is both originally derived from, and requires to be continually supported by, a circulating capital. All useful machines and instruments of trade are originally derived from a circulating capital, which

furnishes the materials of which they are made, and the maintenance of the workmen who make them. They require, too, a capital of the same kind to keep them in constant repair.

No fixed capital can yield any revenue but by means of a circulating capital. The most useful machines and instruments of trade will produce nothing, without the circulating capital, which affords the materials they are employed upon, and the maintenance of the workmen who employ them. Land, however improved, will yield no revenue without a circulating capital, which maintains the labourers who cultivate and collect its produce.

To maintain and augment the stock which maybe reserved for immediate consumption, is the sole end and purpose both of the fixed and circulating capitals. It is this stock which feeds, clothes, and lodges the people. Their riches or poverty depend upon the abundant or sparing supplies which those two capitals can afford to the stock reserved for immediate consumption.

So great a part of the circulating capital being continually withdrawn from it, in order to be placed in the other two branches of the general stock of the society, it must in its turn require continual supplies without which it would soon cease to exist. These supplies are principally drawn from three sources; the produce of land, of mines, and of fisheries. These afford continual supplies of provisions and materials, of which part is afterwards wrought up into finished work and by which are replaced the provisions, materials, and finished work, continually withdrawn from the circulating capital. From mines, too, is drawn what is necessary for maintaining and augmenting that part of it which consists in money. For though, in the ordinary course of business, this part is not, like the other three, necessarily withdrawn from it, in order to be placed in the other two branches of the general stock of the society, it must, however, like all other things, be wasted and worn out at last, and sometimes, too, be either lost or sent abroad, and must, therefore, require continual, though no doubt much smaller supplies.

Lands, mines, and fisheries, require all both a fixed and circulating capital to cultivate them; and their produce replaces, with a profit not only those capitals, but all the others in the society. Thus the farmer annually replaces to the manufacturer the provisions which he had consumed, and the materials which he had wrought up the year before; and the manufacturer replaces to the farmer the finished work which he had wasted and worn out in the same time. This is the real exchange that is annually

made between those two orders of people, though it seldom happens that the rude produce of the one, and the manufactured produce of the other, are directly bartered for one another; because it seldom happens that the farmer sells his corn and his cattle, his flax and his wool, to the very same person of whom he chuses to purchase the clothes, furniture, and instruments of trade, which he wants. He sells, therefore, his rude produce for money, with which he can purchase, wherever it is to be had, the manufactured produce he has occasion for. Land even replaces, in part at least, the capitals with which fisheries and mines are cultivated. It is the produce of land which draws the fish from the waters; and it is the produce of the surface of the earth which extracts the minerals from its bowels.

The produce of land, mines, and fisheries, when their natural fertility is equal, is in proportion to the extent and proper application of the capitals employed about them. When the capitals are equal, and equally well applied, it is in proportion to their natural fertility.

In all countries where there is a tolerable security, every man of common understanding will endeavour to employ whatever stock he can command, in procuring either present enjoyment or future profit. If it is employed in procuring present enjoyment, it is a stock reserved for immediate consumption. If it is employed in procuring future profit, it must procure this profit either by staying with him, or by going from him. In the one case it is a fixed, in the other it is a circulating capital. A man must be perfectly crazy, who, where there is a tolerable security, does not employ all the stock which he commands, whether it be his own, or borrowed of other people, in some one or other of those three ways.

In those unfortunate countries, indeed, where men are continually afraid of the violence of their superiors, they frequently bury or conceal a great part of their stock, in order to have it always at hand to carry with them to some place of safety, in case of their being threatened with any of those disasters to which they consider themselves at all times exposed. This is said to be a common practice in Turkey, in Indostan, and, I believe, in most other governments of Asia. It seems to have been a common practice among our ancestors during the violence of the feudal government. Treasure-trove was, in these times, considered as no contemptible part of the revenue of the greatest sovereigns in Europe. It consisted in such treasure as was found concealed in the earth, and to which no particular person could prove any right. This was regarded, in those times, as so

important an object, that it was always considered as belonging to the sovereign, and neither to the finder nor to the proprietor of the land, unless the right to it had been conveyed to the latter by an express clause in his charter. It was put upon the same footing with gold and silver mines, which, without a special clause in the charter, were never supposed to be comprehended in the general grant of the lands, though mines of lead, copper, tin, and coal were, as things of smaller consequence.

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CHAPTER II.

**OF MONEY, CONSIDERED AS A
PARTICULAR BRANCH OF THE GENERAL
STOCK OF THE SOCIETY, OR OF THE
EXPENSE OF MAINTAINING THE NATIONAL
CAPITAL.**

It has been shown in the First Book, that the price of the greater part of commodities resolves itself into three parts, of which one pays the wages of the labour, another the profits of the stock, and a third the rent of the land which had been employed in producing and bringing them to market: that there are, indeed, some commodities of which the price is made up of two of those parts only, the wages of labour, and the profits of stock; and a very few in which it consists altogether in one, the wages of labour; but that the price of every commodity necessarily resolves itself into some one or other, or all, of those three parts; every part of it which goes neither to rent nor to wages, being necessarily profit to some body.

Since this is the case, it has been observed, with regard to every particular commodity, taken separately, it must be so with regard to all the commodities which compose the whole annual produce of the land and labour of every country, taken complexly. The whole price or exchangeable value of that annual produce must resolve itself into the same three parts, and be parcelled out among the different inhabitants of the country, either as the wages of their labour, the profits of their stock, or the rent of their land.

But though the whole value of the annual produce of the land and labour of every country, is thus divided among, and constitutes a revenue to, its different inhabitants; yet, as in the rent of a private estate, we distinguish between the gross rent and the neat rent, so may we likewise in the revenue of all the inhabitants of a great country.

The gross rent of a private estate comprehends whatever is paid by the farmer; the neat rent, what remains free to the landlord, after deducting the expense of management, of repairs, and all other necessary charges; or what, without hurting his estate, he can afford to place in his stock reserved for immediate consumption, or to spend upon his table, equipage, the ornaments of his house and furniture, his private enjoyments and amusements. His real wealth is in proportion, not to his gross, but to his neat rent.

The gross revenue of all the inhabitants of a great country comprehends the whole annual produce of their land and labour; the neat revenue, what remains free to them, after deducting the expense of maintaining first, their fixed, and, secondly, their circulating capital, or what, without encroaching upon their capital, they can place in their stock reserved for immediate consumption, or spend upon their subsistence, conveniencies, and amusements. Their real wealth, too, is in proportion, not to their gross, but to their neat revenue.

The whole expense of maintaining the fixed capital must evidently be excluded from the neat revenue of the society. Neither the materials necessary for supporting their useful machines and instruments of trade, their profitable buildings, etc. nor the produce of the labour necessary for fashioning those materials into the proper form, can ever make any part of it. The price of that labour may indeed make a part of it; as the workmen so employed may place the whole value of their wages in their stock reserved for immediate consumption. But in other sorts of labour, both the price and the produce go to this stock; the price to that of the workmen, the produce to that of other people, whose subsistence, conveniencies, and amusements, are augmented by the labour of those workmen.

The intention of the fixed capital is to increase the productive powers of labour, or to enable the same number of labourers to perform a much greater quantity of work. In a farm where all the necessary buildings, fences, drains, communications, etc. are in the most perfect good order, the same number of labourers and labouring cattle will raise a much greater produce, than in one of equal extent and equally good ground, but not furnished with equal conveniencies. In manufactures, the same number of hands, assisted with the best machinery, will work up a much greater quantity of goods than with more imperfect instruments of trade. The expense which is properly laid out upon a fixed capital of any kind, is

always repaid with great profit, and increases the annual produce by a much greater value than that of the support which such improvements require. This support, however, still requires a certain portion of that produce. A certain quantity of materials, and the labour of a certain number of workmen, both of which might have been immediately employed to augment the food, clothing, and lodging, the subsistence and conveniencies of the society, are thus diverted to another employment, highly advantageous indeed, but still different from this one. It is upon this account that all such improvements in mechanics, as enable the same number of workmen to perform an equal quantity of work with cheaper and simpler machinery than had been usual before, are always regarded as advantageous to every society. A certain quantity of materials, and the labour of a certain number of workmen, which had before been employed in supporting a more complex and expensive machinery, can afterwards be applied to augment the quantity of work which that or any other machinery is useful only for performing. The undertaker of some great manufactory, who employs a thousand a-year in the maintenance of his machinery, if he can reduce this expense to five hundred, will naturally employ the other five hundred in purchasing an additional quantity of materials, to be wrought up by an additional number of workmen. The quantity of that work, therefore, which his machinery was useful only for performing, will naturally be augmented, and with it all the advantage and conveniency which the society can derive from that work.

The expense of maintaining the fixed capital in a great country, may very properly be compared to that of repairs in a private estate. The expense of repairs may frequently be necessary for supporting the produce of the estate, and consequently both the gross and the neat rent of the landlord. When by a more proper direction, however, it can be diminished without occasioning any diminution of produce, the gross rent remains at least the same as before, and the neat rent is necessarily augmented.

But though the whole expense of maintaining the fixed capital is thus necessarily excluded from the neat revenue of the society, it is not the same case with that of maintaining the circulating capital. Of the four parts of which this latter capital is composed, money, provisions, materials, and finished work, the three last, it has already been observed, are regularly withdrawn from it, and placed either in the fixed capital of the society, or in their stock reserved for immediate consumption. Whatever portion of those

consumable goods is not employed in maintaining the former, goes all to the latter, and makes a part of the neat revenue of the society. The maintenance of those three parts of the circulating capital, therefore, withdraws no portion of the annual produce from the neat revenue of the society, besides what is necessary for maintaining the fixed capital.

The circulating capital of a society is in this respect different from that of an individual. That of an individual is totally excluded from making any part of his neat revenue, which must consist altogether in his profits. But though the circulating capital of every individual makes a part of that of the society to which he belongs, it is not upon that account totally excluded from making a part likewise of their neat revenue. Though the whole goods in a merchant's shop must by no means be placed in his own stock reserved for immediate consumption, they may in that of other people, who, from a revenue derived from other funds, may regularly replace their value to him, together with its profits, without occasioning any diminution either of his capital or of theirs.

Money, therefore, is the only part of the circulating capital of a society, of which the maintenance can occasion any diminution in their neat revenue.

The fixed capital, and that part of the circulating capital which consists in money, so far as they affect the revenue of the society, bear a very great resemblance to one another.

First, as those machines and instruments of trade, etc. require a certain expense, first to erect them, and afterwards to support them, both which expenses, though they make a part of the gross, are deductions from the neat revenue of the society; so the stock of money which circulates in any country must require a certain expense, first to collect it, and afterwards to support it; both which expenses, though they make a part of the gross, are, in the same manner, deductions from the neat revenue of the society. A certain quantity of very valuable materials, gold and silver, and of very curious labour, instead of augmenting the stock reserved for immediate consumption, the subsistence, conveniencies, and amusements of individuals, is employed in supporting that great but expensive instrument of commerce, by means of which every individual in the society has his subsistence, conveniencies, and amusements, regularly distributed to him in their proper proportions.

Secondly, as the machines and instruments of trade, etc. which compose the fixed capital either of an individual or of a society, make no part either of the gross or of the neat revenue of either; so money, by means of which the whole revenue of the society is regularly distributed among all its different members, makes itself no part of that revenue. The great wheel of circulation is altogether different from the goods which are circulated by means of it. The revenue of the society consists altogether in those goods, and not in the wheel which circulates them. In computing either the gross or the neat revenue of any society, we must always, from the whole annual circulation of money and goods, deduct the whole value of the money, of which not a single farthing can ever make any part of either.

It is the ambiguity of language only which can make this proposition appear either doubtful or paradoxical. When properly explained and understood, it is almost self-evident.

When we talk of any particular sum of money, we sometimes mean nothing but the metal pieces of which it is composed, and sometimes we include in our meaning some obscure reference to the goods which can be had in exchange for it, or to the power of purchasing which the possession of it conveys. Thus, when we say that the circulating money of England has been computed at eighteen millions, we mean only to express the amount of the metal pieces, which some writers have computed, or rather have supposed, to circulate in that country. But when we say that a man is worth fifty or a hundred pounds a-year, we mean commonly to express, not only the amount of the metal pieces which are annually paid to him, but the value of the goods which he can annually purchase or consume; we mean commonly to ascertain what is or ought to be his way of living, or the quantity and quality of the necessaries and conveniencies of life in which he can with propriety indulge himself.

When, by any particular sum of money, we mean not only to express the amount of the metal pieces of which it is composed, but to include in its signification some obscure reference to the goods which can be had in exchange for them, the wealth or revenue which it in this case denotes, is equal only to one of the two values which are thus intimated somewhat ambiguously by the same word, and to the latter more properly than to the former, to the money's worth more properly than to the money.

Thus, if a guinea be the weekly pension of a particular person, he can in the course of the week purchase with it a certain quantity of subsistence,

conveniencies, and amusements. In proportion as this quantity is great or small, so are his real riches, his real weekly revenue. His weekly revenue is certainly not equal both to the guinea and to what can be purchased with it, but only to one or other of those two equal values, and to the latter more properly than to the former, to the guinea's worth rather than to the guinea.

If the pension of such a person was paid to him, not in gold, but in a weekly bill for a guinea, his revenue surely would not so properly consist in the piece of paper, as in what he could get for it. A guinea may be considered as a bill for a certain quantity of necessaries and conveniencies upon all the tradesmen in the neighbourhood. The revenue of the person to whom it is paid, does not so properly consist in the piece of gold, as in what he can get for it, or in what he can exchange it for. If it could be exchanged for nothing, it would, like a bill upon a bankrupt, be of no more value than the most useless piece of paper.

Though the weekly or yearly revenue of all the different inhabitants of any country, in the same manner, may be, and in reality frequently is, paid to them in money, their real riches, however, the real weekly or yearly revenue of all of them taken together, must always be great or small, in proportion to the quantity of consumable goods which they can all of them purchase with this money. The whole revenue of all of them taken together is evidently not equal to both the money and the consumable goods, but only to one or other of those two values, and to the latter more properly than to the former.

Though we frequently, therefore, express a person's revenue by the metal pieces which are annually paid to him, it is because the amount of those pieces regulates the extent of his power of purchasing, or the value of the goods which he can annually afford to consume. We still consider his revenue as consisting in this power of purchasing or consuming, and not in the pieces which convey it.

But if this is sufficiently evident, even with regard to an individual, it is still more so with regard to a society. The amount of the metal pieces which are annually paid to an individual, is often precisely equal to his revenue, and is upon that account the shortest and best expression of its value. But the amount of the metal pieces which circulate in a society, can never be equal to the revenue of all its members. As the same guinea which pays the weekly pension of one man to-day, may pay that of another to-morrow, and that of a third the day thereafter, the amount of the metal pieces which

annually circulate in any country, must always be of much less value than the whole money pensions annually paid with them. But the power of purchasing, or the goods which can successively be bought with the whole of those money pensions, as they are successively paid, must always be precisely of the same value with those pensions; as must likewise be the revenue of the different persons to whom they are paid. That revenue, therefore, cannot consist in those metal pieces, of which the amount is so much inferior to its value, but in the power of purchasing, in the goods which can successively be bought with them as they circulate from hand to hand.

Money, therefore, the great wheel of circulation, the great instrument of commerce, like all other instruments of trade, though it makes a part, and a very valuable part, of the capital, makes no part of the revenue of the society to which it belongs; and though the metal pieces of which it is composed, in the course of their annual circulation, distribute to every man the revenue which properly belongs to him, they make themselves no part of that revenue.

Thirdly, and lastly, the machines and instruments of trade, etc. which compose the fixed capital, bear this further resemblance to that part of the circulating capital which consists in money; that as every saving in the expense of erecting and supporting those machines, which does not diminish the introductive powers of labour, is an improvement of the neat revenue of the society; so every saving in the expense of collecting and supporting that part of the circulating capital which consists in money is an improvement of exactly the same kind.

It is sufficiently obvious, and it has partly, too, been explained already, in what manner every saving in the expense of supporting the fixed capital is an improvement of the neat revenue of the society. The whole capital of the undertaker of every work is necessarily divided between his fixed and his circulating capital. While his whole capital remains the same, the smaller the one part, the greater must necessarily be the other. It is the circulating capital which furnishes the materials and wages of labour, and puts industry into motion. Every saving, therefore, in the expense of maintaining the fixed capital, which does not diminish the productive powers of labour, must increase the fund which puts industry into motion, and consequently the annual produce of land and labour, the real revenue of every society.

The substitution of paper in the room of gold and silver money, replaces a very expensive instrument of commerce with one much less costly, and sometimes equally convenient. Circulation comes to be carried on by a new wheel, which it costs less both to erect and to maintain than the old one. But in what manner this operation is performed, and in what manner it tends to increase either the gross or the neat revenue of the society, is not altogether so obvious, and may therefore require some further explication.

There are several different sorts of paper money; but the circulating notes of banks and bankers are the species which is best known, and which seems best adapted for this purpose.

When the people of any particular country have such confidence in the fortune, probity and prudence of a particular banker, as to believe that he is always ready to pay upon demand such of his promissory notes as are likely to be at any time presented to him, those notes come to have the same currency as gold and silver money, from the confidence that such money can at any time be had for them.

A particular banker lends among his customers his own promissory notes, to the extent, we shall suppose, of a hundred thousand pounds. As those notes serve all the purposes of money, his debtors pay him the same interest as if he had lent them so much money. This interest is the source of his gain. Though some of those notes are continually coming back upon him for payment, part of them continue to circulate for months and years together. Though he has generally in circulation, therefore, notes to the extent of a hundred thousand pounds, twenty thousand pounds in gold and silver may, frequently, be a sufficient provision for answering occasional demands. By this operation, therefore, twenty thousand pounds in gold and silver perform all the functions which a hundred thousand could otherwise have performed. The same exchanges may be made, the same quantity of consumable goods may be circulated and distributed to their proper consumers, by means of his promissory notes, to the value of a hundred thousand pounds, as by an equal value of gold and silver money. Eighty thousand pounds of gold and silver, therefore, can in this manner be spared from the circulation of the country; and if different operations of the the same kind should, at the same time, be carried on by many different banks and bankers, the whole circulation may thus be conducted with a fifth part only of the gold and silver which would otherwise have been requisite.

Let us suppose, for example, that the whole circulating money of some particular country amounted, at a particular time, to one million sterling, that sum being then sufficient for circulating the whole annual produce of their land and labour; let us suppose, too, that some time thereafter, different banks and bankers issued promissory notes payable to the bearer, to the extent of one million, reserving in their different coffers two hundred thousand pounds for answering occasional demands; there would remain, therefore, in circulation, eight hundred thousand pounds in gold and silver, and a million of bank notes, or eighteen hundred thousand pounds of paper and money together. But the annual produce of the land and labour of the country had before required only one million to circulate and distribute it to its proper consumers, and that annual produce cannot be immediately augmented by those operations of banking. One million, therefore, will be sufficient to circulate it after them. The goods to be bought and sold being precisely the same as before, the same quantity of money will be sufficient for buying and selling them. The channel of circulation, if I may be allowed such an expression, will remain precisely the same as before. One million we have supposed sufficient to fill that channel. Whatever, therefore, is poured into it beyond this sum, cannot run into it, but must overflow. One million eight hundred thousand pounds are poured into it. Eight hundred thousand pounds, therefore, must overflow, that sum being over and above what can be employed in the circulation of the country. But though this sum cannot be employed at home, it is too valuable to be allowed to lie idle. It will, therefore, be sent abroad, in order to seek that profitable employment which it cannot find at home. But the paper cannot go abroad; because at a distance from the banks which issue it, and from the country in which payment of it can be exacted by law, it will not be received in common payments. Gold and silver, therefore, to the amount of eight hundred thousand pounds, will be sent abroad, and the channel of home circulation will remain filled with a million of paper instead of a million of those metals which filled it before.

But though so great a quantity of gold and silver is thus sent abroad, we must not imagine that it is sent abroad for nothing, or that its proprietors make a present of it to foreign nations. They will exchange it for foreign goods of some kind or another, in order to supply the consumption either of some other foreign country, or of their own.

If they employ it in purchasing goods in one foreign country, in order to supply the consumption of another, or in what is called the carrying trade, whatever profit they make will be in addition to the neat revenue of their own country. It is like a new fund, created for carrying on a new trade; domestic business being now transacted by paper, and the gold and silver being converted into a fund for this new trade.

If they employ it in purchasing foreign goods for home consumption, they may either, first, purchase such goods as are likely to be consumed by idle people, who produce nothing, such as foreign wines, foreign silks, etc.; or, secondly, they may purchase an additional stock of materials, tools, and provisions, in order to maintain and employ an additional number of industrious people, who reproduce, with a profit, the value of their annual consumption.

So far as it is employed in the first way, it promotes prodigality, increases expense and consumption, without increasing production, or establishing any permanent fund for supporting that expense, and is in every respect hurtful to the society.

So far as it is employed in the second way, it promotes industry; and though it increases the consumption of the society, it provides a permanent fund for supporting that consumption; the people who consume reproducing, with a profit, the whole value of their annual consumption. The gross revenue of the society, the annual produce of their land and labour, is increased by the whole value which the labour of those workmen adds to the materials upon which they are employed, and their neat revenue by what remains of this value, after deducting what is necessary for supporting the tools and instruments of their trade.

That the greater part of the gold and silver which being forced abroad by those operations of banking, is employed in purchasing foreign goods for home consumption, is, and must be, employed in purchasing those of this second kind, seems not only probable, but almost unavoidable. Though some particular men may sometimes increase their expense very considerably, though their revenue does not increase at all, we maybe assured that no class or order of men ever does so; because, though the principles of common prudence do not always govern the conduct of every individual, they always influence that of the majority of every class or order. But the revenue of idle people, considered as a class or order, cannot, in the smallest degree, be increased by those operations of banking. Their

expense in general, therefore, cannot be much increased by them, though that of a few individuals among them may, and in reality sometimes is. The demand of idle people, therefore, for foreign goods, being the same, or very nearly the same as before, a very small part of the money which, being forced abroad by those operations of banking, is employed in purchasing foreign goods for home consumption, is likely to be employed in purchasing those for their use. The greater part of it will naturally be destined for the employment of industry, and not for the maintenance of idleness.

When we compute the quantity of industry which the circulating capital of any society can employ, we must always have regard to those parts of it only which consist in provisions, materials, and finished work; the other, which consists in money, and which serves only to circulate those three, must always be deducted. In order to put industry into motion, three things are requisite; materials to work upon, tools to work with, and the wages or recompence for the sake of which the work is done. Money is neither a material to work upon, nor a tool to work with; and though the wages of the workman are commonly paid to him in money, his real revenue, like that of all other men, consists, not in the money, but in the money's worth; not in the metal pieces, but in what can be got for them.

The quantity of industry which any capital can employ, must evidently be equal to the number of workmen whom it can supply with materials, tools, and a maintenance suitable to the nature of the work. Money may be requisite for purchasing the materials and tools of the work, as well as the maintenance of the workmen; but the quantity of industry which the whole capital can employ, is certainly not equal both to the money which purchases, and to the materials, tools, and maintenance, which are purchased with it, but only to one or other of those two values, and to the latter more properly than to the former.

When paper is substituted in the room of gold and silver money, the quantity of the materials, tools, and maintenance, which the whole circulating capital can supply, may be increased by the whole value of gold and silver which used to be employed in purchasing them. The whole value of the great wheel of circulation and distribution is added to the goods which are circulated and distributed by means of it. The operation, in some measure, resembles that of the undertaker of some great work, who, in consequence of some improvement in mechanics, takes down his old

machinery, and adds the difference between its price and that of the new to his circulating capital, to the fund from which he furnishes materials and wages to his workmen.

What is the proportion which the circulating money of any country bears to the whole value of the annual produce circulated by means of it, it is perhaps impossible to determine. It has been computed by different authors at a fifth, at a tenth, at a twentieth, and at a thirtieth, part of that value. But how small soever the proportion which the circulating money may bear to the whole value of the annual produce, as but a part, and frequently but a small part, of that produce, is ever destined for the maintenance of industry, it must always bear a very considerable proportion to that part. When, therefore, by the substitution of paper, the gold and silver necessary for circulation is reduced to, perhaps, a fifth part of the former quantity, if the value of only the greater part of the other four-fifths be added to the funds which are destined for the maintenance of industry, it must make a very considerable addition to the quantity of that industry, and, consequently, to the value of the annual produce of land and labour.

An operation of this kind has, within these five-and-twenty or thirty years, been performed in Scotland, by the erection of new banking companies in almost every considerable town, and even in some country villages. The effects of it have been precisely those above described. The business of the country is almost entirely carried on by means of the paper of those different banking companies, with which purchases and payments of all kinds are commonly made. Silver very seldom appears, except in the change of a twenty shilling bank note, and gold still seldomer. But though the conduct of all those different companies has not been unexceptionable, and has accordingly required an act of parliament to regulate it, the country, notwithstanding, has evidently derived great benefit from their trade. I have heard it asserted, that the trade of the city of Glasgow doubled in about fifteen years after the first erection of the banks there; and that the trade of Scotland has more than quadrupled since the first erection of the two public banks at Edinburgh; of which the one, called the Bank of Scotland, was established by act of parliament in 1695, and the other, called the Royal Bank, by royal charter in 1727. Whether the trade, either of Scotland in general, or of the city of Glasgow in particular, has really increased in so great a proportion, during so short a period, I do not pretend to know. If either of them has increased in this proportion, it seems to be an effect too

great to be accounted for by the sole operation of this cause. That the trade and industry of Scotland, however, have increased very considerably during this period, and that the banks have contributed a good deal to this increase, cannot be doubted.

The value of the silver money which circulated in Scotland before the Union in 1707, and which, immediately after it, was brought into the Bank of Scotland, in order to be recoin'd, amounted to £411,117: 10: 9 sterling. No account has been got of the gold coin; but it appears from the ancient accounts of the mint of Scotland, that the value of the gold annually coined somewhat exceeded that of the silver. There were a good many people, too, upon this occasion, who, from a diffidence of repayment, did not bring their silver into the Bank of Scotland; and there was, besides, some English coin, which was not called in. The whole value of the gold and silver, therefore, which circulated in Scotland before the Union, cannot be estimated at less than a million sterling. It seems to have constituted almost the whole circulation of that country; for though the circulation of the Bank of Scotland, which had then no rival, was considerable, it seems to have made but a very small part of the whole. In the present times, the whole circulation of Scotland cannot be estimated at less than two millions, of which that part which consists in gold and silver, most probably, does not amount to half a million. But though the circulating gold and silver of Scotland have suffered so great a diminution during this period, its real riches and prosperity do not appear to have suffered any. Its agriculture, manufactures, and trade, on the contrary, the annual produce of its land and labour, have evidently been augmented.

It is chiefly by discounting bills of exchange, that is, by advancing money upon them before they are due, that the greater part of banks and bankers issue their promissory notes. They deduct always, upon whatever sum they advance, the legal interest till the bill shall become due. The payment of the bill, when it becomes due, replaces to the bank the value of what had been advanced, together with a clear profit of the interest. The banker, who advances to the merchant whose bill he discounts, not gold and silver, but his own promissory notes, has the advantage of being able to discount to a greater amount by the whole value of his promissory notes, which he finds, by experience, are commonly in circulation. He is thereby enabled to make his clear gain of interest on so much a larger sum.

The commerce of Scotland, which at present is not very great, was still more inconsiderable when the two first banking companies were established; and those companies would have had but little trade, had they confined their business to the discounting of bills of exchange. They invented, therefore, another method of issuing their promissory notes; by granting what they call cash accounts, that is, by giving credit, to the extent of a certain sum (two or three thousand pounds for example), to any individual who could procure two persons of undoubted credit and good landed estate to become surety for him, that whatever money should be advanced to him, within the sum for which the credit had been given, should be repaid upon demand, together with the legal interest. Credits of this kind are, I believe, commonly granted by banks and bankers in all different parts of the world. But the easy terms upon which the Scotch banking companies accept of repayment are, so far as I know, peculiar to them, and have perhaps been the principal cause, both of the great trade of those companies, and of the benefit which the country has received from it.

Whoever has a credit of this kind with one of those companies, and borrows a thousand pounds upon it, for example, may repay this sum piecemeal, by twenty and thirty pounds at a time, the company discounting a proportionable part of the interest of the great sum, from the day on which each of those small sums is paid in, till the whole be in this manner repaid. All merchants, therefore, and almost all men of business, find it convenient to keep such cash accounts with them, and are thereby interested to promote the trade of those companies, by readily receiving their notes in all payments, and by encouraging all those with whom they have any influence to do the same. The banks, when their customers apply to them for money, generally advance it to them in their own promissory notes. These the merchants pay away to the manufacturers for goods, the manufacturers to the farmers for materials and provisions, the farmers to their landlords for rent; the landlords repay them to the merchants for the conveniencies and luxuries with which they supply them, and the merchants again return them to the banks, in order to balance their cash accounts, or to replace what they may have borrowed of them; and thus almost the whole money business of the country is transacted by means of them. Hence the great trade of those companies.

By means of those cash accounts, every merchant can, without imprudence, carry on a greater trade than he otherwise could do. If there are

two merchants, one in London and the other in Edinburgh, who employ equal stocks in the same branch of trade, the Edinburgh merchant can, without imprudence, carry on a greater trade, and give employment to a greater number of people, than the London merchant. The London merchant must always keep by him a considerable sum of money, either in his own coffers, or in those of his banker, who gives him no interest for it, in order to answer the demands continually coming upon him for payment of the goods which he purchases upon credit. Let the ordinary amount of this sum be supposed five hundred pounds; the value of the goods in his warehouse must always be less, by five hundred pounds, than it would have been, had he not been obliged to keep such a sum unemployed. Let us suppose that he generally disposes of his whole stock upon hand, or of goods to the value of his whole stock upon hand, once in the year. By being obliged to keep so great a sum unemployed, he must sell in a year five hundred pounds worth less goods than he might otherwise have done. His annual profits must be less by all that he could have made by the sale of five hundred pounds worth more goods; and the number of people employed in preparing his goods for the market must be less by all those that five hundred pounds more stock could have employed. The merchant in Edinburgh, on the other hand, keeps no money unemployed for answering such occasional demands. When they actually come upon him, he satisfies them from his cash account with the bank, and gradually replaces the sum borrowed with the money or paper which comes in from the occasional sales of his goods. With the same stock, therefore, he can, without imprudence, have at all times in his warehouse a larger quantity of goods than the London merchant; and can thereby both make a greater profit himself, and give constant employment to a greater number of industrious people who prepare those goods for the market. Hence the great benefit which the country has derived from this trade.

The facility of discounting bills of exchange, it may be thought, indeed, gives the English merchants a conveniency equivalent to the cash accounts of the Scotch merchants. But the Scotch merchants, it must be remembered, can discount their bills of exchange as easily as the English merchants; and have, besides, the additional conveniency of their cash accounts.

The whole paper money of every kind which can easily circulate in any country, never can exceed the value of the gold and silver, of which it supplies the place, or which (the commerce being supposed the same)

would circulate there, if there was no paper money. If twenty shilling notes, for example, are the lowest paper money current in Scotland, the whole of that currency which can easily circulate there, cannot exceed the sum of gold and silver which would be necessary for transacting the annual exchanges of twenty shillings value and upwards usually transacted within that country. Should the circulating paper at any time exceed that sum, as the excess could neither be sent abroad nor be employed in the circulation of the country, it must immediately return upon the banks, to be exchanged for gold and silver. Many people would immediately perceive that they had more of this paper than was necessary for transacting their business at home; and as they could not send it abroad, they would immediately demand payment for it from the banks. When this superfluous paper was converted into gold and silver, they could easily find a use for it, by sending it abroad; but they could find none while it remained in the shape of paper. There would immediately, therefore, be a run upon the banks to the whole extent of this superfluous paper, and if they showed any difficulty or backwardness in payment, to a much greater extent; the alarm which this would occasion necessarily increasing the run.

Over and above the expenses which are common to every branch of trade, such as the expense of house-rent, the wages of servants, clerks, accountants, etc. the expenses peculiar to a bank consist chiefly in two articles: first, in the expense of keeping at all times in its coffers, for answering the occasional demands of the holders of its notes, a large sum of money, of which it loses the interest; and, secondly, in the expense of replenishing those coffers as fast as they are emptied by answering such occasional demands.

A banking company which issues more paper than can be employed in the circulation of the country, and of which the excess is continually returning upon them for payment, ought to increase the quantity of gold and silver which they keep at all times in their coffers, not only in proportion to this excessive increase of their circulation, but in a much greater proportion; their notes returning upon them much faster than in proportion to the excess of their quantity. Such a company, therefore, ought to increase the first article of their expense, not only in proportion to this forced increase of their business, but in a much greater proportion.

The coffers of such a company, too, though they ought to be filled much fuller, yet must empty themselves much faster than if their business was

confined within more reasonable bounds, and must require not only a more violent, but a more constant and uninterrupted exertion of expense, in order to replenish them, The coin, too, which is thus continually drawn in such large quantities from their coffers, cannot be employed in the circulation of the country. It comes in place of a paper which is over and above what can be employed in that circulation, and is, therefore, over and above what can be employed in it too. But as that coin will not be allowed to lie idle, it must, in one shape or another, be sent abroad, in order to find that profitable employment which it cannot find at home; and this continual exportation of gold and silver, by enhancing the difficulty, must necessarily enhance still farther the expense of the bank, in finding new gold and silver in order to replenish those coffers, which empty themselves so very rapidly. Such a company, therefore, must in proportion to this forced increase of their business, increase the second article of their expense still more than the first.

Let us suppose that all the paper of a particular bank, which the circulation of the country can easily absorb and employ, amounts exactly to forty thousand pounds, and that, for answering occasional demands, this bank is obliged to keep at all times in its coffers ten thousand pounds in gold and silver. Should this bank attempt to circulate forty-four thousand pounds, the four thousand pounds which are over and above what the circulation can easily absorb and employ, will return upon it almost as fast as they are issued. For answering occasional demands, therefore, this bank ought to keep at all times in its coffers, not eleven thousand pounds only, but fourteen thousand pounds. It will thus gain nothing by the interest of the four thousand pounds excessive circulation; and it will lose the whole expense of continually collecting four thousand pounds in gold and silver, which will be continually going out of its coffers as fast as they are brought into them.

Had every particular banking company always understood and attended to its own particular interest, the circulation never could have been overstocked with paper money. But every particular banking company has not always understood or attended to its own particular interest, and the circulation has frequently been overstocked with paper money.

By issuing too great a quantity of paper, of which the excess was continually returning, in order to be exchanged for gold and silver, the Bank of England was for many years together obliged to coin gold to the extent

of between eight hundred thousand pounds and a million a-year; or, at an average, about eight hundred and fifty thousand pounds. For this great coinage, the bank (in consequence of the worn and degraded state into which the gold coin had fallen a few years ago) was frequently obliged to purchase gold bullion at the high price of four pounds an ounce, which it soon after issued in coin at £3:17:10 1/2 an ounce, losing in this manner between two and a half and three per cent. upon the coinage of so very large a sum. Though the bank, therefore, paid no seignorage, though the government was properly at the expense of this coinage, this liberality of government did not prevent altogether the expense of the bank.

The Scotch banks, in consequence of an excess of the same kind, were all obliged to employ constantly agents at London to collect money for them, at an expense which was seldom below one and a half or two per cent. This money was sent down by the waggon, and insured by the carriers at an additional expense of three quarters per cent. or fifteen shillings on the hundred pounds. Those agents were not always able to replenish the coffers of their employers so fast as they were emptied. In this case, the resource of the banks was, to draw upon their correspondents in London bills of exchange, to the extent of the sum which they wanted. When those correspondents afterwards drew upon them for the payment of this sum, together with the interest and commission, some of those banks, from the distress into which their excessive circulation had thrown them, had sometimes no other means of satisfying this draught, but by drawing a second set of bills, either upon the same, or upon some other correspondents in London; and the same sum, or rather bills for the same sum, would in this manner make sometimes more than two or three journeys; the debtor bank paying always the interest and commission upon the whole accumulated sum. Even those Scotch banks which never distinguished themselves by their extreme imprudence, were sometimes obliged to employ this ruinous resource.

The gold coin which was paid out, either by the Bank of England or by the Scotch banks, in exchange for that part of their paper which was over and above what could be employed in the circulation of the country, being likewise over and above what could be employed in that circulation, was sometimes sent abroad in the shape of coin, sometimes melted down and sent abroad in the shape of bullion, and sometimes melted down and sold to the Bank of England at the high price of four pounds an ounce. It was the

newest, the heaviest, and the best pieces only, which were carefully picked out of the whole coin, and either sent abroad or melted down. At home, and while they remained in the shape of coin, those heavy pieces were of no more value than the light; but they were of more value abroad, or when melted down into bullion at home. The Bank of England, notwithstanding their great annual coinage, found, to their astonishment, that there was every year the same scarcity of coin as there had been the year before; and that, notwithstanding the great quantity of good and new coin which was every year issued from the bank, the state of the coin, instead of growing better and better, became every year worse and worse. Every year they found themselves under the necessity of coining nearly the same quantity of gold as they had coined the year before; and from the continual rise in the price of gold bullion, in consequence of the continual wearing and clipping of the coin, the expense of this great annual coinage became, every year, greater and greater. The Bank of England, it is to be observed, by supplying its own coffers with coin, is indirectly obliged to supply the whole kingdom, into which coin is continually flowing from those coffers in a great variety of ways. Whatever coin, therefore, was wanted to support this excessive circulation both of Scotch and English paper money, whatever vacancies this excessive circulation occasioned in the necessary coin of the kingdom, the Bank of England was obliged to supply them. The Scotch banks, no doubt, paid all of them very dearly for their own imprudence and inattention: but the Bank of England paid very dearly, not only for its own imprudence, but for the much greater imprudence of almost all the Scotch banks.

The over-trading of some bold projectors in both parts of the united kingdom, was the original cause of this excessive circulation of paper money.

What a bank can with propriety advance to a merchant or undertaker of any kind, is not either the whole capital with which he trades, or even any considerable part of that capital; but that part of it only which he would otherwise be obliged to keep by him unemployed and in ready money, for answering occasional demands. If the paper money which the bank advances never exceeds this value, it can never exceed the value of the gold and silver which would necessarily circulate in the country if there was no paper money; it can never exceed the quantity which the circulation of the country can easily absorb and employ.

When a bank discounts to a merchant a real bill of exchange, drawn by a real creditor upon a real debtor, and which, as soon as it becomes due, is really paid by that debtor; it only advances to him a part of the value which he would otherwise be obliged to keep by him unemployed and in ready money, for answering occasional demands. The payment of the bill, when it becomes due, replaces to the bank the value of what it had advanced, together with the interest. The coffers of the bank, so far as its dealings are confined to such customers, resemble a water-pond, from which, though a stream is continually running out, yet another is continually running in, fully equal to that which runs out; so that, without any further care or attention, the pond keeps always equally, or very near equally full. Little or no expense can ever be necessary for replenishing the coffers of such a bank.

A merchant, without over-trading, may frequently have occasion for a sum of ready money, even when he has no bills to discount. When a bank, besides discounting his bills, advances him likewise, upon such occasions, such sums upon his cash account, and accepts of a piece-meal repayment, as the money comes in from the occasional sale of his goods, upon the easy terms of the banking companies of Scotland; it dispenses him entirely from the necessity of keeping any part of his stock by him unemployed and in ready money for answering occasional demands. When such demands actually come upon him, he can answer them sufficiently from his cash account. The bank, however, in dealing with such customers, ought to observe with great attention, whether, in the course of some short period (of four, five, six, or eight months, for example), the sum of the repayments which it commonly receives from them, is, or is not, fully equal to that of the advances which it commonly makes to them. If, within the course of such short periods, the sum of the repayments from certain customers is, upon most occasions, fully equal to that of the advances, it may safely continue to deal with such customers. Though the stream which is in this case continually running out from its coffers may be very large, that which is continually running into them must be at least equally large, so that, without any further care or attention, those coffers are likely to be always equally or very near equally full, and scarce ever to require any extraordinary expense to replenish them. If, on the contrary, the sum of the repayments from certain other customers, falls commonly very much short of the advances which it makes to them, it cannot with any safety continue

to deal with such customers, at least if they continue to deal with it in this manner. The stream which is in this case continually running out from its coffers, is necessarily much larger than that which is continually running in; so that, unless they are replenished by some great and continual effort of expense, those coffers must soon be exhausted altogether.

The banking companies of Scotland, accordingly, were for a long time very careful to require frequent and regular repayments from all their customers, and did not care to deal with any person, whatever might be his fortune or credit, who did not make, what they called, frequent and regular operations with them. By this attention, besides saving almost entirely the extraordinary expense of replenishing their coffers, they gained two other very considerable advantages.

First, by this attention they were enabled to make some tolerable judgment concerning the thriving or declining circumstances of their debtors, without being obliged to look out for any other evidence besides what their own books afforded them; men being, for the most part, either regular or irregular in their repayments, according as their circumstances are either thriving or declining. A private man who lends out his money to perhaps half a dozen or a dozen of debtors, may, either by himself or his agents, observe and inquire both constantly and carefully into the conduct and situation of each of them. But a banking company, which lends money to perhaps five hundred different people, and of which the attention is continually occupied by objects of a very different kind, can have no regular information concerning the conduct and circumstances of the greater part of its debtors, beyond what its own books afford it. In requiring frequent and regular repayments from all their customers, the banking companies of Scotland had probably this advantage in view.

Secondly, by this attention they secured themselves from the possibility of issuing more paper money than what the circulation of the country could easily absorb and employ. When they observed, that within moderate periods of time, the repayments of a particular customer were, upon most occasions, fully equal to the advances which they had made to him, they might be assured that the paper money which they had advanced to him had not, at any time, exceeded the quantity of gold and silver which he would otherwise have been obliged to keep by him for answering occasional demands; and that, consequently, the paper money, which they had circulated by his means, had not at any time exceeded the quantity of gold

and silver which would have circulated in the country, had there been no paper money. The frequency, regularity, and amount of his repayments, would sufficiently demonstrate that the amount of their advances had at no time exceeded that part of his capital which he would otherwise have been obliged to keep by him unemployed, and in ready money, for answering occasional demands; that is, for the purpose of keeping the rest of his capital in constant employment. It is this part of his capital only which, within moderate periods of time, is continually returning to every dealer in the shape of money, whether paper or coin, and continually going from him in the same shape. If the advances of the bank had commonly exceeded this part of his capital, the ordinary amount of his repayments could not, within moderate periods of time, have equalled the ordinary amount of its advances. The stream which, by means of his dealings, was continually running into the coffers of the bank, could not have been equal to the stream which, by means of the same dealings was continually running out. The advances of the bank paper, by exceeding the quantity of gold and silver which, had there been no such advances, he would have been obliged to keep by him for answering occasional demands, might soon come to exceed the whole quantity of gold and silver which (the commerce being supposed the same) would have circulated in the country, had there been no paper money; and, consequently, to exceed the quantity which the circulation of the country could easily absorb and employ; and the excess of this paper money would immediately have returned upon the bank, in order to be exchanged for gold and silver. This second advantage, though equally real, was not, perhaps, so well understood by all the different banking companies in Scotland as the first.

When, partly by the conveniency of discounting bills, and partly by that of cash accounts, the creditable traders of any country can be dispensed from the necessity of keeping any part of their stock by them unemployed, and in ready money, for answering occasional demands, they can reasonably expect no farther assistance from hanks and bankers, who, when they have gone thus far, cannot, consistently with their own interest and safety, go farther. A bank cannot, consistently with its own interest, advance to a trader the whole, or even the greater part of the circulating capital with which he trades; because, though that capital is continually returning to him in the shape of money, and going from him in the same shape, yet the whole of the returns is too distant from the whole of the outgoings, and the sum of

his repayments could not equal the sum of his advances within such moderate periods of time as suit the conveniency of a bank. Still less could a bank afford to advance him any considerable part of his fixed capital; of the capital which the undertaker of an iron forge, for example, employs in erecting his forge and smelting-houses, his work-houses, and warehouses, the dwelling-houses of his workmen, etc.; of the capital which the undertaker of a mine employs in sinking his shafts, in erecting engines for drawing out the water, in making roads and waggon-ways, etc.; of the capital which the person who undertakes to improve land employs in clearing, draining, inclosing, manuring, and ploughing waste and uncultivated fields; in building farmhouses, with all their necessary appendages of stables, granaries, etc. The returns of the fixed capital are, in almost all cases, much slower than those of the circulating capital: and such expenses, even when laid out with the greatest prudence and judgment, very seldom return to the undertaker till after a period of many years, a period by far too distant to suit the conveniency of a bank. Traders and other undertakers may, no doubt with great propriety, carry on a very considerable part of their projects with borrowed money. In justice to their creditors, however, their own capital ought in this case to be sufficient to insure, if I may say so, the capital of those creditors; or to render it extremely improbable that those creditors should incur any loss, even though the success of the project should fall very much short of the expectation of the projectors. Even with this precaution, too, the money which is borrowed, and which it is meant should not be repaid till after a period of several years, ought not to be borrowed of a bank, but ought to be borrowed upon bond or mortgage, of such private people as propose to live upon the interest of their money, without taking the trouble themselves to employ the capital, and who are, upon that account, willing to lend that capital to such people of good credit as are likely to keep it for several years. A bank, indeed, which lends its money without the expense of stamped paper, or of attorneys' fees for drawing bonds and mortgages, and which accepts of repayment upon the easy terms of the banking companies of Scotland, would, no doubt, be a very convenient creditor to such traders and undertakers. But such traders and undertakers would surely be most inconvenient debtors to such a bank.

It is now more than five and twenty years since the paper money issued by the different banking companies of Scotland was fully equal, or rather

was somewhat more than fully equal, to what the circulation of the country could easily absorb and employ. Those companies, therefore, had so long ago given all the assistance to the traders and other undertakers of Scotland which it is possible for banks and bankers, consistently with their own interest, to give. They had even done somewhat more. They had over-traded a little, and had brought upon themselves that loss, or at least that diminution of profit, which, in this particular business, never fails to attend the smallest degree of over-trading. Those traders and other undertakers, having got so much assistance from banks and bankers, wished to get still more. The banks, they seem to have thought, could extend their credits to whatever sum might be wanted, without incurring any other expense besides that of a few reams of paper. They complained of the contracted views and dastardly spirit of the directors of those banks, which did not, they said, extend their credits in proportion to the extension of the trade of the country; meaning, no doubt, by the extension of that trade, the extension of their own projects beyond what they could carry on either with their own capital, or with what they had credit to borrow of private people in the usual way of bond or mortgage. The banks, they seem to have thought, were in honour bound to supply the deficiency, and to provide them with all the capital which they wanted to trade with. The banks, however, were of a different opinion; and upon their refusing to extend their credits, some of those traders had recourse to an expedient which, for a time, served their purpose, though at a much greater expense, yet as effectually as the utmost extension of bank credits could have done. This expedient was no other than the well known shift of drawing and redrawing; the shift to which unfortunate traders have sometimes recourse, when they are upon the brink of bankruptcy. The practice of raising money in this manner had been long known in England; and, during the course of the late war, when the high profits of trade afforded a great temptation to over-trading, is said to have been carried on to a very great extent. From England it was brought into Scotland, where, in proportion to the very limited commerce, and to the very moderate capital of the country, it was soon carried on to a much greater extent than it ever had been in England.

The practice of drawing and redrawing is so well known to all men of business, that it may, perhaps, be thought unnecessary to give any account of it. But as this book may come into the hands of many people who are not men of business, and as the effects of this practice upon the banking trade

are not, perhaps, generally understood, even by men of business themselves, I shall endeavour to explain it as distinctly as I can.

The customs of merchants, which were established when the barbarous laws of Europe did not enforce the performance of their contracts, and which, during the course of the two last centuries, have been adopted into the laws of all European nations, have given such extraordinary privileges to bills of exchange, that money is more readily advanced upon them than upon any other species of obligation; especially when they are made payable within so short a period as two or three months after their date. If, when the bill becomes due, the acceptor does not pay it as soon as it is presented, he becomes from that moment a bankrupt. The bill is protested, and returns upon the drawer, who, if he does not immediately pay it, becomes likewise a bankrupt. If, before it came to the person who presents it to the acceptor for payment, it had passed through the hands of several other persons, who had successively advanced to one another the contents of it, either in money or goods, and who, to express that each of them had in his turn received those contents, had all of them in their order indorsed, that is, written their names upon the back of the bill; each indorser becomes in his turn liable to the owner of the bill for those contents, and, if he fails to pay, he becomes too, from that moment, a bankrupt. Though the drawer, acceptor, and indorsers of the bill, should all of them be persons of doubtful credit; yet, still the shortness of the date gives some security to the owner of the bill. Though all of them may be very likely to become bankrupts, it is a chance if they all become so in so short a time. The house is crazy, says a weary traveller to himself, and will not stand very long; but it is a chance if it falls to-night, and I will venture, therefore, to sleep in it to-night.

The trader A in Edinburgh, we shall suppose, draws a bill upon B in London, payable two months after date. In reality B in London owes nothing to A in Edinburgh; but he agrees to accept of A's bill, upon condition, that before the term of payment he shall redraw upon A in Edinburgh for the same sum, together with the interest and a commission, another bill, payable likewise two months after date. B accordingly, before the expiration of the first two months, redraws this bill upon A in Edinburgh; who, again before the expiration of the second two months, draws a second bill upon B in London, payable likewise two months after date; and before the expiration of the third two months, B in London redraws upon A in Edinburgh another bill payable also two months after

date. This practice has sometimes gone on, not only for several months, but for several years together, the bill always returning upon A in Edinburgh with the accumulated interest and commission of all the former bills. The interest was five per cent. in the year, and the commission was never less than one half per cent. on each draught. This commission being repeated more than six times in the year, whatever money A might raise by this expedient might necessarily have cost him something more than eight per cent. in the year and sometimes a great deal more, when either the price of the commission happened to rise, or when he was obliged to pay compound interest upon the interest and commission of former bills. This practice was called raising money by circulation.

In a country where the ordinary profits of stock, in the greater part of mercantile projects, are supposed to run between six and ten per cent. it must have been a very fortunate speculation, of which the returns could not only repay the enormous expense at which the money was thus borrowed for carrying it on, but afford, besides, a good surplus profit to the projector. Many vast and extensive projects, however, were undertaken, and for several years carried on, without any other fund to support them besides what was raised at this enormous expense. The projectors, no doubt, had in their golden dreams the most distinct vision of this great profit. Upon their awakening, however, either at the end of their projects, or when they were no longer able to carry them on, they very seldom, I believe, had the good fortune to find it.

{The method described in the text was by no means either the most common or the most expensive one in which those adventurers sometimes raised money by circulation. It frequently happened, that A in Edinburgh would enable B in London to pay the first bill of exchange, by drawing, a few days before it became due, a second bill at three months date upon the same B in London. This bill, being payable to his own order, A sold in Edinburgh at par; and with its contents purchased bills upon London, payable at sight to the order of B, to whom he sent them by the post. Towards the end of the late war, the exchange between Edinburgh and London was frequently three per cent. against Edinburgh, and those bills at sight must frequently have cost A that premium. This transaction, therefore, being repeated at least four times in the year, and being loaded with a commission of at least one half per cent. upon each repetition, must at that period have cost A, at least, fourteen per cent. in the year. At other times A

would enable to discharge the first bill of exchange, by drawing, a few days before it became due, a second bill at two months date, not upon B, but upon some third person, C, for example, in London. This other bill was made payable to the order of B, who, upon its being accepted by C, discounted it with some banker in London; and A enabled C to discharge it, by drawing, a few day's before it became due, a third bill likewise at two months date, sometimes upon his first correspondent B, and sometimes upon some fourth or fifth person, D or E, for example. This third bill was made payable to the order of C, who, as soon as it was accepted, discounted it in the same manner with some banker in London. Such operations being repeated at least six times in the year, and being loaded with a commission of at least one half per cent. upon each repetition, together with the legal interest of five per cent. this method of raising money, in the same manner as that described in the text, must have cost A something more than eight per cent. By saving, however, the exchange between Edinburgh and London, it was less expensive than that mentioned in the foregoing part of this note; but then it required an established credit with more houses than one in London, an advantage which many of these adventurers could not always find it easy to procure. }

The bills which A in Edinburgh drew upon B in London, he regularly discounted two months before they were due, with some bank or banker in Edinburgh; and the bills which B in London redrew upon A in Edinburgh, he as regularly discounted, either with the Bank of England, or with some other banker in London. Whatever was advanced upon such circulating bills was in Edinburgh advanced in the paper of the Scotch banks; and in London, when they were discounted at the Bank of England in the paper of that bank. Though the bills upon which this paper had been advanced were all of them repaid in their turn as soon as they became due, yet the value which had been really advanced upon the first bill was never really returned to the banks which advanced it; because, before each bill became due, another bill was always drawn to somewhat a greater amount than the bill which was soon to be paid: and the discounting of this other bill was essentially necessary towards the payment of that which was soon to be due. This payment, therefore, was altogether fictitious. The stream which, by means of those circulating bills of exchange, had once been made to run out from the coffers of the banks, was never replaced by any stream which really ran into them.

The paper which was issued upon those circulating bills of exchange amounted, upon many occasions, to the whole fund destined for carrying on some vast and extensive project of agriculture, commerce, or manufactures; and not merely to that part of it which, had there been no paper money, the projector would have been obliged to keep by him unemployed, and in ready money, for answering occasional demands. The greater part of this paper was, consequently, over and above the value of the gold and silver which would have circulated in the country, had there been no paper money. It was over and above, therefore, what the circulation of the country could easily absorb and employ, and upon that account, immediately returned upon the banks, in order to be exchanged for gold and silver, which they were to find as they could. It was a capital which those projectors had very artfully contrived to draw from those banks, not only without their knowledge or deliberate consent, but for some time, perhaps, without their having the most distant suspicion that they had really advanced it.

When two people, who are continually drawing and redrawing upon one another, discount their bills always with the same banker, he must immediately discover what they are about, and see clearly that they are trading, not with any capital of their own, but with the capital which he advances to them. But this discovery is not altogether so easy when they discount their bills sometimes with one banker, and sometimes with another, and when the two same persons do not constantly draw and redraw upon one another, but occasionally run the round of a great circle of projectors, who find it for their interest to assist one another in this method of raising money and to render it, upon that account, as difficult as possible to distinguish between a real and a fictitious bill of exchange, between a bill drawn by a real creditor upon a real debtor, and a bill for which there was properly no real creditor but the bank which discounted it, nor any real debtor but the projector who made use of the money. When a banker had even made this discovery, he might sometimes make it too late, and might find that he had already discounted the bills of those projectors to so great an extent, that, by refusing to discount any more, he would necessarily make them all bankrupts; and thus by ruining them, might perhaps ruin himself. For his own interest and safety, therefore, he might find it necessary, in this very perilous situation, to go on for some time, endeavouring, however, to withdraw gradually, and, upon that account, making every day greater and greater difficulties about discounting, in order

to force these projectors by degrees to have recourse, either to other bankers, or to other methods of raising money: so as that he himself might, as soon as possible, get out of the circle. The difficulties, accordingly, which the Bank of England, which the principal bankers in London, and which even the more prudent Scotch banks began, after a certain time, and when all of them had already gone too far, to make about discounting, not only alarmed, but enraged, in the highest degree, those projectors. Their own distress, of which this prudent and necessary reserve of the banks was, no doubt, the immediate occasion, they called the distress of the country; and this distress of the country, they said, was altogether owing to the ignorance, pusillanimity, and bad conduct of the banks, which did not give a sufficiently liberal aid to the spirited undertakings of those who exerted themselves in order to beautify, improve, and enrich the country. It was the duty of the banks, they seemed to think, to lend for as long a time, and to as great an extent, as they might wish to borrow. The banks, however, by refusing in this manner to give more credit to those to whom they had already given a great deal too much, took the only method by which it was now possible to save either their own credit, or the public credit of the country.

In the midst of this clamour and distress, a new bank was established in Scotland, for the express purpose of relieving the distress of the country. The design was generous; but the execution was imprudent, and the nature and causes of the distress which it meant to relieve, were not, perhaps, well understood. This bank was more liberal than any other had ever been, both in granting cash-accounts, and in discounting bills of exchange. With regard to the latter, it seems to have made scarce any distinction between real and circulating bills, but to have discounted all equally. It was the avowed principle of this bank to advance upon any reasonable security, the whole capital which was to be employed in those improvements of which the returns are the most slow and distant, such as the improvements of land. To promote such improvements was even said to be the chief of the public-spirited purposes for which it was instituted. By its liberality in granting cash-accounts, and in discounting bills of exchange, it, no doubt, issued great quantities of its bank notes. But those bank notes being, the greater part of them, over and above what the circulation of the country could easily absorb and employ, returned upon it, in order to be exchanged for gold and silver, as fast as they were issued. Its coffers were never well

filled. The capital which had been subscribed to this bank, at two different subscriptions, amounted to one hundred and sixty thousand pounds, of which eighty per cent. only was paid up. This sum ought to have been paid in at several different instalments. A great part of the proprietors, when they paid in their first instalment, opened a cash-account with the bank; and the directors, thinking themselves obliged to treat their own proprietors with the same liberality with which they treated all other men, allowed many of them to borrow upon this cash-account what they paid in upon all their subsequent instalments. Such payments, therefore, only put into one coffer what had the moment before been taken out of another. But had the coffers of this bank been filled ever so well, its excessive circulation must have emptied them faster than they could have been replenished by any other expedient but the ruinous one of drawing upon London; and when the bill became due, paying it, together with interest and commission, by another draught upon the same place. Its coffers having been filled so very ill, it is said to have been driven to this resource within a very few months after it began to do business. The estates of the proprietors of this bank were worth several millions, and, by their subscription to the original bond or contract of the bank, were really pledged for answering all its engagements. By means of the great credit which so great a pledge necessarily gave it, it was, notwithstanding its too liberal conduct, enabled to carry on business for more than two years. When it was obliged to stop, it had in the circulation about two hundred thousand pounds in bank notes. In order to support the circulation of those notes, which were continually returning upon it as fast as they were issued, it had been constantly in the practice of drawing bills of exchange upon London, of which the number and value were continually increasing, and, when it stopt, amounted to upwards of six hundred thousand pounds. This bank, therefore, had, in little more than the course of two years, advanced to different people upwards of eight hundred thousand pounds at five per cent. Upon the two hundred thousand pounds which it circulated in bank notes, this five per cent. might perhaps be considered as a clear gain, without any other deduction besides the expense of management. But upon upwards of six hundred thousand pounds, for which it was continually drawing bills of exchange upon London, it was paying, in the way of interest and commission, upwards of eight per cent. and was consequently losing more than three per cent. upon more than three fourths of all its dealings.

The operations of this bank seem to have produced effects quite opposite to those which were intended by the particular persons who planned and directed it. They seem to have intended to support the spirited undertakings, for as such they considered them, which were at that time carrying on in different parts of the country; and, at the same time, by drawing the whole banking business to themselves, to supplant all the other Scotch banks, particularly those established at Edinburgh, whose backwardness in discounting bills of exchange had given some offence. This bank, no doubt, gave some temporary relief to those projectors, and enabled them to carry on their projects for about two years longer than they could otherwise have done. But it thereby only enabled them to get so much deeper into debt; so that, when ruin came, it fell so much the heavier both upon them and upon their creditors. The operations of this bank, therefore, instead of relieving, in reality aggravated in the long-run the distress which those projectors had brought both upon themselves and upon their country. It would have been much better for themselves, their creditors, and their country, had the greater part of them been obliged to stop two years sooner than they actually did. The temporary relief, however, which this bank afforded to those projectors, proved a real and permanent relief to the other Scotch banks. All the dealers in circulating bills of exchange, which those other banks had become so backward in discounting, had recourse to this new bank, where they were received with open arms. Those other banks, therefore, were enabled to get very easily out of that fatal circle, from which they could not otherwise have disengaged themselves without incurring a considerable loss, and perhaps, too, even some degree of discredit.

In the long-run, therefore, the operations of this bank increased the real distress of the country, which it meant to relieve; and effectually relieved, from a very great distress, those rivals whom it meant to supplant.

At the first setting out of this bank, it was the opinion of some people, that how fast soever its coffers might be emptied, it might easily replenish them, by raising money upon the securities of those to whom it had advanced its paper. Experience, I believe, soon convinced them that this method of raising money was by much too slow to answer their purpose; and that coffers which originally were so ill filled, and which emptied themselves so very fast, could be replenished by no other expedient but the ruinous one of drawing bills upon London, and when they became due, paying them by other draughts on the same place, with accumulated interest and commission. But though they had been able by this method to raise money as fast as they wanted it, yet, instead of making a profit, they must have suffered a loss of every such operation; so that in the long-run they must have ruined themselves as a mercantile company, though perhaps not so soon as by the more expensive practice of drawing and redrawing. They could still have made nothing by the interest of the paper, which, being over and above what the circulation of the country could absorb and employ, returned upon them in order to be exchanged for gold and silver, as fast as they issued it; and for the payment of which they were themselves continually obliged to borrow money. On the contrary, the whole expense of this borrowing, of employing agents to look out for people who had money to lend, of negotiating with those people, and of drawing the proper bond or assignment, must have fallen upon them, and have been so much clear loss upon the balance of their accounts. The project of replenishing their coffers in this manner may be compared to that of a man who had a water-pond from which a stream was continually running out, and into which no stream was continually running, but who proposed to keep it always equally full, by employing a number of people to go continually with buckets to a well at some miles distance, in order to bring water to replenish it.

But though this operation had proved not only practicable, but profitable to the bank, as a mercantile company; yet the country could have derived no benefit from it, but, on the contrary, must have suffered a very considerable loss by it. This operation could not augment, in the smallest degree, the quantity of money to be lent. It could only have erected this bank into a sort of general loan office for the whole country. Those who wanted to borrow

must have applied to this bank, instead of applying to the private persons who had lent it their money. But a bank which lends money, perhaps to five hundred different people, the greater part of whom its directors can know very little about, is not likely to be more judicious in the choice of its debtors than a private person who lends out his money among a few people whom he knows, and in whose sober and frugal conduct he thinks he has good reason to confide. The debtors of such a bank as that whose conduct I have been giving some account of were likely, the greater part of them, to be chimerical projectors, the drawers and redrawers of circulating bills of exchange, who would employ the money in extravagant undertakings, which, with all the assistance that could be given them, they would probably never be able to complete, and which, if they should be completed, would never repay the expense which they had really cost, would never afford a fund capable of maintaining a quantity of labour equal to that which had been employed about them. The sober and frugal debtors of private persons, on the contrary, would be more likely to employ the money borrowed in sober undertakings which were proportioned to their capitals, and which, though they might have less of the grand and the marvellous, would have more of the solid and the profitable; which would repay with a large profit whatever had been laid out upon them, and which would thus afford a fund capable of maintaining a much greater quantity of labour than that which had been employed about them. The success of this operation, therefore, without increasing in the smallest degree the capital of the country, would only have transferred a great part of it from prudent and profitable to imprudent and unprofitable undertakings.

That the industry of Scotland languished for want of money to employ it, was the opinion of the famous Mr Law. By establishing a bank of a particular kind, which he seems to have imagined might issue paper to the amount of the whole value of all the lands in the country, he proposed to remedy this want of money. The parliament of Scotland, when he first proposed his project, did not think proper to adopt it. It was afterwards adopted, with some variations, by the Duke of Orleans, at that time regent of France. The idea of the possibility of multiplying paper money to almost any extent was the real foundation of what is called the Mississippi scheme, the most extravagant project, both of banking and stock-jobbing, that perhaps the world ever saw. The different operations of this scheme are explained so fully, so clearly, and with so much order and distinctness, by

Mr Du Verney, in his Examination of the Political Reflections upon commerce and finances of Mr Du Tot, that I shall not give any account of them. The principles upon which it was founded are explained by Mr Law himself, in a discourse concerning money and trade, which he published in Scotland when he first proposed his project. The splendid but visionary ideas which are set forth in that and some other works upon the same principles, still continue to make an impression upon many people, and have, perhaps, in part, contributed to that excess of banking, which has of late been complained of, both in Scotland and in other places.

The Bank of England is the greatest bank of circulation in Europe. It was incorporated, in pursuance of an act of parliament, by a charter under the great seal, dated the 27th of July 1694. It at that time advanced to government the sum of £1,200,000 for an annuity of £100,000, or for £96,000 a-year, interest at the rate of eight per cent. and £4,000 year for the expense of management. The credit of the new government, established by the Revolution, we may believe, must have been very low, when it was obliged to borrow at so high an interest.

In 1697, the bank was allowed to enlarge its capital stock, by an ingraftment of £1,001,171:10s. Its whole capital stock, therefore, amounted at this time to £2,201,171: 10s. This ingraftment is said to have been for the support of public credit. In 1696, tallies had been at forty, and fifty, and sixty, per cent. discount, and bank notes at twenty per cent. {James Postlethwaite's History of the Public Revenue, p.301.} During the great re-coinage of the silver, which was going on at this time, the bank had thought proper to discontinue the payment of its notes, which necessarily occasioned their discredit.

In pursuance of the 7th Anne, c. 7, the bank advanced and paid into the exchequer the sum of £400,000; making in all the sum of £1,600,000, which it had advanced upon its original annuity of £96,000 interest, and £4,000 for expense of management. In 1708, therefore, the credit of government was as good as that of private persons, since it could borrow at six per cent. interest, the common legal and market rate of those times. In pursuance of the same act, the bank cancelled exchequer bills to the amount of £ 1,775,027: 17s: 10½d. at six per cent. interest, and was at the same time allowed to take in subscriptions for doubling its capital. In 1703, therefore, the capital of the bank amounted to £4,402,343; and it had advanced to government the sum of £3,375,027:17:10½d.

By a call of fifteen per cent. in 1709, there was paid in, and made stock, £ 656,204:1:9d.; and by another of ten per cent. in 1710, £501,448:12:11d. In consequence of those two calls, therefore, the bank capital amounted to £ 5,559,995:14:8d.

In pursuance of the 3rd George I. c.8, the bank delivered up two millions of exchequer Bills to be cancelled. It had at this time, therefore, advanced to government £5,375,027:17 10d. In pursuance of the 8th George I. c.21, the bank purchased of the South-sea company, stock to the amount of £4,000,000: and in 1722, in consequence of the subscriptions which it had taken in for enabling it to make this purchase, its capital stock was increased by £ 3,400,000. At this time, therefore, the bank had advanced to the public £ 9,375,027 17s. 10½d.; and its capital stock amounted only to £ 8,959,995:14:8d. It was upon this occasion that the sum which the bank had advanced to the public, and for which it received interest, began first to exceed its capital stock, or the sum for which it paid a dividend to the proprietors of bank stock; or, in other words, that the bank began to have an undivided capital, over and above its divided one. It has continued to have an undivided capital of the same kind ever since. In 1746, the bank had, upon different occasions, advanced to the public £11,686,800, and its divided capital had been raised by different calls and subscriptions to £ 10,780,000. The state of those two sums has continued to be the same ever since. In pursuance of the 4th of George III. c.25, the bank agreed to pay to government for the renewal of its charter £110,000, without interest or repayment. This sum, therefore did not increase either of those two other sums.

The dividend of the bank has varied according to the variations in the rate of the interest which it has, at different times, received for the money it had advanced to the public, as well as according to other circumstances. This rate of interest has gradually been reduced from eight to three per cent. For some years past, the bank dividend has been at five and a half per cent.

The stability of the bank of England is equal to that of the British government. All that it has advanced to the public must be lost before its creditors can sustain any loss. No other banking company in England can be established by act of parliament, or can consist of more than six members. It acts, not only as an ordinary bank, but as a great engine of state. It receives and pays the greater part of the annuities which are due to the creditors of the public; it circulates exchequer bills; and it advances to government the

annual amount of the land and malt taxes, which are frequently not paid up till some years thereafter. In these different operations, its duty to the public may sometimes have obliged it, without any fault of its directors, to overstock the circulation with paper money. It likewise discounts merchants' bills, and has, upon several different occasions, supported the credit of the principal houses, not only of England, but of Hamburgh and Holland. Upon one occasion, in 1763, it is said to have advanced for this purpose, in one week, about £1,600,000, a great part of it in bullion. I do not, however, pretend to warrant either the greatness of the sum, or the shortness of the time. Upon other occasions, this great company has been reduced to the necessity of paying in sixpences.

It is not by augmenting the capital of the country, but by rendering a greater part of that capital active and productive than would otherwise be so, that the most judicious operations of banking can increase the industry of the country. That part of his capital which a dealer is obliged to keep by him unemployed and in ready money, for answering occasional demands, is so much dead stock, which, so long as it remains in this situation, produces nothing, either to him or to his country. The judicious operations of banking enable him to convert this dead stock into active and productive stock; into materials to work upon; into tools to work with; and into provisions and subsistence to work for; into stock which produces something both to himself and to his country. The gold and silver money which circulates in any country, and by means of which, the produce of its land and labour is annually circulated and distributed to the proper consumers, is, in the same manner as the ready money of the dealer, all dead stock. It is a very valuable part of the capital of the country, which produces nothing to the country. The judicious operations of banking, by substituting paper in the room of a great part of this gold and silver, enable the country to convert a great part of this dead stock into active and productive stock; into stock which produces something to the country. The gold and silver money which circulates in any country may very properly be compared to a highway, which, while it circulates and carries to market all the grass and corn of the country, produces itself not a single pile of either. The judicious operations of banking, by providing, if I may be allowed so violent a metaphor, a sort of waggon-way through the air, enable the country to convert, as it were, a great part of its highways into good pastures, and corn fields, and thereby to increase, very considerably, the annual produce of its land and labour. The

commerce and industry of the country, however, it must be acknowledged, though they may be somewhat augmented, cannot be altogether so secure, when they are thus, as it were, suspended upon the Daedalian wings of paper money, as when they travel about upon the solid ground of gold and silver. Over and above the accidents to which they are exposed from the unskilfulness of the conductors of this paper money, they are liable to several others, from which no prudence or skill of those conductors can guard them.

An unsuccessful war, for example, in which the enemy got possession of the capital, and consequently of that treasure which supported the credit of the paper money, would occasion a much greater confusion in a country where the whole circulation was carried on by paper, than in one where the greater part of it was carried on by gold and silver. The usual instrument of commerce having lost its value, no exchanges could be made but either by barter or upon credit. All taxes having been usually paid in paper money, the prince would not have wherewithal either to pay his troops, or to furnish his magazines; and the state of the country would be much more irretrievable than if the greater part of its circulation had consisted in gold and silver. A prince, anxious to maintain his dominions at all times in the state in which he can most easily defend them, ought upon this account to guard not only against that excessive multiplication of paper money which ruins the very banks which issue it, but even against that multiplication of it which enables them to fill the greater part of the circulation of the country with it.

The circulation of every country may be considered as divided into two different branches; the circulation of the dealers with one another, and the circulation between the dealers and the consumers. Though the same pieces of money, whether paper or metal, may be employed sometimes in the one circulation and sometimes in the other; yet as both are constantly going on at the same time, each requires a certain stock of money, of one kind or another, to carry it on. The value of the goods circulated between the different dealers never can exceed the value of those circulated between the dealers and the consumers; whatever is bought by the dealers being ultimately destined to be sold to the consumers. The circulation between the dealers, as it is carried on by wholesale, requires generally a pretty large sum for every particular transaction. That between the dealers and the consumers, on the contrary, as it is generally carried on by retail, frequently

requires but very small ones, a shilling, or even a halfpenny, being often sufficient. But small sums circulate much faster than large ones. A shilling changes masters more frequently than a guinea, and a halfpenny more frequently than a shilling. Though the annual purchases of all the consumers, therefore, are at least equal in value to those of all the dealers, they can generally be transacted with a much smaller quantity of money; the same pieces, by a more rapid circulation, serving as the instrument of many more purchases of the one kind than of the other.

Paper money may be so regulated as either to confine itself very much to the circulation between the different dealers, or to extend itself likewise to a great part of that between the dealers and the consumers. Where no bank notes are circulated under £10 value, as in London, paper money confines itself very much to the circulation between the dealers. When a ten pound bank note comes into the hands of a consumer, he is generally obliged to change it at the first shop where he has occasion to purchase five shillings worth of goods; so that it often returns into the hands of a dealer before the consumer has spent the fortieth part of the money. Where bank notes are issued for so small sums as 20s. as in Scotland, paper money extends itself to a considerable part of the circulation between dealers and consumers. Before the Act of parliament which put a stop to the circulation of ten and five shilling notes, it filled a still greater part of that circulation. In the currencies of North America, paper was commonly issued for so small a sum as a shilling, and filled almost the whole of that circulation. In some paper currencies of Yorkshire, it was issued even for so small a sum as a sixpence.

Where the issuing of bank notes for such very small sums is allowed, and commonly practised, many mean people are both enabled and encouraged to become bankers. A person whose promissory note for £5, or even for 20s. would be rejected by every body, will get it to be received without scruple when it is issued for so small a sum as a sixpence. But the frequent bankruptcies to which such beggarly bankers must be liable, may occasion a very considerable inconveniency, and sometimes even a very great calamity, to many poor people who had received their notes in payment.

It were better, perhaps, that no bank notes were issued in any part of the kingdom for a smaller sum than £5. Paper money would then, probably, confine itself, in every part of the kingdom, to the circulation between the different dealers, as much as it does at present in London, where no bank

notes are issued under £10 value; £5 being, in most part of the kingdom, a sum which, though it will purchase, perhaps, little more than half the quantity of goods, is as much considered, and is as seldom spent all at once, as £10 are amidst the profuse expense of London.

Where paper money, it is to be observed, is pretty much confined to the circulation between dealers and dealers, as at London, there is always plenty of gold and silver. Where it extends itself to a considerable part of the circulation between dealers and consumers, as in Scotland, and still more in North America, it banishes gold and silver almost entirely from the country; almost all the ordinary transactions of its interior commerce being thus carried on by paper. The suppression of ten and five shilling bank notes, somewhat relieved the scarcity of gold and silver in Scotland; and the suppression of twenty shilling notes will probably relieve it still more. Those metals are said to have become more abundant in America, since the suppression of some of their paper currencies. They are said, likewise, to have been more abundant before the institution of those currencies.

Though paper money should be pretty much confined to the circulation between dealers and dealers, yet banks and bankers might still be able to give nearly the same assistance to the industry and commerce of the country, as they had done when paper money filled almost the whole circulation. The ready money which a dealer is obliged to keep by him, for answering occasional demands, is destined altogether for the circulation between himself and other dealers of whom he buys goods. He has no occasion to keep any by him for the circulation between himself and the consumers, who are his customers, and who bring ready money to him, instead of taking any from him. Though no paper money, therefore, was allowed to be issued, but for such sums as would confine it pretty much to the circulation between dealers and dealers; yet partly by discounting real bills of exchange, and partly by lending upon cash-accounts, banks and bankers might still be able to relieve the greater part of those dealers from the necessity of keeping any considerable part of their stock by them unemployed, and in ready money, for answering occasional demands. They might still be able to give the utmost assistance which banks and bankers can with propriety give to traders of every kind.

To restrain private people, it may be said, from receiving in payment the promissory notes of a banker for any sum, whether great or small, when they themselves are willing to receive them; or, to restrain a banker from

issuing such notes, when all his neighbours are willing to accept of them, is a manifest violation of that natural liberty, which it is the proper business of law not to infringe, but to support. Such regulations may, no doubt, be considered as in some respect a violation of natural liberty. But those exertions of the natural liberty of a few individuals, which might endanger the security of the whole society, are, and ought to be, restrained by the laws of all governments; of the most free, as well as or the most despotical. The obligation of building party walls, in order to prevent the communication of fire, is a violation of natural liberty, exactly of the same kind with the regulations of the banking trade which are here proposed.

A paper money, consisting in bank notes, issued by people of undoubted credit, payable upon demand, without any condition, and, in fact, always readily paid as soon as presented, is, in every respect, equal in value to gold and silver money, since gold and silver money can at anytime be had for it. Whatever is either bought or sold for such paper, must necessarily be bought or sold as cheap as it could have been for gold and silver.

The increase of paper money, it has been said, by augmenting the quantity, and consequently diminishing the value, of the whole currency, necessarily augments the money price of commodities. But as the quantity of gold and silver, which is taken from the currency, is always equal to the quantity of paper which is added to it, paper money does not necessarily increase the quantity of the whole currency. From the beginning of the last century to the present time, provisions never were cheaper in Scotland than in 1759, though, from the circulation of ten and five shilling bank notes, there was then more paper money in the country than at present. The proportion between the price of provisions in Scotland and that in England is the same now as before the great multiplication of banking companies in Scotland. Corn is, upon most occasions, fully as cheap in England as in France, though there is a great deal of paper money in England, and scarce any in France. In 1751 and 1752, when Mr Hume published his Political Discourses, and soon after the great multiplication of paper money in Scotland, there was a very sensible rise in the price of provisions, owing, probably, to the badness of the seasons, and not to the multiplication of paper money.

It would be otherwise, indeed, with a paper money, consisting in promissory notes, of which the immediate payment depended, in any respect, either upon the good will of those who issued them, or upon a

condition which the holder of the notes might not always have it in his power to fulfil, or of which the payment was not exigible till after a certain number of years, and which, in the mean time, bore no interest. Such a paper money would, no doubt, fall more or less below the value of gold and silver, according as the difficulty or uncertainty of obtaining immediate payment was supposed to be greater or less, or according to the greater or less distance of time at which payment was exigible.

Some years ago the different banking companies of Scotland were in the practice of inserting into their bank notes, what they called an optional clause; by which they promised payment to the bearer, either as soon as the note should be presented, or, in the option of the directors, six months after such presentment, together with the legal interest for the said six months. The directors of some of those banks sometimes took advantage of this optional clause, and sometimes threatened those who demanded gold and silver in exchange for a considerable number of their notes, that they would take advantage of it, unless such demanders would content themselves with a part of what they demanded. The promissory notes of those banking companies constituted, at that time, the far greater part of the currency of Scotland, which this uncertainty of payment necessarily degraded below value of gold and silver money. During the continuance of this abuse (which prevailed chiefly in 1762, 1763, and 1764), while the exchange between London and Carlisle was at par, that between London and Dumfries would sometimes be four per cent. against Dumfries, though this town is not thirty miles distant from Carlisle. But at Carlisle, bills were paid in gold and silver; whereas at Dumfries they were paid in Scotch bank notes; and the uncertainty of getting these bank notes exchanged for gold and silver coin, had thus degraded them four per cent. below the value of that coin. The same act of parliament which suppressed ten and five shilling bank notes, suppressed likewise this optional clause, and thereby restored the exchange between England and Scotland to its natural rate, or to what the course of trade and remittances might happen to make it.

In the paper currencies of Yorkshire, the payment of so small a sum as 6d. sometimes depended upon the condition, that the holder of the note should bring the change of a guinea to the person who issued it; a condition which the holders of such notes might frequently find it very difficult to fulfil, and which must have degraded this currency below the value of gold and silver money. An act of parliament, accordingly, declared all such

clauses unlawful, and suppressed, in the same manner as in Scotland, all promissory notes, payable to the bearer, under 20s. value.

The paper currencies of North America consisted, not in bank notes payable to the bearer on demand, but in a government paper, of which the payment was not exigible till several years after it was issued; and though the colony governments paid no interest to the holders of this paper, they declared it to be, and in fact rendered it, a legal tender of payment for the full value for which it was issued. But allowing the colony security to be perfectly good, £100, payable fifteen years hence, for example, in a country where interest is at six per cent., is worth little more than £40 ready money. To oblige a creditor, therefore, to accept of this as full payment for a debt of £100, actually paid down in ready money, was an act of such violent injustice, as has scarce, perhaps, been attempted by the government of any other country which pretended to be free. It bears the evident marks of having originally been, what the honest and downright Doctor Douglas assures us it was, a scheme of fraudulent debtors to cheat their creditors. The government of Pennsylvania, indeed, pretended, upon their first emission of paper money, in 1722, to render their paper of equal value with gold and silver, by enacting penalties against all those who made any difference in the price of their goods when they sold them for a colony paper, and when they sold them for gold and silver, a regulation equally tyrannical, but much less, effectual, than that which it was meant to support. A positive law may render a shilling a legal tender for a guinea, because it may direct the courts of justice to discharge the debtor who has made that tender; but no positive law can oblige a person who sells goods, and who is at liberty to sell or not to sell as he pleases, to accept of a shilling as equivalent to a guinea in the price of them. Notwithstanding any regulation of this kind, it appeared, by the course of exchange with Great Britain, that £100 sterling was occasionally considered as equivalent, in some of the colonies, to £130, and in others to so great a sum as £1100 currency; this difference in the value arising from the difference in the quantity of paper emitted in the different colonies, and in the distance and probability of the term of its final discharge and redemption.

No law, therefore, could be more equitable than the act of parliament, so unjustly complained of in the colonies, which declared, that no paper currency to be emitted there in time coming, should be a legal tender of payment.

Pennsylvania was always more moderate in its emissions of paper money than any other of our colonies. Its paper currency, accordingly, is said never to have sunk below the value of the gold and silver which was current in the colony before the first emission of its paper money. Before that emission, the colony had raised the denomination of its coin, and had, by act of assembly, ordered 5s. sterling to pass in the colonies for 6s:3d., and afterwards for 6s:8d. A pound, colony currency, therefore, even when that currency was gold and silver, was more than thirty per cent. below the value of £1 sterling; and when that currency was turned into paper, it was seldom much more than thirty per cent. below that value. The pretence for raising the denomination of the coin was to prevent the exportation of gold and silver, by making equal quantities of those metals pass for greater sums in the colony than they did in the mother country. It was found, however, that the price of all goods from the mother country rose exactly in proportion as they raised the denomination of their coin, so that their gold and silver were exported as fast as ever.

The paper of each colony being received in the payment of the provincial taxes, for the full value for which it had been issued, it necessarily derived from this use some additional value, over and above what it would have had, from the real or supposed distance of the term of its final discharge and redemption. This additional value was greater or less, according as the quantity of paper issued was more or less above what could be employed in the payment of the taxes of the particular colony which issued it. It was in all the colonies very much above what could be employed in this manner.

A prince, who should enact that a certain proportion of his taxes should be paid in a paper money of a certain kind, might thereby give a certain value to this paper money, even though the term of its final discharge and redemption should depend altogether upon the will of the prince. If the bank which issued this paper was careful to keep the quantity of it always somewhat below what could easily be employed in this manner, the demand for it might be such as to make it even bear a premium, or sell for somewhat more in the market than the quantity of gold or silver currency for which it was issued. Some people account in this manner for what is called the agio of the bank of Amsterdam, or for the superiority of bank money over current money, though this bank money, as they pretend, cannot be taken out of the bank at the will of the owner. The greater part of foreign bills of exchange must be paid in bank money, that is, by a transfer in the books of

the bank; and the directors of the bank, they allege, are careful to keep the whole quantity of bank money always below what this use occasions a demand for. It is upon this account, they say, the bank money sells for a premium, or bears an agio of four or five per cent. above the same nominal sum of the gold and silver currency of the country. This account of the bank of Amsterdam, however, it will appear hereafter, is in a great measure chimerical.

A paper currency which falls below the value of gold and silver coin, does not thereby sink the value of those metals, or occasion equal quantities of them to exchange for a smaller quantity of goods of any other kind. The proportion between the value of gold and silver and that of goods of any other kind, depends in all cases, not upon the nature and quantity of any particular paper money, which may be current in any particular country, but upon the richness or poverty of the mines, which happen at any particular time to supply the great market of the commercial world with those metals. It depends upon the proportion between the quantity of labour which is necessary in order to bring a certain quantity of gold and silver to market, and that which is necessary in order to bring thither a certain quantity of any other sort of goods.

If bankers are restrained from issuing any circulating bank notes, or notes payable to the bearer, for less than a certain sum; and if they are subjected to the obligation of an immediate and unconditional payment of such bank notes as soon as presented, their trade may, with safety to the public, be rendered in all other respects perfectly free. The late multiplication of banking companies in both parts of the united kingdom, an event by which many people have been much alarmed, instead of diminishing, increases the security of the public. It obliges all of them to be more circumspect in their conduct, and, by not extending their currency beyond its due proportion to their cash, to guard themselves against those malicious runs, which the rivalry of so many competitors is always ready to bring upon them. It restrains the circulation of each particular company within a narrower circle, and reduces their circulating notes to a smaller number. By dividing the whole circulation into a greater number of parts, the failure of any one company, an accident which, in the course of things, must sometimes happen, becomes of less consequence to the public. This free competition, too, obliges all bankers to be more liberal in their dealings with their customers, lest their rivals should carry them away. In general, if any

branch of trade, or any division of labour, be advantageous to the public, the freer and more general the competition, it will always be the more so.

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CHAPTER III.

OF THE ACCUMULATION OF CAPITAL, OR

OF PRODUCTIVE AND UNPRODUCTIVE

LABOUR.

There is one sort of labour which adds to the value of the subject upon which it is bestowed; there is another which has no such effect. The former as it produces a value, may be called productive, the latter, unproductive labour. {Some French authors of great learning and ingenuity have used those words in a different sense. In the last chapter of the fourth book, I shall endeavour to shew that their sense is an improper one.} Thus the labour of a manufacturer adds generally to the value of the materials which he works upon, that of his own maintenance, and of his master's profit. The labour of a menial servant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his master, he in reality costs him no expense, the value of those wages being generally restored, together with a profit, in the improved value of the subject upon which his labour is bestowed. But the maintenance of a menial servant never is restored. A man grows rich by employing a multitude of manufacturers; he grows poor by maintaining a multitude of menial servants. The labour of the latter, however, has its value, and deserves its reward as well as that of the former. But the labour of the manufacturer fixes and realizes itself in some particular subject or vendible commodity, which lasts for some time at least after that labour is past. It is, as it were, a certain quantity of labour stocked and stored up, to be employed, if necessary, upon some other occasion. That subject, or, what is the same thing, the price of that subject, can afterwards, if necessary, put into motion a quantity of labour equal to that which had originally produced it. The labour of the menial servant, on the contrary, does not fix or realize itself in any particular subject or vendible commodity. His services generally perish in the very instant of their performance, and seldom leave any trace of value

behind them, for which an equal quantity of service could afterwards be procured.

The labour of some of the most respectable orders in the society is, like that of menial servants, unproductive of any value, and does not fix or realize itself in any permanent subject, or vendible commodity, which endures after that labour is past, and for which an equal quantity of labour could afterwards be procured. The sovereign, for example, with all the officers both of justice and war who serve under him, the whole army and navy, are unproductive labourers. They are the servants of the public, and are maintained by a part of the annual produce of the industry of other people. Their service, how honourable, how useful, or how necessary soever, produces nothing for which an equal quantity of service can afterwards be procured. The protection, security, and defence, of the commonwealth, the effect of their labour this year, will not purchase its protection, security, and defence, for the year to come. In the same class must be ranked, some both of the gravest and most important, and some of the most frivolous professions; churchmen, lawyers, physicians, men of letters of all kinds; players, buffoons, musicians, opera-singers, opera-dancers, etc. The labour of the meanest of these has a certain value, regulated by the very same principles which regulate that of every other sort of labour; and that of the noblest and most useful, produces nothing which could afterwards purchase or procure an equal quantity of labour. Like the declamation of the actor, the harangue of the orator, or the tune of the musician, the work of all of them perishes in the very instant of its production.

Both productive and unproductive labourers, and those who do not labour at all, are all equally maintained by the annual produce of the land and labour of the country. This produce, how great soever, can never be infinite, but must have certain limits. According, therefore, as a smaller or greater proportion of it is in any one year employed in maintaining unproductive hands, the more in the one case, and the less in the other, will remain for the productive, and the next year's produce will be greater or smaller accordingly; the whole annual produce, if we except the spontaneous productions of the earth, being the effect of productive labour.

Though the whole annual produce of the land and labour of every country is no doubt ultimately destined for supplying the consumption of its inhabitants, and for procuring a revenue to them; yet when it first comes

either from the ground, or from the hands of the productive labourers, it naturally divides itself into two parts. One of them, and frequently the largest, is, in the first place, destined for replacing a capital, or for renewing the provisions, materials, and finished work, which had been withdrawn from a capital; the other for constituting a revenue either to the owner of this capital, as the profit of his stock, or to some other person, as the rent of his land. Thus, of the produce of land, one part replaces the capital of the farmer; the other pays his profit and the rent of the landlord; and thus constitutes a revenue both to the owner of this capital, as the profits of his stock, and to some other person as the rent of his land. Of the produce of a great manufactory, in the same manner, one part, and that always the largest, replaces the capital of the undertaker of the work; the other pays his profit, and thus constitutes a revenue to the owner of this capital.

That part of the annual produce of the land and labour of any country which replaces a capital, never is immediately employed to maintain any but productive hands. It pays the wages of productive labour only. That which is immediately destined for constituting a revenue, either as profit or as rent, may maintain indifferently either productive or unproductive hands.

Whatever part of his stock a man employs as a capital, he always expects it to be replaced to him with a profit. He employs it, therefore, in maintaining productive hands only; and after having served in the function of a capital to him, it constitutes a revenue to them. Whenever he employs any part of it in maintaining unproductive hands of any kind, that part is from that moment withdrawn from his capital, and placed in his stock reserved for immediate consumption.

Unproductive labourers, and those who do not labour at all, are all maintained by revenue; either, first, by that part of the annual produce which is originally destined for constituting a revenue to some particular persons, either as the rent of land, or as the profits of stock; or, secondly, by that part which, though originally destined for replacing a capital, and for maintaining productive labourers only, yet when it comes into their hands, whatever part of it is over and above their necessary subsistence, may be employed in maintaining indifferently either productive or unproductive hands. Thus, not only the great landlord or the rich merchant, but even the common workman, if his wages are considerable, may maintain a menial servant; or he may sometimes go to a play or a puppet-show, and so contribute his share towards maintaining one set of unproductive labourers;

or he may pay some taxes, and thus help to maintain another set, more honourable and useful, indeed, but equally unproductive. No part of the annual produce, however, which had been originally destined to replace a capital, is ever directed towards maintaining unproductive hands, till after it has put into motion its full complement of productive labour, or all that it could put into motion in the way in which it was employed. The workman must have earned his wages by work done, before he can employ any part of them in this manner. That part, too, is generally but a small one. It is his spare revenue only, of which productive labourers have seldom a great deal. They generally have some, however; and in the payment of taxes, the greatness of their number may compensate, in some measure, the smallness of their contribution. The rent of land and the profits of stock are everywhere, therefore, the principal sources from which unproductive hands derive their subsistence. These are the two sorts of revenue of which the owners have generally most to spare. They might both maintain indifferently, either productive or unproductive hands. They seem, however, to have some predilection for the latter. The expense of a great lord feeds generally more idle than industrious people. The rich merchant, though with his capital he maintains industrious people only, yet by his expense, that is, by the employment of his revenue, he feeds commonly the very same sort as the great lord.

The proportion, therefore, between the productive and unproductive hands, depends very much in every country upon the proportion between that part of the annual produce, which, as soon as it comes either from the ground, or from the hands of the productive labourers, is destined for replacing a capital, and that which is destined for constituting a revenue, either as rent or as profit. This proportion is very different in rich from what it is in poor countries.

Thus, at present, in the opulent countries of Europe, a very large, frequently the largest, portion of the produce of the land, is destined for replacing the capital of the rich and independent farmer; the other for paying his profits, and the rent of the landlord. But anciently, during the prevalency of the feudal government, a very small portion of the produce was sufficient to replace the capital employed in cultivation. It consisted commonly in a few wretched cattle, maintained altogether by the spontaneous produce of uncultivated land, and which might, therefore, be considered as a part of that spontaneous produce. It generally, too, belonged

to the landlord, and was by him advanced to the occupiers of the land. All the rest of the produce properly belonged to him too, either as rent for his land, or as profit upon this paltry capital. The occupiers of land were generally bond-men, whose persons and effects were equally his property. Those who were not bond-men were tenants at will; and though the rent which they paid was often nominally little more than a quit-rent, it really amounted to the whole produce of the land. Their lord could at all times command their labour in peace and their service in war. Though they lived at a distance from his house, they were equally dependent upon him as his retainers who lived in it. But the whole produce of the land undoubtedly belongs to him, who can dispose of the labour and service of all those whom it maintains. In the present state of Europe, the share of the landlord seldom exceeds a third, sometimes not a fourth part of the whole produce of the land. The rent of land, however, in all the improved parts of the country, has been tripled and quadrupled since those ancient times; and this third or fourth part of the annual produce is, it seems, three or four times greater than the whole had been before. In the progress of improvement, rent, though it increases in proportion to the extent, diminishes in proportion to the produce of the land.

In the opulent countries of Europe, great capitals are at present employed in trade and manufactures. In the ancient state, the little trade that was stirring, and the few homely and coarse manufactures that were carried on, required but very small capitals. These, however, must have yielded very large profits. The rate of interest was nowhere less than ten per cent. and their profits must have been sufficient to afford this great interest. At present, the rate of interest, in the improved parts of Europe, is nowhere higher than six per cent.; and in some of the most improved, it is so low as four, three, and two per cent. Though that part of the revenue of the inhabitants which is derived from the profits of stock, is always much greater in rich than in poor countries, it is because the stock is much greater; in proportion to the stock, the profits are generally much less.

That part of the annual produce, therefore, which, as soon as it comes either from the ground, or from the hands of the productive labourers, is destined for replacing a capital, is not only much greater in rich than in poor countries, but bears a much greater proportion to that which is immediately destined for constituting a revenue either as rent or as profit. The funds destined for the maintenance of productive labour are not only much greater

in the former than in the latter, but bear a much greater proportion to those which, though they may be employed to maintain either productive or unproductive hands, have generally a predilection for the latter.

The proportion between those different funds necessarily determines in every country the general character of the inhabitants as to industry or idleness. We are more industrious than our forefathers, because, in the present times, the funds destined for the maintenance of industry are much greater in proportion to those which are likely to be employed in the maintenance of idleness, than they were two or three centuries ago. Our ancestors were idle for want of a sufficient encouragement to industry. It is better, says the proverb, to play for nothing, than to work for nothing. In mercantile and manufacturing towns, where the inferior ranks of people are chiefly maintained by the employment of capital, they are in general industrious, sober, and thriving; as in many English, and in most Dutch towns. In those towns which are principally supported by the constant or occasional residence of a court, and in which the inferior ranks of people are chiefly maintained by the spending of revenue, they are in general idle, dissolute, and poor; as at Rome, Versailles, Compeigne, and Fontainbleau. If you except Rouen and Bourdeaux, there is little trade or industry in any of the parliament towns of France; and the inferior ranks of people, being chiefly maintained by the expense of the members of the courts of justice, and of those who come to plead before them, are in general idle and poor. The great trade of Rouen and Bourdeaux seems to be altogether the effect of their situation. Rouen is necessarily the entrepot of almost all the goods which are brought either from foreign countries, or from the maritime provinces of France, for the consumption of the great city of Paris. Bourdeaux is, in the same manner, the entrepot of the wines which grow upon the banks of the Garronne, and of the rivers which run into it, one of the richest wine countries in the world, and which seems to produce the wine fittest for exportation, or best suited to the taste of foreign nations. Such advantageous situations necessarily attract a great capital by the great employment which they afford it; and the employment of this capital is the cause of the industry of those two cities. In the other parliament towns of France, very little more capital seems to be employed than what is necessary for supplying their own consumption; that is, little more than the smallest capital which can be employed in them. The same thing may be said of Paris, Madrid, and Vienna. Of those three cities, Paris is by far the

most industrious, but Paris itself is the principal market of all the manufactures established at Paris, and its own consumption is the principal object of all the trade which it carries on. London, Lisbon, and Copenhagen, are, perhaps, the only three cities in Europe, which are both the constant residence of a court, and can at the same time be considered as trading cities, or as cities which trade not only for their own consumption, but for that of other cities and countries. The situation of all the three is extremely advantageous, and naturally fits them to be the entrepots of a great part of the goods destined for the consumption of distant places. In a city where a great revenue is spent, to employ with advantage a capital for any other purpose than for supplying the consumption of that city, is probably more difficult than in one in which the inferior ranks of people have no other maintenance but what they derive from the employment of such a capital. The idleness of the greater part of the people who are maintained by the expense of revenue, corrupts, it is probable, the industry of those who ought to be maintained by the employment of capital, and renders it less advantageous to employ a capital there than in other places. There was little trade or industry in Edinburgh before the Union. When the Scotch parliament was no longer to be assembled in it, when it ceased to be the necessary residence of the principal nobility and gentry of Scotland, it became a city of some trade and industry. It still continues, however, to be the residence of the principal courts of justice in Scotland, of the boards of customs and excise, etc. A considerable revenue, therefore, still continues to be spent in it. In trade and industry, it is much inferior to Glasgow, of which the inhabitants are chiefly maintained by the employment of capital. The inhabitants of a large village, it has sometimes been observed, after having made considerable progress in manufactures, have become idle and poor, in consequence of a great lord's having taken up his residence in their neighbourhood.

The proportion between capital and revenue, therefore, seems everywhere to regulate the proportion between industry and idleness. Wherever capital predominates, industry prevails; wherever revenue, idleness. Every increase or diminution of capital, therefore, naturally tends to increase or diminish the real quantity of industry, the number of productive hands, and consequently the exchangeable value of the annual produce of the land and labour of the country, the real wealth and revenue of all its inhabitants.

Capitals are increased by parsimony, and diminished by prodigality and misconduct.

Whatever a person saves from his revenue he adds to his capital, and either employs it himself in maintaining an additional number of productive hands, or enables some other person to do so, by lending it to him for an interest, that is, for a share of the profits. As the capital of an individual can be increased only by what he saves from his annual revenue or his annual gains, so the capital of a society, which is the same with that of all the individuals who compose it, can be increased only in the same manner.

Parsimony, and not industry, is the immediate cause of the increase of capital. Industry, indeed, provides the subject which parsimony accumulates; but whatever industry might acquire, if parsimony did not save and store up, the capital would never be the greater.

Parsimony, by increasing the fund which is destined for the maintenance of productive hands, tends to increase the number of those hands whose labour adds to the value of the subject upon which it is bestowed. It tends, therefore, to increase the exchangeable value of the annual produce of the land and labour of the country. It puts into motion an additional quantity of industry, which gives an additional value to the annual produce.

What is annually saved, is as regularly consumed as what is annually spent, and nearly in the same time too: but it is consumed by a different set of people. That portion of his revenue which a rich man annually spends, is, in most cases, consumed by idle guests and menial servants, who leave nothing behind them in return for their consumption. That portion which he annually saves, as, for the sake of the profit, it is immediately employed as a capital, is consumed in the same manner, and nearly in the same time too, but by a different set of people: by labourers, manufacturers, and artificers, who reproduce, with a profit, the value of their annual consumption. His revenue, we shall suppose, is paid him in money. Had he spent the whole, the food, clothing, and lodging, which the whole could have purchased, would have been distributed among the former set of people. By saving a part of it, as that part is, for the sake of the profit, immediately employed as a capital, either by himself or by some other person, the food, clothing, and lodging, which may be purchased with it, are necessarily reserved for the latter. The consumption is the same, but the consumers are different.

By what a frugal man annually saves, he not only affords maintenance to an additional number of productive hands, for that of the ensuing year, but like the founder of a public work-house he establishes, as it were, a perpetual fund for the maintenance of an equal number in all times to come. The perpetual allotment and destination of this fund, indeed, is not always guarded by any positive law, by any trust-right or deed of mortmain. It is always guarded, however, by a very powerful principle, the plain and evident interest of every individual to whom any share of it shall ever belong. No part of it can ever afterwards be employed to maintain any but productive hands, without an evident loss to the person who thus perverts it from its proper destination.

The prodigal perverts it in this manner: By not confining his expense within his income, he encroaches upon his capital. Like him who perverts the revenues of some pious foundation to profane purposes, he pays the wages of idleness with those funds which the frugality of his forefathers had, as it were, consecrated to the maintenance of industry. By diminishing the funds destined for the employment of productive labour, he necessarily diminishes, so far as it depends upon him, the quantity of that labour which adds a value to the subject upon which it is bestowed, and, consequently, the value of the annual produce of the land and labour of the whole country, the real wealth and revenue of its inhabitants. If the prodigality of some were not compensated by the frugality of others, the conduct of every prodigal, by feeding the idle with the bread of the industrious, would tend not only to beggar himself, but to impoverish his country.

Though the expense of the prodigal should be altogether in home made, and no part of it in foreign commodities, its effect upon the productive funds of the society would still be the same. Every year there would still be a certain quantity of food and clothing, which ought to have maintained productive, employed in maintaining unproductive hands. Every year, therefore, there would still be some diminution in what would otherwise have been the value of the annual produce of the land and labour of the country.

This expense, it may be said, indeed, not being in foreign goods, and not occasioning any exportation of gold and silver, the same quantity of money would remain in the country as before. But if the quantity of food and clothing which were thus consumed by unproductive, had been distributed among productive hands, they would have reproduced, together with a

profit, the full value of their consumption. The same quantity of money would, in this case, equally have remained in the country, and there would, besides, have been a reproduction of an equal value of consumable goods. There would have been two values instead of one.

The same quantity of money, besides, can not long remain in any country in which the value of the annual produce diminishes. The sole use of money is to circulate consumable goods. By means of it, provisions, materials, and finished work, are bought and sold, and distributed to their proper consumers. The quantity of money, therefore, which can be annually employed in any country, must be determined by the value of the consumable goods annually circulated within it. These must consist, either in the immediate produce of the land and labour of the country itself, or in something which had been purchased with some part of that produce. Their value, therefore, must diminish as the value of that produce diminishes, and along with it the quantity of money which can be employed in circulating them. But the money which, by this annual diminution of produce, is annually thrown out of domestic circulation, will not be allowed to lie idle. The interest of whoever possesses it requires that it should be employed; but having no employment at home, it will, in spite of all laws and prohibitions, be sent abroad, and employed in purchasing consumable goods, which may be of some use at home. Its annual exportation will, in this manner, continue for some time to add something to the annual consumption of the country beyond the value of its own annual produce. What in the days of its prosperity had been saved from that annual produce, and employed in purchasing gold and silver, will contribute, for some little time, to support its consumption in adversity. The exportation of gold and silver is, in this case, not the cause, but the effect of its declension, and may even, for some little time, alleviate the misery of that declension.

The quantity of money, on the contrary, must in every country naturally increase as the value of the annual produce increases. The value of the consumable goods annually circulated within the society being greater, will require a greater quantity of money to circulate them. A part of the increased produce, therefore, will naturally be employed in purchasing, wherever it is to be had, the additional quantity of gold and silver necessary for circulating the rest. The increase of those metals will, in this case, be the effect, not the cause, of the public prosperity. Gold and silver are purchased everywhere in the same manner. The food, clothing, and lodging, the

revenue and maintenance, of all those whose labour or stock is employed in bringing them from the mine to the market, is the price paid for them in Peru as well as in England. The country which has this price to pay, will never belong without the quantity of those metals which it has occasion for; and no country will ever long retain a quantity which it has no occasion for.

Whatever, therefore, we may imagine the real wealth and revenue of a country to consist in, whether in the value of the annual produce of its land and labour, as plain reason seems to dictate, or in the quantity of the precious metals which circulate within it, as vulgar prejudices suppose; in either view of the matter, every prodigal appears to be a public enemy, and every frugal man a public benefactor.

The effects of misconduct are often the same as those of prodigality. Every injudicious and unsuccessful project in agriculture, mines, fisheries, trade, or manufactures, tends in the same manner to diminish the funds destined for the maintenance of productive labour. In every such project, though the capital is consumed by productive hands only, yet as, by the injudicious manner in which they are employed, they do not reproduce the full value of their consumption, there must always be some diminution in what would otherwise have been the productive funds of the society.

It can seldom happen, indeed, that the circumstances of a great nation can be much affected either by the prodigality or misconduct of individuals; the profusion or imprudence of some being always more than compensated by the frugality and good conduct of others.

With regard to profusion, the principle which prompts to expense is the passion for present enjoyment; which, though sometimes violent and very difficult to be restrained, is in general only momentary and occasional. But the principle which prompts to save, is the desire of bettering our condition; a desire which, though generally calm and dispassionate, comes with us from the womb, and never leaves us till we go into the grave. In the whole interval which separates those two moments, there is scarce, perhaps, a single instance, in which any man is so perfectly and completely satisfied with his situation, as to be without any wish of alteration or improvement of any kind. An augmentation of fortune is the means by which the greater part of men propose and wish to better their condition. It is the means the most vulgar and the most obvious; and the most likely way of augmenting their fortune, is to save and accumulate some part of what they acquire, either regularly and annually, or upon some extraordinary occasion. Though

the principle of expense, therefore, prevails in almost all men upon some occasions, and in some men upon almost all occasions; yet in the greater part of men, taking the whole course of their life at an average, the principle of frugality seems not only to predominate, but to predominate very greatly.

With regard to misconduct, the number of prudent and successful undertakings is everywhere much greater than that of injudicious and unsuccessful ones. After all our complaints of the frequency of bankruptcies, the unhappy men who fall into this misfortune, make but a very small part of the whole number engaged in trade, and all other sorts of business; not much more, perhaps, than one in a thousand. Bankruptcy is, perhaps, the greatest and most humiliating calamity which can befall an innocent man. The greater part of men, therefore, are sufficiently careful to avoid it. Some, indeed, do not avoid it; as some do not avoid the gallows.

Great nations are never impoverished by private, though they sometimes are by public prodigality and misconduct. The whole, or almost the whole public revenue is, in most countries, employed in maintaining unproductive hands. Such are the people who compose a numerous and splendid court, a great ecclesiastical establishment, great fleets and armies, who in time of peace produce nothing, and in time of war acquire nothing which can compensate the expense of maintaining them, even while the war lasts. Such people, as they themselves produce nothing, are all maintained by the produce of other men's labour. When multiplied, therefore, to an unnecessary number, they may in a particular year consume so great a share of this produce, as not to leave a sufficiency for maintaining the productive labourers, who should reproduce it next year. The next year's produce, therefore, will be less than that of the foregoing; and if the same disorder should continue, that of the third year will be still less than that of the second. Those unproductive hands who should be maintained by a part only of the spare revenue of the people, may consume so great a share of their whole revenue, and thereby oblige so great a number to encroach upon their capitals, upon the funds destined for the maintenance of productive labour, that all the frugality and good conduct of individuals may not be able to compensate the waste and degradation of produce occasioned by this violent and forced encroachment.

This frugality and good conduct, however, is, upon most occasions, it appears from experience, sufficient to compensate, not only the private prodigality and misconduct of individuals, but the public extravagance of

government. The uniform, constant, and uninterrupted effort of every man to better his condition, the principle from which public and national, as well as private opulence is originally derived, is frequently powerful enough to maintain the natural progress of things towards improvement, in spite both of the extravagance of government, and of the greatest errors of administration. Like the unknown principle of animal life, it frequently restores health and vigour to the constitution, in spite not only of the disease, but of the absurd prescriptions of the doctor.

The annual produce of the land and labour of any nation can be increased in its value by no other means, but by increasing either the number of its productive labourers, or the productive powers of those labourers who had before been employed. The number of its productive labourers, it is evident, can never be much increased, but in consequence of an increase of capital, or of the funds destined for maintaining them. The productive powers of the same number of labourers cannot be increased, but in consequence either of some addition and improvement to those machines and instruments which facilitate and abridge labour, or of more proper division and distribution of employment. In either case, an additional capital is almost always required. It is by means of an additional capital only, that the undertaker of any work can either provide his workmen with better machinery, or make a more proper distribution of employment among them. When the work to be done consists of a number of parts, to keep every man constantly employed in one way, requires a much greater capital than where every man is occasionally employed in every different part of the work. When we compare, therefore, the state of a nation at two different periods, and find that the annual produce of its land and labour is evidently greater at the latter than at the former, that its lands are better cultivated, its manufactures more numerous and more flourishing, and its trade more extensive; we may be assured that its capital must have increased during the interval between those two periods, and that more must have been added to it by the good conduct of some, than had been taken from it either by the private misconduct of others, or by the public extravagance of government. But we shall find this to have been the case of almost all nations, in all tolerably quiet and peaceable times, even of those who have not enjoyed the most prudent and parsimonious governments. To form a right judgment of it, indeed, we must compare the state of the country at periods somewhat distant from one another. The progress is frequently so gradual, that, at near

periods, the improvement is not only not sensible, but, from the declension either of certain branches of industry, or of certain districts of the country, things which sometimes happen, though the country in general is in great prosperity, there frequently arises a suspicion, that the riches and industry of the whole are decaying.

The annual produce of the land and labour of England, for example, is certainly much greater than it was a little more than a century ago, at the restoration of Charles II. Though at present few people, I believe, doubt of this, yet during this period five years have seldom passed away, in which some book or pamphlet has not been published, written, too, with such abilities as to gain some authority with the public, and pretending to demonstrate that the wealth of the nation was fast declining; that the country was depopulated, agriculture neglected, manufactures decaying, and trade undone. Nor have these publications been all party pamphlets, the wretched offspring of falsehood and venality. Many of them have been written by very candid and very intelligent people, who wrote nothing but what they believed, and for no other reason but because they believed it.

The annual produce of the land and labour of England, again, was certainly much greater at the Restoration than we can suppose it to have been about a hundred years before, at the accession of Elizabeth. At this period, too, we have all reason to believe, the country was much more advanced in improvement, than it had been about a century before, towards the close of the dissensions between the houses of York and Lancaster. Even then it was, probably, in a better condition than it had been at the Norman conquest: and at the Norman conquest, than during the confusion of the Saxon heptarchy. Even at this early period, it was certainly a more improved country than at the invasion of Julius Caesar, when its inhabitants were nearly in the same state with the savages in North America.

In each of those periods, however, there was not only much private and public profusion, many expensive and unnecessary wars, great perversion of the annual produce from maintaining productive to maintain unproductive hands; but sometimes, in the confusion of civil discord, such absolute waste and destruction of stock, as might be supposed, not only to retard, as it certainly did, the natural accumulation of riches, but to have left the country, at the end of the period, poorer than at the beginning. Thus, in the happiest and most fortunate period of them all, that which has passed since the Restoration, how many disorders and misfortunes have occurred,

which, could they have been foreseen, not only the impoverishment, but the total ruin of the country would have been expected from them? The fire and the plague of London, the two Dutch wars, the disorders of the revolution, the war in Ireland, the four expensive French wars of 1688, 1701, 1742, and 1756, together with the two rebellions of 1715 and 1745. In the course of the four French wars, the nation has contracted more than £145,000,000 of debt, over and above all the other extraordinary annual expense which they occasioned; so that the whole cannot be computed at less than £200,000,000. So great a share of the annual produce of the land and labour of the country, has, since the Revolution, been employed upon different occasions, in maintaining an extraordinary number of unproductive hands. But had not those wars given this particular direction to so large a capital, the greater part of it would naturally have been employed in maintaining productive hands, whose labour would have replaced, with a profit, the whole value of their consumption. The value of the annual produce of the land and labour of the country would have been considerably increased by it every year, and every years increase would have augmented still more that of the following year. More houses would have been built, more lands would have been improved, and those which had been improved before would have been better cultivated; more manufactures would have been established, and those which had been established before would have been more extended; and to what height the real wealth and revenue of the country might by this time have been raised, it is not perhaps very easy even to imagine.

But though the profusion of government must undoubtedly have retarded the natural progress of England towards wealth and improvement, it has not been able to stop it. The annual produce of its land and labour is undoubtedly much greater at present than it was either at the Restoration or at the Revolution. The capital, therefore, annually employed in cultivating this land, and in maintaining this labour, must likewise be much greater. In the midst of all the exactions of government, this capital has been silently and gradually accumulated by the private frugality and good conduct of individuals, by their universal, continual, and uninterrupted effort to better their own condition. It is this effort, protected by law, and allowed by liberty to exert itself in the manner that is most advantageous, which has maintained the progress of England towards opulence and improvement in almost all former times, and which, it is to be hoped, will do so in all future

times. England, however, as it has never been blessed with a very parsimonious government, so parsimony has at no time been the characteristic virtue of its inhabitants. It is the highest impertinence and presumption, therefore, in kings and ministers to pretend to watch over the economy of private people, and to restrain their expense, either by sumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always, and without any exception, the greatest spendthrifts in the society. Let them look well after their own expense, and they may safely trust private people with theirs. If their own extravagance does not ruin the state, that of the subject never will.

As frugality increases, and prodigality diminishes, the public capital, so the conduct of those whose expense just equals their revenue, without either accumulating or encroaching, neither increases nor diminishes it. Some modes of expense, however, seem to contribute more to the growth of public opulence than others.

The revenue of an individual may be spent, either in things which are consumed immediately, and in which one day's expense can neither alleviate nor support that of another; or it may be spent in things mere durable, which can therefore be accumulated, and in which every day's expense may, as he chooses, either alleviate, or support and heighten, the effect of that of the following day. A man of fortune, for example, may either spend his revenue in a profuse and sumptuous table, and in maintaining a great number of menial servants, and a multitude of dogs and horses; or, contenting himself with a frugal table, and few attendants, he may lay out the greater part of it in adorning his house or his country villa, in useful or ornamental buildings, in useful or ornamental furniture, in collecting books, statues, pictures; or in things more frivolous, jewels, baubles, ingenious trinkets of different kinds; or, what is most trifling of all, in amassing a great wardrobe of fine clothes, like the favourite and minister of a great prince who died a few years ago. Were two men of equal fortune to spend their revenue, the one chiefly in the one way, the other in the other, the magnificence of the person whose expense had been chiefly in durable commodities, would be continually increasing, every day's expense contributing something to support and heighten the effect of that of the following day; that of the other, on the contrary, would be no greater at the end of the period than at the beginning. The former too would, at the end of the period, be the richer man of the two. He would have a stock of goods of

some kind or other, which, though it might not be worth all that it cost, would always be worth something. No trace or vestige of the expense of the latter would remain, and the effects of ten or twenty years' profusion would be as completely annihilated as if they had never existed.

As the one mode of expense is more favourable than the other to the opulence of an individual, so is it likewise to that of a nation. The houses, the furniture, the clothing of the rich, in a little time, become useful to the inferior and middling ranks of people. They are able to purchase them when their superiors grow weary of them; and the general accommodation of the whole people is thus gradually improved, when this mode of expense becomes universal among men of fortune. In countries which have long been rich, you will frequently find the inferior ranks of people in possession both of houses and furniture perfectly good and entire, but of which neither the one could have been built, nor the other have been made for their use. What was formerly a seat of the family of Seymour, is now an inn upon the Bath road. The marriage-bed of James I. of Great Britain, which his queen brought with her from Denmark, as a present fit for a sovereign to make to a sovereign, was, a few years ago, the ornament of an alehouse at Dunfermline. In some ancient cities, which either have been long stationary, or have gone somewhat to decay, you will sometimes scarce find a single house which could have been built for its present inhabitants. If you go into those houses, too, you will frequently find many excellent, though antiquated pieces of furniture, which are still very fit for use, and which could as little have been made for them. Noble palaces, magnificent villas, great collections of books, statues, pictures, and other curiosities, are frequently both an ornament and an honour, not only to the neighbourhood, but to the whole country to which they belong. Versailles is an ornament and an honour to France, Stowe and Wilton to England. Italy still continues to command some sort of veneration, by the number of monuments of this kind which it possesses, though the wealth which produced them has decayed, and though the genius which planned them seems to be extinguished, perhaps from not having the same employment.

The expense, too, which is laid out in durable commodities, is favourable not only to accumulation, but to frugality. If a person should at any time exceed in it, he can easily reform without exposing himself to the censure of the public. To reduce very much the number of his servants, to reform his table from great profusion to great frugality, to lay down his equipage after

he has once set it up, are changes which cannot escape the observation of his neighbours, and which are supposed to imply some acknowledgment of preceding bad conduct. Few, therefore, of those who have once been so unfortunate as to launch out too far into this sort of expense, have afterwards the courage to reform, till ruin and bankruptcy oblige them. But if a person has, at any time, been at too great an expense in building, in furniture, in books, or pictures, no imprudence can be inferred from his changing his conduct. These are things in which further expense is frequently rendered unnecessary by former expense; and when a person stops short, he appears to do so, not because he has exceeded his fortune, but because he has satisfied his fancy.

The expense, besides, that is laid out in durable commodities, gives maintenance, commonly, to a greater number of people than that which is employed in the most profuse hospitality. Of two or three hundred weight of provisions, which may sometimes be served up at a great festival, one half, perhaps, is thrown to the dunghill, and there is always a great deal wasted and abused. But if the expense of this entertainment had been employed in setting to work masons, carpenters, upholsterers, mechanics, etc. a quantity of provisions of equal value would have been distributed among a still greater number of people, who would have bought them in pennyworths and pound weights, and not have lost or thrown away a single ounce of them. In the one way, besides, this expense maintains productive, in the other unproductive hands. In the one way, therefore, it increases, in the other it does not increase the exchangeable value of the annual produce of the land and labour of the country.

I would not, however, by all this, be understood to mean, that the one species of expense always betokens a more liberal or generous spirit than the other. When a man of fortune spends his revenue chiefly in hospitality, he shares the greater part of it with his friends and companions; but when he employs it in purchasing such durable commodities, he often spends the whole upon his own person, and gives nothing to any body without an equivalent. The latter species of expense, therefore, especially when directed towards frivolous objects, the little ornaments of dress and furniture, jewels, trinkets, gew-gaws, frequently indicates, not only a trifling, but a base and selfish disposition. All that I mean is, that the one sort of expense, as it always occasions some accumulation of valuable commodities, as it is more favourable to private frugality, and,

consequently, to the increase of the public capital, and as it maintains productive rather than unproductive hands, conduces more than the other to the growth of public opulence.

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CHAPTER IV.

OF STOCK LENT AT INTEREST.

The stock which is lent at interest is always considered as a capital by the lender. He expects that in due time it is to be restored to him, and that, in the mean time, the borrower is to pay him a certain annual rent for the use of it. The borrower may use it either as a capital, or as a stock reserved for immediate consumption. If he uses it as a capital, he employs it in the maintenance of productive labourers, who reproduce the value, with a profit. He can, in this case, both restore the capital, and pay the interest, without alienating or encroaching upon any other source of revenue. If he uses it as a stock reserved for immediate consumption, he acts the part of a prodigal, and dissipates, in the maintenance of the idle, what was destined for the support of the industrious. He can, in this case, neither restore the capital nor pay the interest, without either alienating or encroaching upon some other source of revenue, such as the property or the rent of land.

The stock which is lent at interest is, no doubt, occasionally employed in both these ways, but in the former much more frequently than in the latter. The man who borrows in order to spend will soon be ruined, and he who lends to him will generally have occasion to repent of his folly. To borrow or to lend for such a purpose, therefore, is, in all cases, where gross usury is out of the question, contrary to the interest of both parties; and though it no doubt happens sometimes, that people do both the one and the other, yet, from the regard that all men have for their own interest, we may be assured, that it cannot happen so very frequently as we are sometimes apt to imagine. Ask any rich man of common prudence, to which of the two sorts of people he has lent the greater part of his stock, to those who he thinks will employ it profitably, or to those who will spend it idly, and he will laugh at you for proposing the question. Even among borrowers, therefore, not the people in the world most famous for frugality, the number of the frugal and industrious surpasses considerably that of the prodigal and idle.

The only people to whom stock is commonly lent, without their being expected to make any very profitable use of it, are country gentlemen, who borrow upon mortgage. Even they scarce ever borrow merely to spend. What they borrow, one may say, is commonly spent before they borrow it.

They have generally consumed so great a quantity of goods, advanced to them upon credit by shop-keepers and tradesmen, that they find it necessary to borrow at interest, in order to pay the debt. The capital borrowed replaces the capitals of those shop-keepers and tradesmen which the country gentlemen could not have replaced from the rents of their estates. It is not properly borrowed in order to be spent, but in order to replace a capital which had been spent before.

Almost all loans at interest are made in money, either of paper, or of gold and silver; but what the borrower really wants, and what the lender readily supplies him with, is not the money, but the money's worth, or the goods which it can purchase. If he wants it as a stock for immediate consumption, it is those goods only which he can place in that stock. If he wants it as a capital for employing industry, it is from those goods only that the industrious can be furnished with the tools, materials, and maintenance necessary for carrying on their work. By means of the loan, the lender, as it were, assigns to the borrower his right to a certain portion of the annual produce of the land and labour of the country, to be employed as the borrower pleases.

The quantity of stock, therefore, or, as it is commonly expressed, of money, which can be lent at interest in any country, is not regulated by the value of the money, whether paper or coin, which serves as the instrument of the different loans made in that country, but by the value of that part of the annual produce, which, as soon as it comes either from the ground, or from the hands of the productive labourers, is destined, not only for replacing a capital, but such a capital as the owner does not care to be at the trouble of employing himself. As such capitals are commonly lent out and paid back in money, they constitute what is called the monied interest. It is distinct, not only from the landed, but from the trading and manufacturing interests, as in these last the owners themselves employ their own capitals. Even in the monied interest, however, the money is, as it were, but the deed of assignment, which conveys from one hand to another those capitals which the owners do not care to employ themselves. Those capitals may be greater, in almost any proportion, than the amount of the money which serves as the instrument of their conveyance; the same pieces of money successively serving for many different loans, as well as for many different purchases. A, for example, lends to W £1000, with which W immediately purchases of B £1000 worth of goods. B having no occasion for the money

himself, lends the identical pieces to X, with which X immediately purchases of C another £1000 worth of goods. C, in the same manner, and for the same reason, lends them to Y, who again purchases goods with them of D. In this manner, the same pieces, either of coin or of paper, may, in the course of a few days, serve as the Instrument of three different loans, and of three different purchases, each of which is, in value, equal to the whole amount of those pieces. What the three monied men, A, B, and C, assigned to the three borrowers, W, X, and Y, is the power of making those purchases. In this power consist both the value and the use of the loans. The stock lent by the three monied men is equal to the value of the goods which can be purchased with it, and is three times greater than that of the money with which the purchases are made. Those loans, however, may be all perfectly well secured, the goods purchased by the different debtors being so employed as, in due time, to bring back, with a profit, an equal value either of coin or of paper. And as the same pieces of money can thus serve as the instrument of different loans to three, or, for the same reason, to thirty times their value, so they may likewise successively serve as the instrument of repayment.

A capital lent at interest may, in this manner, be considered as an assignment, from the lender to the borrower, of a certain considerable portion of the annual produce, upon condition that the burrower in return shall, during the continuance of the loan, annually assign to the lender a small portion, called the interest; and, at the end of it, a portion equally considerable with that which had originally been assigned to him, called the repayment. Though money, either coin or paper, serves generally as the deed of assignment, both to the smaller and to the more considerable portion, it is itself altogether different from what is assigned by it.

In proportion as that share of the annual produce which, as soon as it comes either from the ground, or from the hands of the productive labourers, is destined for replacing a capital, increases in any country, what is called the monied interest naturally increases with it. The increase of those particular capitals from which the owners wish to derive a revenue, without being at the trouble of employing them themselves, naturally accompanies the general increase of capitals; or, in other words, as stock increases, the quantity of stock to be lent at interest grows gradually greater and greater.

As the quantity of stock to be lent at interest increases, the interest, or the price which must be paid for the use of that stock, necessarily diminishes, not only from those general causes which make the market price of things commonly diminish as their quantity increases, but from other causes which are peculiar to this particular case. As capitals increase in any country, the profits which can be made by employing them necessarily diminish. It becomes gradually more and more difficult to find within the country a profitable method of employing any new capital. There arises, in consequence, a competition between different capitals, the owner of one endeavouring to get possession of that employment which is occupied by another; but, upon most occasions, he can hope to justle that other out of this employment by no other means but by dealing upon more reasonable terms. He must not only sell what he deals in somewhat cheaper, but, in order to get it to sell, he must sometimes, too, buy it dearer. The demand for productive labour, by the increase of the funds which are destined for maintaining it, grows every day greater and greater. Labourers easily find employment; but the owners of capitals find it difficult to get labourers to employ. Their competition raises the wages of labour, and sinks the profits of stock. But when the profits which can be made by the use of a capital are in this manner diminished, as it were, at both ends, the price which can be paid for the use of it, that is, the rate of interest, must necessarily be diminished with them.

Mr Locke, Mr Lawe, and Mr Montesquieu, as well as many other writers, seem to have imagined that the increase of the quantity of gold and silver, in consequence of the discovery of the Spanish West Indies, was the real cause of the lowering of the rate of interest through the greater part of Europe. Those metals, they say, having become of less value themselves, the use of any particular portion of them necessarily became of less value too, and, consequently, the price which could be paid for it. This notion, which at first sight seems so plausible, has been so fully exposed by Mr Hume, that it is, perhaps, unnecessary to say any thing more about it. The following very short and plain argument, however, may serve to explain more distinctly the fallacy which seems to have misled those gentlemen.

Before the discovery of the Spanish West Indies, ten per cent. seems to have been the common rate of interest through the greater part of Europe. It has since that time, in different countries, sunk to six, five, four, and three per cent. Let us suppose, that in every particular country the value of silver

has sunk precisely in the same proportion as the rate of interest; and that in those countries, for example, where interest has been reduced from ten to five per cent. the same quantity of silver can now purchase just half the quantity of goods which it could have purchased before. This supposition will not, I believe, be found anywhere agreeable to the truth; but it is the most favourable to the opinion which we are going to examine; and, even upon this supposition, it is utterly impossible that the lowering of the value of silver could have the smallest tendency to lower the rate of interest. If £100 are in those countries now of no more value than £50 were then, £10 must now be of no more value than £5 were then. Whatever were the causes which lowered the value of the capital, the same must necessarily have lowered that of the interest, and exactly in the same proportion. The proportion between the value of the capital and that of the interest must have remained the same, though the rate had never been altered. By altering the rate, on the contrary, the proportion between those two values is necessarily altered. If £100 now are worth no more than £50 were then, £5 now can be worth no more than £2:10s. were then. By reducing the rate of interest, therefore, from ten to five per cent. we give for the use of a capital, which is supposed to be equal to one half of its former value, an interest which is equal to one fourth only of the value of the former interest.

An increase in the quantity of silver, while that of the commodities circulated by means of it remained the same, could have no other effect than to diminish the value of that metal. The nominal value of all sorts of goods would be greater, but their real value would be precisely the same as before. They would be exchanged for a greater number of pieces of silver; but the quantity of labour which they could command, the number of people whom they could maintain and employ, would be precisely the same. The capital of the country would be the same, though a greater number of pieces might be requisite for conveying any equal portion of it from one hand to another. The deeds of assignment, like the conveyances of a verbose attorney, would be more cumbersome; but the thing assigned would be precisely the same as before, and could produce only the same effects. The funds for maintaining productive labour being the same, the demand for it would be the same. Its price or wages, therefore, though nominally greater, would really be the same. They would be paid in a greater number of pieces of silver, but they would purchase only the same quantity of goods. The profits of stock would be the same, both nominally and really. The wages of labour

are commonly computed by the quantity of silver which is paid to the labourer. When that is increased, therefore, his wages appear to be increased, though they may sometimes be no greater than before. But the profits of stock are not computed by the number of pieces of silver with which they are paid, but by the proportion which those pieces bear to the whole capital employed. Thus, in a particular country, 5s. a-week are said to be the common wages of labour, and ten per cent. the common profits of stock; but the whole capital of the country being the same as before, the competition between the different capitals of individuals into which it was divided would likewise be the same. They would all trade with the same advantages and disadvantages. The common proportion between capital and profit, therefore, would be the same, and consequently the common interest of money; what can commonly be given for the use of money being necessarily regulated by what can commonly be made by the use of it.

Any increase in the quantity of commodities annually circulated within the country, while that of the money which circulated them remained the same, would, on the contrary, produce many other important effects, besides that of raising the value of the money. The capital of the country, though it might nominally be the same, would really be augmented. It might continue to be expressed by the same quantity of money, but it would command a greater quantity of labour. The quantity of productive labour which it could maintain and employ would be increased, and consequently the demand for that labour. Its wages would naturally rise with the demand, and yet might appear to sink. They might be paid with a smaller quantity of money, but that smaller quantity might purchase a greater quantity of goods than a greater had done before. The profits of stock would be diminished, both really and in appearance. The whole capital of the country being augmented, the competition between the different capitals of which it was composed would naturally be augmented along with it. The owners of those particular capitals would be obliged to content themselves with a smaller proportion of the produce of that labour which their respective capitals employed. The interest of money, keeping pace always with the profits of stock, might, in this manner, be greatly diminished, though the value of money, or the quantity of goods which any particular sum could purchase, was greatly augmented.

In some countries the interest of money has been prohibited by law. But as something can everywhere be made by the use of money, something

ought everywhere to be paid for the use of it. This regulation, instead of preventing, has been found from experience to increase the evil of usury. The debtor being obliged to pay, not only for the use of the money, but for the risk which his creditor runs by accepting a compensation for that use, he is obliged, if one may say so, to insure his creditor from the penalties of usury.

In countries where interest is permitted, the law in order to prevent the extortion of usury, generally fixes the highest rate which can be taken without incurring a penalty. This rate ought always to be somewhat above the lowest market price, or the price which is commonly paid for the use of money by those who can give the most undoubted security. If this legal rate should be fixed below the lowest market rate, the effects of this fixation must be nearly the same as those of a total prohibition of interest. The creditor will not lend his money for less than the use of it is worth, and the debtor must pay him for the risk which he runs by accepting the full value of that use. If it is fixed precisely at the lowest market price, it ruins, with honest people who respect the laws of their country, the credit of all those who cannot give the very best security, and obliges them to have recourse to exorbitant usurers. In a country such as Great Britain, where money is lent to government at three per cent. and to private people, upon good security, at four and four and a-half, the present legal rate, five per cent. is perhaps as proper as any.

The legal rate, it is to be observed, though it ought to be somewhat above, ought not to be much above the lowest market rate. If the legal rate of interest in Great Britain, for example, was fixed so high as eight or ten per cent. the greater part of the money which was to be lent, would be lent to prodigals and projectors, who alone would be willing to give this high interest. Sober people, who will give for the use of money no more than a part of what they are likely to make by the use of it, would not venture into the competition. A great part of the capital of the country would thus be kept out of the hands which were most likely to make a profitable and advantageous use of it, and thrown into those which were most likely to waste and destroy it. Where the legal rate of interest, on the contrary, is fixed but a very little above the lowest market rate, sober people are universally preferred, as borrowers, to prodigals and projectors. The person who lends money gets nearly as much interest from the former as he dares to take from the latter, and his money is much safer in the hands of the one

set of people than in those of the other. A great part of the capital of the country is thus thrown into the hands in which it is most likely to be employed with advantage.

No law can reduce the common rate of interest below the lowest ordinary market rate at the time when that law is made. Notwithstanding the edict of 1766, by which the French king attempted to reduce the rate of interest from five to four per cent. money continued to be lent in France at five per cent. the law being evaded in several different ways.

The ordinary market price of land, it is to be observed, depends everywhere upon the ordinary market rate of interest. The person who has a capital from which he wishes to derive a revenue, without taking the trouble to employ it himself, deliberates whether he should buy land with it, or lend it out at interest. The superior security of land, together with some other advantages which almost everywhere attend upon this species of property, will generally dispose him to content himself with a smaller revenue from land, than what he might have by lending out his money at interest. These advantages are sufficient to compensate a certain difference of revenue; but they will compensate a certain difference only; and if the rent of land should fall short of the interest of money by a greater difference, nobody would buy land, which would soon reduce its ordinary price. On the contrary, if the advantages should much more than compensate the difference, everybody would buy land, which again would soon raise its ordinary price. When interest was at ten per cent. land was commonly sold for ten or twelve years purchase. As interest sunk to six, five, and four per cent. the price of land rose to twenty, five-and-twenty, and thirty years purchase. The market rate of interest is higher in France than in England, and the common price of land is lower. In England it commonly sells at thirty, in France at twenty years purchase.

CHAPTER V.

OF THE DIFFERENT EMPLOYMENTS OF CAPITALS.

Though all capitals are destined for the maintenance of productive labour only, yet the quantity of that labour which equal capitals are capable of putting into motion, varies extremely according to the diversity of their employment; as does likewise the value which that employment adds to the annual produce of the land and labour of the country.

A capital may be employed in four different ways; either, first, in procuring the rude produce annually required for the use and consumption of the society; or, secondly, in manufacturing and preparing that rude produce for immediate use and consumption; or, thirdly in transporting either the rude or manufactured produce from the places where they abound to those where they are wanted; or, lastly, in dividing particular portions of either into such small parcels as suit the occasional demands of those who want them. In the first way are employed the capitals of all those who undertake improvement or cultivation of lands, mines, or fisheries; in the second, those of all master manufacturers; in the third, those of all wholesale merchants; and in the fourth, those of all retailers. It is difficult to conceive that a capital should be employed in any way which may not be classed under some one or other of those four.

Each of those four methods of employing a capital is essentially necessary, either to the existence or extension of the other three, or to the general conveniency of the society.

Unless a capital was employed in furnishing rude produce to a certain degree of abundance, neither manufactures nor trade of any kind could exist.

Unless a capital was employed in manufacturing that part of the rude produce which requires a good deal of preparation before it can be fit for use and consumption, it either would never be produced, because there could be no demand for it; or if it was produced spontaneously, it would be of no value in exchange, and could add nothing to the wealth of the society.

Unless a capital was employed in transporting either the rude or manufactured produce from the places where it abounds to those where it is wanted, no more of either could be produced than was necessary for the consumption of the neighbourhood. The capital of the merchant exchanges the surplus produce of one place for that of another, and thus encourages the industry, and increases the enjoyments of both.

Unless a capital was employed in breaking and dividing certain portions either of the rude or manufactured produce into such small parcels as suit the occasional demands of those who want them, every man would be obliged to purchase a greater quantity of the goods he wanted than his immediate occasions required. If there was no such trade as a butcher, for example, every man would be obliged to purchase a whole ox or a whole sheep at a time. This would generally be inconvenient to the rich, and much more so to the poor. If a poor workman was obliged to purchase a month's or six months' provisions at a time, a great part of the stock which he employs as a capital in the instruments of his trade, or in the furniture of his shop, and which yields him a revenue, he would be forced to place in that part of his stock which is reserved for immediate consumption, and which yields him no revenue. Nothing can be more convenient for such a person than to be able to purchase his subsistence from day to day, or even from hour to hour, as he wants it. He is thereby enabled to employ almost his whole stock as a capital. He is thus enabled to furnish work to a greater value; and the profit which he makes by it in this way much more than compensates the additional price which the profit of the retailer imposes upon the goods. The prejudices of some political writers against shopkeepers and tradesmen are altogether without foundation. So far is it from being necessary either to tax them, or to restrict their numbers, that they can never be multiplied so as to hurt the public, though they may so as to hurt one another. The quantity of grocery goods, for example, which can be sold in a particular town, is limited by the demand of that town and its neighbourhood. The capital, therefore, which can be employed in the grocery trade, cannot exceed what is sufficient to purchase that quantity. If this capital is divided between two different grocers, their competition will tend to make both of them sell cheaper than if it were in the hands of one only; and if it were divided among twenty, their competition would be just so much the greater, and the chance of their combining together, in order to raise the price, just so much the less. Their competition might, perhaps, ruin

some of themselves; but to take care of this, is the business of the parties concerned, and it may safely be trusted to their discretion. It can never hurt either the consumer or the producer; on the contrary, it must tend to make the retailers both sell cheaper and buy dearer, than if the whole trade was monopolized by one or two persons. Some of them, perhaps, may sometimes decoy a weak customer to buy what he has no occasion for. This evil, however, is of too little importance to deserve the public attention, nor would it necessarily be prevented by restricting their numbers. It is not the multitude of alehouses, to give the most suspicious example, that occasions a general disposition to drunkenness among the common people; but that disposition, arising from other causes, necessarily gives employment to a multitude of alehouses.

The persons whose capitals are employed in any of those four ways, are themselves productive labourers. Their labour, when properly directed, fixes and realizes itself in the subject or vendible commodity upon which it is bestowed, and generally adds to its price the value at least of their own maintenance and consumption. The profits of the farmer, of the manufacturer, of the merchant, and retailer, are all drawn from the price of the goods which the two first produce, and the two last buy and sell. Equal capitals, however, employed in each of those four different ways, will immediately put into motion very different quantities of productive labour; and augment, too, in very different proportions, the value of the annual produce of the land and labour of the society to which they belong.

The capital of the retailer replaces, together with its profits, that of the merchant of whom he purchases goods, and thereby enables him to continue his business. The retailer himself is the only productive labourer whom it immediately employs. In his profit consists the whole value which its employment adds to the annual produce of the land and labour of the society.

The capital of the wholesale merchant replaces, together with their profits, the capitals of the farmers and manufacturers of whom he purchases the rude and manufactured produce which he deals in, and thereby enables them to continue their respective trades. It is by this service chiefly that he contributes indirectly to support the productive labour of the society, and to increase the value of its annual produce. His capital employs, too, the sailors and carriers who transport his goods from one place to another; and it augments the price of those goods by the value, not only of his profits, but

of their wages. This is all the productive labour which it immediately puts into motion, and all the value which it immediately adds to the annual produce. Its operation in both these respects is a good deal superior to that of the capital of the retailer.

Part of the capital of the master manufacturer is employed as a fixed capital in the instruments of his trade, and replaces, together with its profits, that of some other artificer of whom he purchases them. Part of his circulating capital is employed in purchasing materials, and replaces, with their profits, the capitals of the farmers and miners of whom he purchases them. But a great part of it is always, either annually, or in a much shorter period, distributed among the different workmen whom he employs. It augments the value of those materials by their wages, and by their masters' profits upon the whole stock of wages, materials, and instruments of trade employed in the business. It puts immediately into motion, therefore, a much greater quantity of productive labour, and adds a much greater value to the annual produce of the land and labour of the society, than an equal capital in the hands of any wholesale merchant.

No equal capital puts into motion a greater quantity of productive labour than that of the farmer. Not only his labouring servants, but his labouring cattle, are productive labourers. In agriculture, too, Nature labours along with man; and though her labour costs no expense, its produce has its value, as well as that of the most expensive workmen. The most important operations of agriculture seem intended, not so much to increase, though they do that too, as to direct the fertility of Nature towards the production of the plants most profitable to man. A field overgrown with briars and brambles, may frequently produce as great a quantity of vegetables as the best cultivated vineyard or corn field. Planting and tillage frequently regulate more than they animate the active fertility of Nature; and after all their labour, a great part of the work always remains to be done by her. The labourers and labouring cattle, therefore, employed in agriculture, not only occasion, like the workmen in manufactures, the reproduction of a value equal to their own consumption, or to the capital which employs them, together with its owner's profits, but of a much greater value. Over and above the capital of the farmer, and all its profits, they regularly occasion the reproduction of the rent of the landlord. This rent may be considered as the produce of those powers of Nature, the use of which the landlord lends to the farmer. It is greater or smaller, according to the supposed extent of

those powers, or, in other words, according to the supposed natural or improved fertility of the land. It is the work of Nature which remains, after deducting or compensating every thing which can be regarded as the work of man. It is seldom less than a fourth, and frequently more than a third, of the whole produce. No equal quantity of productive labour employed in manufactures, can ever occasion so great reproduction. In them Nature does nothing; man does all; and the reproduction must always be in proportion to the strength of the agents that occasion it. The capital employed in agriculture, therefore, not only puts into motion a greater quantity of productive labour than any equal capital employed in manufactures; but in proportion, too, to the quantity of productive labour which it employs, it adds a much greater value to the annual produce of the land and labour of the country, to the real wealth and revenue of its inhabitants. Of all the ways in which a capital can be employed, it is by far the most advantageous to society.

The capitals employed in the agriculture and in the retail trade of any society, must always reside within that society. Their employment is confined almost to a precise spot, to the farm, and to the shop of the retailer. They must generally, too, though there are some exceptions to this, belong to resident members of the society.

The capital of a wholesale merchant, on the contrary, seems to have no fixed or necessary residence anywhere, but may wander about from place to place, according as it can either buy cheap or sell dear.

The capital of the manufacturer must, no doubt, reside where the manufacture is carried on; but where this shall be, is not always necessarily determined. It may frequently be at a great distance, both from the place where the materials grow, and from that where the complete manufacture is consumed. Lyons is very distant, both from the places which afford the materials of its manufactures, and from those which consume them. The people of fashion in Sicily are clothed in silks made in other countries, from the materials which their own produces. Part of the wool of Spain is manufactured in Great Britain, and some part of that cloth is afterwards sent back to Spain.

Whether the merchant whose capital exports the surplus produce of any society, be a native or a foreigner, is of very little importance. If he is a foreigner, the number of their productive labourers is necessarily less than if he had been a native, by one man only; and the value of their annual

produce, by the profits of that one man. The sailors or carriers whom he employs, may still belong indifferently either to his country, or to their country, or to some third country, in the same manner as if he had been a native. The capital of a foreigner gives a value to their surplus produce equally with that of a native, by exchanging it for something for which there is a demand at home. It as effectually replaces the capital of the person who produces that surplus, and as effectually enables him to continue his business, the service by which the capital of a wholesale merchant chiefly contributes to support the productive labour, and to augment the value of the annual produce of the society to which he belongs.

It is of more consequence that the capital of the manufacturer should reside within the country. It necessarily puts into motion a greater quantity of productive labour, and adds a greater value to the annual produce of the land and labour of the society. It may, however, be very useful to the country, though it should not reside within it. The capitals of the British manufacturers who work up the flax and hemp annually imported from the coasts of the Baltic, are surely very useful to the countries which produce them. Those materials are a part of the surplus produce of those countries, which, unless it was annually exchanged for something which is in demand here, would be of no value, and would soon cease to be produced. The merchants who export it, replace the capitals of the people who produce it, and thereby encourage them to continue the production; and the British manufacturers replace the capitals of those merchants.

A particular country, in the same manner as a particular person, may frequently not have capital sufficient both to improve and cultivate all its lands, to manufacture and prepare their whole rude produce for immediate use and consumption, and to transport the surplus part either of the rude or manufactured produce to those distant markets, where it can be exchanged for something for which there is a demand at home. The inhabitants of many different parts of Great Britain have not capital sufficient to improve and cultivate all their lands. The wool of the southern counties of Scotland is, a great part of it, after a long land carriage through very bad roads, manufactured in Yorkshire, for want of a capital to manufacture it at home. There are many little manufacturing towns in Great Britain, of which the inhabitants have not capital sufficient to transport the produce of their own industry to those distant markets where there is demand and consumption for it. If there are any merchants among them, they are, properly, only the

agents of wealthier merchants who reside in some of the great commercial cities.

When the capital of any country is not sufficient for all those three purposes, in proportion as a greater share of it is employed in agriculture, the greater will be the quantity of productive labour which it puts into motion within the country; as will likewise be the value which its employment adds to the annual produce of the land and labour of the society. After agriculture, the capital employed in manufactures puts into motion the greatest quantity of productive labour, and adds the greatest value to the annual produce. That which is employed in the trade of exportation has the least effect of any of the three.

The country, indeed, which has not capital sufficient for all those three purposes, has not arrived at that degree of opulence for which it seems naturally destined. To attempt, however, prematurely, and with an insufficient capital, to do all the three, is certainly not the shortest way for a society, no more than it would be for an individual, to acquire a sufficient one. The capital of all the individuals of a nation has its limits, in the same manner as that of a single individual, and is capable of executing only certain purposes. The capital of all the individuals of a nation is increased in the same manner as that of a single individual, by their continually accumulating and adding to it whatever they save out of their revenue. It is likely to increase the fastest, therefore, when it is employed in the way that affords the greatest revenue to all the inhabitants or the country, as they will thus be enabled to make the greatest savings. But the revenue of all the inhabitants of the country is necessarily in proportion to the value of the annual produce of their land and labour.

It has been the principal cause of the rapid progress of our American colonies towards wealth and greatness, that almost their whole capitals have hitherto been employed in agriculture. They have no manufactures, those household and coarser manufactures excepted, which necessarily accompany the progress of agriculture, and which are the work of the women and children in every private family. The greater part, both of the exportation and coasting trade of America, is carried on by the capitals of merchants who reside in Great Britain. Even the stores and warehouses from which goods are retailed in some provinces, particularly in Virginia and Maryland, belong many of them to merchants who reside in the mother country, and afford one of the few instances of the retail trade of a society

being carried on by the capitals of those who are not resident members of it. Were the Americans, either by combination, or by any other sort of violence, to stop the importation of European manufactures, and, by thus giving a monopoly to such of their own countrymen as could manufacture the like goods, divert any considerable part of their capital into this employment, they would retard, instead of accelerating, the further increase in the value of their annual produce, and would obstruct, instead of promoting, the progress of their country towards real wealth and greatness. This would be still more the case, were they to attempt, in the same manner, to monopolize to themselves their whole exportation trade.

The course of human prosperity, indeed, seems scarce ever to have been of so long continuance as to enable any great country to acquire capital sufficient for all those three purposes; unless, perhaps, we give credit to the wonderful accounts of the wealth and cultivation of China, of those of ancient Egypt, and of the ancient state of Indostan. Even those three countries, the wealthiest, according to all accounts, that ever were in the world, are chiefly renowned for their superiority in agriculture and manufactures. They do not appear to have been eminent for foreign trade. The ancient Egyptians had a superstitious antipathy to the sea; a superstition nearly of the same kind prevails among the Indians; and the Chinese have never excelled in foreign commerce. The greater part of the surplus produce of all those three countries seems to have been always exported by foreigners, who gave in exchange for it something else, for which they found a demand there, frequently gold and silver.

It is thus that the same capital will in any country put into motion a greater or smaller quantity of productive labour, and add a greater or smaller value to the annual produce of its land and labour, according to the different proportions in which it is employed in agriculture, manufactures, and wholesale trade. The difference, too, is very great, according to the different sorts of wholesale trade in which any part of it is employed.

All wholesale trade, all buying in order to sell again by wholesale, maybe reduced to three different sorts: the home trade, the foreign trade of consumption, and the carrying trade. The home trade is employed in purchasing in one part of the same country, and selling in another, the produce of the industry of that country. It comprehends both the inland and the coasting trade. The foreign trade of consumption is employed in purchasing foreign goods for home consumption. The carrying trade is

employed in transacting the commerce of foreign countries, or in carrying the surplus produce of one to another.

The capital which is employed in purchasing in one part of the country, in order to sell in another, the produce of the industry of that country, generally replaces, by every such operation, two distinct capitals, that had both been employed in the agriculture or manufactures of that country, and thereby enables them to continue that employment. When it sends out from the residence of the merchant a certain value of commodities, it generally brings back in return at least an equal value of other commodities. When both are the produce of domestic industry, it necessarily replaces, by every such operation, two distinct capitals, which had both been employed in supporting productive labour, and thereby enables them to continue that support. The capital which sends Scotch manufactures to London, and brings back English corn and manufactures to Edinburgh, necessarily replaces, by every such operation, two British capitals, which had both been employed in the agriculture or manufactures of Great Britain.

The capital employed in purchasing foreign goods for home consumption, when this purchase is made with the produce of domestic industry, replaces, too, by every such operation, two distinct capitals; but one of them only is employed in supporting domestic industry. The capital which sends British goods to Portugal, and brings back Portuguese goods to Great Britain, replaces, by every such operation, only one British capital. The other is a Portuguese one. Though the returns, therefore, of the foreign trade of consumption, should be as quick as those of the home trade, the capital employed in it will give but one half of the encouragement to the industry or productive labour of the country.

But the returns of the foreign trade of consumption are very seldom so quick as those of the home trade. The returns of the home trade generally come in before the end of the year, and sometimes three or four times in the year. The returns of the foreign trade of consumption seldom come in before the end of the year, and sometimes not till after two or three years. A capital, therefore, employed in the home trade, will sometimes make twelve operations, or be sent out and returned twelve times, before a capital employed in the foreign trade of consumption has made one. If the capitals are equal, therefore, the one will give four-and-twenty times more encouragement and support to the industry of the country than the other.

The foreign goods for home consumption may sometimes be purchased, not with the produce of domestic industry but with some other foreign goods. These last, however, must have been purchased, either immediately with the produce of domestic industry, or with something else that had been purchased with it; for, the case of war and conquest excepted, foreign goods can never be acquired, but in exchange for something that had been produced at home, either immediately, or after two or more different exchanges. The effects, therefore, of a capital employed in such a round-about foreign trade of consumption, are, in every respect, the same as those of one employed in the most direct trade of the same kind, except that the final returns are likely to be still more distant, as they must depend upon the returns of two or three distinct foreign trades. If the hemp and flax of Riga are purchased with the tobacco of Virginia, which had been purchased with British manufactures, the merchant must wait for the returns of two distinct foreign trades, before he can employ the same capital in repurchasing a like quantity of British manufactures. If the tobacco of Virginia had been purchased, not with British manufactures, but with the sugar and rum of Jamaica, which had been purchased with those manufactures, he must wait for the returns of three. If those two or three distinct foreign trades should happen to be carried on by two or three distinct merchants, of whom the second buys the goods imported by the first, and the third buys those imported by the second, in order to export them again, each merchant, indeed, will, in this case, receive the returns of his own capital more quickly; but the final returns of the whole capital employed in the trade will be just as slow as ever. Whether the whole capital employed in such a round about trade belong to one merchant or to three, can make no difference with regard to the country, though it may with regard to the particular merchants. Three times a greater capital must in both cases be employed, in order to exchange a certain value of British manufactures for a certain quantity of flax and hemp, than would have been necessary, had the manufactures and the flax and hemp been directly exchanged for one another. The whole capital employed, therefore, in such a round-about foreign trade of consumption, will generally give less encouragement and support to the productive labour of the country, than an equal capital employed in a more direct trade of the same kind.

Whatever be the foreign commodity with which the foreign goods for home consumption are purchased, it can occasion no essential difference,

either in the nature of the trade, or in the encouragement and support which it can give to the productive labour of the country from which it is carried on. If they are purchased with the gold of Brazil, for example, or with the silver of Peru, this gold and silver, like the tobacco of Virginia, must have been purchased with something that either was the produce of the industry of the country, or that had been purchased with something else that was so. So far, therefore, as the productive labour of the country is concerned, the foreign trade of consumption, which is carried on by means of gold and silver, has all the advantages and all the inconveniencies of any other equally round-about foreign trade of consumption; and will replace, just as fast, or just as slow, the capital which is immediately employed in supporting that productive labour. It seems even to have one advantage over any other equally round-about foreign trade. The transportation of those metals from one place to another, on account of their small bulk and great value, is less expensive than that of almost any other foreign goods of equal value. Their freight is much less, and their insurance not greater; and no goods, besides, are less liable to suffer by the carriage. An equal quantity of foreign goods, therefore, may frequently be purchased with a smaller quantity of the produce of domestic industry, by the intervention of gold and silver, than by that of any other foreign goods. The demand of the country may frequently, in this manner, be supplied more completely, and at a smaller expense, than in any other. Whether, by the continual exportation of those metals, a trade of this kind is likely to impoverish the country from which it is carried on in any other way, I shall have occasion to examine at great length hereafter.

That part of the capital of any country which is employed in the carrying trade, is altogether withdrawn from supporting the productive labour of that particular country, to support that of some foreign countries. Though it may replace, by every operation, two distinct capitals, yet neither of them belongs to that particular country. The capital of the Dutch merchant, which carries the corn of Poland to Portugal, and brings back the fruits and wines of Portugal to Poland, replaces by every such operation two capitals, neither of which had been employed in supporting the productive labour of Holland; but one of them in supporting that of Poland, and the other that of Portugal. The profits only return regularly to Holland, and constitute the whole addition which this trade necessarily makes to the annual produce of the land and labour of that country. When, indeed, the carrying trade of any

particular country is carried on with the ships and sailors of that country, that part of the capital employed in it which pays the freight is distributed among, and puts into motion, a certain number of productive labourers of that country. Almost all nations that have had any considerable share of the carrying trade have, in fact, carried it on in this manner. The trade itself has probably derived its name from it, the people of such countries being the carriers to other countries. It does not, however, seem essential to the nature of the trade that it should be so. A Dutch merchant may, for example, employ his capital in transacting the commerce of Poland and Portugal, by carrying part of the surplus produce of the one to the other, not in Dutch, but in British bottoms. It maybe presumed, that he actually does so upon some particular occasions. It is upon this account, however, that the carrying trade has been supposed peculiarly advantageous to such a country as Great Britain, of which the defence and security depend upon the number of its sailors and shipping. But the same capital may employ as many sailors and shipping, either in the foreign trade of consumption, or even in the home trade, when carried on by coasting vessels, as it could in the carrying trade. The number of sailors and shipping which any particular capital can employ, does not depend upon the nature of the trade, but partly upon the bulk of the goods, in proportion to their value, and partly upon the distance of the ports between which they are to be carried; chiefly upon the former of those two circumstances. The coal trade from Newcastle to London, for example, employs more shipping than all the carrying trade of England, though the ports are at no great distance. To force, therefore, by extraordinary encouragements, a larger share of the capital of any country into the carrying trade, than what would naturally go to it, will not always necessarily increase the shipping of that country.

The capital, therefore, employed in the home trade of any country, will generally give encouragement and support to a greater quantity of productive labour in that country, and increase the value of its annual produce, more than an equal capital employed in the foreign trade of consumption; and the capital employed in this latter trade has, in both these respects, a still greater advantage over an equal capital employed in the carrying trade. The riches, and so far as power depends upon riches, the power of every country must always be in proportion to the value of its annual produce, the fund from which all taxes must ultimately be paid. But the great object of the political economy of every country, is to increase the

riches and power of that country. It ought, therefore, to give no preference nor superior encouragement to the foreign trade of consumption above the home trade, nor to the carrying trade above either of the other two. It ought neither to force nor to allure into either of those two channels a greater share of the capital of the country, than what would naturally flow into them of its own accord.

Each of those different branches of trade, however, is not only advantageous, but necessary and unavoidable, when the course of things, without any constraint or violence, naturally introduces it.

When the produce of any particular branch of industry exceeds what the demand of the country requires, the surplus must be sent abroad, and exchanged for something for which there is a demand at home. Without such exportation, a part of the productive labour of the country must cease, and the value of its annual produce diminish. The land and labour of Great Britain produce generally more corn, woollens, and hardware, than the demand of the home market requires. The surplus part of them, therefore, must be sent abroad, and exchanged for something for which there is a demand at home. It is only by means of such exportation, that this surplus can acquire value sufficient to compensate the labour and expense of producing it. The neighbourhood of the sea-coast, and the banks of all navigable rivers, are advantageous situations for industry, only because they facilitate the exportation and exchange of such surplus produce for something else which is more in demand there.

When the foreign goods which are thus purchased with the surplus produce of domestic industry exceed the demand of the home market, the surplus part of them must be sent abroad again, and exchanged for something more in demand at home. About 96,000 hogsheads of tobacco are annually purchased in Virginia and Maryland with a part of the surplus produce of British industry. But the demand of Great Britain does not require, perhaps, more than 14,000. If the remaining 82,000, therefore, could not be sent abroad, and exchanged for something more in demand at home, the importation of them must cease immediately, and with it the productive labour of all those inhabitants of Great Britain who are at present employed in preparing the goods with which these 82,000 hogsheads are annually purchased. Those goods, which are part of the produce of the land and labour of Great Britain, having no market at home, and being deprived of that which they had abroad, must cease to be

produced. The most round-about foreign trade of consumption, therefore, may, upon some occasions, be as necessary for supporting the productive labour of the country, and the value of its annual produce, as the most direct.

When the capital stock of any country is increased to such a degree that it cannot be all employed in supplying the consumption, and supporting the productive labour of that particular country, the surplus part of it naturally disgorge itself into the carrying trade, and is employed in performing the same offices to other countries. The carrying trade is the natural effect and symptom of great national wealth; but it does not seem to be the natural cause of it. Those statesmen who have been disposed to favour it with particular encouragement, seem to have mistaken the effect and symptom for the cause. Holland, in proportion to the extent of the land and the number of its inhabitants, by far the richest country in Europe, has accordingly the greatest share of the carrying trade of Europe. England, perhaps the second richest country of Europe, is likewise supposed to have a considerable share in it; though what commonly passes for the carrying trade of England will frequently, perhaps, be found to be no more than a round-about foreign trade of consumption. Such are, in a great measure, the trades which carry the goods of the East and West Indies and of America to the different European markets. Those goods are generally purchased, either immediately with the produce of British industry, or with something else which had been purchased with that produce, and the final returns of those trades are generally used or consumed in Great Britain. The trade which is carried on in British bottoms between the different ports of the Mediterranean, and some trade of the same kind carried on by British merchants between the different ports of India, make, perhaps, the principal branches of what is properly the carrying trade of Great Britain.

The extent of the home trade, and of the capital which can be employed in it, is necessarily limited by the value of the surplus produce of all those distant places within the country which have occasion to exchange their respective productions with one another; that of the foreign trade of consumption, by the value of the surplus produce of the whole country, and of what can be purchased with it; that of the carrying trade, by the value of the surplus produce of all the different countries in the world. Its possible extent, therefore, is in a manner infinite in comparison of that of the other two, and is capable of absorbing the greatest capitals.

The consideration of his own private profit is the sole motive which determines the owner of any capital to employ it either in agriculture, in manufactures, or in some particular branch of the wholesale or retail trade. The different quantities of productive labour which it may put into motion, and the different values which it may add to the annual produce of the land and labour of the society, according as it is employed in one or other of those different ways, never enter into his thoughts. In countries, therefore, where agriculture is the most profitable of all employments, and farming and improving the most direct roads to a splendid fortune, the capitals of individuals will naturally be employed in the manner most advantageous to the whole society. The profits of agriculture, however, seem to have no superiority over those of other employments in any part of Europe. Projectors, indeed, in every corner of it, have, within these few years, amused the public with most magnificent accounts of the profits to be made by the cultivation and improvement of land. Without entering into any particular discussion of their calculations, a very simple observation may satisfy us that the result of them must be false. We see, every day, the most splendid fortunes, that have been acquired in the course of a single life, by trade and manufactures, frequently from a very small capital, sometimes from no capital. A single instance of such a fortune, acquired by agriculture in the same time, and from such a capital, has not, perhaps, occurred in Europe, during the course of the present century. In all the great countries of Europe, however, much good land still remains uncultivated; and the greater part of what is cultivated, is far from being improved to the degree of which it is capable. Agriculture, therefore, is almost everywhere capable of absorbing a much greater capital than has ever yet been employed in it. What circumstances in the policy of Europe have given the trades which are carried on in towns so great an advantage over that which is carried on in the country, that private persons frequently find it more for their advantage to employ their capitals in the most distant carrying trades of Asia and America than in the improvement and cultivation of the most fertile fields in their own neighbourhood, I shall endeavour to explain at full length in the two following books.

BOOK III.

OF THE DIFFERENT PROGRESS OF

OPULENCE IN DIFFERENT NATIONS

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CHAPTER I.

OF THE NATURAL PROGRESS OF OPULENCE.

The great commerce of every civilized society is that carried on between the inhabitants of the town and those of the country. It consists in the exchange of rude for manufactured produce, either immediately, or by the intervention of money, or of some sort of paper which represents money. The country supplies the town with the means of subsistence and the materials of manufacture. The town repays this supply, by sending back a part of the manufactured produce to the inhabitants of the country. The town, in which there neither is nor can be any reproduction of substances, may very properly be said to gain its whole wealth and subsistence from the country. We must not, however, upon this account, imagine that the gain of the town is the loss of the country. The gains of both are mutual and reciprocal, and the division of labour is in this, as in all other cases, advantageous to all the different persons employed in the various occupations into which it is subdivided. The inhabitants of the country purchase of the town a greater quantity of manufactured goods with the produce of a much smaller quantity of their own labour, than they must have employed had they attempted to prepare them themselves. The town affords a market for the surplus produce of the country, or what is over and above the maintenance of the cultivators; and it is there that the inhabitants of the country exchange it for something else which is in demand among them. The greater the number and revenue of the inhabitants of the town, the more extensive is the market which it affords to those of the country; and the more extensive that market, it is always the more advantageous to a great number. The corn which grows within a mile of the town, sells there for the same price with that which comes from twenty miles distance. But the price of the latter must, generally, not only pay the expense of raising it and bringing it to market, but afford, too, the ordinary profits of agriculture to the farmer. The proprietors and cultivators of the country, therefore, which lies in the neighbourhood of the town, over and above the ordinary profits of agriculture, gain, in the price of what they sell, the whole value of

the carriage of the like produce that is brought from more distant parts; and they save, besides, the whole value of this carriage in the price of what they buy. Compare the cultivation of the lands in the neighbourhood of any considerable town, with that of those which lie at some distance from it, and you will easily satisfy yourself how much the country is benefited by the commerce of the town. Among all the absurd speculations that have been propagated concerning the balance of trade, it has never been pretended that either the country loses by its commerce with the town, or the town by that with the country which maintains it.

As subsistence is, in the nature of things, prior to conveniency and luxury, so the industry which procures the former, must necessarily be prior to that which ministers to the latter. The cultivation and improvement of the country, therefore, which affords subsistence, must, necessarily, be prior to the increase of the town, which furnishes only the means of conveniency and luxury. It is the surplus produce of the country only, or what is over and above the maintenance of the cultivators, that constitutes the subsistence of the town, which can therefore increase only with the increase of the surplus produce. The town, indeed, may not always derive its whole subsistence from the country in its neighbourhood, or even from the territory to which it belongs, but from very distant countries; and this, though it forms no exception from the general rule, has occasioned considerable variations in the progress of opulence in different ages and nations.

That order of things which necessity imposes, in general, though not in every particular country, is in every particular country promoted by the natural inclinations of man. If human institutions had never thwarted those natural inclinations, the towns could nowhere have increased beyond what the improvement and cultivation of the territory in which they were situated could support; till such time, at least, as the whole of that territory was completely cultivated and improved. Upon equal, or nearly equal profits, most men will choose to employ their capitals, rather in the improvement and cultivation of land, than either in manufactures or in foreign trade. The man who employs his capital in land, has it more under his view and command; and his fortune is much less liable to accidents than that of the trader, who is obliged frequently to commit it, not only to the winds and the waves, but to the more uncertain elements of human folly and injustice, by giving great credits, in distant countries, to men with whose character and situation he can seldom be thoroughly acquainted. The capital of the

landlord, on the contrary, which is fixed in the improvement of his land, seems to be as well secured as the nature of human affairs can admit of. The beauty of the country, besides, the pleasure of a country life, the tranquillity of mind which it promises, and, wherever the injustice of human laws does not disturb it, the independency which it really affords, have charms that, more or less, attract everybody; and as to cultivate the ground was the original destination of man, so, in every stage of his existence, he seems to retain a predilection for this primitive employment.

Without the assistance of some artificers, indeed, the cultivation of land cannot be carried on, but with great inconveniency and continual interruption. Smiths, carpenters, wheelwrights and ploughwrights, masons and bricklayers, tanners, shoemakers, and tailors, are people whose service the farmer has frequent occasion for. Such artificers, too, stand occasionally in need of the assistance of one another; and as their residence is not, like that of the farmer, necessarily tied down to a precise spot, they naturally settle in the neighbourhood of one another, and thus form a small town or village. The butcher, the brewer, and the baker, soon join them, together with many other artificers and retailers, necessary or useful for supplying their occasional wants, and who contribute still further to augment the town. The inhabitants of the town, and those of the country, are mutually the servants of one another. The town is a continual fair or market, to which the inhabitants of the country resort, in order to exchange their rude for manufactured produce. It is this commerce which supplies the inhabitants of the town, both with the materials of their work, and the means of their subsistence. The quantity of the finished work which they sell to the inhabitants of the country, necessarily regulates the quantity of the materials and provisions which they buy. Neither their employment nor subsistence, therefore, can augment, but in proportion to the augmentation of the demand from the country for finished work; and this demand can augment only in proportion to the extension of improvement and cultivation. Had human institutions, therefore, never disturbed the natural course of things, the progressive wealth and increase of the towns would, in every political society, be consequential, and in proportion to the improvement and cultivation of the territory of country.

In our North American colonies, where uncultivated land is still to be had upon easy terms, no manufactures for distant sale have ever yet been established in any of their towns. When an artificer has acquired a little

more stock than is necessary for carrying on his own business in supplying the neighbouring country, he does not, in North America, attempt to establish with it a manufacture for more distant sale, but employs it in the purchase and improvement of uncultivated land. From artificer he becomes planter; and neither the large wages nor the easy subsistence which that country affords to artificers, can bribe him rather to work for other people than for himself. He feels that an artificer is the servant of his customers, from whom he derives his subsistence; but that a planter who cultivates his own land, and derives his necessary subsistence from the labour of his own family, is really a master, and independent of all the world.

In countries, on the contrary, where there is either no uncultivated land, or none that can be had upon easy terms, every artificer who has acquired more stock than he can employ in the occasional jobs of the neighbourhood, endeavours to prepare work for more distant sale. The smith erects some sort of iron, the weaver some sort of linen or woollen manufactory. Those different manufactures come, in process of time, to be gradually subdivided, and thereby improved and refined in a great variety of ways, which may easily be conceived, and which it is therefore unnecessary to explain any farther.

In seeking for employment to a capital, manufactures are, upon equal or nearly equal profits, naturally preferred to foreign commerce, for the same reason that agriculture is naturally preferred to manufactures. As the capital of the landlord or farmer is more secure than that of the manufacturer, so the capital of the manufacturer, being at all times more within his view and command, is more secure than that of the foreign merchant. In every period, indeed, of every society, the surplus part both of the rude and manufactured produce, or that for which there is no demand at home, must be sent abroad, in order to be exchanged for something for which there is some demand at home. But whether the capital which carries this surplus produce abroad be a foreign or a domestic one, is of very little importance. If the society has not acquired sufficient capital, both to cultivate all its lands, and to manufacture in the completest manner the whole of its rude produce, there is even a considerable advantage that the rude produce should be exported by a foreign capital, in order that the whole stock of the society may be employed in more useful purposes. The wealth of ancient Egypt, that of China and Indostan, sufficiently demonstrate that a nation may attain a very high degree of opulence, though the greater part of its exportation trade be

carried on by foreigners. The progress of our North American and West Indian colonies, would have been much less rapid, had no capital but what belonged to themselves been employed in exporting their surplus produce.

According to the natural course of things, therefore, the greater part of the capital of every growing society is, first, directed to agriculture, afterwards to manufactures, and, last of all, to foreign commerce. This order of things is so very natural, that in every society that had any territory, it has always, I believe, been in some degree observed. Some of their lands must have been cultivated before any considerable towns could be established, and some sort of coarse industry of the manufacturing kind must have been carried on in those towns, before they could well think of employing themselves in foreign commerce.

But though this natural order of things must have taken place in some degree in every such society, it has, in all the modern states of Europe, been in many respects entirely inverted. The foreign commerce of some of their cities has introduced all their finer manufactures, or such as were fit for distant sale; and manufactures and foreign commerce together have given birth to the principal improvements of agriculture. The manners and customs which the nature of their original government introduced, and which remained after that government was greatly altered, necessarily forced them into this unnatural and retrograde order.

CHAPTER II.

OF THE DISCOURAGEMENT OF

AGRICULTURE IN THE ANCIENT STATE OF

EUROPE, AFTER THE FALL OF THE ROMAN

EMPIRE.

When the German and Scythian nations overran the western provinces of the Roman empire, the confusions which followed so great a revolution lasted for several centuries. The rapine and violence which the barbarians exercised against the ancient inhabitants, interrupted the commerce between the towns and the country. The towns were deserted, and the country was left uncultivated; and the western provinces of Europe, which had enjoyed a considerable degree of opulence under the Roman empire, sunk into the lowest state of poverty and barbarism. During the continuance of those confusions, the chiefs and principal leaders of those nations acquired, or usurped to themselves, the greater part of the lands of those countries. A great part of them was uncultivated; but no part of them, whether cultivated or uncultivated, was left without a proprietor. All of them were engrossed, and the greater part by a few great proprietors.

This original engrossing of uncultivated lands, though a great, might have been but a transitory evil. They might soon have been divided again, and broke into small parcels, either by succession or by alienation. The law of primogeniture hindered them from being divided by succession; the introduction of entails prevented their being broke into small parcels by alienation.

When land, like moveables, is considered as the means only of subsistence and enjoyment, the natural law of succession divides it, like them, among all the children of the family; of all of whom the subsistence and enjoyment may be supposed equally dear to the father. This natural law of succession, accordingly, took place among the Romans who made no more distinction between elder and younger, between male and female, in

the inheritance of lands, than we do in the distribution of moveables. But when land was considered as the means, not of subsistence merely, but of power and protection, it was thought better that it should descend undivided to one. In those disorderly times, every great landlord was a sort of petty prince. His tenants were his subjects. He was their judge, and in some respects their legislator in peace and their leader in war. He made war according to his own discretion, frequently against his neighbours, and sometimes against his sovereign. The security of a landed estate, therefore, the protection which its owner could afford to those who dwelt on it, depended upon its greatness. To divide it was to ruin it, and to expose every part of it to be oppressed and swallowed up by the incursions of its neighbours. The law of primogeniture, therefore, came to take place, not immediately indeed, but in process of time, in the succession of landed estates, for the same reason that it has generally taken place in that of monarchies, though not always at their first institution. That the power, and consequently the security of the monarchy, may not be weakened by division, it must descend entire to one of the children. To which of them so important a preference shall be given, must be determined by some general rule, founded not upon the doubtful distinctions of personal merit, but upon some plain and evident difference which can admit of no dispute. Among the children of the same family there can be no indisputable difference but that of sex, and that of age. The male sex is universally preferred to the female; and when all other things are equal, the elder everywhere takes place of the younger. Hence the origin of the right of primogeniture, and of what is called lineal succession.

Laws frequently continue in force long after the circumstances which first gave occasion to them, and which could alone render them reasonable, are no more. In the present state of Europe, the proprietor of a single acre of land is as perfectly secure in his possession as the proprietor of 100,000. The right of primogeniture, however, still continues to be respected; and as of all institutions it is the fittest to support the pride of family distinctions, it is still likely to endure for many centuries. In every other respect, nothing can be more contrary to the real interest of a numerous family, than a right which, in order to enrich one, beggars all the rest of the children.

Entails are the natural consequences of the law of primogeniture. They were introduced to preserve a certain lineal succession, of which the law of primogeniture first gave the idea, and to hinder any part of the original

estate from being carried out of the proposed line, either by gift, or device, or alienation; either by the folly, or by the misfortune of any of its successive owners. They were altogether unknown to the Romans. Neither their substitutions, nor fidei commisses, bear any resemblance to entails, though some French lawyers have thought proper to dress the modern institution in the language and garb of those ancient ones.

When great landed estates were a sort of principalities, entails might not be unreasonable. Like what are called the fundamental laws of some monarchies, they might frequently hinder the security of thousands from being endangered by the caprice or extravagance of one man. But in the present state of Europe, when small as well as great estates derive their security from the laws of their country, nothing can be more completely absurd. They are founded upon the most absurd of all suppositions, the supposition that every successive generation of men have not an equal right to the earth, and to all that it possesses; but that the property of the present generation should be restrained and regulated according to the fancy of those who died, perhaps five hundred years ago. Entails, however, are still respected, through the greater part of Europe; In those countries, particularly, in which noble birth is a necessary qualification for the enjoyment either of civil or military honours. Entails are thought necessary for maintaining this exclusive privilege of the nobility to the great offices and honours of their country; and that order having usurped one unjust advantage over the rest of their fellow-citizens, lest their poverty should render it ridiculous, it is thought reasonable that they should have another. The common law of England, indeed, is said to abhor perpetuities, and they are accordingly more restricted there than in any other European monarchy; though even England is not altogether without them. In Scotland, more than one fifth, perhaps more than one third part of the whole lands in the country, are at present supposed to be under strict entail.

Great tracts of uncultivated land were in this manner not only engrossed by particular families, but the possibility of their being divided again was as much as possible precluded for ever. It seldom happens, however, that a great proprietor is a great improver. In the disorderly times which gave birth to those barbarous institutions, the great proprietor was sufficiently employed in defending his own territories, or in extending his jurisdiction and authority over those of his neighbours. He had no leisure to attend to the cultivation and improvement of land. When the establishment of law

and order afforded him this leisure, he often wanted the inclination, and almost always the requisite abilities. If the expense of his house and person either equalled or exceeded his revenue, as it did very frequently, he had no stock to employ in this manner. If he was an economist, he generally found it more profitable to employ his annual savings in new purchases than in the improvement of his old estate. To improve land with profit, like all other commercial projects, requires an exact attention to small savings and small gains, of which a man born to a great fortune, even though naturally frugal, is very seldom capable. The situation of such a person naturally disposes him to attend rather to ornament, which pleases his fancy, than to profit, for which he has so little occasion. The elegance of his dress, of his equipage, of his house and household furniture, are objects which, from his infancy, he has been accustomed to have some anxiety about. The turn of mind which this habit naturally forms, follows him when he comes to think of the improvement of land. He embellishes, perhaps, four or five hundred acres in the neighbourhood of his house, at ten times the expense which the land is worth after all his improvements; and finds, that if he was to improve his whole estate in the same manner, and he has little taste for any other, he would be a bankrupt before he had finished the tenth part of it. There still remain, in both parts of the united kingdom, some great estates which have continued, without interruption, in the hands of the same family since the times of feudal anarchy. Compare the present condition of those estates with the possessions of the small proprietors in their neighbourhood, and you will require no other argument to convince you how unfavourable such extensive property is to improvement.

If little improvement was to be expected from such great proprietors, still less was to be hoped for from those who occupied the land under them. In the ancient state of Europe, the occupiers of land were all tenants at will. They were all, or almost all, slaves, but their slavery was of a milder kind than that known among the ancient Greeks and Romans, or even in our West Indian colonies. They were supposed to belong more directly to the land than to their master. They could, therefore, be sold with it, but not separately. They could marry, provided it was with the consent of their master; and he could not afterwards dissolve the marriage by selling the man and wife to different persons. If he maimed or murdered any of them, he was liable to some penalty, though generally but to a small one. They were not, however, capable of acquiring property. Whatever they acquired

was acquired to their master, and he could take it from them at pleasure. Whatever cultivation and improvement could be carried on by means of such slaves, was properly carried on by their master. It was at his expense. The seed, the cattle, and the instruments of husbandry, were all his. It was for his benefit. Such slaves could acquire nothing but their daily maintenance. It was properly the proprietor himself, therefore, that in this case occupied his own lands, and cultivated them by his own bondmen. This species of slavery still subsists in Russia, Poland, Hungary, Bohemia, Moravia, and other parts of Germany. It is only in the western and south-western provinces of Europe that it has gradually been abolished altogether.

But if great improvements are seldom to be expected from great proprietors, they are least of all to be expected when they employ slaves for their workmen. The experience of all ages and nations, I believe, demonstrates that the work done by slaves, though it appears to cost only their maintenance, is in the end the dearest of any. A person who can acquire no property can have no other interest but to eat as much and to labour as little as possible. Whatever work he does beyond what is sufficient to purchase his own maintenance, can be squeezed out of him by violence only, and not by any interest of his own. In ancient Italy, how much the cultivation of corn degenerated, how unprofitable it became to the master, when it fell under the management of slaves, is remarked both by Pliny and Columella. In the time of Aristotle, it had not been much better in ancient Greece. Speaking of the ideal republic described in the laws of Plato, to maintain 5000 idle men (the number of warriors supposed necessary for its defence), together with their women and servants, would require, he says, a territory of boundless extent and fertility, like the plains of Babylon.

The pride of man makes him love to domineer, and nothing mortifies him so much as to be obliged to condescend to persuade his inferiors. Wherever the law allows it, and the nature of the work can afford it, therefore, he will generally prefer the service of slaves to that of freemen. The planting of sugar and tobacco can afford the expense of slave cultivation. The raising of corn, it seems, in the present times, cannot. In the English colonies, of which the principal produce is corn, the far greater part of the work is done by freemen. The late resolution of the Quakers in Pennsylvania, to set at liberty all their negro slaves, may satisfy us that their number cannot be very great. Had they made any considerable part of their property, such a

resolution could never have been agreed to. In our sugar colonies, on the contrary, the whole work is done by slaves, and in our tobacco colonies a very great part of it. The profits of a sugar plantation in any of our West Indian colonies, are generally much greater than those of any other cultivation that is known either in Europe or America; and the profits of a tobacco plantation, though inferior to those of sugar, are superior to those of corn, as has already been observed. Both can afford the expense of slave cultivation but sugar can afford it still better than tobacco. The number of negroes, accordingly, is much greater, in proportion to that of whites, in our sugar than in our tobacco colonies.

To the slave cultivators of ancient times gradually succeeded a species of farmers, known at present in France by the name of metayers. They are called in Latin *Coloni Partiarum*. They have been so long in disuse in England, that at present I know no English name for them. The proprietor furnished them with the seed, cattle, and instruments of husbandry, the whole stock, in short, necessary for cultivating the farm. The produce was divided equally between the proprietor and the farmer, after setting aside what was judged necessary for keeping up the stock, which was restored to the proprietor, when the farmer either quitted or was turned out of the farm.

Land occupied by such tenants is properly cultivated at the expense of the proprietors, as much as that occupied by slaves. There is, however, one very essential difference between them. Such tenants, being freemen, are capable of acquiring property; and having a certain proportion of the produce of the land, they have a plain interest that the whole produce should be as great as possible, in order that their own proportion may be so. A slave, on the contrary, who can acquire nothing but his maintenance, consults his own ease, by making the land produce as little as possible over and above that maintenance. It is probable that it was partly upon account of this advantage, and partly upon account of the encroachments which the sovereigns, always jealous of the great lords, gradually encouraged their villains to make upon their authority, and which seem, at least, to have been such as rendered this species of servitude altogether inconvenient, that tenure in villanage gradually wore out through the greater part of Europe. The time and manner, however, in which so important a revolution was brought about, is one of the most obscure points in modern history. The church of Rome claims great merit in it; and it is certain, that so early as the twelfth century, Alexander III. published a bull for the general emancipation

of slaves. It seems, however, to have been rather a pious exhortation, than a law to which exact obedience was required from the faithful. Slavery continued to take place almost universally for several centuries afterwards, till it was gradually abolished by the joint operation of the two interests above mentioned; that of the proprietor on the one hand, and that of the sovereign on the other. A villain, enfranchised, and at the same time allowed to continue in possession of the land, having no stock of his own, could cultivate it only by means of what the landlord advanced to him, and must therefore have been what the French call a metayer.

It could never, however, be the interest even of this last species of cultivators, to lay out, in the further improvement of the land, any part of the little stock which they might save from their own share of the produce; because the landlord, who laid out nothing, was to get one half of whatever it produced. The tithe, which is but a tenth of the produce, is found to be a very great hindrance to improvement. A tax, therefore, which amounted to one half, must have been an effectual bar to it. It might be the interest of a metayer to make the land produce as much as could be brought out of it by means of the stock furnished by the proprietor; but it could never be his interest to mix any part of his own with it. In France, where five parts out of six of the whole kingdom are said to be still occupied by this species of cultivators, the proprietors complain, that their metayers take every opportunity of employing their master's cattle rather in carriage than in cultivation; because, in the one case, they get the whole profits to themselves, in the other they share them with their landlord. This species of tenants still subsists in some parts of Scotland. They are called steel-bow tenants. Those ancient English tenants, who are said by Chief-Baron Gilbert and Dr Blackstone to have been rather bailiffs of the landlord than farmers, properly so called, were probably of the same kind.

To this species of tenantry succeeded, though by very slow degrees, farmers, properly so called, who cultivated the land with their own stock, paying a rent certain to the landlord. When such farmers have a lease for a term of years, they may sometimes find it for their interest to lay out part of their capital in the further improvement of the farm; because they may sometimes expect to recover it, with a large profit, before the expiration of the lease. The possession, even of such farmers, however, was long extremely precarious, and still is so in many parts of Europe. They could, before the expiration of their term, be legally ousted of their leases by a new

purchaser; in England, even, by the fictitious action of a common recovery. If they were turned out illegally by the violence of their master, the action by which they obtained redress was extremely imperfect. It did not always reinstate them in the possession of the land, but gave them damages, which never amounted to a real loss. Even in England, the country, perhaps of Europe, where the yeomanry has always been most respected, it was not till about the 14th of Henry VII. that the action of ejectment was invented, by which the tenant recovers, not damages only, but possession, and in which his claim is not necessarily concluded by the uncertain decision of a single assize. This action has been found so effectual a remedy, that, in the modern practice, when the landlord has occasion to sue for the possession of the land, he seldom makes use of the actions which properly belong to him as a landlord, the writ of right or the writ of entry, but sues in the name of his tenant, by the writ of ejectment. In England, therefore the security of the tenant is equal to that of the proprietor. In England, besides, a lease for life of forty shillings a-year value is a freehold, and entitles the lessee to a vote for a member of parliament; and as a great part of the yeomanry have freeholds of this kind, the whole order becomes respectable to their landlords, on account of the political consideration which this gives them. There is, I believe, nowhere in Europe, except in England, any instance of the tenant building upon the land of which he had no lease, and trusting that the honour of his landlord would take no advantage of so important an improvement. Those laws and customs, so favourable to the yeomanry, have perhaps contributed more to the present grandeur of England, than all their boasted regulations of commerce taken together.

The law which secures the longest leases against successors of every kind, is, so far as I know, peculiar to Great Britain. It was introduced into Scotland so early as 1449, by a law of James II. Its beneficial influence, however, has been much obstructed by entails; the heirs of entail being generally restrained from letting leases for any long term of years, frequently for more than one year. A late act of parliament has, in this respect, somewhat slackened their fetters, though they are still by much too strait. In Scotland, besides, as no leasehold gives a vote for a member of parliament, the yeomanry are upon this account less respectable to their landlords than in England.

In other parts of Europe, after it was found convenient to secure tenants both against heirs and purchasers, the term of their security was still limited

to a very short period; in France, for example, to nine years from the commencement of the lease. It has in that country, indeed, been lately extended to twentyseven, a period still too short to encourage the tenant to make the most important improvements. The proprietors of land were anciently the legislators of every part of Europe. The laws relating to land, therefore, were all calculated for what they supposed the interest of the proprietor. It was for his interest, they had imagined, that no lease granted by any of his predecessors should hinder him from enjoying, during a long term of years, the full value of his land. Avarice and injustice are always short-sighted, and they did not foresee how much this regulation must obstruct improvement, and thereby hurt, in the long-run, the real interest of the landlord.

The farmers, too, besides paying the rent, were anciently, it was supposed, bound to perform a great number of services to the landlord, which were seldom either specified in the lease, or regulated by any precise rule, but by the use and wont of the manor or barony. These services, therefore, being almost entirely arbitrary, subjected the tenant to many vexations. In Scotland the abolition of all services not precisely stipulated in the lease, has, in the course of a few years, very much altered for the better the condition of the yeomanry of that country.

The public services to which the yeomanry were bound, were not less arbitrary than the private ones. To make and maintain the high roads, a servitude which still subsists, I believe, everywhere, though with different degrees of oppression in different countries, was not the only one. When the king's troops, when his household, or his officers of any kind, passed through any part of the country, the yeomanry were bound to provide them with horses, carriages, and provisions, at a price regulated by the purveyor. Great Britain is, I believe, the only monarchy in Europe where the oppression of purveyance has been entirely abolished. It still subsists in France and Germany.

The public taxes, to which they were subject, were as irregular and oppressive as the services. The ancient lords, though extremely unwilling to grant, themselves, any pecuniary aid to their sovereign, easily allowed him to tallage, as they called it, their tenants, and had not knowledge enough to foresee how much this must, in the end, affect their own revenue. The taille, as it still subsists in France may serve as an example of those ancient tallages. It is a tax upon the supposed profits of the farmer, which they

estimate by the stock that he has upon the farm. It is his interest, therefore, to appear to have as little as possible, and consequently to employ as little as possible in its cultivation, and none in its improvement. Should any stock happen to accumulate in the hands of a French farmer, the *taille* is almost equal to a prohibition of its ever being employed upon the land. This tax, besides, is supposed to dishonour whoever is subject to it, and to degrade him below, not only the rank of a gentleman, but that of a burgher; and whoever rents the lands of another becomes subject to it. No gentleman, nor even any burgher, who has stock, will submit to this degradation. This tax, therefore, not only hinders the stock which accumulates upon the land from being employed in its improvement, but drives away all other stock from it. The ancient tenths and fifteenths, so usual in England in former times, seem, so far as they affected the land, to have been taxes of the same nature with the *taille*.

Under all these discouragements, little improvement could be expected from the occupiers of land. That order of people, with all the liberty and security which law can give, must always improve under great disadvantage. The farmer, compared with the proprietor, is as a merchant who trades with borrowed money, compared with one who trades with his own. The stock of both may improve; but that of the one, with only equal good conduct, must always improve more slowly than that of the other, on account of the large share of the profits which is consumed by the interest of the loan. The lands cultivated by the farmer must, in the same manner, with only equal good conduct, be improved more slowly than those cultivated by the proprietor, on account of the large share of the produce which is consumed in the rent, and which, had the farmer been proprietor, he might have employed in the further improvement of the land. The station of a farmer, besides, is, from the nature of things, inferior to that of a proprietor. Through the greater part of Europe, the yeomanry are regarded as an inferior rank of people, even to the better sort of tradesmen and mechanics, and in all parts of Europe to the great merchants and master manufacturers. It can seldom happen, therefore, that a man of any considerable stock should quit the superior, in order to place himself in an inferior station. Even in the present state of Europe, therefore, little stock is likely to go from any other profession to the improvement of land in the way of farming. More does, perhaps, in Great Britain than in any other country, though even there the great stocks which are in some places

employed in farming, have generally been acquired by fanning, the trade, perhaps, in which, of all others, stock is commonly acquired most slowly. After small proprietors, however, rich and great farmers are in every country the principal improvers. There are more such, perhaps, in England than in any other European monarchy. In the republican governments of Holland, and of Berne in Switzerland, the farmers are said to be not inferior to those of England.

The ancient policy of Europe was, over and above all this, unfavourable to the improvement and cultivation of land, whether carried on by the proprietor or by the farmer; first, by the general prohibition of the exportation of corn, without a special licence, which seems to have been a very universal regulation; and, secondly, by the restraints which were laid upon the inland commerce, not only of corn, but of almost every other part of the produce of the farm, by the absurd laws against engrossers, regraters, and forestallers, and by the privileges of fairs and markets. It has already been observed in what manner the prohibition of the exportation of corn, together with some encouragement given to the importation of foreign corn, obstructed the cultivation of ancient Italy, naturally the most fertile country in Europe, and at that time the seat of the greatest empire in the world. To what degree such restraints upon the inland commerce of this commodity, joined to the general prohibition of exportation, must have discouraged the cultivation of countries less fertile, and less favourably circumstanced, it is not, perhaps, very easy to imagine.

CHAPTER III.

OF THE RISE AND PROGRESS OF CITIES AND TOWNS, AFTER THE FALL OF THE ROMAN EMPIRE.

The inhabitants of cities and towns were, after the fall of the Roman empire, not more favoured than those of the country. They consisted, indeed, of a very different order of people from the first inhabitants of the ancient republics of Greece and Italy. These last were composed chiefly of the proprietors of lands, among whom the public territory was originally divided, and who found it convenient to build their houses in the neighbourhood of one another, and to surround them with a wall, for the sake of common defence. After the fall of the Roman empire, on the contrary, the proprietors of land seem generally to have lived in fortified castles on their own estates, and in the midst of their own tenants and dependants. The towns were chiefly inhabited by tradesmen and mechanics, who seem, in those days, to have been of servile, or very nearly of servile condition. The privileges which we find granted by ancient charters to the inhabitants of some of the principal towns in Europe, sufficiently show what they were before those grants. The people to whom it is granted as a privilege, that they might give away their own daughters in marriage without the consent of their lord, that upon their death their own children, and not their lord, should succeed to their goods, and that they might dispose of their own effects by will, must, before those grants, have been either altogether, or very nearly, in the same state of villanage with the occupiers of land in the country.

They seem, indeed, to have been a very poor, mean set of people, who seemed to travel about with their goods from place to place, and from fair to fair, like the hawkers and pedlars of the present times. In all the different countries of Europe then, in the same manner as in several of the Tartar governments of Asia at present, taxes used to be levied upon the persons and goods of travellers, when they passed through certain manors, when

they went over certain bridges, when they carried about their goods from place to place in a fair, when they erected in it a booth or stall to sell them in. These different taxes were known in England by the names of passage, pontage, lastage, and stallage. Sometimes the king, sometimes a great lord, who had, it seems, upon some occasions, authority to do this, would grant to particular traders, to such particularly as lived in their own demesnes, a general exemption from such taxes. Such traders, though in other respects of servile, or very nearly of servile condition, were upon this account called free traders. They, in return, usually paid to their protector a sort of annual poll-tax. In those days protection was seldom granted without a valuable consideration, and this tax might perhaps be considered as compensation for what their patrons might lose by their exemption from other taxes. At first, both those poll-taxes and those exemptions seem to have been altogether personal, and to have affected only particular individuals, during either their lives, or the pleasure of their protectors. In the very imperfect accounts which have been published from Doomsday-book, of several of the towns of England, mention is frequently made, sometimes of the tax which particular burghers paid, each of them, either to the king, or to some other great lord, for this sort of protection, and sometimes of the general amount only of all those taxes. {see Brady's Historical Treatise of Cities and Boroughs, p. 3. etc.}

But how servile soever may have been originally the condition of the inhabitants of the towns, it appears evidently, that they arrived at liberty and independency much earlier than the occupiers of land in the country. That part of the king's revenue which arose from such poll-taxes in any particular town, used commonly to be let in farm, during a term of years, for a rent certain, sometimes to the sheriff of the county, and sometimes to other persons. The burghers themselves frequently got credit enough to be admitted to farm the revenues of this sort which arose out of their own town, they becoming jointly and severally answerable for the whole rent. {See Madox, Firma Burgi, p. 18; also History of the Exchequer, chap. 10, sect. v, p. 223, first edition.} To let a farm in this manner, was quite agreeable to the usual economy of, I believe, the sovereigns of all the different countries of Europe, who used frequently to let whole manors to all the tenants of those manors, they becoming jointly and severally answerable for the whole rent; but in return being allowed to collect it in their own way, and to pay it into the king's exchequer by the hands of their

own bailiff, and being thus altogether freed from the insolence of the king's officers; a circumstance in those days regarded as of the greatest importance.

At first, the farm of the town was probably let to the burghers, in the same manner as it had been to other farmers, for a term of years only. In process of time, however, it seems to have become the general practice to grant it to them in fee, that is for ever, reserving a rent certain, never afterwards to be augmented. The payment having thus become perpetual, the exemptions, in return, for which it was made, naturally became perpetual too. Those exemptions, therefore, ceased to be personal, and could not afterwards be considered as belonging to individuals, as individuals, but as burghers of a particular burgh, which, upon this account, was called a free burgh, for the same reason that they had been called free burghers or free traders.

Along with this grant, the important privileges, above mentioned, that they might give away their own daughters in marriage, that their children should succeed to them, and that they might dispose of their own effects by will, were generally bestowed upon the burghers of the town to whom it was given. Whether such privileges had before been usually granted, along with the freedom of trade, to particular burghers, as individuals, I know not. I reckon it not improbable that they were, though I cannot produce any direct evidence of it. But however this may have been, the principal attributes of villanage and slavery being thus taken away from them, they now at least became really free, in our present sense of the word freedom.

Nor was this all. They were generally at the same time erected into a commonalty or corporation, with the privilege of having magistrates and a town-council of their own, of making bye-laws for their own government, of building walls for their own defence, and of reducing all their inhabitants under a sort of military discipline, by obliging them to watch and ward; that is, as anciently understood, to guard and defend those walls against all attacks and surprises, by night as well as by day. In England they were generally exempted from suit to the hundred and county courts: and all such pleas as should arise among them, the pleas of the crown excepted, were left to the decision of their own magistrates. In other countries, much greater and more extensive jurisdictions were frequently granted to them. {See Madox, *Firma Burgi*. See also Pfeffel in the Remarkable events under Frederick II. and his Successors of the House of Suabia.}

It might, probably, be necessary to grant to such towns as were admitted to farm their own revenues, some sort of compulsive jurisdiction to oblige their own citizens to make payment. In those disorderly times, it might have been extremely inconvenient to have left them to seek this sort of justice from any other tribunal. But it must seem extraordinary, that the sovereigns of all the different countries of Europe should have exchanged in this manner for a rent certain, never more to be augmented, that branch of their revenue, which was, perhaps, of all others, the most likely to be improved by the natural course of things, without either expense or attention of their own; and that they should, besides, have in this manner voluntarily erected a sort of independent republics in the heart of their own dominions.

In order to understand this, it must be remembered, that, in those days, the sovereign of perhaps no country in Europe was able to protect, through the whole extent of his dominions, the weaker part of his subjects from the oppression of the great lords. Those whom the law could not protect, and who were not strong enough to defend themselves, were obliged either to have recourse to the protection of some great lord, and in order to obtain it, to become either his slaves or vassals; or to enter into a league of mutual defence for the common protection of one another. The inhabitants of cities and burghs, considered as single individuals, had no power to defend themselves; but by entering into a league of mutual defence with their neighbours, they were capable of making no contemptible resistance. The lords despised the burghers, whom they considered not only as a different order, but as a parcel of emancipated slaves, almost of a different species from themselves. The wealth of the burghers never failed to provoke their envy and indignation, and they plundered them upon every occasion without mercy or remorse. The burghers naturally hated and feared the lords. The king hated and feared them too; but though, perhaps, he might despise, he had no reason either to hate or fear the burghers. Mutual interest, therefore, disposed them to support the king, and the king to support them against the lords. They were the enemies of his enemies, and it was his interest to render them as secure and independent of those enemies as he could. By granting them magistrates of their own, the privilege of making bye-laws for their own government, that of building walls for their own defence, and that of reducing all their inhabitants under a sort of military discipline, he gave them all the means of security and independency of the barons which it was in his power to bestow. Without

the establishment of some regular government of this kind, without some authority to compel their inhabitants to act according to some certain plan or system, no voluntary league of mutual defence could either have afforded them any permanent security, or have enabled them to give the king any considerable support. By granting them the farm of their own town in fee, he took away from those whom he wished to have for his friends, and, if one may say so, for his allies, all ground of jealousy and suspicion, that he was ever afterwards to oppress them, either by raising the farm-rent of their town, or by granting it to some other farmer.

The princes who lived upon the worst terms with their barons, seem accordingly to have been the most liberal in grants of this kind to their burghs. King John of England, for example, appears to have been a most munificent benefactor to his towns. {See Madox.} Philip I. of France lost all authority over his barons. Towards the end of his reign, his son Lewis, known afterwards by the name of Lewis the Fat, consulted, according to Father Daniel, with the bishops of the royal demesnes, concerning the most proper means of restraining the violence of the great lords. Their advice consisted of two different proposals. One was to erect a new order of jurisdiction, by establishing magistrates and a town-council in every considerable town of his demesnes. The other was to form a new militia, by making the inhabitants of those towns, under the command of their own magistrates, march out upon proper occasions to the assistance of the king. It is from this period, according to the French antiquarians, that we are to date the institution of the magistrates and councils of cities in France. It was during the unprosperous reigns of the princes of the house of Suabia, that the greater part of the free towns of Germany received the first grants of their privileges, and that the famous Hanseatic league first became formidable. {See Pfeffel.}

The militia of the cities seems, in those times, not to have been inferior to that of the country; and as they could be more readily assembled upon any sudden occasion, they frequently had the advantage in their disputes with the neighbouring lords. In countries such as Italy or Switzerland, in which, on account either of their distance from the principal seat of government, of the natural strength of the country itself, or of some other reason, the sovereign came to lose the whole of his authority; the cities generally became independent republics, and conquered all the nobility in their neighbourhood; obliging them to pull down their castles in the country, and

to live, like other peaceable inhabitants, in the city. This is the short history of the republic of Berne, as well as of several other cities in Switzerland. If you except Venice, for of that city the history is somewhat different, it is the history of all the considerable Italian republics, of which so great a number arose and perished between the end of the twelfth and the beginning of the sixteenth century.

In countries such as France and England, where the authority of the sovereign, though frequently very low, never was destroyed altogether, the cities had no opportunity of becoming entirely independent. They became, however, so considerable, that the sovereign could impose no tax upon them, besides the stated farm-rent of the town, without their own consent. They were, therefore, called upon to send deputies to the general assembly of the states of the kingdom, where they might join with the clergy and the barons in granting, upon urgent occasions, some extraordinary aid to the king. Being generally, too, more favourable to his power, their deputies seem sometimes to have been employed by him as a counterbalance in those assemblies to the authority of the great lords. Hence the origin of the representation of burghs in the states-general of all great monarchies in Europe.

Order and good government, and along with them the liberty and security of individuals, were in this manner established in cities, at a time when the occupiers of land in the country, were exposed to every sort of violence. But men in this defenceless state naturally content themselves with their necessary subsistence; because, to acquire more, might only tempt the injustice of their oppressors. On the contrary, when they are secure of enjoying the fruits of their industry, they naturally exert it to better their condition, and to acquire not only the necessaries, but the conveniencies and elegancies of life. That industry, therefore, which aims at something more than necessary subsistence, was established in cities long before it was commonly practised by the occupiers of land in the country. If, in the hands of a poor cultivator, oppressed with the servitude of villanage, some little stock should accumulate, he would naturally conceal it with great care from his master, to whom it would otherwise have belonged, and take the first opportunity of running away to a town. The law was at that time so indulgent to the inhabitants of towns, and so desirous of diminishing the authority of the lords over those of the country, that if he could conceal himself there from the pursuit of his lord for a year, he was free for ever.

Whatever stock, therefore, accumulated in the hands of the industrious part of the inhabitants of the country, naturally took refuge in cities, as the only sanctuaries in which it could be secure to the person that acquired it.

The inhabitants of a city, it is true, must always ultimately derive their subsistence, and the whole materials and means of their industry, from the country. But those of a city, situated near either the sea-coast or the banks of a navigable river, are not necessarily confined to derive them from the country in their neighbourhood. They have a much wider range, and may draw them from the most remote corners of the world, either in exchange for the manufactured produce of their own industry, or by performing the office of carriers between distant countries, and exchanging the produce of one for that of another. A city might, in this manner, grow up to great wealth and splendour, while not only the country in its neighbourhood, but all those to which it traded, were in poverty and wretchedness. Each of those countries, perhaps, taken singly, could afford it but a small part, either of its subsistence or of its employment; but all of them taken together, could afford it both a great subsistence and a great employment. There were, however, within the narrow circle of the commerce of those times, some countries that were opulent and industrious. Such was the Greek empire as long as it subsisted, and that of the Saracens during the reigns of the Abassides. Such, too, was Egypt till it was conquered by the Turks, some part of the coast of Barbary, and all those provinces of Spain which were under the government of the Moors.

The cities of Italy seem to have been the first in Europe which were raised by commerce to any considerable degree of opulence. Italy lay in the centre of what was at that time the improved and civilized part of the world. The crusades, too, though, by the great waste of stock and destruction of inhabitants which they occasioned, they must necessarily have retarded the progress of the greater part of Europe, were extremely favourable to that of some Italian cities. The great armies which marched from all parts to the conquest of the Holy Land, gave extraordinary encouragement to the shipping of Venice, Genoa, and Pisa, sometimes in transporting them thither, and always in supplying them with provisions. They were the commissaries, if one may say so, of those armies; and the most destructive frenzy that ever befel the European nations, was a source of opulence to those republics.

The inhabitants of trading cities, by importing the improved manufactures and expensive luxuries of richer countries, afforded some food to the vanity of the great proprietors, who eagerly purchased them with great quantities of the rude produce of their own lands. The commerce of a great part of Europe in those times, accordingly, consisted chiefly in the exchange of their own rude, for the manufactured produce of more civilized nations. Thus the wool of England used to be exchanged for the wines of France, and the fine cloths of Flanders, in the same manner as the corn in Poland is at this day, exchanged for the wines and brandies of France, and for the silks and velvets of France and Italy.

A taste for the finer and more improved manufactures was, in this manner, introduced by foreign commerce into countries where no such works were carried on. But when this taste became so general as to occasion a considerable demand, the merchants, in order to save the expense of carriage, naturally endeavoured to establish some manufactures of the same kind in their own country. Hence the origin of the first manufactures for distant sale, that seem to have been established in the western provinces of Europe, after the fall of the Roman empire.

No large country, it must be observed, ever did or could subsist without some sort of manufactures being carried on in it; and when it is said of any such country that it has no manufactures, it must always be understood of the finer and more improved, or of such as are fit for distant sale. In every large country both the clothing and household furniture or the far greater part of the people, are the produce of their own industry. This is even more universally the case in those poor countries which are commonly said to have no manufactures, than in those rich ones that are said to abound in them. In the latter you will generally find, both in the clothes and household furniture of the lowest rank of people, a much greater proportion of foreign productions than in the former.

Those manufactures which are fit for distant sale, seem to have been introduced into different countries in two different ways.

Sometimes they have been introduced in the manner above mentioned, by the violent operation, if one may say so, of the stocks of particular merchants and undertakers, who established them in imitation of some foreign manufactures of the same kind. Such manufactures, therefore, are the offspring of foreign commerce; and such seem to have been the ancient manufactures of silks, velvets, and brocades, which flourished in Lucca

during the thirteenth century. They were banished from thence by the tyranny of one of Machiavel's heroes, Castruccio Castracani. In 1310, nine hundred families were driven out of Lucca, of whom thirty-one retired to Venice, and offered to introduce there the silk manufacture. {See Sandi *Istoria civile de Vinezia*, part 2 vol. i, page 247 and 256.} Their offer was accepted, many privileges were conferred upon them, and they began the manufacture with three hundred workmen. Such, too, seem to have been the manufactures of fine cloths that anciently flourished in Flanders, and which were introduced into England in the beginning of the reign of Elizabeth, and such are the present silk manufactures of Lyons and Spitalfields. Manufactures introduced in this manner are generally employed upon foreign materials, being imitations of foreign manufactures. When the Venetian manufacture was first established, the materials were all brought from Sicily and the Levant. The more ancient manufacture of Lucca was likewise carried on with foreign materials. The cultivation of mulberry trees, and the breeding of silk-worms, seem not to have been common in the northern parts of Italy before the sixteenth century. Those arts were not introduced into France till the reign of Charles IX. The manufactures of Flanders were carried on chiefly with Spanish and English wool. Spanish wool was the material, not of the first woollen manufacture of England, but of the first that was fit for distant sale. More than one half the materials of the Lyons manufacture is at this day foreign silk; when it was first established, the whole, or very nearly the whole, was so. No part of the materials of the Spitalfields manufacture is ever likely to be the produce of England. The seat of such manufactures, as they are generally introduced by the scheme and project of a few individuals, is sometimes established in a maritime city, and sometimes in an inland town, according as their interest, judgment, or caprice, happen to determine.

At other times, manufactures for distant sale grow up naturally, and as it were of their own accord, by the gradual refinement of those household and coarser manufactures which must at all times be carried on even in the poorest and rudest countries. Such manufactures are generally employed upon the materials which the country produces, and they seem frequently to have been first refined and improved in such inland countries as were not, indeed, at a very great, but at a considerable distance from the sea-coast, and sometimes even from all water carriage. An inland country, naturally fertile and easily cultivated, produces a great surplus of provisions beyond

what is necessary for maintaining the cultivators; and on account of the expense of land carriage, and inconveniency of river navigation, it may frequently be difficult to send this surplus abroad. Abundance, therefore, renders provisions cheap, and encourages a great number of workmen to settle in the neighbourhood, who find that their industry can there procure them more of the necessaries and conveniencies of life than in other places. They work up the materials of manufacture which the land produces, and exchange their finished work, or, what is the same thing, the price of it, for more materials and provisions. They give a new value to the surplus part of the rude produce, by saving the expense of carrying it to the water-side, or to some distant market; and they furnish the cultivators with something in exchange for it that is either useful or agreeable to them, upon easier terms than they could have obtained it before. The cultivators get a better price for their surplus produce, and can purchase cheaper other conveniencies which they have occasion for. They are thus both encouraged and enabled to increase this surplus produce by a further improvement and better cultivation of the land; and as the fertility of the land had given birth to the manufacture, so the progress of the manufacture reacts upon the land, and increases still further its fertility. The manufacturers first supply the neighbourhood, and afterwards, as their work improves and refines, more distant markets. For though neither the rude produce, nor even the coarse manufacture, could, without the greatest difficulty, support the expense of a considerable land-carriage, the refined and improved manufacture easily may. In a small bulk it frequently contains the price of a great quantity of rude produce. A piece of fine cloth, for example which weighs only eighty pounds, contains in it the price, not only of eighty pounds weight of wool, but sometimes of several thousand weight of corn, the maintenance of the different working people, and of their immediate employers. The corn which could with difficulty have been carried abroad in its own shape, is in this manner virtually exported in that of the complete manufacture, and may easily be sent to the remotest corners of the world. In this manner have grown up naturally, and, as it were, of their own accord, the manufactures of Leeds, Halifax, Sheffield, Birmingham, and Wolverhampton. Such manufactures are the offspring of agriculture. In the modern history of Europe, their extension and improvement have generally been posterior to those which were the offspring of foreign commerce. England was noted for the manufacture of fine cloths made of Spanish wool, more than a century

before any of those which now flourish in the places above mentioned were fit for foreign sale. The extension and improvement of these last could not take place but in consequence of the extension and improvement of agriculture, the last and greatest effect of foreign commerce, and of the manufactures immediately introduced by it, and which I shall now proceed to explain.

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CHAPTER IV.

HOW THE COMMERCE OF TOWNS

CONTRIBUTED TO THE IMPROVEMENT OF

THE COUNTRY.

The increase and riches of commercial and manufacturing towns contributed to the improvement and cultivation of the countries to which they belonged, in three different ways.

First, by affording a great and ready market for the rude produce of the country, they gave encouragement to its cultivation and further improvement. This benefit was not even confined to the countries in which they were situated, but extended more or less to all those with which they had any dealings. To all of them they afforded a market for some part either of their rude or manufactured produce, and, consequently, gave some encouragement to the industry and improvement of all. Their own country, however, on account of its neighbourhood, necessarily derived the greatest benefit from this market. Its rude produce being charged with less carriage, the traders could pay the growers a better price for it, and yet afford it as cheap to the consumers as that of more distant countries.

Secondly, the wealth acquired by the inhabitants of cities was frequently employed in purchasing such lands as were to be sold, of which a great part would frequently be uncultivated. Merchants are commonly ambitious of becoming country gentlemen, and, when they do, they are generally the best of all improvers. A merchant is accustomed to employ his money chiefly in profitable projects; whereas a mere country gentleman is accustomed to employ it chiefly in expense. The one often sees his money go from him, and return to him again with a profit; the other, when once he parts with it, very seldom expects to see any more of it. Those different habits naturally affect their temper and disposition in every sort of business. The merchant is commonly a bold, a country gentleman a timid undertaker. The one is not afraid to lay out at once a large capital upon the improvement of his land, when he has a probable prospect of raising the value of it in proportion to

the expense; the other, if he has any capital, which is not always the case, seldom ventures to employ it in this manner. If he improves at all, it is commonly not with a capital, but with what he can save out of his annual revenue. Whoever has had the fortune to live in a mercantile town, situated in an unimproved country, must have frequently observed how much more spirited the operations of merchants were in this way, than those of mere country gentlemen. The habits, besides, of order, economy, and attention, to which mercantile business naturally forms a merchant, render him much fitter to execute, with profit and success, any project of improvement.

Thirdly, and lastly, commerce and manufactures gradually introduced order and good government, and with them the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours, and of servile dependency upon their superiors. This, though it has been the least observed, is by far the most important of all their effects. Mr Hume is the only writer who, so far as I know, has hitherto taken notice of it.

In a country which has neither foreign commerce nor any of the finer manufactures, a great proprietor, having nothing for which he can exchange the greater part of the produce of his lands which is over and above the maintenance of the cultivators, consumes the whole in rustic hospitality at home. If this surplus produce is sufficient to maintain a hundred or a thousand men, he can make use of it in no other way than by maintaining a hundred or a thousand men. He is at all times, therefore, surrounded with a multitude of retainers and dependants, who, having no equivalent to give in return for their maintenance, but being fed entirely by his bounty, must obey him, for the same reason that soldiers must obey the prince who pays them. Before the extension of commerce and manufactures in Europe, the hospitality of the rich and the great, from the sovereign down to the smallest baron, exceeded every thing which, in the present times, we can easily form a notion of Westminster-hall was the dining-room of William Rufus, and might frequently, perhaps, not be too large for his company. It was reckoned a piece of magnificence in Thomas Becket, that he strewed the floor of his hall with clean hay or rushes in the season, in order that the knights and squires, who could not get seats, might not spoil their fine clothes when they sat down on the floor to eat their dinner. The great Earl of Warwick is said to have entertained every day, at his different manors, 30,000 people; and though the number here may have been exaggerated, it

must, however, have been very great to admit of such exaggeration. A hospitality nearly of the same kind was exercised not many years ago in many different parts of the Highlands of Scotland. It seems to be common in all nations to whom commerce and manufactures are little known. I have seen, says Doctor Pocock, an Arabian chief dine in the streets of a town where he had come to sell his cattle, and invite all passengers, even common beggars, to sit down with him and partake of his banquet.

The occupiers of land were in every respect as dependent upon the great proprietor as his retainers. Even such of them as were not in a state of villanage, were tenants at will, who paid a rent in no respect equivalent to the subsistence which the land afforded them. A crown, half a crown, a sheep, a lamb, was some years ago, in the Highlands of Scotland, a common rent for lands which maintained a family. In some places it is so at this day; nor will money at present purchase a greater quantity of commodities there than in other places. In a country where the surplus produce of a large estate must be consumed upon the estate itself, it will frequently be more convenient for the proprietor, that part of it be consumed at a distance from his own house, provided they who consume it are as dependent upon him as either his retainers or his menial servants. He is thereby saved from the embarrassment of either too large a company, or too large a family. A tenant at will, who possesses land sufficient to maintain his family for little more than a quit-rent, is as dependent upon the proprietor as any servant or retainer whatever, and must obey him with as little reserve. Such a proprietor, as he feeds his servants and retainers at his own house, so he feeds his tenants at their houses. The subsistence of both is derived from his bounty, and its continuance depends upon his good pleasure.

Upon the authority which the great proprietors necessarily had, in such a state of things, over their tenants and retainers, was founded the power of the ancient barons. They necessarily became the judges in peace, and the leaders in war, of all who dwelt upon their estates. They could maintain order, and execute the law, within their respective demesnes, because each of them could there turn the whole force of all the inhabitants against the injustice of anyone. No other person had sufficient authority to do this. The king, in particular, had not. In those ancient times, he was little more than the greatest proprietor in his dominions, to whom, for the sake of common defence against their common enemies, the other great proprietors paid

certain respects. To have enforced payment of a small debt within the lands of a great proprietor, where all the inhabitants were armed, and accustomed to stand by one another, would have cost the king, had he attempted it by his own authority, almost the same effort as to extinguish a civil war. He was, therefore, obliged to abandon the administration of justice, through the greater part of the country, to those who were capable of administering it; and, for the same reason, to leave the command of the country militia to those whom that militia would obey.

It is a mistake to imagine that those territorial jurisdictions took their origin from the feudal law. Not only the highest jurisdictions, both civil and criminal, but the power of levying troops, of coining money, and even that of making bye-laws for the government of their own people, were all rights possessed allodially by the great proprietors of land, several centuries before even the name of the feudal law was known in Europe. The authority and jurisdiction of the Saxon lords in England appear to have been as great before the Conquest as that of any of the Norman lords after it. But the feudal law is not supposed to have become the common law of England till after the Conquest. That the most extensive authority and jurisdictions were possessed by the great lords in France allodially, long before the feudal law was introduced into that country, is a matter of fact that admits of no doubt. That authority, and those jurisdictions, all necessarily flowed from the state of property and manners just now described. Without remounting to the remote antiquities of either the French or English monarchies, we may find, in much later times, many proofs that such effects must always flow from such causes. It is not thirty years ago since Mr Cameron of Lochiel, a gentleman of Lochaber in Scotland, without any legal warrant whatever, not being what was then called a lord of regality, nor even a tenant in chief, but a vassal of the Duke of Argyll, and with out being so much as a justice of peace, used, notwithstanding, to exercise the highest criminal jurisdictions over his own people. He is said to have done so with great equity, though without any of the formalities of justice; and it is not improbable that the state of that part of the country at that time made it necessary for him to assume this authority, in order to maintain the public peace. That gentleman, whose rent never exceeded £500 a-year, carried, in 1745, 800 of his own people into the rebellion with him.

The introduction of the feudal law, so far from extending, may be regarded as an attempt to moderate, the authority of the great allodial lords.

It established a regular subordination, accompanied with a long train of services and duties, from the king down to the smallest proprietor. During the minority of the proprietor, the rent, together with the management of his lands, fell into the hands of his immediate superior; and, consequently, those of all great proprietors into the hands of the king, who was charged with the maintenance and education of the pupil, and who, from his authority as guardian, was supposed to have a right of disposing of him in marriage, provided it was in a manner not unsuitable to his rank. But though this institution necessarily tended to strengthen the authority of the king, and to weaken that of the great proprietors, it could not do either sufficiently for establishing order and good government among the inhabitants of the country; because it could not alter sufficiently that state of property and manners from which the disorders arose. The authority of government still continued to be, as before, too weak in the head, and too strong in the inferior members; and the excessive strength of the inferior members was the cause of the weakness of the head. After the institution of feudal subordination, the king was as incapable of restraining the violence of the great lords as before. They still continued to make war according to their own discretion, almost continually upon one another, and very frequently upon the king; and the open country still continued to be a scene of violence, rapine, and disorder.

But what all the violence of the feudal institutions could never have effected, the silent and insensible operation of foreign commerce and manufactures gradually brought about. These gradually furnished the great proprietors with something for which they could exchange the whole surplus produce of their lands, and which they could consume themselves, without sharing it either with tenants or retainers. All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind. As soon, therefore, as they could find a method of consuming the whole value of their rents themselves, they had no disposition to share them with any other persons. For a pair of diamond buckles, perhaps, or for something as frivolous and useless, they exchanged the maintenance, or, what is the same thing, the price of the maintenance of 1000 men for a year, and with it the whole weight and authority which it could give them. The buckles, however, were to be all their own, and no other human creature was to have any share of them; whereas, in the more ancient method of expense, they must have shared

with at least 1000 people. With the judges that were to determine the preference, this difference was perfectly decisive; and thus, for the gratification of the most childish, the meanest, and the most sordid of all vanities they gradually bartered their whole power and authority.

In a country where there is no foreign commerce, nor any of the finer manufactures, a man of £10,000 a-year cannot well employ his revenue in any other way than in maintaining, perhaps, 1000 families, who are all of them necessarily at his command. In the present state of Europe, a man of £10,000 a-year can spend his whole revenue, and he generally does so, without directly maintaining twenty people, or being able to command more than ten footmen, not worth the commanding. Indirectly, perhaps, he maintains as great, or even a greater number of people, than he could have done by the ancient method of expense. For though the quantity of precious productions for which he exchanges his whole revenue be very small, the number of workmen employed in collecting and preparing it must necessarily have been very great. Its great price generally arises from the wages of their labour, and the profits of all their immediate employers. By paying that price, he indirectly pays all those wages and profits, and thus indirectly contributes to the maintenance of all the workmen and their employers. He generally contributes, however, but a very small proportion to that of each; to a very few, perhaps, not a tenth, to many not a hundredth, and to some not a thousandth, or even a ten thousandth part of their whole annual maintenance. Though he contributes, therefore, to the maintenance of them all, they are all more or less independent of him, because generally they can all be maintained without him.

When the great proprietors of land spend their rents in maintaining their tenants and retainers, each of them maintains entirely all his own tenants and all his own retainers. But when they spend them in maintaining tradesmen and artificers, they may, all of them taken together, perhaps maintain as great, or, on account of the waste which attends rustic hospitality, a greater number of people than before. Each of them, however, taken singly, contributes often but a very small share to the maintenance of any individual of this greater number. Each tradesman or artificer derives his subsistence from the employment, not of one, but of a hundred or a thousand different customers. Though in some measure obliged to them all, therefore, he is not absolutely dependent upon any one of them.

The personal expense of the great proprietors having in this manner gradually increased, it was impossible that the number of their retainers should not as gradually diminish, till they were at last dismissed altogether. The same cause gradually led them to dismiss the unnecessary part of their tenants. Farms were enlarged, and the occupiers of land, notwithstanding the complaints of depopulation, reduced to the number necessary for cultivating it, according to the imperfect state of cultivation and improvement in those times. By the removal of the unnecessary mouths, and by exacting from the farmer the full value of the farm, a greater surplus, or, what is the same thing, the price of a greater surplus, was obtained for the proprietor, which the merchants and manufacturers soon furnished him with a method of spending upon his own person, in the same manner as he had done the rest. The cause continuing to operate, he was desirous to raise his rents above what his lands, in the actual state of their improvement, could afford. His tenants could agree to this upon one condition only, that they should be secured in their possession for such a term of years as might give them time to recover, with profit, whatever they should lay out in the further improvement of the land. The expensive vanity of the landlord made him willing to accept of this condition; and hence the origin of long leases.

Even a tenant at will, who pays the full value of the land, is not altogether dependent upon the landlord. The pecuniary advantages which they receive from one another are mutual and equal, and such a tenant will expose neither his life nor his fortune in the service of the proprietor. But if he has a lease for along term of years, he is altogether independent; and his landlord must not expect from him even the most trifling service, beyond what is either expressly stipulated in the lease, or imposed upon him by the common and known law of the country.

The tenants having in this manner become independent, and the retainers being dismissed, the great proprietors were no longer capable of interrupting the regular execution of justice, or of disturbing the peace of the country. Having sold their birth-right, not like Esau, for a mess of pottage in time of hunger and necessity, but, in the wantonness of plenty, for trinkets and baubles, fitter to be the playthings of children than the serious pursuits of men, they became as insignificant as any substantial burgher or tradesmen in a city. A regular government was established in the country as well as in the city, nobody having sufficient power to disturb its operations in the one, any more than in the other.

It does not, perhaps, relate to the present subject, but I cannot help remarking it, that very old families, such as have possessed some considerable estate from father to son for many successive generations, are very rare in commercial countries. In countries which have little commerce, on the contrary, such as Wales, or the Highlands of Scotland, they are very common. The Arabian histories seem to be all full of genealogies; and there is a history written by a Tartar Khan, which has been translated into several European languages, and which contains scarce any thing else; a proof that ancient families are very common among those nations. In countries where a rich man can spend his revenue in no other way than by maintaining as many people as it can maintain, he is apt to run out, and his benevolence, it seems, is seldom so violent as to attempt to maintain more than he can afford. But where he can spend the greatest revenue upon his own person, he frequently has no bounds to his expense, because he frequently has no bounds to his vanity, or to his affection for his own person. In commercial countries, therefore, riches, in spite of the most violent regulations of law to prevent their dissipation, very seldom remain long in the same family. Among simple nations, on the contrary, they frequently do, without any regulations of law; for among nations of shepherds, such as the Tartars and Arabs, the consumable nature of their property necessarily renders all such regulations impossible.

A revolution of the greatest importance to the public happiness, was in this manner brought about by two different orders of people, who had not the least intention to serve the public. To gratify the most childish vanity was the sole motive of the great proprietors. The merchants and artificers, much less ridiculous, acted merely from a view to their own interest, and in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or foresight of that great revolution which the folly of the one, and the industry of the other, was gradually bringing about.

It was thus, that, through the greater part of Europe, the commerce and manufactures of cities, instead of being the effect, have been the cause and occasion of the improvement and cultivation of the country.

This order, however, being contrary to the natural course of things, is necessarily both slow and uncertain. Compare the slow progress of those European countries of which the wealth depends very much upon their commerce and manufactures, with the rapid advances of our North

American colonies, of which the wealth is founded altogether in agriculture. Through the greater part of Europe, the number of inhabitants is not supposed to double in less than five hundred years. In several of our North American colonies, it is found to double in twenty or five-and-twenty years. In Europe, the law of primogeniture, and perpetuities of different kinds, prevent the division of great estates, and thereby hinder the multiplication of small proprietors. A small proprietor, however, who knows every part of his little territory, views it with all the affection which property, especially small property, naturally inspires, and who upon that account takes pleasure, not only in cultivating, but in adorning it, is generally of all improvers the most industrious, the most intelligent, and the most successful. The same regulations, besides, keep so much land out of the market, that there are always more capitals to buy than there is land to sell, so that what is sold always sells at a monopoly price. The rent never pays the interest of the purchase-money, and is, besides, burdened with repairs and other occasional charges, to which the interest of money is not liable. To purchase land, is, everywhere in Europe, a most unprofitable employment of a small capital. For the sake of the superior security, indeed, a man of moderate circumstances, when he retires from business, will sometimes choose to lay out his little capital in land. A man of profession, too whose revenue is derived from another source often loves to secure his savings in the same way. But a young man, who, instead of applying to trade or to some profession, should employ a capital of two or three thousand pounds in the purchase and cultivation of a small piece of land, might indeed expect to live very happily and very independently, but must bid adieu for ever to all hope of either great fortune or great illustration, which, by a different employment of his stock, he might have had the same chance of acquiring with other people. Such a person, too, though he cannot aspire at being a proprietor, will often disdain to be a farmer. The small quantity of land, therefore, which is brought to market, and the high price of what is brought thither, prevents a great number of capitals from being employed in its cultivation and improvement, which would otherwise have taken that direction. In North America, on the contrary, fifty or sixty pounds is often found a sufficient stock to begin a plantation with. The purchase and improvement of uncultivated land is there the most profitable employment of the smallest as well as of the greatest capitals, and the most direct road to all the fortune and illustration which can be required in that

country. Such land, indeed, is in North America to be had almost for nothing, or at a price much below the value of the natural produce; a thing impossible in Europe, or indeed in any country where all lands have long been private property. If landed estates, however, were divided equally among all the children, upon the death of any proprietor who left a numerous family, the estate would generally be sold. So much land would come to market, that it could no longer sell at a monopoly price. The free rent of the land would go no nearer to pay the interest of the purchase-money, and a small capital might be employed in purchasing land as profitable as in any other way.

England, on account of the natural fertility of the soil, of the great extent of the sea-coast in proportion to that of the whole country, and of the many navigable rivers which run through it, and afford the conveniency of water carriage to some of the most inland parts of it, is perhaps as well fitted by nature as any large country in Europe to be the seat of foreign commerce, of manufactures for distant sale, and of all the improvements which these can occasion. From the beginning of the reign of Elizabeth, too, the English legislature has been peculiarly attentive to the interest of commerce and manufactures, and in reality there is no country in Europe, Holland itself not excepted, of which the law is, upon the whole, more favourable to this sort of industry. Commerce and manufactures have accordingly been continually advancing during all this period. The cultivation and improvement of the country has, no doubt, been gradually advancing too; but it seems to have followed slowly, and at a distance, the more rapid progress of commerce and manufactures. The greater part of the country must probably have been cultivated before the reign of Elizabeth; and a very great part of it still remains uncultivated, and the cultivation of the far greater part much inferior to what it might be. The law of England, however, favours agriculture, not only indirectly, by the protection of commerce, but by several direct encouragements. Except in times of scarcity, the exportation of corn is not only free, but encouraged by a bounty. In times of moderate plenty, the importation of foreign corn is loaded with duties that amount to a prohibition. The importation of live cattle, except from Ireland, is prohibited at all times; and it is but of late that it was permitted from thence. Those who cultivate the land, therefore, have a monopoly against their countrymen for the two greatest and most important articles of land produce, bread and butcher's meat. These

encouragements, although at bottom, perhaps, as I shall endeavour to show hereafter, altogether illusory, sufficiently demonstrate at least the good intention of the legislature to favour agriculture. But what is of much more importance than all of them, the yeomanry of England are rendered as secure, as independent, and as respectable, as law can make them. No country, therefore, which the right of primogeniture takes place, which pays tithes, and where perpetuities, though contrary to the spirit of the law, are admitted in some cases, can give more encouragement to agriculture than England. Such, however, notwithstanding, is the state of its cultivation. What would it have been, had the law given no direct encouragement to agriculture besides what arises indirectly from the progress of commerce, and had left the yeomanry in the same condition as in most other countries of Europe? It is now more than two hundred years since the beginning of the reign of Elizabeth, a period as long as the course of human prosperity usually endures.

France seems to have had a considerable share of foreign commerce, near a century before England was distinguished as a commercial country. The marine of France was considerable, according to the notions of the times, before the expedition of Charles VIII. to Naples. The cultivation and improvement of France, however, is, upon the whole, inferior to that of England. The law of the country has never given the same direct encouragement to agriculture.

The foreign commerce of Spain and Portugal to the other parts of Europe, though chiefly carried on in foreign ships, is very considerable. That to their colonies is carried on in their own, and is much greater, on account of the great riches and extent of those colonies. But it has never introduced any considerable manufactures for distant sale into either of those countries, and the greater part of both still remains uncultivated. The foreign commerce of Portugal is of older standing than that of any great country in Europe, except Italy.

Italy is the only great country of Europe which seems to have been cultivated and improved in every part, by means of foreign commerce and manufactures for distant sale. Before the invasion of Charles VIII., Italy, according to Guicciardini, was cultivated not less in the most mountainous and barren parts of the country, than in the plainest and most fertile. The advantageous situation of the country, and the great number of independent status which at that time subsisted in it, probably contributed not a little to

this general cultivation. It is not impossible, too, notwithstanding this general expression of one of the most judicious and reserved of modern historians, that Italy was not at that time better cultivated than England is at present.

The capital, however, that is acquired to any country by commerce and manufactures, is always a very precarious and uncertain possession, till some part of it has been secured and realized in the cultivation and improvement of its lands. A merchant, it has been said very properly, is not necessarily the citizen of any particular country. It is in a great measure indifferent to him from what place he carries on his trade; and a very trifling disgust will make him remove his capital, and, together with it, all the industry which it supports, from one country to another. No part of it can be said to belong to any particular country, till it has been spread, as it were, over the face of that country, either in buildings, or in the lasting improvement of lands. No vestige now remains of the great wealth said to have been possessed by the greater part of the Hanse Towns, except in the obscure histories of the thirteenth and fourteenth centuries. It is even uncertain where some of them were situated, or to what towns in Europe the Latin names given to some of them belong. But though the misfortunes of Italy, in the end of the fifteenth and beginning of the sixteenth centuries, greatly diminished the commerce and manufactures of the cities of Lombardy and Tuscany, those countries still continue to be among the most populous and best cultivated in Europe. The civil wars of Flanders, and the Spanish government which succeeded them, chased away the great commerce of Antwerp, Ghent, and Bruges. But Flanders still continues to be one of the richest, best cultivated, and most populous provinces of Europe. The ordinary revolutions of war and government easily dry up the sources of that wealth which arises from commerce only. That which arises from the more solid improvements of agriculture is much more durable, and cannot be destroyed but by those more violent convulsions occasioned by the depredations of hostile and barbarous nations continued for a century or two together; such as those that happened for some time before and after the fall of the Roman empire in the western provinces of Europe.

BOOK IV.

OF SYSTEMS OF POLITICAL ECONOMY.

Political economy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects; first, to provide a plentiful revenue or subsistence for the people, or, more properly, to enable them to provide such a revenue or subsistence for themselves; and, secondly, to supply the state or commonwealth with a revenue sufficient for the public services. It proposes to enrich both the people and the sovereign.

The different progress of opulence in different ages and nations, has given occasion to two different systems of political economy, with regard to enriching the people. The one may be called the system of commerce, the other that of agriculture. I shall endeavour to explain both as fully and distinctly as I can, and shall begin with the system of commerce. It is the modern system, and is best understood in our own country and in our own times.

CHAPTER I.

OF THE PRINCIPLE OF THE COMMERCIAL OR MERCANTILE SYSTEM.

That wealth consists in money, or in gold and silver, is a popular notion which naturally arises from the double function of money, as the instrument of commerce, and as the measure of value. In consequence of its being the instrument of commerce, when we have money we can more readily obtain whatever else we have occasion for, than by means of any other commodity. The great affair, we always find, is to get money. When that is obtained, there is no difficulty in making any subsequent purchase. In consequence of its being the measure of value, we estimate that of all other commodities by the quantity of money which they will exchange for. We say of a rich man, that he is worth a great deal, and of a poor man, that he is worth very little money. A frugal man, or a man eager to be rich, is said to love money; and a careless, a generous, or a profuse man, is said to be indifferent about it. To grow rich is to get money; and wealth and money, in short, are, in common language, considered as in every respect synonymous.

A rich country, in the same manner as a rich man, is supposed to be a country abounding in money; and to heap up gold and silver in any country is supposed to be the readiest way to enrich it. For some time after the discovery of America, the first inquiry of the Spaniards, when they arrived upon any unknown coast, used to be, if there was any gold or silver to be found in the neighbourhood? By the information which they received, they judged whether it was worth while to make a settlement there, or if the country was worth the conquering. Plano Carpino, a monk sent ambassador from the king of France to one of the sons of the famous Gengis Khan, says, that the Tartars used frequently to ask him, if there was plenty of sheep and oxen in the kingdom of France? Their inquiry had the same object with that of the Spaniards. They wanted to know if the country was rich enough to be worth the conquering. Among the Tartars, as among all other nations of shepherds, who are generally ignorant of the use of money, cattle are the instruments of commerce and the measures of value. Wealth, therefore, according to them, consisted in cattle, as, according to the Spaniards, it

consisted in gold and silver. Of the two, the Tartar notion, perhaps, was the nearest to the truth.

Mr Locke remarks a distinction between money and other moveable goods. All other moveable goods, he says, are of so consumable a nature, that the wealth which consists in them cannot be much depended on; and a nation which abounds in them one year may, without any exportation, but merely by their own waste and extravagance, be in great want of them the next. Money, on the contrary, is a steady friend, which, though it may travel about from hand to hand, yet if it can be kept from going out of the country, is not very liable to be wasted and consumed. Gold and silver, therefore, are, according to him, the most solid and substantial part of the moveable wealth of a nation; and to multiply those metals ought, he thinks, upon that account, to be the great object of its political economy.

Others admit, that if a nation could be separated from all the world, it would be of no consequence how much or how little money circulated in it. The consumable goods, which were circulated by means of this money, would only be exchanged for a greater or a smaller number of pieces; but the real wealth or poverty of the country, they allow, would depend altogether upon the abundance or scarcity of those consumable goods. But it is otherwise, they think, with countries which have connections with foreign nations, and which are obliged to carry on foreign wars, and to maintain fleets and armies in distant countries. This, they say, cannot be done, but by sending abroad money to pay them with; and a nation cannot send much money abroad, unless it has a good deal at home. Every such nation, therefore, must endeavour, in time of peace, to accumulate gold and silver, that when occasion requires, it may have wherewithal to carry on foreign wars.

In consequence of those popular notions, all the different nations of Europe have studied, though to little purpose, every possible means of accumulating gold and silver in their respective countries. Spain and Portugal, the proprietors of the principal mines which supply Europe with those metals, have either prohibited their exportation under the severest penalties, or subjected it to a considerable duty. The like prohibition seems anciently to have made a part of the policy of most other European nations. It is even to be found, where we should least of all expect to find it, in some old Scotch acts of Parliament, which forbid, under heavy penalties, the

carrying gold or silver forth of the kingdom. The like policy anciently took place both in France and England.

When those countries became commercial, the merchants found this prohibition, upon many occasions, extremely inconvenient. They could frequently buy more advantageously with gold and silver, than with any other commodity, the foreign goods which they wanted, either to import into their own, or to carry to some other foreign country. They remonstrated, therefore, against this prohibition as hurtful to trade.

They represented, first, that the exportation of gold and silver, in order to purchase foreign goods, did not always diminish the quantity of those metals in the kingdom; that, on the contrary, it might frequently increase the quantity; because, if the consumption of foreign goods was not thereby increased in the country, those goods might be re-exported to foreign countries, and being there sold for a large profit, might bring back much more treasure than was originally sent out to purchase them. Mr Mun compares this operation of foreign trade to the seed-time and harvest of agriculture. "If we only behold," says he, "the actions of the husbandman in the seed time, when he casteth away much good corn into the ground, we shall account him rather a madman than a husbandman. But when we consider his labours in the harvest, which is the end of his endeavours, we shall find the worth and plentiful increase of his actions."

They represented, secondly, that this prohibition could not hinder the exportation of gold and silver, which, on account of the smallness of their bulk in proportion to their value, could easily be smuggled abroad. That this exportation could only be prevented by a proper attention to what they called the balance of trade. That when the country exported to a greater value than it imported, a balance became due to it from foreign nations, which was necessarily paid to it in gold and silver, and thereby increased the quantity of those metals in the kingdom. But that when it imported to a greater value than it exported, a contrary balance became due to foreign nations, which was necessarily paid to them in the same manner, and thereby diminished that quantity: that in this case, to prohibit the exportation of those metals, could not prevent it, but only, by making it more dangerous, render it more expensive: that the exchange was thereby turned more against the country which owed the balance, than it otherwise might have been; the merchant who purchased a bill upon the foreign country being obliged to pay the banker who sold it, not only for the natural

risk, trouble, and expense of sending the money thither, but for the extraordinary risk arising from the prohibition; but that the more the exchange was against any country, the more the balance of trade became necessarily against it; the money of that country becoming necessarily of so much less value, in comparison with that of the country to which the balance was due. That if the exchange between England and Holland, for example, was five per cent. against England, it would require 105 ounces of silver in England to purchase a bill for 100 ounces of silver in Holland: that 105 ounces of silver in England, therefore, would be worth only 100 ounces of silver in Holland, and would purchase only a proportionable quantity of Dutch goods; but that 100 ounces of silver in Holland, on the contrary, would be worth 105 ounces in England, and would purchase a proportionable quantity of English goods; that the English goods which were sold to Holland would be sold so much cheaper, and the Dutch goods which were sold to England so much dearer, by the difference of the exchange: that the one would draw so much less Dutch money to England, and the other so much more English money to Holland, as this difference amounted to: and that the balance of trade, therefore, would necessarily be so much more against England, and would require a greater balance of gold and silver to be exported to Holland.

Those arguments were partly solid and partly sophistical. They were solid, so far as they asserted that the exportation of gold and silver in trade might frequently be advantageous to the country. They were solid, too, in asserting that no prohibition could prevent their exportation, when private people found any advantage in exporting them. But they were sophistical, in supposing, that either to preserve or to augment the quantity of those metals required more the attention of government, than to preserve or to augment the quantity of any other useful commodities, which the freedom of trade, without any such attention, never fails to supply in the proper quantity. They were sophistical, too, perhaps, in asserting that the high price of exchange necessarily increased what they called the unfavourable balance of trade, or occasioned the exportation of a greater quantity of gold and silver. That high price, indeed, was extremely disadvantageous to the merchants who had any money to pay in foreign countries. They paid so much dearer for the bills which their bankers granted them upon those countries. But though the risk arising from the prohibition might occasion some extraordinary expense to the bankers, it would not necessarily carry

any more money out of the country. This expense would generally be all laid out in the country, in smuggling the money out of it, and could seldom occasion the exportation of a single sixpence beyond the precise sum drawn for. The high price of exchange, too, would naturally dispose the merchants to endeavour to make their exports nearly balance their imports, in order that they might have this high exchange to pay upon as small a sum as possible. The high price of exchange, besides, must necessarily have operated as a tax, in raising the price of foreign goods, and thereby diminishing their consumption. It would tend, therefore, not to increase, but to diminish, what they called the unfavourable balance of trade, and consequently the exportation of gold and silver.

Such as they were, however, those arguments convinced the people to whom they were addressed. They were addressed by merchants to parliaments and to the councils of princes, to nobles, and to country gentlemen; by those who were supposed to understand trade, to those who were conscious to them selves that they knew nothing about the matter. That foreign trade enriched the country, experience demonstrated to the nobles and country gentlemen, as well as to the merchants; but how, or in what manner, none of them well knew. The merchants knew perfectly in what manner it enriched themselves, it was their business to know it. But to know in what manner it enriched the country, was no part of their business. The subject never came into their consideration, but when they had occasion to apply to their country for some change in the laws relating to foreign trade. It then became necessary to say something about the beneficial effects of foreign trade, and the manner in which those effects were obstructed by the laws as they then stood. To the judges who were to decide the business, it appeared a most satisfactory account of the matter, when they were told that foreign trade brought money into the country, but that the laws in question hindered it from bringing so much as it otherwise would do. Those arguments, therefore, produced the wished-for effect. The prohibition of exporting gold and silver was, in France and England, confined to the coin of those respective countries. The exportation of foreign coin and of bullion was made free. In Holland, and in some other places, this liberty was extended even to the coin of the country. The attention of government was turned away from guarding against the exportation of gold and silver, to watch over the balance of trade, as the only cause which could occasion any augmentation or diminution of those

metals. From one fruitless care, it was turned away to another care much more intricate, much more embarrassing, and just equally fruitless. The title of Mun's book, *England's Treasure in Foreign Trade*, became a fundamental maxim in the political economy, not of England only, but of all other commercial countries. The inland or home trade, the most important of all, the trade in which an equal capital affords the greatest revenue, and creates the greatest employment to the people of the country, was considered as subsidiary only to foreign trade. It neither brought money into the country, it was said, nor carried any out of it. The country, therefore, could never become either richer or poorer by means of it, except so far as its prosperity or decay might indirectly influence the state of foreign trade.

A country that has no mines of its own, must undoubtedly draw its gold and silver from foreign countries, in the same manner as one that has no vineyards of its own must draw its wines. It does not seem necessary, however, that the attention of government should be more turned towards the one than towards the other object. A country that has wherewithal to buy wine, will always get the wine which it has occasion for; and a country that has wherewithal to buy gold and silver, will never be in want of those metals. They are to be bought for a certain price, like all other commodities; and as they are the price of all other commodities, so all other commodities are the price of those metals. We trust, with perfect security, that the freedom of trade, without any attention of government, will always supply us with the wine which we have occasion for; and we may trust, with equal security, that it will always supply us with all the gold and silver which we can afford to purchase or to employ, either in circulating our commodities or in other uses.

The quantity of every commodity which human industry can either purchase or produce, naturally regulates itself in every country according to the effectual demand, or according to the demand of those who are willing to pay the whole rent, labour, and profits, which must be paid in order to prepare and bring it to market. But no commodities regulate themselves more easily or more exactly, according to this effectual demand, than gold and silver; because, on account of the small bulk and great value of those metals, no commodities can be more easily transported from one place to another; from the places where they are cheap, to those where they are dear; from the places where they exceed, to those where they fall short of this effectual demand. If there were in England, for example, an effectual

demand for an additional quantity of gold, a packet-boat could bring from Lisbon, or from wherever else it was to be had, fifty tons of gold, which could be coined into more than five millions of guineas. But if there were an effectual demand for grain to the same value, to import it would require, at five guineas a-ton, a million of tons of shipping, or a thousand ships of a thousand tons each. The navy of England would not be sufficient.

When the quantity of gold and silver imported into any country exceeds the effectual demand, no vigilance of government can prevent their exportation. All the sanguinary laws of Spain and Portugal are not able to keep their gold and silver at home. The continual importations from Peru and Brazil exceed the effectual demand of those countries, and sink the price of those metals there below that in the neighbouring countries. If, on the contrary, in any particular country, their quantity fell short of the effectual demand, so as to raise their price above that of the neighbouring countries, the government would have no occasion to take any pains to import them. If it were even to take pains to prevent their importation, it would not be able to effectuate it. Those metals, when the Spartans had got wherewithal to purchase them, broke through all the barriers which the laws of Lycurgus opposed to their entrance into Lacedaemon. All the sanguinary laws of the customs are not able to prevent the importation of the teas of the Dutch and Gottenburg East India companies; because somewhat cheaper than those of the British company. A pound of tea, however, is about a hundred times the bulk of one of the highest prices, sixteen shillings, that is commonly paid for it in silver, and more than two thousand times the bulk of the same price in gold, and, consequently, just so many times more difficult to smuggle.

It is partly owing to the easy transportation of gold and silver, from the places where they abound to those where they are wanted, that the price of those metals does not fluctuate continually, like that of the greater part of other commodities, which are hindered by their bulk from shifting their situation, when the market happens to be either over or under-stocked with them. The price of those metals, indeed, is not altogether exempted from variation; but the changes to which it is liable are generally slow, gradual, and uniform. In Europe, for example, it is supposed, without much foundation, perhaps, that during the course of the present and preceding century, they have been constantly, but gradually, sinking in their value, on account of the continual importations from the Spanish West Indies. But to

make any sudden change in the price of gold and silver, so as to raise or lower at once, sensibly and remarkably, the money price of all other commodities, requires such a revolution in commerce as that occasioned by the discovery of America.

If, notwithstanding all this, gold and silver should at any time fall short in a country which has wherewithal to purchase them, there are more expedients for supplying their place, than that of almost any other commodity. If the materials of manufacture are wanted, industry must stop. If provisions are wanted, the people must starve. But if money is wanted, barter will supply its place, though with a good deal of inconveniency. Buying and selling upon credit, and the different dealers compensating their credits with one another, once a-month, or once a-year, will supply it with less inconveniency. A well-regulated paper-money will supply it not only without any inconveniency, but, in some cases, with some advantages. Upon every account, therefore, the attention of government never was so unnecessarily employed, as when directed to watch over the preservation or increase of the quantity of money in any country.

No complaint, however, is more common than that of a scarcity of money. Money, like wine, must always be scarce with those who have neither wherewithal to buy it, nor credit to borrow it. Those who have either, will seldom be in want either of the money, or of the wine which they have occasion for. This complaint, however, of the scarcity of money, is not always confined to improvident spendthrifts. It is sometimes general through a whole mercantile town and the country in its neighbourhood. Over-trading is the common cause of it. Sober men, whose projects have been disproportioned to their capitals, are as likely to have neither wherewithal to buy money, nor credit to borrow it, as prodigals, whose expense has been disproportioned to their revenue. Before their projects can be brought to bear, their stock is gone, and their credit with it. They run about everywhere to borrow money, and everybody tells them that they have none to lend. Even such general complaints of the scarcity of money do not always prove that the usual number of gold and silver pieces are not circulating in the country, but that many people want those pieces who have nothing to give for them. When the profits of trade happen to be greater than ordinary over-trading becomes a general error, both among great and small dealers. They do not always send more money abroad than usual, but they buy upon credit, both at home and abroad, an unusual quantity of

goods, which they send to some distant market, in hopes that the returns will come in before the demand for payment. The demand comes before the returns, and they have nothing at hand with which they can either purchase money or give solid security for borrowing. It is not any scarcity of gold and silver, but the difficulty which such people find in borrowing, and which their creditor find in getting payment, that occasions the general complaint of the scarcity of money.

It would be too ridiculous to go about seriously to prove, that wealth does not consist in money, or in gold and silver; but in what money purchases, and is valuable only for purchasing. Money, no doubt, makes always a part of the national capital; but it has already been shown that it generally makes but a small part, and always the most unprofitable part of it.

It is not because wealth consists more essentially in money than in goods, that the merchant finds it generally more easy to buy goods with money, than to buy money with goods; but because money is the known and established instrument of commerce, for which every thing is readily given in exchange, but which is not always with equal readiness to be got in exchange for every thing. The greater part of goods, besides, are more perishable than money, and he may frequently sustain a much greater loss by keeping them. When his goods are upon hand, too, he is more liable to such demands for money as he may not be able to answer, than when he has got their price in his coffers. Over and above all this, his profit arises more directly from selling than from buying; and he is, upon all these accounts, generally much more anxious to exchange his goods for money than his money for goods. But though a particular merchant, with abundance of goods in his warehouse, may sometimes be ruined by not being able to sell them in time, a nation or country is not liable to the same accident, The whole capital of a merchant frequently consists in perishable goods destined for purchasing money. But it is but a very small part of the annual produce of the land and labour of a country, which can ever be destined for purchasing gold and silver from their neighbours. The far greater part is circulated and consumed among themselves; and even of the surplus which is sent abroad, the greater part is generally destined for the purchase of other foreign goods. Though gold and silver, therefore, could not be had in exchange for the goods destined to purchase them, the nation would not be ruined. It might, indeed, suffer some loss and inconveniency, and be forced upon some of those expedients which are necessary for supplying the place

of money. The annual produce of its land and labour, however, would be the same, or very nearly the same as usual; because the same, or very nearly the same consumable capital would be employed in maintaining it. And though goods do not always draw money so readily as money draws goods, in the long-run they draw it more necessarily than even it draws them. Goods can serve many other purposes besides purchasing money, but money can serve no other purpose besides purchasing goods. Money, therefore, necessarily runs after goods, but goods do not always or necessarily run after money. The man who buys, does not always mean to sell again, but frequently to use or to consume; whereas he who sells always means to buy again. The one may frequently have done the whole, but the other can never have done more than the one half of his business. It is not for its own sake that men desire money, but for the sake of what they can purchase with it.

Consumable commodities, it is said, are soon destroyed; whereas gold and silver are of a more durable nature, and were it not for this continual exportation, might be accumulated for ages together, to the incredible augmentation of the real wealth of the country. Nothing, therefore, it is pretended, can be more disadvantageous to any country, than the trade which consists in the exchange of such lasting for such perishable commodities. We do not, however, reckon that trade disadvantageous, which consists in the exchange of the hardware of England for the wines of France, and yet hardware is a very durable commodity, and were it not for this continual exportation, might too be accumulated for ages together, to the incredible augmentation of the pots and pans of the country. But it readily occurs, that the number of such utensils is in every country necessarily limited by the use which there is for them; that it would be absurd to have more pots and pans than were necessary for cooking the victuals usually consumed there; and that, if the quantity of victuals were to increase, the number of pots and pans would readily increase along with it; a part of the increased quantity of victuals being employed in purchasing them, or in maintaining an additional number of workmen whose business it was to make them. It should as readily occur, that the quantity of gold and silver is, in every country, limited by the use which there is for those metals; that their use consists in circulating commodities, as coin, and in affording a species of household furniture, as plate; that the quantity of coin in every country is regulated by the value of the commodities which are to be circulated by it; increase that value, and immediately a part of it will be

sent abroad to purchase, wherever it is to be had, the additional quantity of coin requisite for circulating them: that the quantity of plate is regulated by the number and wealth of those private families who choose to indulge themselves in that sort of magnificence; increase the number and wealth of such families, and a part of this increased wealth will most probably be employed in purchasing, wherever it is to be found, an additional quantity of plate; that to attempt to increase the wealth of any country, either by introducing or by detaining in it an unnecessary quantity of gold and silver, is as absurd as it would be to attempt to increase the good cheer of private families, by obliging them to keep an unnecessary number of kitchen utensils. As the expense of purchasing those unnecessary utensils would diminish, instead of increasing, either the quantity or goodness of the family provisions; so the expense of purchasing an unnecessary quantity of gold and silver must, in every country, as necessarily diminish the wealth which feeds, clothes, and lodges, which maintains and employs the people. Gold and silver, whether in the shape of coin or of plate, are utensils, it must be remembered, as much as the furniture of the kitchen. Increase the use of them, increase the consumable commodities which are to be circulated, managed, and prepared by means of them, and you will infallibly increase the quantity; but if you attempt by extraordinary means to increase the quantity, you will as infallibly diminish the use, and even the quantity too, which in those metals can never be greater than what the use requires. Were they ever to be accumulated beyond this quantity, their transportation is so easy, and the loss which attends their lying idle and unemployed so great, that no law could prevent their being immediately sent out of the country.

It is not always necessary to accumulate gold and silver, in order to enable a country to carry on foreign wars, and to maintain fleets and armies in distant countries. Fleets and armies are maintained, not with gold and silver, but with consumable goods. The nation which, from the annual produce of its domestic industry, from the annual revenue arising out of its lands, and labour, and consumable stock, has wherewithal to purchase those consumable goods in distant countries, can maintain foreign wars there.

A nation may purchase the pay and provisions of an army in a distant country three different ways; by sending abroad either, first, some part of its accumulated gold and silver; or, secondly, some part of the annual produce of its manufactures; or, last of all, some part of its annual rude produce.

The gold and silver which can properly be considered as accumulated, or stored up in any country, may be distinguished into three parts; first, the circulating money; secondly, the plate of private families; and, last of all, the money which may have been collected by many years parsimony, and laid up in the treasury of the prince.

It can seldom happen that much can be spared from the circulating money of the country; because in that there can seldom be much redundancy. The value of goods annually bought and sold in any country requires a certain quantity of money to circulate and distribute them to their proper consumers, and can give employment to no more. The channel of circulation necessarily draws to itself a sum sufficient to fill it, and never admits any more. Something, however, is generally withdrawn from this channel in the case of foreign war. By the great number of people who are maintained abroad, fewer are maintained at home. Fewer goods are circulated there, and less money becomes necessary to circulate them. An extraordinary quantity of paper money of some sort or other, too, such as exchequer notes, navy bills, and bank bills, in England, is generally issued upon such occasions, and, by supplying the place of circulating gold and silver, gives an opportunity of sending a greater quantity of it abroad. All this, however, could afford but a poor resource for maintaining a foreign war, of great expense, and several years duration.

The melting down of the plate of private families has, upon every occasion, been found a still more insignificant one. The French, in the beginning of the last war, did not derive so much advantage from this expedient as to compensate the loss of the fashion.

The accumulated treasures of the prince have in former times afforded a much greater and more lasting resource. In the present times, if you except the king of Prussia, to accumulate treasure seems to be no part of the policy of European princes.

The funds which maintained the foreign wars of the present century, the most expensive perhaps which history records, seem to have had little dependency upon the exportation either of the circulating money, or of the plate of private families, or of the treasure of the prince. The last French war cost Great Britain upwards of £90,000,000, including not only the £75,000,000 of new debt that was contracted, but the additional 2s. in the pound land-tax, and what was annually borrowed of the sinking fund. More than two-thirds of this expense were laid out in distant countries; in

Germany, Portugal, America, in the ports of the Mediterranean, in the East and West Indies. The kings of England had no accumulated treasure. We never heard of any extraordinary quantity of plate being melted down. The circulating gold and silver of the country had not been supposed to exceed £18,000,000. Since the late recoinage of the gold, however, it is believed to have been a good deal under-rated. Let us suppose, therefore, according to the most exaggerated computation which I remember to have either seen or heard of, that, gold and silver together, it amounted to £30,000,000. Had the war been carried on by means of our money, the whole of it must, even according to this computation, have been sent out and returned again, at least twice in a period of between six and seven years. Should this be supposed, it would afford the most decisive argument, to demonstrate how unnecessary it is for government to watch over the preservation of money, since, upon this supposition, the whole money of the country must have gone from it, and returned to it again, two different times in so short a period, without any body's knowing any thing of the matter. The channel of circulation, however, never appeared more empty than usual during any part of this period. Few people wanted money who had wherewithal to pay for it. The profits of foreign trade, indeed, were greater than usual during the whole war, but especially towards the end of it. This occasioned, what it always occasions, a general over-trading in all the ports of Great Britain; and this again occasioned the usual complaint of the scarcity of money, which always follows over-trading. Many people wanted it, who had neither wherewithal to buy it, nor credit to borrow it; and because the debtors found it difficult to borrow, the creditors found it difficult to get payment. Gold and silver, however, were generally to be had for their value, by those who had that value to give for them.

The enormous expense of the late war, therefore, must have been chiefly defrayed, not by the exportation of gold and silver, but by that of British commodities of some kind or other. When the government, or those who acted under them, contracted with a merchant for a remittance to some foreign country, he would naturally endeavour to pay his foreign correspondent, upon whom he granted a bill, by sending abroad rather commodities than gold and silver. If the commodities of Great Britain were not in demand in that country, he would endeavour to send them to some other country in which he could purchase a bill upon that country. The transportation of commodities, when properly suited to the market, is

always attended with a considerable profit; whereas that of gold and silver is scarce ever attended with any. When those metals are sent abroad in order to purchase foreign commodities, the merchant's profit arises, not from the purchase, but from the sale of the returns. But when they are sent abroad merely to pay a debt, he gets no returns, and consequently no profit. He naturally, therefore, exerts his invention to find out a way of paying his foreign debts, rather by the exportation of commodities, than by that of gold and silver. The great quantity of British goods, exported during the course of the late war, without bringing back any returns, is accordingly remarked by the author of the Present State of the Nation.

Besides the three sorts of gold and silver above mentioned, there is in all great commercial countries a good deal of bullion alternately imported and exported, for the purposes of foreign trade. This bullion, as it circulates among different commercial countries, in the same manner as the national coin circulates in every country, may be considered as the money of the great mercantile republic. The national coin receives its movement and direction from the commodities circulated within the precincts of each particular country; the money in the mercantile republic, from those circulated between different countries. Both are employed in facilitating exchanges, the one between different individuals of the same, the other between those of different nations. Part of this money of the great mercantile republic may have been, and probably was, employed in carrying on the late war. In time of a general war, it is natural to suppose that a movement and direction should be impressed upon it, different from what it usually follows in profound peace, that it should circulate more about the seat of the war, and be more employed in purchasing there, and in the neighbouring countries, the pay and provisions of the different armies. But whatever part of this money of the mercantile republic Great Britain may have annually employed in this manner, it must have been annually purchased, either with British commodities, or with something else that had been purchased with them; which still brings us back to commodities, to the annual produce of the land and labour of the country, as the ultimate resources which enabled us to carry on the war. It is natural, indeed, to suppose, that so great an annual expense must have been defrayed from a great annual produce. The expense of 1761, for example, amounted to more than £19,000,000. No accumulation could have supported so great an annual profusion. There is no annual produce, even of gold and silver,

which could have supported it. The whole gold and silver annually imported into both Spain and Portugal, according to the best accounts, does not commonly much exceed £6,000,000 sterling, which, in some years, would scarce have paid four months expense of the late war.

The commodities most proper for being transported to distant countries, in order to purchase there either the pay and provisions of an army, or some part of the money of the mercantile republic to be employed in purchasing them, seem to be the finer and more improved manufactures; such as contain a great value in a small bulk, and can therefore be exported to a great distance at little expense. A country whose industry produces a great annual surplus of such manufactures, which are usually exported to foreign countries, may carry on for many years a very expensive foreign war, without either exporting any considerable quantity of gold and silver, or even having any such quantity to export. A considerable part of the annual surplus of its manufactures must, indeed, in this case, be exported without bringing back any returns to the country, though it does to the merchant; the government purchasing of the merchant his bills upon foreign countries, in order to purchase there the pay and provisions of an army. Some part of this surplus, however, may still continue to bring back a return. The manufacturers during; the war will have a double demand upon them, and be called upon first to work up goods to be sent abroad, for paying the bills drawn upon foreign countries for the pay and provisions of the army: and, secondly, to work up such as are necessary for purchasing the common returns that had usually been consumed in the country. In the midst of the most destructive foreign war, therefore, the greater part of manufactures may frequently flourish greatly; and, on the contrary, they may decline on the return of peace. They may flourish amidst the ruin of their country, and begin to decay upon the return of its prosperity. The different state of many different branches of the British manufactures during the late war, and for some time after the peace, may serve as an illustration of what has been just now said.

No foreign war, of great expense or duration, could conveniently be carried on by the exportation of the rude produce of the soil. The expense of sending such a quantity of it into a foreign country as might purchase the pay and provisions of an army would be too great. Few countries, too, produce much more rude produce than what is sufficient for the subsistence of their own inhabitants. To send abroad any great quantity of it, therefore,

would be to send abroad a part of the necessary subsistence of the people. It is otherwise with the exportation of manufactures. The maintenance of the people employed in them is kept at home, and only the surplus part of their work is exported. Mr Hume frequently takes notice of the inability of the ancient kings of England to carry on, without interruption, any foreign war of long duration. The English in those days had nothing wherewithal to purchase the pay and provisions of their armies in foreign countries, but either the rude produce of the soil, of which no considerable part could be spared from the home consumption, or a few manufactures of the coarsest kind, of which, as well as of the rude produce, the transportation was too expensive. This inability did not arise from the want of money, but of the finer and more improved manufactures. Buying and selling was transacted by means of money in England then as well as now. The quantity of circulating money must have borne the same proportion, to the number and value of purchases and sales usually transacted at that time, which it does to those transacted at present; or, rather, it must have borne a greater proportion, because there was then no paper, which now occupies a great part of the employment of gold and silver. Among nations to whom commerce and manufactures are little known, the sovereign, upon extraordinary occasions, can seldom draw any considerable aid from his subjects, for reasons which shall be explained hereafter. It is in such countries, therefore, that he generally endeavours to accumulate a treasure, as the only resource against such emergencies. Independent of this necessity, he is, in such a situation, naturally disposed to the parsimony requisite for accumulation. In that simple state, the expense even of a sovereign is not directed by the vanity which delights in the gaudy finery of a court, but is employed in bounty to his tenants, and hospitality to his retainers. But bounty and hospitality very seldom lead to extravagance; though vanity almost always does. Every Tartar chief, accordingly, has a treasure. The treasures of Mazepa, chief of the Cossacks in the Ukraine, the famous ally of Charles XII., are said to have been very great. The French kings of the Merovingian race had all treasures. When they divided their kingdom among their different children, they divided their treasures too. The Saxon princes, and the first kings after the Conquest, seem likewise to have accumulated treasures. The first exploit of every new reign was commonly to seize the treasure of the preceding king, as the most essential measure for securing the succession. The sovereigns of improved and

commercial countries are not under the same necessity of accumulating treasures, because they can generally draw from their subjects extraordinary aids upon extraordinary occasions. They are likewise less disposed to do so. They naturally, perhaps necessarily, follow the mode of the times; and their expense comes to be regulated by the same extravagant vanity which directs that of all the other great proprietors in their dominions. The insignificant pageantry of their court becomes every day more brilliant; and the expense of it not only prevents accumulation, but frequently encroaches upon the funds destined for more necessary expenses. What Dercyllidas said of the court of Persia, may be applied to that of several European princes, that he saw there much splendour, but little strength, and many servants, but few soldiers.

The importation of gold and silver is not the principal, much less the sole benefit, which a nation derives from its foreign trade. Between whatever places foreign trade is carried on, they all of them derive two distinct benefits from it. It carries out that surplus part of the produce of their land and labour for which there is no demand among them, and brings back in return for it something else for which there is a demand. It gives a value to their superfluities, by exchanging them for something else, which may satisfy a part of their wants and increase their enjoyments. By means of it, the narrowness of the home market does not hinder the division of labour in any particular branch of art or manufacture from being carried to the highest perfection. By opening a more extensive market for whatever part of the produce of their labour may exceed the home consumption, it encourages them to improve its productive power, and to augment its annual produce to the utmost, and thereby to increase the real revenue and wealth of the society. These great and important services foreign trade is continually occupied in performing to all the different countries between which it is carried on. They all derive great benefit from it, though that in which the merchant resides generally derives the greatest, as he is generally more employed in supplying the wants, and carrying out the superfluities of his own, than of any other particular country. To import the gold and silver which may be wanted into the countries which have no mines, is, no doubt a part of the business of foreign commerce. It is, however, a most insignificant part of it. A country which carried on foreign trade merely upon this account, could scarce have occasion to freight a ship in a century.

It is not by the importation of gold and silver that the discovery of America has enriched Europe. By the abundance of the American mines, those metals have become cheaper. A service of plate can now be purchased for about a third part of the corn, or a third part of the labour, which it would have cost in the fifteenth century. With the same annual expense of labour and commodities, Europe can annually purchase about three times the quantity of plate which it could have purchased at that time. But when a commodity comes to be sold for a third part of what had been its usual price, not only those who purchased it before can purchase three times their former quantity, but it is brought down to the level of a much greater number of purchasers, perhaps to more than ten, perhaps to more than twenty times the former number. So that there may be in Europe at present, not only more than three times, but more than twenty or thirty times the quantity of plate which would have been in it, even in its present state of improvement, had the discovery of the American mines never been made. So far Europe has, no doubt, gained a real conveniency, though surely a very trifling one. The cheapness of gold and silver renders those metals rather less fit for the purposes of money than they were before. In order to make the same purchases, we must load ourselves with a greater quantity of them, and carry about a shilling in our pocket, where a groat would have done before. It is difficult to say which is most trifling, this inconveniency, or the opposite conveniency. Neither the one nor the other could have made any very essential change in the state of Europe. The discovery of America, however, certainly made a most essential one. By opening a new and inexhaustible market to all the commodities of Europe, it gave occasion to new divisions of labour and improvements of art, which in the narrow circle of the ancient commerce could never have taken place, for want of a market to take off the greater part of their produce. The productive powers of labour were improved, and its produce increased in all the different countries of Europe, and together with it the real revenue and wealth of the inhabitants. The commodities of Europe were almost all new to America, and many of those of America were new to Europe. A new set of exchanges, therefore, began to take place, which had never been thought of before, and which should naturally have proved as advantageous to the new, as it certainly did to the old continent. The savage injustice of the Europeans rendered an event, which ought to have been beneficial to all, ruinous and destructive to several of those unfortunate countries.

The discovery of a passage to the East Indies by the Cape of Good Hope, which happened much about the same time, opened perhaps a still more extensive range to foreign commerce, than even that of America, notwithstanding the greater distance. There were but two nations in America, in any respect, superior to the savages, and these were destroyed almost as soon as discovered. The rest were mere savages. But the empires of China, Indostan, Japan, as well as several others in the East Indies, without having richer mines of gold or silver, were, in every other respect, much richer, better cultivated, and more advanced in all arts and manufactures, than either Mexico or Peru, even though we should credit, what plainly deserves no credit, the exaggerated accounts of the Spanish writers concerning the ancient state of those empires. But rich and civilized nations can always exchange to a much greater value with one another, than with savages and barbarians. Europe, however, has hitherto derived much less advantage from its commerce with the East Indies, than from that with America. The Portuguese monopolized the East India trade to themselves for about a century; and it was only indirectly, and through them, that the other nations of Europe could either send out or receive any goods from that country. When the Dutch, in the beginning of the last century, began to encroach upon them, they vested their whole East India commerce in an exclusive company. The English, French, Swedes, and Danes, have all followed their example; so that no great nation of Europe has ever yet had the benefit of a free commerce to the East Indies. No other reason need be assigned why it has never been so advantageous as the trade to America, which, between almost every nation of Europe and its own colonies, is free to all its subjects. The exclusive privileges of those East India companies, their great riches, the great favour and protection which these have procured them from their respective governments, have excited much envy against them. This envy has frequently represented their trade as altogether pernicious, on account of the great quantities of silver which it every year exports from the countries from which it is carried on. The parties concerned have replied, that their trade by this continual exportation of silver, might indeed tend to impoverish Europe in general, but not the particular country from which it was carried on; because, by the exportation of a part of the returns to other European countries, it annually brought home a much greater quantity of that metal than it carried out. Both the objection and the reply are founded in the popular notion which I have been

just now examining. It is therefore unnecessary to say any thing further about either. By the annual exportation of silver to the East Indies, plate is probably somewhat dearer in Europe than it otherwise might have been; and coined silver probably purchases a larger quantity both of labour and commodities. The former of these two effects is a very small loss, the latter a very small advantage; both too insignificant to deserve any part of the public attention. The trade to the East Indies, by opening a market to the commodities of Europe, or, what comes nearly to the same thing, to the gold and silver which is purchased with those commodities, must necessarily tend to increase the annual production of European commodities, and consequently the real wealth and revenue of Europe. That it has hitherto increased them so little, is probably owing to the restraints which it everywhere labours under.

I thought it necessary, though at the hazard of being tedious, to examine at full length this popular notion, that wealth consists in money or in gold and silver. Money, in common language, as I have already observed, frequently signifies wealth; and this ambiguity of expression has rendered this popular notion so familiar to us, that even they who are convinced of its absurdity, are very apt to forget their own principles, and, in the course of their reasonings, to take it for granted as a certain and undeniable truth. Some of the best English writers upon commerce set out with observing, that the wealth of a country consists, not in its gold and silver only, but in its lands, houses, and consumable goods of all different kinds. In the course of their reasonings, however, the lands, houses, and consumable goods, seem to slip out of their memory; and the strain of their argument frequently supposes that all wealth consists in gold and silver, and that to multiply those metals is the great object of national industry and commerce.

The two principles being established, however, that wealth consisted in gold and silver, and that those metals could be brought into a country which had no mines, only by the balance of trade, or by exporting to a greater value than it imported; it necessarily became the great object of political economy to diminish as much as possible the importation of foreign goods for home consumption, and to increase as much as possible the exportation of the produce of domestic industry. Its two great engines for enriching the country, therefore, were restraints upon importation, and encouragement to exportation.

The restraints upon importation were of two kinds.

First, restraints upon the importation of such foreign goods for home consumption as could be produced at home, from whatever country they were imported.

Secondly, restraints upon the importation of goods of almost all kinds, from those particular countries with which the balance of trade was supposed to be disadvantageous.

Those different restraints consisted sometimes in high duties, and sometimes in absolute prohibitions.

Exportation was encouraged sometimes by drawbacks, sometimes by bounties, sometimes by advantageous treaties of commerce with foreign states, and sometimes by the establishment of colonies in distant countries.

Drawbacks were given upon two different occasions. When the home manufactures were subject to any duty or excise, either the whole or a part of it was frequently drawn back upon their exportation; and when foreign goods liable to a duty were imported, in order to be exported again, either the whole or a part of this duty was sometimes given back upon such exportation.

Bounties were given for the encouragement, either of some beginning manufactures, or of such sorts of industry of other kinds as were supposed to deserve particular favour.

By advantageous treaties of commerce, particular privileges were procured in some foreign state for the goods and merchants of the country, beyond what were granted to those of other countries.

By the establishment of colonies in distant countries, not only particular privileges, but a monopoly was frequently procured for the goods and merchants of the country which established them.

The two sorts of restraints upon importation above mentioned, together with these four encouragements to exportation, constitute the six principal means by which the commercial system proposes to increase the quantity of gold and silver in any country, by turning the balance of trade in its favour. I shall consider each of them in a particular chapter, and, without taking much farther notice of their supposed tendency to bring money into the country, I shall examine chiefly what are likely to be the effects of each of them upon the annual produce of its industry. According as they tend either to increase or diminish the value of this annual produce, they must

evidently tend either to increase or diminish the real wealth and revenue of the country.

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CHAPTER II.

OF RESTRAINTS UPON IMPORTATION FROM FOREIGN COUNTRIES OF SUCH GOODS AS CAN BE PRODUCED AT HOME.

By restraining, either by high duties, or by absolute prohibitions, the importation of such goods from foreign countries as can be produced at home, the monopoly of the home market is more or less secured to the domestic industry employed in producing them. Thus the prohibition of importing either live cattle or salt provisions from foreign countries, secures to the graziers of Great Britain the monopoly of the home market for butcher's meat. The high duties upon the importation of corn, which, in times of moderate plenty, amount to a prohibition, give a like advantage to the growers of that commodity. The prohibition of the importation of foreign woollen is equally favourable to the woollen manufacturers. The silk manufacture, though altogether employed upon foreign materials, has lately obtained the same advantage. The linen manufacture has not yet obtained it, but is making great strides towards it. Many other sorts of manufactures have, in the same manner obtained in Great Britain, either altogether, or very nearly, a monopoly against their countrymen. The variety of goods, of which the importation into Great Britain is prohibited, either absolutely, or under certain circumstances, greatly exceeds what can easily be suspected by those who are not well acquainted with the laws of the customs.

That this monopoly of the home market frequently gives great encouragement to that particular species of industry which enjoys it, and frequently turns towards that employment a greater share of both the labour and stock of the society than would otherwise have gone to it, cannot be doubted. But whether it tends either to increase the general industry of the society, or to give it the most advantageous direction, is not, perhaps, altogether so evident.

The general industry of the society can never exceed what the capital of the society can employ. As the number of workmen that can be kept in employment by any particular person must bear a certain proportion to his capital, so the number of those that can be continually employed by all the members of a great society must bear a certain proportion to the whole capital of the society, and never can exceed that proportion. No regulation of commerce can increase the quantity of industry in any society beyond what its capital can maintain. It can only divert a part of it into a direction into which it might not otherwise have gone; and it is by no means certain that this artificial direction is likely to be more advantageous to the society, than that into which it would have gone of its own accord.

Every individual is continually exerting himself to find out the most advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the society, which he has in view. But the study of his own advantage naturally, or rather necessarily, leads him to prefer that employment which is most advantageous to the society.

First, every individual endeavours to employ his capital as near home as he can, and consequently as much as he can in the support of domestic industry, provided always that he can thereby obtain the ordinary, or not a great deal less than the ordinary profits of stock.

Thus, upon equal, or nearly equal profits, every wholesale merchant naturally prefers the home trade to the foreign trade of consumption, and the foreign trade of consumption to the carrying trade. In the home trade, his capital is never so long out of his sight as it frequently is in the foreign trade of consumption. He can know better the character and situation of the persons whom he trusts; and if he should happen to be deceived, he knows better the laws of the country from which he must seek redress. In the carrying trade, the capital of the merchant is, as it were, divided between two foreign countries, and no part of it is ever necessarily brought home, or placed under his own immediate view and command. The capital which an Amsterdam merchant employs in carrying corn from Koningsberg to Lisbon, and fruit and wine from Lisbon to Koningsberg, must generally be the one half of it at Koningsberg, and the other half at Lisbon. No part of it need ever come to Amsterdam. The natural residence of such a merchant should either be at Koningsberg or Lisbon; and it can only be some very particular circumstances which can make him prefer the residence of Amsterdam. The uneasiness, however, which he feels at being separated so

far from his capital, generally determines him to bring part both of the Koningsberg goods which he destines for the market of Lisbon, and of the Lisbon goods which he destines for that of Koningsberg, to Amsterdam; and though this necessarily subjects him to a double charge of loading and unloading as well as to the payment of some duties and customs, yet, for the sake of having some part of his capital always under his own view and command, he willingly submits to this extraordinary charge; and it is in this manner that every country which has any considerable share of the carrying trade, becomes always the emporium, or general market, for the goods of all the different countries whose trade it carries on. The merchant, in order to save a second loading and unloading, endeavours always to sell in the home market, as much of the goods of all those different countries as he can; and thus, so far as he can, to convert his carrying trade into a foreign trade of consumption. A merchant, in the same manner, who is engaged in the foreign trade of consumption, when he collects goods for foreign markets, will always be glad, upon equal or nearly equal profits, to sell as great a part of them at home as he can. He saves himself the risk and trouble of exportation, when, so far as he can, he thus converts his foreign trade of consumption into a home trade. Home is in this manner the centre, if I may say so, round which the capitals of the inhabitants of every country are continually circulating, and towards which they are always tending, though, by particular causes, they may sometimes be driven off and repelled from it towards more distant employments. But a capital employed in the home trade, it has already been shown, necessarily puts into motion a greater quantity of domestic industry, and gives revenue and employment to a greater number of the inhabitants of the country, than an equal capital employed in the foreign trade of consumption; and one employed in the foreign trade of consumption has the same advantage over an equal capital employed in the carrying trade. Upon equal, or only nearly equal profits, therefore, every individual naturally inclines to employ his capital in the manner in which it is likely to afford the greatest support to domestic industry, and to give revenue and employment to the greatest number of people of his own country.

Secondly, every individual who employs his capital in the support of domestic industry, necessarily endeavours so to direct that industry, that its produce may be of the greatest possible value.

The produce of industry is what it adds to the subject or materials upon which it is employed. In proportion as the value of this produce is great or small, so will likewise be the profits of the employer. But it is only for the sake of profit that any man employs a capital in the support of industry; and he will always, therefore, endeavour to employ it in the support of that industry of which the produce is likely to be of the greatest value, or to exchange for the greatest quantity either of money or of other goods.

But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce of its industry, or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can, both to employ his capital in the support of domestic industry, and so to direct that industry that its produce maybe of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain; and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in dissuading them from it.

What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can in his local situation judge much better than any statesman or lawgiver can do for him. The statesman, who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.

To give the monopoly of the home market to the produce of domestic industry, in any particular art or manufacture, is in some measure to direct private people in what manner they ought to employ their capitals, and must in almost all cases be either a useless or a hurtful regulation. If the produce of domestic can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with a part of its produce, or, what is the same thing, with the price of a part of it, whatever else they have occasion for.

What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage. The general industry of the country being always in proportion to the capital which employs it, will not thereby be diminished, no more than that of the abovementioned artificers; but only left to find out the way in which it can be employed with the greatest advantage. It is certainly not employed to the greatest advantage, when it is thus directed towards an object which it can buy cheaper than it can make. The value of its annual produce is certainly more or less diminished, when it is thus turned away from producing commodities evidently of more value than the commodity which it is directed to produce. According to the supposition, that commodity could be purchased from foreign countries cheaper than it can be made at home; it could therefore have been purchased with a part only of the commodities, or, what is the same thing, with a part only of the price of the commodities, which the industry employed by an equal capital would have produced at home, had it been left to follow its natural course. The industry of the country, therefore, is thus turned away from a more to a less advantageous employment; and the exchangeable value of its annual produce, instead of being increased,

according to the intention of the lawgiver, must necessarily be diminished by every such regulation.

By means of such regulations, indeed, a particular manufacture may sometimes be acquired sooner than it could have been otherwise, and after a certain time may be made at home as cheap, or cheaper, than in the foreign country. But though the industry of the society may be thus carried with advantage into a particular channel sooner than it could have been otherwise, it will by no means follow that the sum-total, either of its industry, or of its revenue, can ever be augmented by any such regulation. The industry of the society can augment only in proportion as its capital augments, and its capital can augment only in proportion to what can be gradually saved out of its revenue. But the immediate effect of every such regulation is to diminish its revenue; and what diminishes its revenue is certainly not very likely to augment its capital faster than it would have augmented of its own accord, had both capital and industry been left to find out their natural employments.

Though, for want of such regulations, the society should never acquire the proposed manufacture, it would not upon that account necessarily be the poorer in anyone period of its duration. In every period of its duration its whole capital and industry might still have been employed, though upon different objects, in the manner that was most advantageous at the time. In every period its revenue might have been the greatest which its capital could afford, and both capital and revenue might have been augmented with the greatest possible rapidity.

The natural advantages which one country has over another, in producing particular commodities, are sometimes so great, that it is acknowledged by all the world to be in vain to struggle with them. By means of glasses, hot-beds, and hot-walls, very good grapes can be raised in Scotland, and very good wine, too, can be made of them, at about thirty times the expense for which at least equally good can be brought from foreign countries. Would it be a reasonable law to prohibit the importation of all foreign wines, merely to encourage the making of claret and Burgundy in Scotland? But if there would be a manifest absurdity in turning towards any employment thirty times more of the capital and industry of the country than would be necessary to purchase from foreign countries an equal quantity of the commodities wanted, there must be an absurdity, though not altogether so glaring, yet exactly of the same kind, in turning towards any such

employment a thirtieth, or even a three hundredth part more of either. Whether the advantages which one country has over another be natural or acquired, is in this respect of no consequence. As long as the one country has those advantages, and the other wants them, it will always be more advantageous for the latter rather to buy of the former than to make. It is an acquired advantage only, which one artificer has over his neighbour, who exercises another trade; and yet they both find it more advantageous to buy of one another, than to make what does not belong to their particular trades.

Merchants and manufacturers are the people who derive the greatest advantage from this monopoly of the home market. The prohibition of the importation of foreign cattle and of salt provisions, together with the high duties upon foreign corn, which in times of moderate plenty amount to a prohibition, are not near so advantageous to the graziers and farmers of Great Britain, as other regulations of the same kind are to its merchants and manufacturers. Manufactures, those of the finer kind especially, are more easily transported from one country to another than corn or cattle. It is in the fetching and carrying manufactures, accordingly, that foreign trade is chiefly employed. In manufactures, a very small advantage will enable foreigners to undersell our own workmen, even in the home market. It will require a very great one to enable them to do so in the rude produce of the soil. If the free importation of foreign manufactures were permitted, several of the home manufactures would probably suffer, and some of them perhaps go to ruin altogether, and a considerable part of the stock and industry at present employed in them, would be forced to find out some other employment. But the freest importation of the rude produce of the soil could have no such effect upon the agriculture of the country.

If the importation of foreign cattle, for example, were made ever so free, so few could be imported, that the grazing trade of Great Britain could be little affected by it. Live cattle are, perhaps, the only commodity of which the transportation is more expensive by sea than by land. By land they carry themselves to market. By sea, not only the cattle, but their food and their water too, must be carried at no small expense and inconveniency. The short sea between Ireland and Great Britain, indeed, renders the importation of Irish cattle more easy. But though the free importation of them, which was lately permitted only for a limited time, were rendered perpetual, it could have no considerable effect upon the interest of the graziers of Great Britain. Those parts of Great Britain which border upon the Irish sea are all

grazing countries. Irish cattle could never be imported for their use, but must be drove through those very extensive countries, at no small expense and inconveniency, before they could arrive at their proper market. Fat cattle could not be drove so far. Lean cattle, therefore, could only be imported; and such importation could interfere not with the interest of the feeding or fattening countries, to which, by reducing the price of lean cattle it would rather be advantageous, but with that of the breeding countries only. The small number of Irish cattle imported since their importation was permitted, together with the good price at which lean cattle still continue to sell, seem to demonstrate, that even the breeding countries of Great Britain are never likely to be much affected by the free importation of Irish cattle. The common people of Ireland, indeed, are said to have sometimes opposed with violence the exportation of their cattle. But if the exporters had found any great advantage in continuing the trade, they could easily, when the law was on their side, have conquered this mobbish opposition.

Feeding and fattening countries, besides, must always be highly improved, whereas breeding countries are generally uncultivated. The high price of lean cattle, by augmenting the value of uncultivated land, is like a bounty against improvement. To any country which was highly improved throughout, it would be more advantageous to import its lean cattle than to breed them. The province of Holland, accordingly, is said to follow this maxim at present. The mountains of Scotland, Wales, and Northumberland, indeed, are countries not capable of much improvement, and seem destined by nature to be the breeding countries of Great Britain. The freest importation of foreign cattle could have no other effect than to hinder those breeding countries from taking advantage of the increasing population and improvement of the rest of the kingdom, from raising their price to an exorbitant height, and from laying a real tax upon all the more improved and cultivated parts of the country.

The freest importation of salt provisions, in the same manner, could have as little effect upon the interest of the graziers of Great Britain as that of live cattle. Salt provisions are not only a very bulky commodity, but when compared with fresh meat they are a commodity both of worse quality, and, as they cost more labour and expense, of higher price. They could never, therefore, come into competition with the fresh meat, though they might with the salt provisions of the country. They might be used for victualling ships for distant voyages, and such like uses, but could never make any

considerable part of the food of the people. The small quantity of salt provisions imported from Ireland since their importation was rendered free, is an experimental proof that our graziers have nothing to apprehend from it. It does not appear that the price of butcher's meat has ever been sensibly affected by it.

Even the free importation of foreign corn could very little affect the interest of the farmers of Great Britain. Corn is a much more bulky commodity than butcher's meat. A pound of wheat at a penny is as dear as a pound of butcher's meat at fourpence. The small quantity of foreign corn imported even in times of the greatest scarcity, may satisfy our farmers that they can have nothing to fear from the freest importation. The average quantity imported, one year with another, amounts only, according to the very well informed author of the Tracts upon the Corn Trade, to 23,728 quarters of all sorts of grain, and does not exceed the five hundredth and seventy-one part of the annual consumption. But as the bounty upon corn occasions a greater exportation in years of plenty, so it must, of consequence, occasion a greater importation in years of scarcity, than in the actual state of tillage would otherwise take place. By means of it, the plenty of one year does not compensate the scarcity of another; and as the average quantity exported is necessarily augmented by it, so must likewise, in the actual state of tillage, the average quantity imported. If there were no bounty, as less corn would be exported, suit is probable that, one year with another, less would be imported than at present. The corn-merchants, the fetchers and carriers of corn between Great Britain and foreign countries, would have much less employment, and might suffer considerably; but the country gentlemen and farmers could suffer very little. It is in the corn-merchants, accordingly, rather than the country gentlemen and farmers, that I have observed the greatest anxiety for the renewal and continuation of the bounty.

Country gentlemen and farmers are, to their great honour, of all people, the least subject to the wretched spirit of monopoly. The undertaker of a great manufactory is sometimes alarmed if another work of the same kind is established within twenty miles of him; the Dutch undertaker of the woollen manufacture at Abbeville, stipulated that no work of the same kind should be established within thirty leagues of that city. Farmers and country gentlemen, on the contrary, are generally disposed rather to promote, than to obstruct, the cultivation and improvement of their neighbours farms and

estates. They have no secrets, such as those of the greater part of manufacturers, but are generally rather fond of communicating to their neighbours, and of extending as far as possible any new practice which they may have found to be advantageous. "Pius quaestus", says old Cato, "stabilissimusque, minimeque invidiosus; minimeque male cogitantes sunt, qui in eo studio occupati sunt." Country gentlemen and farmers, dispersed in different parts of the country, cannot so easily combine as merchants and manufacturers, who being collected into towns, and accustomed to that exclusive corporation spirit which prevails in them, naturally endeavour to obtain, against all their countrymen, the same exclusive privilege which they generally possess against the inhabitants of their respective towns. They accordingly seem to have been the original inventors of those restraints upon the importation of foreign goods, which secure to them the monopoly of the home market. It was probably in imitation of them, and to put themselves upon a level with those who, they found, were disposed to oppress them, that the country gentlemen and farmers of Great Britain so far forgot the generosity which is natural to their station, as to demand the exclusive privilege of supplying their countrymen with corn and butcher's meat. They did not, perhaps, take time to consider how much less their interest could be affected by the freedom of trade, than that of the people whose example they followed.

To prohibit, by a perpetual law, the importation of foreign corn and cattle, is in reality to enact, that the population and industry of the country shall, at no time, exceed what the rude produce of its own soil can maintain.

There seem, however, to be two cases, in which it will generally be advantageous to lay some burden upon foreign, for the encouragement of domestic industry.

The first is, when some particular sort of industry is necessary for the defence of the country. The defence of Great Britain, for example, depends very much upon the number of its sailors and shipping. The act of navigation, therefore, very properly endeavours to give the sailors and shipping of Great Britain the monopoly of the trade of their own country, in some cases, by absolute prohibitions, and in others, by heavy burdens upon the shipping of foreign countries. The following are the principal dispositions of this act.

First, All ships, of which the owners, masters, and three-fourths of the mariners, are not British subjects, are prohibited, upon pain of forfeiting

ship and cargo, from trading to the British settlements and plantations, or from being employed in the coasting trade of Great Britain.

Secondly, A great variety of the most bulky articles of importation can be brought into Great Britain only, either in such ships as are above described, or in ships of the country where those goods are produced, and of which the owners, masters, and three-fourths of the mariners, are of that particular country; and when imported even in ships of this latter kind, they are subject to double aliens duty. If imported in ships of any other country, the penalty is forfeiture of ship and goods. When this act was made, the Dutch were, what they still are, the great carriers of Europe; and by this regulation they were entirely excluded from being the carriers to Great Britain, or from importing to us the goods of any other European country.

Thirdly, A great variety of the most bulky articles of importation are prohibited from being imported, even in British ships, from any country but that in which they are produced, under pain of forfeiting ship and cargo. This regulation, too, was probably intended against the Dutch. Holland was then, as now, the great emporium for all European goods; and by this regulation, British ships were hindered from loading in Holland the goods of any other European country.

Fourthly, Salt fish of all kinds, whale fins, whalebone, oil, and blubber, not caught by and cured on board British vessels, when imported into Great Britain, are subject to double aliens duty. The Dutch, as they are still the principal, were then the only fishers in Europe that attempted to supply foreign nations with fish. By this regulation, a very heavy burden was laid upon their supplying Great Britain.

When the act of navigation was made, though England and Holland were not actually at war, the most violent animosity subsisted between the two nations. It had begun during the government of the long parliament, which first framed this act, and it broke out soon after in the Dutch wars, during that of the Protector and of Charles II. It is not impossible, therefore, that some of the regulations of this famous act may have proceeded from national animosity. They are as wise, however, as if they had all been dictated by the most deliberate wisdom. National animosity, at that particular time, aimed at the very same object which the most deliberate wisdom would have recommended, the diminution of the naval power of Holland, the only naval power which could endanger the security of England.

The act of navigation is not favourable to foreign commerce, or to the growth of that opulence which can arise from it. The interest of a nation, in its commercial relations to foreign nations, is, like that of a merchant with regard to the different people with whom he deals, to buy as cheap, and to sell as dear as possible. But it will be most likely to buy cheap, when, by the most perfect freedom of trade, it encourages all nations to bring to it the goods which it has occasion to purchase; and, for the same reason, it will be most likely to sell dear, when its markets are thus filled with the greatest number of buyers. The act of navigation, it is true, lays no burden upon foreign ships that come to export the produce of British industry. Even the ancient aliens duty, which used to be paid upon all goods, exported as well as imported, has, by several subsequent acts, been taken off from the greater part of the articles of exportation. But if foreigners, either by prohibitions or high duties, are hindered from coming to sell, they cannot always afford to come to buy; because, coming without a cargo, they must lose the freight from their own country to Great Britain. By diminishing the number of sellers, therefore, we necessarily diminish that of buyers, and are thus likely not only to buy foreign goods dearer, but to sell our own cheaper, than if there was a more perfect freedom of trade. As defence, however, is of much more importance than opulence, the act of navigation is, perhaps, the wisest of all the commercial regulations of England.

The second case, in which it will generally be advantageous to lay some burden upon foreign for the encouragement of domestic industry, is when some tax is imposed at home upon the produce of the latter. In this case, it seems reasonable that an equal tax should be imposed upon the like produce of the former. This would not give the monopoly of the borne market to domestic industry, nor turn towards a particular employment a greater share of the stock and labour of the country, than what would naturally go to it. It would only hinder any part of what would naturally go to it from being turned away by the tax into a less natural direction, and would leave the competition between foreign and domestic industry, after the tax, as nearly as possible upon the same footing as before it. In Great Britain, when any such tax is laid upon the produce of domestic industry, it is usual, at the same time, in order to stop the clamorous complaints of our merchants and manufacturers, that they will be undersold at home, to lay a much heavier duty upon the importation of all foreign goods of the same kind.

This second limitation of the freedom of trade, according to some people, should, upon most occasions, be extended much farther than to the precise foreign commodities which could come into competition with those which had been taxed at home. When the necessaries of life have been taxed in any country, it becomes proper, they pretend, to tax not only the like necessaries of life imported from other countries, but all sorts of foreign goods which can come into competition with any thing that is the produce of domestic industry. Subsistence, they say, becomes necessarily dearer in consequence of such taxes; and the price of labour must always rise with the price of the labourer's subsistence. Every commodity, therefore, which is the produce of domestic industry, though not immediately taxed itself, becomes dearer in consequence of such taxes, because the labour which produces it becomes so. Such taxes, therefore, are really equivalent, they say, to a tax upon every particular commodity produced at home. In order to put domestic upon the same footing with foreign industry, therefore, it becomes necessary, they think, to lay some duty upon every foreign commodity, equal to this enhancement of the price of the home commodities with which it can come into competition.

Whether taxes upon the necessaries of life, such as those in Great Britain upon soap, salt, leather, candles, etc. necessarily raise the price of labour, and consequently that of all other commodities, I shall consider hereafter, when I come to treat of taxes. Supposing, however, in the mean time, that they have this effect, and they have it undoubtedly, this general enhancement of the price of all commodities, in consequence of that labour, is a case which differs in the two following respects from that of a particular commodity, of which the price was enhanced by a particular tax immediately imposed upon it.

First, It might always be known with great exactness, how far the price of such a commodity could be enhanced by such a tax; but how far the general enhancement of the price of labour might affect that of every different commodity about which labour was employed, could never be known with any tolerable exactness. It would be impossible, therefore, to proportion, with any tolerable exactness, the tax of every foreign, to the enhancement of the price of every home commodity.

Secondly, Taxes upon the necessaries of life have nearly the same effect upon the circumstances of the people as a poor soil and a bad climate. Provisions are thereby rendered dearer, in the same manner as if it required

extraordinary labour and expense to raise them. As, in the natural scarcity arising from soil and climate, it would be absurd to direct the people in what manner they ought to employ their capitals and industry, so is it likewise in the artificial scarcity arising from such taxes. To be left to accommodate, as well as they could, their industry to their situation, and to find out those employments in which, notwithstanding their unfavourable circumstances, they might have some advantage either in the home or in the foreign market, is what, in both cases, would evidently be most for their advantage. To lay a new-tax upon them, because they are already overburdened with taxes, and because they already pay too dear for the necessaries of life, to make them likewise pay too dear for the greater part of other commodities, is certainly a most absurd way of making amends.

Such taxes, when they have grown up to a certain height, are a curse equal to the barrenness of the earth, and the inclemency of the heavens, and yet it is in the richest and most industrious countries that they have been most generally imposed. No other countries could support so great a disorder. As the strongest bodies only can live and enjoy health under an unwholesome regimen, so the nations only, that in every sort of industry have the greatest natural and acquired advantages, can subsist and prosper under such taxes. Holland is the country in Europe in which they abound most, and which, from peculiar circumstances, continues to prosper, not by means of them, as has been most absurdly supposed, but in spite of them.

As there are two cases in which it will generally be advantageous to lay some burden upon foreign for the encouragement of domestic industry, so there are two others in which it may sometimes be a matter of deliberation, in the one, how far it is proper to continue the free importation of certain foreign goods; and, in the other, how far, or in what manner, it may be proper to restore that free importation, after it has been for some time interrupted.

The case in which it may sometimes be a matter of deliberation how far it is proper to continue the free importation of certain foreign goods, is when some foreign nation restrains, by high duties or prohibitions, the importation of some of our manufactures into their country. Revenge, in this case, naturally dictates retaliation, and that we should impose the like duties and prohibitions upon the importation of some or all of their manufactures into ours. Nations, accordingly, seldom fail to retaliate in this manner. The French have been particularly forward to favour their own manufactures, by

restraining the importation of such foreign goods as could come into competition with them. In this consisted a great part of the policy of Mr Colbert, who, notwithstanding his great abilities, seems in this case to have been imposed upon by the sophistry of merchants and manufacturers, who are always demanding a monopoly against their countrymen. It is at present the opinion of the most intelligent men in France, that his operations of this kind have not been beneficial to his country. That minister, by the tariff of 1667, imposed very high duties upon a great number of foreign manufactures. Upon his refusing to moderate them in favour of the Dutch, they, in 1671, prohibited the importation of the wines, brandies, and manufactures of France. The war of 1672 seems to have been in part occasioned by this commercial dispute. The peace of Nimeguen put an end to it in 1678, by moderating some of those duties in favour of the Dutch, who in consequence took off their prohibition. It was about the same time that the French and English began mutually to oppress each other's industry, by the like duties and prohibitions, of which the French, however, seem to have set the first example, The spirit of hostility which has subsisted between the two nations ever since, has hitherto hindered them from being moderated on either side. In 1697, the English prohibited the importation of bone lace, the manufacture of Flanders. The government of that country, at that time under the dominion of Spain, prohibited, in return, the importation of English woollens. In 1700, the prohibition of importing bone lace into England was taken off; upon condition that the importation of English woollens into Flanders should be put on the same footing as before.

There may be good policy in retaliations of this kind, when there is a probability that they will procure the repeal of the high duties or prohibitions complained of. The recovery of a great foreign market will generally more than compensate the transitory inconveniency of paying dearer during a short time for some sorts of goods. To judge whether such retaliations are likely to produce such an effect, does not, perhaps, belong so much to the science of a legislator, whose deliberations ought to be governed by general principles, which are always the same, as to the skill of that insidious and crafty animal vulgarly called a statesman or politician, whose councils are directed by the momentary fluctuations of affairs. When there is no probability that any such repeal can be procured, it seems a bad method of compensating the injury done to certain classes of our people, to

do another injury ourselves, not only to those classes, but to almost all the other classes of them. When our neighbours prohibit some manufacture of ours, we generally prohibit, not only the same, for that alone would seldom affect them considerably, but some other manufacture of theirs. This may, no doubt, give encouragement to some particular class of workmen among ourselves, and, by excluding some of their rivals, may enable them to raise their price in the home market. Those workmen however, who suffered by our neighbours prohibition, will not be benefited by ours. On the contrary, they, and almost all the other classes of our citizens, will thereby be obliged to pay dearer than before for certain goods. Every such law, therefore, imposes a real tax upon the whole country, not in favour of that particular class of workmen who were injured by our neighbours prohibitions, but of some other class.

The case in which it may sometimes be a matter of deliberation, how far, or in what manner, it is proper to restore the free importation of foreign goods, after it has been for some time interrupted, is when particular manufactures, by means of high duties or prohibitions upon all foreign goods which can come into competition with them, have been so far extended as to employ a great multitude of hands. Humanity may in this case require that the freedom of trade should be restored only by slow gradations, and with a good deal of reserve and circumspection. Were those high duties and prohibitions taken away all at once, cheaper foreign goods of the same kind might be poured so fast into the home market, as to deprive all at once many thousands of our people of their ordinary employment and means of subsistence. The disorder which this would occasion might no doubt be very considerable. It would in all probability, however, be much less than is commonly imagined, for the two following reasons.

First, All those manufactures of which any part is commonly exported to other European countries without a bounty, could be very little affected by the freest importation of foreign goods. Such manufactures must be sold as cheap abroad as any other foreign goods of the same quality and kind, and consequently must be sold cheaper at home. They would still, therefore, keep possession of the home market; and though a capricious man of fashion might sometimes prefer foreign wares, merely because they were foreign, to cheaper and better goods of the same kind that were made at home, this folly could, from the nature of things, extend to so few, that it

could make no sensible impression upon the general employment of the people. But a great part of all the different branches of our woollen manufacture, of our tanned leather, and of our hardware, are annually exported to other European countries without any bounty, and these are the manufactures which employ the greatest number of hands. The silk, perhaps, is the manufacture which would suffer the most by this freedom of trade, and after it the linen, though the latter much less than the former.

Secondly, Though a great number of people should, by thus restoring the freedom of trade, be thrown all at once out of their ordinary employment and common method of subsistence, it would by no means follow that they would thereby be deprived either of employment or subsistence. By the reduction of the army and navy at the end of the late war, more than 100,000 soldiers and seamen, a number equal to what is employed in the greatest manufactures, were all at once thrown out of their ordinary employment: but though they no doubt suffered some inconveniency, they were not thereby deprived of all employment and subsistence. The greater part of the seamen, it is probable, gradually betook themselves to the merchant service as they could find occasion, and in the mean time both they and the soldiers were absorbed in the great mass of the people, and employed in a great variety of occupations. Not only no great convulsion, but no sensible disorder, arose from so great a change in the situation of more than 100,000 men, all accustomed to the use of arms, and many of them to rapine and plunder. The number of vagrants was scarce anywhere sensibly increased by it; even the wages of labour were not reduced by it in any occupation, so far as I have been able to learn, except in that of seamen in the merchant service. But if we compare together the habits of a soldier and of any sort of manufacturer, we shall find that those of the latter do not tend so much to disqualify him from being employed in a new trade, as those of the former from being employed in any. The manufacturer has always been accustomed to look for his subsistence from his labour only; the soldier to expect it from his pay. Application and industry have been familiar to the one; idleness and dissipation to the other. But it is surely much easier to change the direction of industry from one sort of labour to another, than to turn idleness and dissipation to any. To the greater part of manufactures, besides, it has already been observed, there are other collateral manufactures of so similar a nature, that a workman can easily transfer his industry from one of them to another. The greater part of such

workmen, too, are occasionally employed in country labour. The stock which employed them in a particular manufacture before, will still remain in the country, to employ an equal number of people in some other way. The capital of the country remaining the same, the demand for labour will likewise be the same, or very nearly the same, though it may be exerted in different places, and for different occupations. Soldiers and seamen, indeed, when discharged from the king's service, are at liberty to exercise any trade within any town or place of Great Britain or Ireland. Let the same natural liberty of exercising what species of industry they please, be restored to all his Majesty's subjects, in the same manner as to soldiers and seamen; that is, break down the exclusive privileges of corporations, and repeal the statute of apprenticeship, both which are really encroachments upon natural Liberty, and add to those the repeal of the law of settlements, so that a poor workman, when thrown out of employment, either in one trade or in one place, may seek for it in another trade or in another place, without the fear either of a prosecution or of a removal; and neither the public nor the individuals will suffer much more from the occasional disbanding some particular classes of manufacturers, than from that of the soldiers. Our manufacturers have no doubt great merit with their country, but they cannot have more than those who defend it with their blood, nor deserve to be treated with more delicacy.

To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as absurd as to expect that an Oceana or Utopia should ever be established in it. Not only the prejudices of the public, but, what is much more unconquerable, the private interests of many individuals, irresistibly oppose it. Were the officers of the army to oppose, with the same zeal and unanimity, any reduction in the number of forces, with which master manufacturers set themselves against every law that is likely to increase the number of their rivals in the home market; were the former to animate their soldiers. In the same manner as the latter inflame their workmen, to attack with violence and outrage the proposers of any such regulation; to attempt to reduce the army would be as dangerous as it has now become to attempt to diminish, in any respect, the monopoly which our manufacturers have obtained against us. This monopoly has so much increased the number of some particular tribes of them, that, like an overgrown standing army, they have become formidable to the government, and, upon many occasions, intimidate the legislature. The member of

parliament who supports every proposal for strengthening this monopoly, is sure to acquire not only the reputation of understanding trade, but great popularity and influence with an order of men whose numbers and wealth render them of great importance. If he opposes them, on the contrary, and still more, if he has authority enough to be able to thwart them, neither the most acknowledged probity, nor the highest rank, nor the greatest public services, can protect him from the most infamous abuse and detraction, from personal insults, nor sometimes from real danger, arising from the insolent outrage of furious and disappointed monopolists.

The undertaker of a great manufacture, who, by the home markets being suddenly laid open to the competition of foreigners, should be obliged to abandon his trade, would no doubt suffer very considerably. That part of his capital which had usually been employed in purchasing materials, and in paying his workmen, might, without much difficulty, perhaps, find another employment; but that part of it which was fixed in workhouses, and in the instruments of trade, could scarce be disposed of without considerable loss. The equitable regard, therefore, to his interest, requires that changes of this kind should never be introduced suddenly, but slowly, gradually, and after a very long warning. The legislature, were it possible that its deliberations could be always directed, not by the clamorous importunity of partial interests, but by an extensive view of the general good, ought, upon this very account, perhaps, to be particularly careful, neither to establish any new monopolies of this kind, nor to extend further those which are already established. Every such regulation introduces some degree of real disorder into the constitution of the state, which it will be difficult afterwards to cure without occasioning another disorder.

How far it may be proper to impose taxes upon the importation of foreign goods, in order not to prevent their importation, but to raise a revenue for government, I shall consider hereafter when I come to treat of taxes. Taxes imposed with a view to prevent, or even to diminish importation, are evidently as destructive of the revenue of the customs as of the freedom of trade.

CHAPTER III.

**OF THE EXTRAORDINARY RESTRAINTS
UPON THE IMPORTATION OF GOODS OF
ALMOST ALL KINDS, FROM THOSE
COUNTRIES WITH WHICH THE BALANCE
IS SUPPOSED TO BE DISADVANTAGEOUS.**

Part I—Of the Unreasonableness of those Restraints,
even upon the Principles of the Commercial System.

To lay extraordinary restraints upon the importation of goods of almost all kinds, from those particular countries with which the balance of trade is supposed to be disadvantageous, is the second expedient by which the commercial system proposes to increase the quantity of gold and silver. Thus, in Great Britain, Silesia lawns may be imported for home consumption, upon paying certain duties; but French cambrics and lawns are prohibited to be imported, except into the port of London, there to be warehoused for exportation. Higher duties are imposed upon the wines of France than upon those of Portugal, or indeed of any other country. By what is called the impost 1692, a duty of five and-twenty per cent. of the rate or value, was laid upon all French goods; while the goods of other nations were, the greater part of them, subjected to much lighter duties, seldom exceeding five per cent. The wine, brandy, salt, and vinegar of France, were indeed excepted; these commodities being subjected to other heavy duties, either by other laws, or by particular clauses of the same law. In 1696, a second duty of twenty-five per cent. the first not having been thought a sufficient discouragement, was imposed upon all French goods, except brandy; together with a new duty of five-and-twenty pounds upon the ton of French wine, and another of fifteen pounds upon the ton of French vinegar.

French goods have never been omitted in any of those general subsidies or duties of five per cent. which have been imposed upon all, or the greater part, of the goods enumerated in the book of rates. If we count the one-third and two-third subsidies as making a complete subsidy between them, there have been five of these general subsidies; so that, before the commencement of the present war, seventy-five per cent. may be considered as the lowest duty to which the greater part of the goods of the growth, produce, or manufacture of France, were liable. But upon the greater part of goods, those duties are equivalent to a prohibition. The French, in their turn, have, I believe, treated our goods and manufactures just as hardly; though I am not so well acquainted with the particular hardships which they have imposed upon them. Those mutual restraints have put an end to almost all fair commerce between the two nations; and smugglers are now the principal importers, either of British goods into France, or of French goods into Great Britain. The principles which I have been examining, in the foregoing chapter, took their origin from private interest and the spirit of monopoly; those which I am going to examine in this, from national prejudice and animosity. They are, accordingly, as might well be expected, still more unreasonable. They are so, even upon the principles of the commercial system.

First, Though it were certain that in the case of a free trade between France and England, for example, the balance would be in favour of France, it would by no means follow that such a trade would be disadvantageous to England, or that the general balance of its whole trade would thereby be turned more against it. If the wines of France are better and cheaper than those of Portugal, or its linens than those of Germany, it would be more advantageous for Great Britain to purchase both the wine and the foreign linen which it had occasion for of France, than of Portugal and Germany. Though the value of the annual importations from France would thereby be greatly augmented, the value of the whole annual importations would be diminished, in proportion as the French goods of the same quality were cheaper than those of the other two countries. This would be the case, even upon the supposition that the whole French goods imported were to be consumed in Great Britain.

But, Secondly, A great part of them might be re-exported to other countries, where, being sold with profit, they might bring back a return, equal in value, perhaps, to the prime cost of the whole French goods

imported. What has frequently been said of the East India trade, might possibly be true of the French; that though the greater part of East India goods were bought with gold and silver, the re-exportation of a part of them to other countries brought back more gold and silver to that which carried on the trade, than the prime cost of the whole amounted to. One of the most important branches of the Dutch trade at present, consists in the carriage of French goods to other European countries. Some part even of the French wine drank in Great Britain, is clandestinely imported from Holland and Zealand. If there was either a free trade between France and England, or if French goods could be imported upon paying only the same duties as those of other European nations, to be drawn back upon exportation, England might have some share of a trade which is found so advantageous to Holland.

Thirdly, and lastly, There is no certain criterion by which we can determine on which side what is called the balance between any two countries lies, or which of them exports to the greatest value. National prejudice and animosity, prompted always by the private interest of particular traders, are the principles which generally direct our judgment upon all questions concerning it. There are two criterions, however, which have frequently been appealed to upon such occasions, the custom-house books and the course of exchange. The custom-house books, I think, it is now generally acknowledged, are a very uncertain criterion, on account of the inaccuracy of the valuation at which the greater part of goods are rated in them. The course of exchange is, perhaps, almost equally so.

When the exchange between two places, such as London and Paris, is at par, it is said to be a sign that the debts due from London to Paris are compensated by those due from Paris to London. On the contrary, when a premium is paid at London for a bill upon Paris, it is said to be a sign that the debts due from London to Paris are not compensated by those due from Paris to London, but that a balance in money must be sent out from the latter place; for the risk, trouble, and expense, of exporting which, the premium is both demanded and given. But the ordinary state of debt and credit between those two cities must necessarily be regulated, it is said, by the ordinary course of their dealings with one another. When neither of them imports from the other to a greater amount than it exports to that other, the debts and credits of each may compensate one another. But when one of them imports from the other to a greater value than it exports to that

other, the former necessarily becomes indebted to the latter in a greater sum than the latter becomes indebted to it: the debts and credits of each do not compensate one another, and money must be sent out from that place of which the debts overbalance the credits. The ordinary course of exchange, therefore, being an indication of the ordinary state of debt and credit between two places, must likewise be an indication of the ordinary course of their exports and imports, as these necessarily regulate that state.

But though the ordinary course of exchange shall be allowed to be a sufficient indication of the ordinary state of debt and credit between any two places, it would not from thence follow, that the balance of trade was in favour of that place which had the ordinary state of debt and credit in its favour. The ordinary state of debt and credit between any two places is not always entirely regulated by the ordinary course of their dealings with one another, but is often influenced by that of the dealings of either with many other places. If it is usual, for example, for the merchants of England to pay for the goods which they buy of Hamburg, Dantzic, Riga, etc. by bills upon Holland, the ordinary state of debt and credit between England and Holland will not be regulated entirely by the ordinary course of the dealings of those two countries with one another, but will be influenced by that of the dealings in England with those other places. England may be obliged to send out every year money to Holland, though its annual exports to that country may exceed very much the annual value of its imports from thence, and though what is called the balance of trade may be very much in favour of England.

In the way, besides, in which the par of exchange has hitherto been computed, the ordinary course of exchange can afford no sufficient indication that the ordinary state of debt and credit is in favour of that country which seems to have, or which is supposed to have, the ordinary course of exchange in its favour; or, in other words, the real exchange may be, and in fact often is, so very different from the computed one, that, from the course of the latter, no certain conclusion can, upon many occasions, be drawn concerning that of the former.

When for a sum or money paid in England, containing, according to the standard of the English mint, a certain number of ounces of pure silver, you receive a bill for a sum of money to be paid in France, containing, according to the standard of the French mint, an equal number of ounces of pure silver, exchange is said to be at par between England and France.

When you pay more, you are supposed to give a premium, and exchange is said to be against England, and in favour of France. When you pay less, you are supposed to get a premium, and exchange is said to be against France, and in favour of England.

But, first, We cannot always judge of the value of the current money of different countries by the standard of their respective mints. In some it is more, in others it is less worn, clipped, and otherwise degenerated from that standard. But the value of the current coin of every country, compared with that of any other country, is in proportion, not to the quantity of pure silver which it ought to contain, but to that which it actually does contain. Before the reformation of the silver coin in King William's time, exchange between England and Holland, computed in the usual manner, according to the standard of their respective mints, was five-and twenty per cent. against England. But the value of the current coin of England, as we learn from Mr Lowndes, was at that time rather more than five-and-twenty per cent. below its standard value. The real exchange, therefore, may even at that time have been in favour of England, notwithstanding the computed exchange was so much against it; a smaller number or ounces of pure silver, actually paid in England, may have purchased a bill for a greater number of ounces of pure silver to be paid in Holland, and the man who was supposed to give, may in reality have got the premium. The French coin was, before the late reformation of the English gold coin, much less worn than the English, and was perhaps two or three per cent. nearer its standard. If the computed exchange with France, therefore, was not more than two or three per cent. against England, the real exchange might have been in its favour. Since the reformation of the gold coin, the exchange has been constantly in favour of England, and against France.

Secondly, In some countries the expense of coinage is defrayed by the government; in others, it is defrayed by the private people, who carry their bullion to the mint, and the government even derives some revenue from the coinage. In England it is defrayed by the government; and if you carry a pound weight of standard silver to the mint, you get back sixty-two shillings, containing a pound weight of the like standard silver. In France a duty of eight per cent. is deducted for the coinage, which not only defrays the expense of it, but affords a small revenue to the government. In England, as the coinage costs nothing, the current coin can never be much more valuable than the quantity of bullion which it actually contains. In

France, the workmanship, as you pay for it, adds to the value, in the same manner as to that of wrought plate. A sum of French money, therefore, containing an equal weight of pure silver, is more valuable than a sum of English money containing an equal weight of pure silver, and must require more bullion, or other commodities, to purchase it. Though the current coin of the two countries, therefore, were equally near the standards of their respective mints, a sum of English money could not well purchase a sum of French money containing an equal number of ounces of pure silver, nor, consequently, a bill upon France for such a sum. If, for such a bill, no more additional money was paid than what was sufficient to compensate the expense of the French coinage, the real exchange might be at par between the two countries; their debts and credits might mutually compensate one another, while the computed exchange was considerably in favour of France. If less than this was paid, the real exchange might be in favour of England, while the computed was in favour of France.

Thirdly, and lastly, In some places, as at Amsterdam, Hamburg, Venice, etc. foreign bills of exchange are paid in what they call bank money; while in others, as at London, Lisbon, Antwerp, Leghorn, etc. they are paid in the common currency of the country. What is called bank money, is always of more value than the same nominal sum of common currency. A thousand guilders in the bank of Amsterdam, for example, are of more value than a thousand guilders of Amsterdam currency. The difference between them is called the agio of the bank, which at Amsterdam is generally about five per cent. Supposing the current money of the two countries equally near to the standard of their respective mints, and that the one pays foreign bills in this common currency, while the other pays them in bank money, it is evident that the computed exchange may be in favour of that which pays in bank money, though the real exchange should be in favour of that which pays in current money; for the same reason that the computed exchange may be in favour of that which pays in better money, or in money nearer to its own standard, though the real exchange should be in favour of that which pays in worse. The computed exchange, before the late reformation of the gold coin, was generally against London with Amsterdam, Hamburg, Venice, and, I believe, with all other places which pay in what is called bank money. It will by no means follow, however, that the real exchange was against it. Since the reformation of the gold coin, it has been in favour of London, even with those places. The computed exchange has generally been in

favour of London with Lisbon, Antwerp, Leghorn, and, if you except France, I believe with most other parts of Europe that pay in common currency; and it is not improbable that the real exchange was so too.

Digression concerning Banks of Deposit, particularly concerning that of Amsterdam.

The currency of a great state, such as France or England, generally consists almost entirely of its own coin. Should this currency, therefore, be at any time worn, clipt, or otherwise degraded below its standard value, the state, by a reformation of its coin, can effectually re-establish its currency. But the currency of a small state, such as Genoa or Hamburg, can seldom consist altogether in its own coin, but must be made up, in a great measure, of the coins of all the neighbouring states with which its inhabitants have a continual intercourse. Such a state, therefore, by reforming its coin, will not always be able to reform its currency. If foreign bills of exchange are paid in this currency, the uncertain value of any sum, of what is in its own nature so uncertain, must render the exchange always very much against such a state, its currency being in all foreign states necessarily valued even below what it is worth.

In order to remedy the inconvenience to which this disadvantageous exchange must have subjected their merchants, such small states, when they began to attend to the interest of trade, have frequently enacted that foreign bills of exchange of a certain value should be paid, not in common currency, but by an order upon, or by a transfer in the books of a certain bank, established upon the credit, and under the protection of the state, this bank being always obliged to pay, in good and true money, exactly according to the standard of the state. The banks of Venice, Genoa, Amsterdam, Hamburg, and Nuremberg, seem to have been all originally established with this view, though some of them may have afterwards been made subservient to other purposes. The money of such banks, being better than the common currency of the country, necessarily bore an agio, which was greater or smaller, according as the currency was supposed to be more or less degraded below the standard of the state. The agio of the bank of Hamburg, for example, which is said to be commonly about fourteen per cent. is the supposed difference between the good standard money of the state, and the clipt, worn, and diminished currency, poured into it from all the neighbouring states.

Before 1609, the great quantity of clipped and worn foreign coin which the extensive trade of Amsterdam brought from all parts of Europe, reduced the value of its currency about nine per cent. below that of good money fresh from the mint. Such money no sooner appeared, than it was melted down or carried away, as it always is in such circumstances. The merchants, with plenty of currency, could not always find a sufficient quantity of good money to pay their bills of exchange; and the value of those bills, in spite of several regulations which were made to prevent it, became in a great measure uncertain.

In order to remedy these inconveniencies, a bank was established in 1609, under the guarantee of the city. This bank received both foreign coin, and the light and worn coin of the country, at its real intrinsic value in the good standard money of the country, deducting only so much as was necessary for defraying the expense of coinage and the other necessary expense of management. For the value which remained after this small deduction was made, it gave a credit in its books. This credit was called bank money, which, as it represented money exactly according to the standard of the mint, was always of the same real value, and intrinsically worth more than current money. It was at the same time enacted, that all bills drawn upon or negotiated at Amsterdam, of the value of 600 guilders and upwards, should be paid in bank money, which at once took away all uncertainty in the value of those bills. Every merchant, in consequence of this regulation, was obliged to keep an account with the bank, in order to pay his foreign bills of exchange, which necessarily occasioned a certain demand for bank money.

Bank money, over and above both its intrinsic superiority to currency, and the additional value which this demand necessarily gives it, has likewise some other advantages, It is secure from fire, robbery, and other accidents; the city of Amsterdam is bound for it; it can be paid away by a simple transfer, without the trouble of counting, or the risk of transporting it from one place to another. In consequence of those different advantages, it seems from the beginning to have borne an agio; and it is generally believed that all the money originally deposited in the bank, was allowed to remain there, nobody caring to demand payment of a debt which he could sell for a premium in the market. By demanding payment of the bank, the owner of a bank credit would lose this premium. As a shilling fresh from the mint will buy no more goods in the market than one of our common worn shillings,

so the good and true money which might be brought from the coffers of the bank into those of a private person, being mixed and confounded with the common currency of the country, would be of no more value than that currency, from which it could no longer be readily distinguished. While it remained in the coffers of the bank, its superiority was known and ascertained. When it had come into those of a private person, its superiority could not well be ascertained without more trouble than perhaps the difference was worth. By being brought from the coffers of the bank, besides, it lost all the other advantages of bank money; its security, its easy and safe transferability, its use in paying foreign bills of exchange. Over and above all this, it could not be brought from those coffers, as will appear by and by, without previously paying for the keeping.

Those deposits of coin, or those deposits which the bank was bound to restore in coin, constituted the original capital of the bank, or the whole value of what was represented by what is called bank money. At present they are supposed to constitute but a very small part of it. In order to facilitate the trade in bullion, the bank has been for these many years in the practice of giving credit in its books, upon deposits of gold and silver bullion. This credit is generally about five per cent. below the mint price of such bullion. The bank grants at the same time what is called a recipice or receipt, entitling the person who makes the deposit, or the bearer, to take out the bullion again at any time within six months, upon transferring to the bank a quantity of bank money equal to that for which credit had been given in its books when the deposit was made, and upon paying one-fourth per cent. for the keeping, if the deposit was in silver; and one-half per cent. if it was in gold; but at the same time declaring, that in default of such payment, and upon the expiration of this term, the deposit should belong to the bank, at the price at which it had been received, or for which credit had been given in the transfer books. What is thus paid for the keeping of the deposit may be considered as a sort of warehouse rent; and why this warehouse rent should be so much dearer for gold than for silver, several different reasons have been assigned. The fineness of gold, it has been said, is more difficult to be ascertained than that of silver. Frauds are more easily practised, and occasion a greater loss in the most precious metal. Silver, besides, being the standard metal, the state, it has been said, wishes to encourage more the making of deposits of silver than those of gold.

Deposits of bullion are most commonly made when the price is somewhat lower than ordinary, and they are taken out again when it happens to rise. In Holland the market price of bullion is generally above the mint price, for the same reason that it was so in England before the late reformation of the gold coin. The difference is said to be commonly from about six to sixteen stivers upon the mark, or eight ounces of silver, of eleven parts of fine and one part alloy. The bank price, or the credit which the bank gives for the deposits of such silver (when made in foreign coin, of which the fineness is well known and ascertained, such as Mexico dollars), is twenty-two guilders the mark: the mint price is about twenty-three guilders, and the market price is from twenty-three guilders six, to twenty-three guilders sixteen stivers, or from two to three per cent. above the mint price.

The following are the prices at which the bank of Amsterdam at present {September 1775} receives bullion and coin of different kinds:

SILVER

Mexico dollars	22 Guilders / mark
French crowns	22
English silver coin.....	22
Mexico dollars, new coin.....	21 10
Ducatoons.....	3 0
Rix-dollars.....	2 8

Bar silver, containing 11-12ths fine silver, 21 Guilders / mark, and in this proportion down to 1-4th fine, on which 5 guilders are given. Fine bars,..... 28 Guilders / mark.

GOLD

Portugal coin.....	310 Guilders / mark
Guineas.....	310
Louis d'ors, new.....	310
Ditto old.....	300
New ducats.....	4 19 8 per ducat

Bar or ingot gold is received in proportion to its fineness, compared with the above foreign gold coin. Upon fine bars the bank gives 340 per mark. In general, however, something more is given upon coin of a known fineness, than upon gold and silver bars, of which the fineness cannot be ascertained but by a process of melting and assaying.

The proportions between the bank price, the mint price, and the market price of gold bullion, are nearly the same. A person can generally sell his receipt for the difference between the mint price of bullion and the market price. A receipt for bullion is almost always worth something, and it very seldom happens, therefore, that anybody suffers his receipts to expire, or allows his bullion to fall to the bank at the price at which it had been received, either by not taking it out before the end of the six months, or by neglecting to pay one fourth or one half per cent. in order to obtain a new receipt for another six months. This, however, though it happens seldom, is said to happen sometimes, and more frequently with regard to gold than with regard to silver, on account of the higher warehouse rent which is paid for the keeping of the more precious metal.

The person who, by making a deposit of bullion, obtains both a bank credit and a receipt, pays his bills of exchange as they become due, with his bank credit; and either sells or keeps his receipt, according as he judges that the price of bullion is likely to rise or to fall. The receipt and the bank credit seldom keep long together, and there is no occasion that they should. The person who has a receipt, and who wants to take out bullion, finds always plenty of bank credits, or bank money, to buy at the ordinary price, and the person who has bank money, and wants to take out bullion, finds receipts always in equal abundance.

The owners of bank credits, and the holders of receipts, constitute two different sorts of creditors against the bank. The holder of a receipt cannot draw out the bullion for which it is granted, without re-assigning to the bank a sum of bank money equal to the price at which the bullion had been received. If he has no bank money of his own, he must purchase it of those who have it. The owner of bank money cannot draw out bullion, without producing to the bank receipts for the quantity which he wants. If he has none of his own, he must buy them of those who have them. The holder of a receipt, when he purchases bank money, purchases the power of taking out a quantity of bullion, of which the mint price is five per cent. above the bank price. The agio of five per cent. therefore, which he commonly pays for it, is paid, not for an imaginary, but for a real value. The owner of bank money, when he purchases a receipt, purchases the power of taking out a quantity of bullion, of which the market price is commonly from two to three per cent. above the mint price. The price which he pays for it, therefore, is paid likewise for a real value. The price of the receipt, and the

price of the bank money, compound or make up between them the full value or price of the bullion.

Upon deposits of the coin current in the country, the bank grant receipts likewise, as well as bank credits; but those receipts are frequently of no value and will bring no price in the market. Upon ducatoons, for example, which in the currency pass for three guilders three stivers each, the bank gives a credit of three guilders only, or five per cent. below their current value. It grants a receipt likewise, entitling the bearer to take out the number of ducatoons deposited at any time within six months, upon paying one fourth per cent. for the keeping. This receipt will frequently bring no price in the market. Three guilders, bank money, generally sell in the market for three guilders three stivers, the full value of the ducatoons, if they were taken out of the bank; and before they can be taken out, one-fourth per cent. must be paid for the keeping, which would be mere loss to the holder of the receipt. If the agio of the bank, however, should at any time fall to three per cent. such receipts might bring some price in the market, and might sell for one and three-fourths per cent. But the agio of the bank being now generally about five per cent. such receipts are frequently allowed to expire, or, as they express it, to fall to the bank. The receipts which are given for deposits of gold ducats fall to it yet more frequently, because a higher warehouse rent, or one half per cent. must be paid for the keeping of them, before they can be taken out again. The five per cent. which the bank gains, when deposits either of coin or bullion are allowed to fall to it, maybe considered as the warehouse rent for the perpetual keeping of such deposits.

The sum of bank money, for which the receipts are expired, must be very considerable. It must comprehend the whole original capital of the bank, which, it is generally supposed, has been allowed to remain there from the time it was first deposited, nobody caring either to renew his receipt, or to take out his deposit, as, for the reasons already assigned, neither the one nor the other could be done without loss. But whatever may be the amount of this sum, the proportion which it bears to the whole mass of bank money is supposed to be very small. The bank of Amsterdam has, for these many years past, been the great warehouse of Europe for bullion, for which the receipts are very seldom allowed to expire, or, as they express it, to fall to the bank. The far greater part of the bank money, or of the credits upon the books of the bank, is supposed to have been created, for these many years

past, by such deposits, which the dealers in bullion are continually both making and withdrawing.

No demand can be made upon the bank, but by means of a receipt or receipt. The smaller mass of bank money, for which the receipts are expired, is mixed and confounded with the much greater mass for which they are still in force; so that, though there may be a considerable sum of bank money, for which there are no receipts, there is no specific sum or portion of it which may not at any time be demanded by one. The bank cannot be debtor to two persons for the same thing; and the owner of bank money who has no receipt, cannot demand payment of the bank till he buys one. In ordinary and quiet times, he can find no difficulty in getting one to buy at the market price, which generally corresponds with the price at which he can sell the coin or bullion it entitles him to take out of the bank.

It might be otherwise during a public calamity; an invasion, for example, such as that of the French in 1672. The owners of bank money being then all eager to draw it out of the bank, in order to have it in their own keeping, the demand for receipts might raise their price to an exorbitant height. The holders of them might form extravagant expectations, and, instead of two or three per cent. demand half the bank money for which credit had been given upon the deposits that the receipts had respectively been granted for. The enemy, informed of the constitution of the bank, might even buy them up, in order to prevent the carrying away of the treasure. In such emergencies, the bank, it is supposed, would break through its ordinary rule of making payment only to the holders of receipts. The holders of receipts, who had no bank money, must have received within two or three per cent. of the value of the deposit for which their respective receipts had been granted. The bank, therefore, it is said, would in this case make no scruple of paying, either with money or bullion, the full value of what the owners of bank money, who could get no receipts, were credited for in its books; paying, at the same time, two or three per cent. to such holders of receipts as had no bank money, that being the whole value which, in this state of things, could justly be supposed due to them.

Even in ordinary and quiet times, it is the interest of the holders of receipts to depress the agio, in order either to buy bank money (and consequently the bullion which their receipts would then enable them to take out of the bank) so much cheaper, or to sell their receipts to those who have bank money, and who want to take out bullion, so much dearer; the

price of a receipt being generally equal to the difference between the market price of bank money and that of the coin or bullion for which the receipt had been granted. It is the interest of the owners of bank money, on the contrary, to raise the agio, in order either to sell their bank money so much dearer, or to buy a receipt so much cheaper. To prevent the stock-jobbing tricks which those opposite interests might sometimes occasion, the bank has of late years come to the resolution, to sell at all times bank money for currency at five per cent. agio, and to buy it in again at four per cent. agio. In consequence of this resolution, the agio can never either rise above five, or sink below four per cent.; and the proportion between the market price of bank and that of current money is kept at all times very near the proportion between their intrinsic values. Before this resolution was taken, the market price of bank money used sometimes to rise so high as nine per cent. agio, and sometimes to sink so low as par, according as opposite interests happened to influence the market.

The bank of Amsterdam professes to lend out no part of what is deposited with it, but for every guilder for which it gives credit in its books, to keep in its repositories the value of a guilder either in money or bullion. That it keeps in its repositories all the money or bullion for which there are receipts in force for which it is at all times liable to be called upon, and which in reality is continually going from it, and returning to it again, cannot well be doubted. But whether it does so likewise with regard to that part of its capital for which the receipts are long ago expired, for which, in ordinary and quiet times, it cannot be called upon, and which, in reality, is very likely to remain with it for ever, or as long as the states of the United Provinces subsist, may perhaps appear more uncertain. At Amsterdam, however, no point of faith is better established than that, for every guilder circulated as bank money, there is a correspondent guilder in gold or silver to be found in the treasures of the bank. The city is guarantee that it should be so. The bank is under the direction of the four reigning burgomasters who are changed every year. Each new set of burgomasters visits the treasure, compares it with the books, receives it upon oath, and delivers it over, with the same awful solemnity to the set which succeeds; and in that sober and religious country, oaths are not yet disregarded. A rotation of this kind seems alone a sufficient security against any practices which cannot be avowed. Amidst all the revolutions which faction has ever occasioned in the government of Amsterdam, the prevailing party has at no time accused their

predecessors of infidelity in the administration of the bank. No accusation could have affected more deeply the reputation and fortune of the disgraced party; and if such an accusation could have been supported, we may be assured that it would have been brought. In 1672, when the French king was at Utrecht, the bank of Amsterdam paid so readily, as left no doubt of the fidelity with which it had observed its engagements. Some of the pieces which were then brought from its repositories, appeared to have been scorched with the fire which happened in the town-house soon after the bank was established. Those pieces, therefore, must have lain there from that time.

What may be the amount of the treasure in the bank, is a question which has long employed the speculations of the curious. Nothing but conjecture can be offered concerning it. It is generally reckoned, that there are about 2000 people who keep accounts with the bank; and allowing them to have, one with another, the value of £1500 sterling lying upon their respective accounts (a very large allowance), the whole quantity of bank money, and consequently of treasure in the bank, will amount to about £3,000,000 sterling, or, at eleven guilders the pound sterling, 33,000,000 of guilders; a great sum, and sufficient to carry on a very extensive circulation, but vastly below the extravagant ideas which some people have formed of this treasure.

The city of Amsterdam derives a considerable revenue from the bank. Besides what may be called the warehouse rent above mentioned, each person, upon first opening an account with the bank, pays a fee of ten guilders; and for every new account, three guilders three stivers; for every transfer, two stivers; and if the transfer is for less than 300 guilders, six stivers, in order to discourage the multiplicity of small transactions. The person who neglects to balance his account twice in the year, forfeits twenty-five guilders. The person who orders a transfer for more than is upon his account, is obliged to pay three per cent. for the sum overdrawn, and his order is set aside into the bargain. The bank is supposed, too, to make a considerable profit by the sale of the foreign coin or bullion which sometimes falls to it by the expiring of receipts, and which is always kept till it can be sold with advantage. It makes a profit, likewise, by selling bank money at five per cent. *agio*, and buying it in at four. These different emoluments amount to a good deal more than what is necessary for paying the salaries of officers, and defraying the expense of management. What is

paid for the keeping of bullion upon receipts, is alone supposed to amount to a neat annual revenue of between 150,000 and 200,000 guilders. Public utility, however, and not revenue, was the original object of this institution. Its object was to relieve the merchants from the inconvenience of a disadvantageous exchange. The revenue which has arisen from it was unforeseen, and may be considered as accidental. But it is now time to return from this long digression, into which I have been insensibly led, in endeavouring to explain the reasons why the exchange between the countries which pay in what is called bank money, and those which pay in common currency, should generally appear to be in favour of the former, and against the latter. The former pay in a species of money, of which the intrinsic value is always the same, and exactly agreeable to the standard of their respective mints; the latter is a species of money, of which the intrinsic value is continually varying, and is almost always more or less below that standard.

PART II.—Of the Unreasonableness of those extraordinary Restraints, upon other Principles.

In the foregoing part of this chapter, I have endeavoured to show, even upon the principles of the commercial system, how unnecessary it is to lay extraordinary restraints upon the importation of goods from those countries with which the balance of trade is supposed to be disadvantageous.

Nothing, however, can be more absurd than this whole doctrine of the balance of trade, upon which, not only these restraints, but almost all the other regulations of commerce, are founded. When two places trade with one another, this doctrine supposes that, if the balance be even, neither of them either loses or gains; but if it leans in any degree to one side, that one of them loses, and the other gains, in proportion to its declension from the exact equilibrium. Both suppositions are false. A trade, which is forced by means of bounties and monopolies, may be, and commonly is, disadvantageous to the country in whose favour it is meant to be established, as I shall endeavour to show hereafter. But that trade which, without force or constraint, is naturally and regularly carried on between any two places, is always advantageous, though not always equally so, to both.

By advantage or gain, I understand, not the increase of the quantity of gold and silver, but that of the exchangeable value of the annual produce of the land and labour of the country, or the increase of the annual revenue of its inhabitants.

If the balance be even, and if the trade between the two places consist altogether in the exchange of their native commodities, they will, upon most occasions, not only both gain, but they will gain equally, or very nearly equally; each will, in this case, afford a market for a part of the surplus produce of the other; each will replace a capital which had been employed in raising and preparing for the market this part of the surplus produce of the other, and which had been distributed among, and given revenue and maintenance to, a certain number of its inhabitants. Some part of the inhabitants of each, therefore, will directly derive their revenue and maintenance from the other. As the commodities exchanged, too, are supposed to be of equal value, so the two capitals employed in the trade will, upon most occasions, be equal, or very nearly equal; and both being employed in raising the native commodities of the two countries, the revenue and maintenance which their distribution will afford to the inhabitants of each will be equal, or very nearly equal. This revenue and maintenance, thus mutually afforded, will be greater or smaller, in proportion to the extent of their dealings. If these should annually amount to £100,000, for example, or to £1,000,000, on each side, each of them will afford an annual revenue, in the one case, of £100,000, and, in the other, of £1,000,000, to the inhabitants of the other.

If their trade should be of such a nature, that one of them exported to the other nothing but native commodities, while the returns of that other consisted altogether in foreign goods; the balance, in this case, would still be supposed even, commodities being paid for with commodities. They would, in this case too, both gain, but they would not gain equally; and the inhabitants of the country which exported nothing but native commodities, would derive the greatest revenue from the trade. If England, for example, should import from France nothing but the native commodities of that country, and not having such commodities of its own as were in demand there, should annually repay them by sending thither a large quantity of foreign goods, tobacco, we shall suppose, and East India goods; this trade, though it would give some revenue to the inhabitants of both countries, would give more to those of France than to those of England. The whole

French capital annually employed in it would annually be distributed among the people of France; but that part of the English capital only, which was employed in producing the English commodities with which those foreign goods were purchased, would be annually distributed among the people of England. The greater part of it would replace the capitals which had been employed in Virginia, Indostan, and China, and which had given revenue and maintenance to the inhabitants of those distant countries. If the capitals were equal, or nearly equal, therefore, this employment of the French capital would augment much more the revenue of the people of France, than that of the English capital would the revenue of the people of England. France would, in this case, carry on a direct foreign trade of consumption with England; whereas England would carry on a round-about trade of the same kind with France. The different effects of a capital employed in the direct, and of one employed in the round-about foreign trade of consumption, have already been fully explained.

There is not, probably, between any two countries, a trade which consists altogether in the exchange, either of native commodities on both sides, or of native commodities on one side, and of foreign goods on the other. Almost all countries exchange with one another, partly native and partly foreign goods. That country, however, in whose cargoes there is the greatest proportion of native, and the least of foreign goods, will always be the principal gainer.

If it was not with tobacco and East India goods, but with gold and silver, that England paid for the commodities annually imported from France, the balance, in this case, would be supposed uneven, commodities not being paid for with commodities, but with gold and silver. The trade, however, would in this case, as in the foregoing, give some revenue to the inhabitants of both countries, but more to those of France than to those of England. It would give some revenue to those of England. The capital which had been employed in producing the English goods that purchased this gold and silver, the capital which had been distributed among, and given revenue to, certain inhabitants of England, would thereby be replaced, and enabled to continue that employment. The whole capital of England would no more be diminished by this exportation of gold and silver, than by the exportation of an equal value of any other goods. On the contrary, it would, in most cases, be augmented. No goods are sent abroad but those for which the demand is supposed to be greater abroad than at home, and of which the returns,

consequently, it is expected, will be of more value at home than the commodities exported. If the tobacco which in England is worth only £100,000, when sent to France, will purchase wine which in England is worth £110,000, the exchange will augment the capital of England by £10,000. If £100,000 of English gold, in the same manner, purchase French wine, which in England is worth £110,000, this exchange will equally augment the capital of England by £10,000. As a merchant, who has £110,000 worth of wine in his cellar, is a richer man than he who has only £100,000 worth of tobacco in his warehouse, so is he likewise a richer man than he who has only £100,000 worth of gold in his coffers. He can put into motion a greater quantity of industry, and give revenue, maintenance, and employment, to a greater number of people, than either of the other two. But the capital of the country is equal to the capital of all its different inhabitants; and the quantity of industry which can be annually maintained in it is equal to what all those different capitals can maintain. Both the capital of the country, therefore, and the quantity of industry which can be annually maintained in it, must generally be augmented by this exchange. It would, indeed, be more advantageous for England that it could purchase the wines of France with its own hardware and broad cloth, than with either the tobacco of Virginia, or the gold and silver of Brazil and Peru. A direct foreign trade of consumption is always more advantageous than a round-about one. But a round-about foreign trade of consumption, which is carried on with gold and silver, does not seem to be less advantageous than any other equally round-about one. Neither is a country which has no mines, more likely to be exhausted of gold and silver by this annual exportation of those metals, than one which does not grow tobacco by the like annual exportation of that plant. As a country which has wherewithal to buy tobacco will never be long in want of it, so neither will one be long in want of gold and silver which has wherewithal to purchase those metals.

It is a losing trade, it is said, which a workman carries on with the alehouse; and the trade which a manufacturing nation would naturally carry on with a wine country, may be considered as a trade of the same nature. I answer, that the trade with the alehouse is not necessarily a losing trade. In its own nature it is just as advantageous as any other, though, perhaps, somewhat more liable to be abused. The employment of a brewer, and even that of a retailer of fermented liquors, are as necessary divisions of labour as any other. It will generally be more advantageous for a workman to buy

of the brewer the quantity he has occasion for, than to brew it himself; and if he is a poor workman, it will generally be more advantageous for him to buy it by little and little of the retailer, than a large quantity of the brewer. He may no doubt buy too much of either, as he may of any other dealers in his neighbourhood; of the butcher, if he is a glutton; or of the draper, if he affects to be a beau among his companions. It is advantageous to the great body of workmen, notwithstanding, that all these trades should be free, though this freedom may be abused in all of them, and is more likely to be so, perhaps, in some than in others. Though individuals, besides, may sometimes ruin their fortunes by an excessive consumption of fermented liquors, there seems to be no risk that a nation should do so. Though in every country there are many people who spend upon such liquors more than they can afford, there are always many more who spend less. It deserves to be remarked, too, that if we consult experience, the cheapness of wine seems to be a cause, not of drunkenness, but of sobriety. The inhabitants of the wine countries are in general the soberest people of Europe; witness the Spaniards, the Italians, and the inhabitants of the southern provinces of France. People are seldom guilty of excess in what is their daily fare. Nobody affects the character of liberality and good fellowship, by being profuse of a liquor which is as cheap as small beer. On the contrary, in the countries which, either from excessive heat or cold, produce no grapes, and where wine consequently is dear and a rarity, drunkenness is a common vice, as among the northern nations, and all those who live between the tropics, the negroes, for example on the coast of Guinea. When a French regiment comes from some of the northern provinces of France, where wine is somewhat dear, to be quartered in the southern, where it is very cheap, the soldiers, I have frequently heard it observed, are at first debauched by the cheapness and novelty of good wine; but after a few months residence, the greater part of them become as sober as the rest of the inhabitants. Were the duties upon foreign wines, and the excises upon malt, beer, and ale, to be taken away all at once, it might, in the same manner, occasion in Great Britain a pretty general and temporary drunkenness among the middling and inferior ranks of people, which would probably be soon followed by a permanent and almost universal sobriety. At present, drunkenness is by no means the vice of people of fashion, or of those who can easily afford the most expensive liquors. A gentleman drunk with ale has scarce ever been seen among us. The restraints upon the wine

trade in Great Britain, besides, do not so much seem calculated to hinder the people from going, if I may say so, to the alehouse, as from going where they can buy the best and cheapest liquor. They favour the wine trade of Portugal, and discourage that of France. The Portuguese, it is said, indeed, are better customers for our manufactures than the French, and should therefore be encouraged in preference to them. As they give us their custom, it is pretended we should give them ours. The sneaking arts of underling tradesmen are thus erected into political maxims for the conduct of a great empire; for it is the most underling tradesmen only who make it a rule to employ chiefly their own customers. A great trader purchases his goods always where they are cheapest and best, without regard to any little interest of this kind.

By such maxims as these, however, nations have been taught that their interest consisted in beggaring all their neighbours. Each nation has been made to look with an invidious eye upon the prosperity of all the nations with which it trades, and to consider their gain as its own loss. Commerce, which ought naturally to be, among nations as among individuals, a bond of union and friendship, has become the most fertile source of discord and animosity. The capricious ambition of kings and ministers has not, during the present and the preceding century, been more fatal to the repose of Europe, than the impertinent jealousy of merchants and manufacturers. The violence and injustice of the rulers of mankind is an ancient evil, for which, I am afraid, the nature of human affairs can scarce admit of a remedy: but the mean rapacity, the monopolizing spirit, of merchants and manufacturers, who neither are, nor ought to be, the rulers of mankind, though it cannot, perhaps, be corrected, may very easily be prevented from disturbing the tranquillity of anybody but themselves.

That it was the spirit of monopoly which originally both invented and propagated this doctrine, cannot be doubted and they who first taught it, were by no means such fools as they who believed it. In every country it always is, and must be, the interest of the great body of the people, to buy whatever they want of those who sell it cheapest. The proposition is so very manifest, that it seems ridiculous to take any pains to prove it; nor could it ever have been called in question, had not the interested sophistry of merchants and manufacturers confounded the common sense of mankind. Their interest is, in this respect, directly opposite to that of the great body of the people. As it is the interest of the freemen of a corporation to hinder the

rest of the inhabitants from employing any workmen but themselves; so it is the interest of the merchants and manufacturers of every country to secure to themselves the monopoly of the home market. Hence, in Great Britain, and in most other European countries, the extraordinary duties upon almost all goods imported by alien merchants. Hence the high duties and prohibitions upon all those foreign manufactures which can come into competition with our own. Hence, too, the extraordinary restraints upon the importation of almost all sorts of goods from those countries with which the balance of trade is supposed to be disadvantageous; that is, from those against whom national animosity happens to be most violently inflamed.

The wealth of neighbouring nations, however, though dangerous in war and politics, is certainly advantageous in trade. In a state of hostility, it may enable our enemies to maintain fleets and armies superior to our own; but in a state of peace and commerce it must likewise enable them to exchange with us to a greater value, and to afford a better market, either for the immediate produce of our own industry, or for whatever is purchased with that produce. As a rich man is likely to be a better customer to the industrious people in his neighbourhood, than a poor, so is likewise a rich nation. A rich man, indeed, who is himself a manufacturer, is a very dangerous neighbour to all those who deal in the same way. All the rest of the neighbourhood, however, by far the greatest number, profit by the good market which his expense affords them. They even profit by his underselling the poorer workmen who deal in the same way with him. The manufacturers of a rich nation, in the same manner, may no doubt be very dangerous rivals to those of their neighbours. This very competition, however, is advantageous to the great body of the people, who profit greatly, besides, by the good market which the great expense of such a nation affords them in every other way. Private people, who want to make a fortune, never think of retiring to the remote and poor provinces of the country, but resort either to the capital, or to some of the great commercial towns. They know, that where little wealth circulates, there is little to be got; but that where a great deal is in motion, some share of it may fall to them. The same maxim which would in this manner direct the common sense of one, or ten, or twenty individuals, should regulate the judgment of one, or ten, or twenty millions, and should make a whole nation regard the riches of its neighbours, as a probable cause and occasion for itself to acquire riches. A nation that would enrich itself by foreign trade, is

certainly most likely to do so, when its neighbours are all rich, industrious and commercial nations. A great nation, surrounded on all sides by wandering savages and poor barbarians, might, no doubt, acquire riches by the cultivation of its own lands, and by its own interior commerce, but not by foreign trade. It seems to have been in this manner that the ancient Egyptians and the modern Chinese acquired their great wealth. The ancient Egyptians, it is said, neglected foreign commerce, and the modern Chinese, it is known, hold it in the utmost contempt, and scarce deign to afford it the decent protection of the laws. The modern maxims of foreign commerce, by aiming at the impoverishment of all our neighbours, so far as they are capable of producing their intended effect, tend to render that very commerce insignificant and contemptible.

It is in consequence of these maxims, that the commerce between France and England has, in both countries, been subjected to so many discouragements and restraints. If those two countries, however, were to consider their real interest, without either mercantile jealousy or national animosity, the commerce of France might be more advantageous to Great Britain than that of any other country, and, for the same reason, that of Great Britain to France. France is the nearest neighbour to Great Britain. In the trade between the southern coast of England and the northern and north-western coast of France, the returns might be expected, in the same manner as in the inland trade, four, five, or six times in the year. The capital, therefore, employed in this trade could, in each of the two countries, keep in motion four, five, or six times the quantity of industry, and afford employment and subsistence to four, five, or six times the number of people, which all equal capital could do in the greater part of the other branches of foreign trade. Between the parts of France and Great Britain most remote from one another, the returns might be expected, at least, once in the year; and even this trade would so far be at least equally advantageous, as the greater part of the other branches of our foreign European trade. It would be, at least, three times more advantageous than the boasted trade with our North American colonies, in which the returns were seldom made in less than three years, frequently not in less than four or five years. France, besides, is supposed to contain 24,000,000 of inhabitants. Our North American colonies were never supposed to contain more than 3,000,000; and France is a much richer country than North America; though, on account of the more unequal distribution of riches,

there is much more poverty and beggary in the one country than in the other. France, therefore, could afford a market at least eight times more extensive, and, on account of the superior frequency of the returns, four-and-twenty times more advantageous than that which our North American colonies ever afforded. The trade of Great Britain would be just as advantageous to France, and, in proportion to the wealth, population, and proximity of the respective countries, would have the same superiority over that which France carries on with her own colonies. Such is the very great difference between that trade which the wisdom of both nations has thought proper to discourage, and that which it has favoured the most.

But the very same circumstances which would have rendered an open and free commerce between the two countries so advantageous to both, have occasioned the principal obstructions to that commerce. Being neighbours, they are necessarily enemies, and the wealth and power of each becomes, upon that account, more formidable to the other; and what would increase the advantage of national friendship, serves only to inflame the violence of national animosity. They are both rich and industrious nations; and the merchants and manufacturers of each dread the competition of the skill and activity of those of the other. Mercantile jealousy is excited, and both inflames, and is itself inflamed, by the violence of national animosity, and the traders of both countries have announced, with all the passionate confidence of interested falsehood, the certain ruin of each, in consequence of that unfavourable balance of trade, which, they pretend, would be the infallible effect of an unrestrained commerce with the other.

There is no commercial country in Europe, of which the approaching ruin has not frequently been foretold by the pretended doctors of this system, from all unfavourably balance of trade. After all the anxiety, however, which they have excited about this, after all the vain attempts of almost all trading nations to turn that balance in their own favour, and against their neighbours, it does not appear that any one nation in Europe has been, in any respect, impoverished by this cause. Every town and country, on the contrary, in proportion as they have opened their ports to all nations, instead of being ruined by this free trade, as the principles of the commercial system would lead us to expect, have been enriched by it. Though there are in Europe indeed, a few towns which, in some respects, deserve the name of free ports, there is no country which does so. Holland, perhaps, approaches the nearest to this character of any, though still very remote from it; and

Holland, it is acknowledged, not only derives its whole wealth, but a great part of its necessary subsistence, from foreign trade.

There is another balance, indeed, which has already been explained, very different from the balance of trade, and which, according as it happens to be either favourable or unfavourable, necessarily occasions the prosperity or decay of every nation. This is the balance of the annual produce and consumption. If the exchangeable value of the annual produce, it has already been observed, exceeds that of the annual consumption, the capital of the society must annually increase in proportion to this excess. The society in this case lives within its revenue; and what is annually saved out of its revenue, is naturally added to its capital, and employed so as to increase still further the annual produce. If the exchangeable value of the annual produce, on the contrary, fall short of the annual consumption, the capital of the society must annually decay in proportion to this deficiency. The expense of the society, in this case, exceeds its revenue, and necessarily encroaches upon its capital. Its capital, therefore, must necessarily decay, and, together with it, the exchangeable value of the annual produce of its industry.

This balance of produce and consumption is entirely different from what is called the balance of trade. It might take place in a nation which had no foreign trade, but which was entirely separated from all the world. It may take place in the whole globe of the earth, of which the wealth, population, and improvement, may be either gradually increasing or gradually decaying.

The balance of produce and consumption may be constantly in favour of a nation, though what is called the balance of trade be generally against it. A nation may import to a greater value than it exports for half a century, perhaps, together; the gold and silver which comes into it during all this time, may be all immediately sent out of it; its circulating coin may gradually decay, different sorts of paper money being substituted in its place, and even the debts, too, which it contracts in the principal nations with whom it deals, may be gradually increasing; and yet its real wealth, the exchangeable value of the annual produce of its lands and labour, may, during the same period, have been increasing in a much greater proportion. The state of our North American colonies, and of the trade which they carried on with Great Britain, before the commencement of the present

disturbances, {This paragraph was written in the year 1775.} may serve as a proof that this is by no means an impossible supposition.

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CHAPTER IV.

OF DRAWBACKS.

Merchants and manufacturers are not contented with the monopoly of the home market, but desire likewise the most extensive foreign sale for their goods. Their country has no jurisdiction in foreign nations, and therefore can seldom procure them any monopoly there. They are generally obliged, therefore, to content themselves with petitioning for certain encouragements to exportation.

Of these encouragements, what are called drawbacks seem to be the most reasonable. To allow the merchant to draw back upon exportation, either the whole, or a part of whatever excise or inland duty is imposed upon domestic industry, can never occasion the exportation of a greater quantity of goods than what would have been exported had no duty been imposed. Such encouragements do not tend to turn towards any particular employment a greater share of the capital of the country, than what would go to that employment of its own accord, but only to hinder the duty from driving away any part of that share to other employments. They tend not to overturn that balance which naturally establishes itself among all the various employments of the society, but to hinder it from being overturned by the duty. They tend not to destroy, but to preserve, what it is in most cases advantageous to preserve, the natural division and distribution of labour in the society.

The same thing may be said of the drawbacks upon the re-exportation of foreign goods imported, which, in Great Britain, generally amount to by much the largest part of the duty upon importation. By the second of the rules, annexed to the act of parliament, which imposed what is now called the old subsidy, every merchant, whether English or alien. was allowed to draw back half that duty upon exportation; the English merchant, provided the exportation took place within twelve months; the alien, provided it took place within nine months. Wines, currants, and wrought silks, were the only goods which did not fall within this rule, having other and more advantageous allowances. The duties imposed by this act of parliament were, at that time, the only duties upon the importation of foreign goods.

The term within which this, and all other drawbacks could be claimed, was afterwards (by 7 Geo. I. chap. 21. sect. 10.) extended to three years.

The duties which have been imposed since the old subsidy, are, the greater part of them, wholly drawn back upon exportation. This general rule, however, is liable to a great number of exceptions; and the doctrine of drawbacks has become a much less simple matter than it was at their first institution.

Upon the exportation of some foreign goods, of which it was expected that the importation would greatly exceed what was necessary for the home consumption, the whole duties are drawn back, without retaining even half the old subsidy. Before the revolt of our North American colonies, we had the monopoly of the tobacco of Maryland and Virginia. We imported about ninety-six thousand hogsheads, and the home consumption was not supposed to exceed fourteen thousand. To facilitate the great exportation which was necessary, in order to rid us of the rest, the whole duties were drawn back, provided the exportation took place within three years.

We still have, though not altogether, yet very nearly, the monopoly of the sugars of our West Indian islands. If sugars are exported within a year, therefore, all the duties upon importation are drawn back; and if exported within three years, all the duties, except half the old subsidy, which still continues to be retained upon the exportation of the greater part of goods. Though the importation of sugar exceeds a good deal what is necessary for the home consumption, the excess is inconsiderable, in comparison of what it used to be in tobacco.

Some goods, the particular objects of the jealousy of our own manufacturers, are prohibited to be imported for home consumption. They may, however, upon paying certain duties, be imported and warehoused for exportation. But upon such exportation no part of these duties is drawn back. Our manufacturers are unwilling, it seems, that even this restricted importation should be encouraged, and are afraid lest some part of these goods should be stolen out of the warehouse, and thus come into competition with their own. It is under these regulations only that we can import wrought silks, French cambrics and lawns, calicoes, painted, printed, stained, or dyed, etc.

We are unwilling even to be the carriers of French goods, and choose rather to forego a profit to ourselves than to suffer those whom we consider

as our enemies to make any profit by our means. Not only half the old subsidy, but the second twenty-five per cent. is retained upon the exportation of all French goods.

By the fourth of the rules annexed to the old subsidy, the drawback allowed upon the exportation of all wines amounted to a great deal more than half the duties which were at that time paid upon their importation; and it seems at that time to have been the object of the legislature to give somewhat more than ordinary encouragement to the carrying trade in wine. Several of the other duties, too which were imposed either at the same time or subsequent to the old subsidy, what is called the additional duty, the new subsidy, the one-third and two-thirds subsidies, the impost 1692, the tonnage on wine, were allowed to be wholly drawn back upon exportation. All those duties, however, except the additional duty and impost 1692, being paid down in ready money upon importation, the interest of so large a sum occasioned an expense, which made it unreasonable to expect any profitable carrying trade in this article. Only a part, therefore of the duty called the impost on wine, and no part of the twenty-five pounds the ton upon French wines, or of the duties imposed in 1745, in 1763, and in 1778, were allowed to be drawn back upon exportation. The two imposts of five per cent. imposed in 1779 and 1781, upon all the former duties of customs, being allowed to be wholly drawn back upon the exportation of all other goods, were likewise allowed to be drawn back upon that of wine. The last duty that has been particularly imposed upon wine, that of 1780, is allowed to be wholly drawn back; an indulgence which, when so many heavy duties are retained, most probably could never occasion the exportation of a single ton of wine. These rules took place with regard to all places of lawful exportation, except the British colonies in America.

The 15th Charles II, chap. 7, called an act for the encouragement of trade, had given Great Britain the monopoly of supplying the colonies with all the commodities of the growth or manufacture of Europe, and consequently with wines. In a country of so extensive a coast as our North American and West Indian colonies, where our authority was always so very slender, and where the inhabitants were allowed to carry out in their own ships their non-enumerated commodities, at first to all parts of Europe, and afterwards to all parts of Europe south of Cape Finisterre, it is not very probable that this monopoly could ever be much respected; and they probably at all times found means of bringing back some cargo from the countries to which they

were allowed to carry out one. They seem, however, to have found some difficulty in importing European wines from the places of their growth; and they could not well import them from Great Britain, where they were loaded with many heavy duties, of which a considerable part was not drawn back upon exportation. Madeira wine, not being an European commodity, could be imported directly into America and the West Indies, countries which, in all their non-enumerated commodities, enjoyed a free trade to the island of Madeira. These circumstances had probably introduced that general taste for Madeira wine, which our officers found established in all our colonies at the commencement of the war which began in 1755, and which they brought back with them to the mother country, where that wine had not been much in fashion before. Upon the conclusion of that war, in 1763 (by the 4th Geo. III, chap. 15, sect. 12), all the duties except £3, 10s. were allowed to be drawn back upon the exportation to the colonies of all wines, except French wines, to the commerce and consumption of which national prejudice would allow no sort of encouragement. The period between the granting of this indulgence and the revolt of our North American colonies, was probably too short to admit of any considerable change in the customs of those countries.

The same act which, in the drawbacks upon all wines, except French wines, thus favoured the colonies so much more than other countries, in those upon the greater part of other commodities, favoured them much less. Upon the exportation of the greater part of commodities to other countries, half the old subsidy was drawn back. But this law enacted, that no part of that duty should be drawn back upon the exportation to the colonies of any commodities of the growth or manufacture either of Europe or the East Indies, except wines, white calicoes, and muslins.

Drawbacks were, perhaps, originally granted for the encouragement of the carrying trade, which, as the freight of the ship is frequently paid by foreigners in money, was supposed to be peculiarly fitted for bringing gold and silver into the country. But though the carrying trade certainly deserves no peculiar encouragement, though the motive of the institution was, perhaps, abundantly foolish, the institution itself seems reasonable enough. Such drawbacks cannot force into this trade a greater share of the capital of the country than what would have gone to it of its own accord, had there been no duties upon importation; they only prevent its being excluded altogether by those duties. The carrying trade, though it deserves no

preference, ought not to be precluded, but to be left free, like all other trades. It is a necessary resource to those capitals which cannot find employment, either in the agriculture or in the manufactures of the country, either in its home trade, or in its foreign trade of consumption.

The revenue of the customs, instead of suffering, profits from such drawbacks, by that part of the duty which is retained. If the whole duties had been retained, the foreign goods upon which they are paid could seldom have been exported, nor consequently imported, for want of a market. The duties, therefore, of which a part is retained, would never have been paid.

These reasons seem sufficiently to justify drawbacks, and would justify them, though the whole duties, whether upon the produce of domestic industry or upon foreign goods, were always drawn back upon exportation. The revenue of excise would, in this case indeed, suffer a little, and that of the customs a good deal more; but the natural balance of industry, the natural division and distribution of labour, which is always more or less disturbed by such duties, would be more nearly re-established by such a regulation.

These reasons, however, will justify drawbacks only upon exporting goods to those countries which are altogether foreign and independent, not to those in which our merchants and manufacturers enjoy a monopoly. A drawback, for example, upon the exportation of European goods to our American colonies, will not always occasion a greater exportation than what would have taken place without it. By means of the monopoly which our merchants and manufacturers enjoy there, the same quantity might frequently, perhaps, be sent thither, though the whole duties were retained. The drawback, therefore, may frequently be pure loss to the revenue of excise and customs, without altering the state of the trade, or rendering it in any respect more extensive. How far such drawbacks can be justified as a proper encouragement to the industry of our colonies, or how far it is advantageous to the mother country that they should be exempted from taxes which are paid by all the rest of their fellow-subjects, will appear hereafter, when I come to treat of colonies.

Drawbacks, however, it must always be understood, are useful only in those cases in which the goods, for the exportation of which they are given, are really exported to some foreign country, and not clandestinely re-imported into our own. That some drawbacks, particularly those upon tobacco, have frequently been abused in this manner, and have given

occasion to many frauds, equally hurtful both to the revenue and to the fair trader, is well known.

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CHAPTER V.

OF BOUNTIES.

Bounties upon exportation are, in Great Britain, frequently petitioned for, and sometimes granted, to the produce of particular branches of domestic industry. By means of them, our merchants and manufacturers, it is pretended, will be enabled to sell their goods as cheap or cheaper than their rivals in the foreign market. A greater quantity, it is said, will thus be exported, and the balance of trade consequently turned more in favour of our own country. We cannot give our workmen a monopoly in the foreign, as we have done in the home market. We cannot force foreigners to buy their goods, as we have done our own countrymen. The next best expedient, it has been thought, therefore, is to pay them for buying. It is in this manner that the mercantile system proposes to enrich the whole country, and to put money into all our pockets, by means of the balance of trade.

Bounties, it is allowed, ought to be given to those branches of trade only which cannot be carried on without them. But every branch of trade in which the merchant can sell his goods for a price which replaces to him, with the ordinary profits of stock, the whole capital employed in preparing and sending them to market, can be carried on without a bounty. Every such branch is evidently upon a level with all the other branches of trade which are carried on without bounties, and cannot, therefore, require one more than they. Those trades only require bounties, in which the merchant is obliged to sell his goods for a price which does not replace to him his capital, together with the ordinary profit, or in which he is obliged to sell them for less than it really cost him to send them to market. The bounty is given in order to make up this loss, and to encourage him to continue, or, perhaps, to begin a trade, of which the expense is supposed to be greater than the returns, of which every operation eats up a part of the capital employed in it, and which is of such a nature, that if all other trades resembled it, there would soon be no capital left in the country.

The trades, it is to be observed, which are carried on by means of bounties, are the only ones which can be carried on between two nations for any considerable time together, in such a manner as that one of them shall always and regularly lose, or sell its goods for less than it really cost to send

them to market. But if the bounty did not repay to the merchant what he would otherwise lose upon the price of his goods, his own interest would soon oblige him to employ his stock in another way, or to find out a trade in which the price of the goods would replace to him, with the ordinary profit, the capital employed in sending them to market. The effect of bounties, like that of all the other expedients of the mercantile system, can only be to force the trade of a country into a channel much less advantageous than that in which it would naturally run of its own accord.

The ingenious and well-informed author of the Tracts upon the Corn Trade has shown very clearly, that since the bounty upon the exportation of corn was first established, the price of the corn exported, valued moderately enough, has exceeded that of the corn imported, valued very high, by a much greater sum than the amount of the whole bounties which have been paid during that period. This, he imagines, upon the true principles of the mercantile system, is a clear proof that this forced corn trade is beneficial to the nation, the value of the exportation exceeding that of the importation by a much greater sum than the whole extraordinary expense which the public has been at in order to get it exported. He does not consider that this extraordinary expense, or the bounty, is the smallest part of the expense which the exportation of corn really costs the society. The capital which the farmer employed in raising it must likewise be taken into the account. Unless the price of the corn, when sold in the foreign markets, replaces not only the bounty, but this capital, together with the ordinary profits of stock, the society is a loser by the difference, or the national stock is so much diminished. But the very reason for which it has been thought necessary to grant a bounty, is the supposed insufficiency of the price to do this.

The average price of corn, it has been said, has fallen considerably since the establishment of the bounty. That the average price of corn began to fall somewhat towards the end of the last century, and has continued to do so during the course of the sixty-four first years of the present, I have already endeavoured to show. But this event, supposing it to be real, as I believe it to be, must have happened in spite of the bounty, and cannot possibly have happened in consequence of it. It has happened in France, as well as in England, though in France there was not only no bounty, but, till 1764, the exportation of corn was subjected to a general prohibition. This gradual fall in the average price of grain, it is probable, therefore, is ultimately owing neither to the one regulation nor to the other, but to that gradual and

insensible rise in the real value of silver, which, in the first book of this discourse, I have endeavoured to show, has taken place in the general market of Europe during the course of the present century. It seems to be altogether impossible that the bounty could ever contribute to lower the price of grain.

In years of plenty, it has already been observed, the bounty, by occasioning an extraordinary exportation, necessarily keeps up the price of corn in the home market above what it would naturally fall to. To do so was the avowed purpose of the institution. In years of scarcity, though the bounty is frequently suspended, yet the great exportation which it occasions in years of plenty, must frequently hinder, more or less, the plenty of one year from relieving the scarcity of another. Both in years of plenty and in years of scarcity, therefore, the bounty necessarily tends to raise the money price of corn somewhat higher than it otherwise would be in the home market.

That in the actual state of tillage the bounty must necessarily have this tendency, will not, I apprehend, be disputed by any reasonable person. But it has been thought by many people, that it tends to encourage tillage, and that in two different ways; first, by opening a more extensive foreign market to the corn of the farmer, it tends, they imagine, to increase the demand for, and consequently the production of, that commodity; and, secondly by securing to him a better price than he could otherwise expect in the actual state of tillage, it tends, they suppose, to encourage tillage. This double encouragement must they imagine, in a long period of years, occasion such an increase in the production of corn, as may lower its price in the home market, much more than the bounty can raise it in the actual state which tillage may, at the end of that period, happen to be in.

I answer, that whatever extension of the foreign market can be occasioned by the bounty must, in every particular year, be altogether at the expense of the home market; as every bushel of corn, which is exported by means of the bounty, and which would not have been exported without the bounty, would have remained in the home market to increase the consumption, and to lower the price of that commodity. The corn bounty, it is to be observed, as well as every other bounty upon exportation, imposes two different taxes upon the people; first, the tax which they are obliged to contribute, in order to pay the bounty; and, secondly, the tax which arises from the advanced price of the commodity in the home market, and which,

as the whole body of the people are purchasers of corn, must, in this particular commodity, be paid by the whole body of the people. In this particular commodity, therefore, this second tax is by much the heaviest of the two. Let us suppose that, taking one year with another, the bounty of 5s. upon the exportation of the quarter of wheat raises the price of that commodity in the home market only 6d. the bushel, or 4s. the quarter higher than it otherwise would have been in the actual state of the crop. Even upon this very moderate supposition, the great body of the people, over and above contributing the tax which pays the bounty of 5s. upon every quarter of wheat exported, must pay another of 4s. upon every quarter which they themselves consume. But according to the very well informed author of the Tracts upon the Corn Trade, the average proportion of the corn exported to that consumed at home, is not more than that of one to thirty-one. For every 5s. therefore, which they contribute to the payment of the first tax, they must contribute £6:4s. to the payment of the second. So very heavy a tax upon the first necessary of life-must either reduce the subsistence of the labouring poor, or it must occasion some augmentation in their pecuniary wages, proportionable to that in the pecuniary price of their subsistence. So far as it operates in the one way, it must reduce the ability of the labouring poor to educate and bring up their children, and must, so far, tend to restrain the population of the country. So far as it operates in the other, it must reduce the ability of the employers of the poor, to employ so great a number as they otherwise might do, and must so far tend to restrain the industry of the country. The extraordinary exportation of corn, therefore occasioned by the bounty, not only in every particular year diminishes the home, just as much as it extends the foreign market and consumption, but, by restraining the population and industry of the country, its final tendency is to stint and restrain the gradual extension of the home market; and thereby, in the long-run, rather to diminish than to augment the whole market and consumption of corn.

This enhancement of the money price of corn, however, it has been thought, by rendering that commodity more profitable to the farmer, must necessarily encourage its production.

I answer, that this might be the case, if the effect of the bounty was to raise the real price of corn, or to enable the farmer, with an equal quantity of it, to maintain a greater number of labourers in the same manner, whether liberal, moderate, or scanty, than other labourers are commonly maintained

in his neighbourhood. But neither the bounty, it is evident, nor any other human institution, can have any such effect. It is not the real, but the nominal price of corn, which can in any considerable degree be affected by the bounty. And though the tax, which that institution imposes upon the whole body of the people, may be very burdensome to those who pay it, it is of very little advantage to those who receive it.

The real effect of the bounty is not so much to raise the real value of corn, as to degrade the real value of silver; or to make an equal quantity of it exchange for a smaller quantity, not only of corn, but of all other home made commodities; for the money price of corn regulates that of all other home made commodities.

It regulates the money price of labour, which must always be such as to enable the labourer to purchase a quantity of corn sufficient to maintain him and his family, either in the liberal, moderate, or scanty manner, in which the advancing, stationary, or declining, circumstances of the society, oblige his employers to maintain him.

It regulates the money price of all the other parts of the rude produce of land, which, in every period of improvement, must bear a certain proportion to that of corn, though this proportion is different in different periods. It regulates, for example, the money price of grass and hay, of butcher's meat, of horses, and the maintenance of horses, of land carriage consequently, or of the greater part of the inland commerce of the country.

By regulating the money price of all the other parts of the rude produce of land, it regulates that of the materials of almost all manufactures; by regulating the money price of labour, it regulates that of manufacturing art and industry; and by regulating both, it regulates that of the complete manufacture. The money price of labour, and of every thing that is the produce, either of land or labour, must necessarily either rise or fall in proportion to the money price of corn.

Though in consequence of the bounty, therefore, the farmer should be enabled to sell his corn for 4s. the bushel, instead of 3s:6d. and to pay his landlord a money rent proportionable to this rise in the money price of his produce; yet if, in consequence of this rise in the price of corn, 4s. will purchase no more home made goods of any other kind than 3s. 6d. would have done before, neither the circumstances of the farmer, nor those of the landlord, will be much mended by this change. The farmer will not be able

to cultivate much better; the landlord will not be able to live much better. In the purchase of foreign commodities, this enhancement in the price of corn may give them some little advantage. In that of home made commodities, it can give them none at all. And almost the whole expense of the farmer, and the far greater part even of that of the landlord, is in home made commodities.

That degradation in the value of silver, which is the effect of the fertility of the mines, and which operates equally, or very nearly equally, through the greater part of the commercial world, is a matter of very little consequence to any particular country. The consequent rise of all money prices, though it does not make those who receive them really richer, does not make them really poorer. A service of plate becomes really cheaper, and every thing else remains precisely of the same real value as before.

But that degradation in the value of silver, which, being the effect either of the peculiar situation or of the political institutions of a particular country, takes place only in that country, is a matter of very great consequence, which, far from tending to make anybody really richer, tends to make every body really poorer. The rise in the money price of all commodities, which is in this case peculiar to that country, tends to discourage more or less every sort of industry which is carried on within it, and to enable foreign nations, by furnishing almost all sorts of goods for a smaller quantity of silver than its own workmen can afford to do, to undersell them, not only in the foreign, but even in the home market.

It is the peculiar situation of Spain and Portugal, as proprietors of the mines, to be the distributors of gold and silver to all the other countries of Europe. Those metals ought naturally, therefore, to be somewhat cheaper in Spain and Portugal than in any other part of Europe. The difference, however, should be no more than the amount of the freight and insurance; and, on account of the great value and small bulk of those metals, their freight is no great matter, and their insurance is the same as that of any other goods of equal value. Spain and Portugal, therefore, could suffer very little from their peculiar situation, if they did not aggravate its disadvantages by their political institutions.

Spain by taxing, and Portugal by prohibiting, the exportation of gold and silver, load that exportation with the expense of smuggling, and raise the value of those metals in other countries so much more above what it is in their own, by the whole amount of this expense. When you dam up a stream

of water, as soon as the dam is full, as much water must run over the dam-head as if there was no dam at all. The prohibition of exportation cannot detain a greater quantity of gold and silver in Spain and Portugal, than what they can afford to employ, than what the annual produce of their land and labour will allow them to employ, in coin, plate, gilding, and other ornaments of gold and silver. When they have got this quantity, the dam is full, and the whole stream which flows in afterwards must run over. The annual exportation of gold and silver from Spain and Portugal, accordingly, is, by all accounts, notwithstanding these restraints, very near equal to the whole annual importation. As the water, however, must always be deeper behind the dam-head than before it, so the quantity of gold and silver which these restraints detain in Spain and Portugal, must, in proportion to the annual produce of their land and labour, be greater than what is to be found in other countries. The higher and stronger the dam-head, the greater must be the difference in the depth of water behind and before it. The higher the tax, the higher the penalties with which the prohibition is guarded, the more vigilant and severe the police which looks after the execution of the law, the greater must be the difference in the proportion of gold and silver to the annual produce of the land and labour of Spain and Portugal, and to that of other countries. It is said, accordingly, to be very considerable, and that you frequently find there a profusion of plate in houses, where there is nothing else which would in other countries be thought suitable or correspondent to this sort of magnificence. The cheapness of gold and silver, or, what is the same thing, the dearness of all commodities, which is the necessary effect of this redundancy of the precious metals, discourages both the agriculture and manufactures of Spain and Portugal, and enables foreign nations to supply them with many sorts of rude, and with almost all sorts of manufactured produce, for a smaller quantity of gold and silver than what they themselves can either raise or make them for at home. The tax and prohibition operate in two different ways. They not only lower very much the value of the precious metals in Spain and Portugal, but by detaining there a certain quantity of those metals which would otherwise flow over other countries, they keep up their value in those other countries somewhat above what it otherwise would be, and thereby give those countries a double advantage in their commerce with Spain and Portugal. Open the flood-gates, and there will presently be less water above, and more below the dam-head, and it will soon come to a level in both places. Remove the

tax and the prohibition, and as the quantity of gold and silver will diminish considerably in Spain and Portugal, so it will increase somewhat in other countries; and the value of those metals, their proportion to the annual produce of land and labour, will soon come to a level, or very near to a level, in all. The loss which Spain and Portugal could sustain by this exportation of their gold and silver, would be altogether nominal and imaginary. The nominal value of their goods, and of the annual produce of their land and labour, would fall, and would be expressed or represented by a smaller quantity of silver than before; but their real value would be the same as before, and would be sufficient to maintain, command, and employ the same quantity of labour. As the nominal value of their goods would fall, the real value of what remained of their gold and silver would rise, and a smaller quantity of those metals would answer all the same purposes of commerce and circulation which had employed a greater quantity before. The gold and silver which would go abroad would not go abroad for nothing, but would bring back an equal value of goods of some kind or other. Those goods, too, would not be all matters of mere luxury and expense, to be consumed by idle people, who produce nothing in return for their consumption. As the real wealth and revenue of idle people would not be augmented by this extraordinary exportation of gold and silver, so neither would their consumption be much augmented by it. Those goods would probably, the greater part of them, and certainly some part of them, consist in materials, tools, and provisions, for the employment and maintenance of industrious people, who would reproduce, with a profit, the full value of their consumption. A part of the dead stock of the society would thus be turned into active stock, and would put into motion a greater quantity of industry than had been employed before. The annual produce of their land and labour would immediately be augmented a little, and in a few years would probably be augmented a great deal; their industry being thus relieved from one of the most oppressive burdens which it at present labours under.

The bounty upon the exportation of corn necessarily operates exactly in the same way as this absurd policy of Spain and Portugal. Whatever be the actual state of tillage, it renders our corn somewhat dearer in the home market than it otherwise would be in that state, and somewhat cheaper in the foreign; and as the average money price of corn regulates, more or less, that of all other commodities, it lowers the value of silver considerably in

the one, and tends to raise it a little in the other. It enables foreigners, the Dutch in particular, not only to eat our corn cheaper than they otherwise could do, but sometimes to eat it cheaper than even our own people can do upon the same occasions; as we are assured by an excellent authority, that of Sir Matthew Decker. It hinders our own workmen from furnishing their goods for so small a quantity of silver as they otherwise might do, and enables the Dutch to furnish theirs for a smaller. It tends to render our manufactures somewhat dearer in every market, and theirs somewhat cheaper, than they otherwise would be, and consequently to give their industry a double advantage over our own.

The bounty, as it raises in the home market, not so much the real, as the nominal price of our corn; as it augments, not the quantity of labour which a certain quantity of corn can maintain and employ, but only the quantity of silver which it will exchange for; it discourages our manufactures, without rendering any considerable service, either to our farmers or country gentlemen. It puts, indeed, a little more money into the pockets of both, and it will perhaps be somewhat difficult to persuade the greater part of them that this is not rendering them a very considerable service. But if this money sinks in its value, in the quantity of labour, provisions, and home-made commodities of all different kinds which it is capable of purchasing, as much as it rises in its quantity, the service will be little more than nominal and imaginary.

There is, perhaps, but one set of men in the whole commonwealth to whom the bounty either was or could be essentially serviceable. These were the corn merchants, the exporters and importers of corn. In years of plenty, the bounty necessarily occasioned a greater exportation than would otherwise have taken place; and by hindering the plenty of the one year from relieving the scarcity of another, it occasioned in years of scarcity a greater importation than would otherwise have been necessary. It increased the business of the corn merchant in both; and in the years of scarcity, it not only enabled him to import a greater quantity, but to sell it for a better price, and consequently with a greater profit, than he could otherwise have made, if the plenty of one year had not been more or less hindered from relieving the scarcity of another. It is in this set of men, accordingly, that I have observed the greatest zeal for the continuance or renewal of the bounty.

Our country gentlemen, when they imposed the high duties upon the exportation of foreign corn, which in times of moderate plenty amount to a

prohibition, and when they established the bounty, seem to have imitated the conduct of our manufacturers. By the one institution, they secured to themselves the monopoly of the home market, and by the other they endeavoured to prevent that market from ever being overstocked with their commodity. By both they endeavoured to raise its real value, in the same manner as our manufacturers had, by the like institutions, raised the real value of many different sorts of manufactured goods. They did not, perhaps, attend to the great and essential difference which nature has established between corn and almost every other sort of goods. When, either by the monopoly of the home market, or by a bounty upon exportation, you enable our woollen or linen manufacturers to sell their goods for somewhat a better price than they otherwise could get for them, you raise, not only the nominal, but the real price of those goods; you render them equivalent to a greater quantity of labour and subsistence; you increase not only the nominal, but the real profit, the real wealth and revenue of those manufacturers; and you enable them, either to live better themselves, or to employ a greater quantity of labour in those particular manufactures. You really encourage those manufactures, and direct towards them a greater quantity of the industry of the country than what would properly go to them of its own accord. But when, by the like institutions, you raise the nominal or money price of corn, you do not raise its real value; you do not increase the real wealth, the real revenue, either of our farmers or country gentlemen; you do not encourage the growth of corn, because you do not enable them to maintain and employ more labourers in raising it. The nature of things has stamped upon corn a real value, which cannot be altered by merely altering its money price. No bounty upon exportation, no monopoly of the home market, can raise that value. The freest competition cannot lower it, Through the world in general, that value is equal to the quantity of labour which it can maintain, and in every particular place it is equal to the quantity of labour which it can maintain in the way, whether liberal, moderate, or scanty, in which labour is commonly maintained in that place. Woollen or linen cloth are not the regulating commodities by which the real value of all other commodities must be finally measured and determined; corn is. The real value of every other commodity is finally measured and determined by the proportion which its average money price bears to the average money price of corn. The real value of corn does not vary with

those variations in its average money price, which sometimes occur from one century to another; it is the real value of silver which varies with them.

Bounties upon the exportation of any homemade commodity are liable, first, to that general objection which may be made to all the different expedients of the mercantile system; the objection of forcing some part of the industry of the country into a channel less advantageous than that in which it would run of its own accord; and, secondly, to the particular objection of forcing it not only into a channel that is less advantageous, but into one that is actually disadvantageous; the trade which cannot be carried on but by means of a bounty being necessarily a losing trade. The bounty upon the exportation of corn is liable to this further objection, that it can in no respect promote the raising of that particular commodity of which it was meant to encourage the production. When our country gentlemen, therefore, demanded the establishment of the bounty, though they acted in imitation of our merchants and manufacturers, they did not act with that complete comprehension of their own interest, which commonly directs the conduct of those two other orders of people. They loaded the public revenue with a very considerable expense: they imposed a very heavy tax upon the whole body of the people; but they did not, in any sensible degree, increase the real value of their own commodity; and by lowering somewhat the real value of silver, they discouraged, in some degree, the general industry of the country, and, instead of advancing, retarded more or less the improvement of their own lands, which necessarily depend upon the general industry of the country.

To encourage the production of any commodity, a bounty upon production, one should imagine, would have a more direct operation than one upon exportation. It would, besides, impose only one tax upon the people, that which they must contribute in order to pay the bounty. Instead of raising, it would tend to lower the price of the commodity in the home market; and thereby, instead of imposing a second tax upon the people, it might, at least in part, repay them for what they had contributed to the first. Bounties upon production, however, have been very rarely granted. The prejudices established by the commercial system have taught us to believe, that national wealth arises more immediately from exportation than from production. It has been more favoured, accordingly, as the more immediate means of bringing money into the country. Bounties upon production, it has been said too, have been found by experience more liable to frauds than

those upon exportation. How far this is true, I know not. That bounties upon exportation have been abused, to many fraudulent purposes, is very well known. But it is not the interest of merchants and manufacturers, the great inventors of all these expedients, that the home market should be overstocked with their goods; an event which a bounty upon production might sometimes occasion. A bounty upon exportation, by enabling them to send abroad their surplus part, and to keep up the price of what remains in the home market, effectually prevents this. Of all the expedients of the mercantile system, accordingly, it is the one of which they are the fondest. I have known the different undertakers of some particular works agree privately among themselves to give a bounty out of their own pockets upon the exportation of a certain proportion of the goods which they dealt in. This expedient succeeded so well, that it more than doubled the price of their goods in the home market, notwithstanding a very considerable increase in the produce. The operation of the bounty upon corn must have been wonderfully different, if it has lowered the money price of that commodity.

Something like a bounty upon production, however, has been granted upon some particular occasions. The tonnage bounties given to the white herring and whale fisheries may, perhaps, be considered as somewhat of this nature. They tend directly, it may be supposed, to render the goods cheaper in the home market than they otherwise would be. In other respects, their effects, it must be acknowledged, are the same as those of bounties upon exportation. By means of them, a part of the capital of the country is employed in bringing goods to market, of which the price does not repay the cost, together with the ordinary profits of stock.

But though the tonnage bounties to those fisheries do not contribute to the opulence of the nation, it may, perhaps, be thought that they contribute to its defence, by augmenting the number of its sailors and shipping. This, it may be alleged, may sometimes be done by means of such bounties, at a much smaller expense than by keeping up a great standing navy, if I may use such an expression, in the same way as a standing army.

Notwithstanding these favourable allegations, however, the following considerations dispose me to believe, that in granting at least one of these bounties, the legislature has been very grossly imposed upon:

First, The herring-buss bounty seems too large.

From the commencement of the winter fishing 1771, to the end of the winter fishing 1781, the tonnage bounty upon the herring-buss fishery has been at thirty shillings the ton. During these eleven years, the whole number of barrels caught by the herring-buss fishery of Scotland amounted to 378,347. The herrings caught and cured at sea are called sea-sticks. In order to render them what are called merchantable herrings, it is necessary to repack them with an additional quantity of salt; and in this case, it is reckoned, that three barrels of sea-sticks are usually repacked into two barrels of merchantable herrings. The number of barrels of merchantable herrings, therefore, caught during these eleven years, will amount only, according to this account, to 252,231¼. During these eleven years, the tonnage bounties paid amounted to £155,463:11s. or 8s:2¼d. upon every barrel of sea-sticks, and to 12s:3¾d. upon every barrel of merchantable herrings.

The salt with which these herrings are cured is sometimes Scotch, and sometimes foreign salt; both which are delivered, free of all excise duty, to the fish-curers. The excise duty upon Scotch salt is at present 1s:6d., that upon foreign salt 10s. the bushel. A barrel of herrings is supposed to require about one bushel and one-fourth of a bushel foreign salt. Two bushels are the supposed average of Scotch salt. If the herrings are entered for exportation, no part of this duty is paid up; if entered for home consumption, whether the herrings were cured with foreign or with Scotch salt, only one shilling the barrel is paid up. It was the old Scotch duty upon a bushel of salt, the quantity which, at a low estimation, had been supposed necessary for curing a barrel of herrings. In Scotland, foreign salt is very little used for any other purpose but the curing of fish. But from the 5th April 1771 to the 5th April 1782, the quantity of foreign salt imported amounted to 936,974 bushels, at eighty-four pounds the bushel; the quantity of Scotch salt delivered from the works to the fish-curers, to no more than 168,226, at fifty-six pounds the bushel only. It would appear, therefore, that it is principally foreign salt that is used in the fisheries. Upon every barrel of herrings exported, there is, besides, a bounty of 2s:8d. and more than two-thirds of the buss-caught herrings are exported. Put all these things together, and you will find that, during these eleven years, every barrel of buss-caught herrings, cured with Scotch salt, when exported, has cost government 17s:11¾d.; and, when entered for home consumption, 14s:3¾d.; and that every barrel cured with foreign salt, when exported, has

cost government £1:7:5¾d.; and, when entered for home consumption, £1:3:9¾d. The price of a barrel of good merchantable herrings runs from seventeen and eighteen to four and five-and-twenty shillings; about a guinea at an average. {See the accounts at the end of this Book.}

Secondly, The bounty to the white-herring fishery is a tonnage bounty, and is proportioned to the burden of the ship, not to her diligence or success in the fishery; and it has, I am afraid, been too common for the vessels to fit out for the sole purpose of catching, not the fish but the bounty. In the year 1759, when the bounty was at fifty shillings the ton, the whole buss fishery of Scotland brought in only four barrels of sea-sticks. In that year, each barrel of sea-sticks cost government, in bounties alone, £113:15s.; each barrel of merchantable herrings £159:7:6.

Thirdly, The mode of fishing, for which this tonnage bounty in the white herring fishery has been given (by busses or decked vessels from twenty to eighty tons burden), seems not so well adapted to the situation of Scotland, as to that of Holland, from the practice of which country it appears to have been borrowed. Holland lies at a great distance from the seas to which herrings are known principally to resort, and can, therefore, carry on that fishery only in decked vessels, which can carry water and provisions sufficient for a voyage to a distant sea; but the Hebrides, or Western Islands, the islands of Shetland, and the northern and north-western coasts of Scotland, the countries in whose neighbourhood the herring fishery is principally carried on, are everywhere intersected by arms of the sea, which run up a considerable way into the land, and which, in the language of the country, are called sea-lochs. It is to these sea-lochs that the herrings principally resort during the seasons in which they visit these seas; for the visits of this, and, I am assured, of many other sorts of fish, are not quite regular and constant. A boat-fishery, therefore, seems to be the mode of fishing best adapted to the peculiar situation of Scotland, the fishers carrying the herrings on shore as fast as they are taken, to be either cured or consumed fresh. But the great encouragement which a bounty of 30s. the ton gives to the buss-fishery, is necessarily a discouragement to the boat-fishery, which, having no such bounty, cannot bring its cured fish to market upon the same terms as the buss-fishery. The boat-fishery; accordingly, which, before the establishment of the buss-bounty, was very considerable, and is said to have employed a number of seamen, not inferior to what the buss-fishery employs at present, is now gone almost entirely to decay. Of

the former extent, however, of this now ruined and abandoned fishery, I must acknowledge that I cannot pretend to speak with much precision. As no bounty was paid upon the outfit of the boat-fishery, no account was taken of it by the officers of the customs or salt duties.

Fourthly, In many parts of Scotland, during certain seasons of the year, herrings make no inconsiderable part of the food of the common people. A bounty which tended to lower their price in the home market, might contribute a good deal to the relief of a great number of our fellow-subjects, whose circumstances are by no means affluent. But the herring-bus bounty contributes to no such good purpose. It has ruined the boat fishery, which is by far the best adapted for the supply of the home market; and the additional bounty of 2s:8d. the barrel upon exportation, carries the greater part, more than two-thirds, of the produce of the buss-fishery abroad. Between thirty and forty years ago, before the establishment of the buss-bounty, 16s. the barrel, I have been assured, was the common price of white herrings. Between ten and fifteen years ago, before the boat-fishery was entirely ruined, the price was said to have run from seventeen to twenty shillings the barrel. For these last five years, it has, at an average, been at twenty-five shillings the barrel. This high price, however, may have been owing to the real scarcity of the herrings upon the coast of Scotland. I must observe, too, that the cask or barrel, which is usually sold with the herrings, and of which the price is included in all the foregoing prices, has, since the commencement of the American war, risen to about double its former price, or from about 3s. to about 6s. I must likewise observe, that the accounts I have received of the prices of former times, have been by no means quite uniform and consistent, and an old man of great accuracy and experience has assured me, that, more than fifty years ago, a guinea was the usual price of a barrel of good merchantable herrings; and this, I imagine, may still be looked upon as the average price. All accounts, however, I think, agree that the price has not been lowered in the home market in consequence of the buss-bounty.

When the undertakers of fisheries, after such liberal bounties have been bestowed upon them, continue to sell their commodity at the same, or even at a higher price than they were accustomed to do before, it might be expected that their profits should be very great; and it is not improbable that those of some individuals may have been so. In general, however, I have every reason to believe they have been quite otherwise. The usual effect of

such bounties is, to encourage rash undertakers to adventure in a business which they do not understand; and what they lose by their own negligence and ignorance, more than compensates all that they can gain by the utmost liberality of government. In 1750, by the same act which first gave the bounty of 30s. the ton for the encouragement of the white herring fishery (the 23d Geo. II. chap. 24), a joint stock company was erected, with a capital of £500,000, to which the subscribers (over and above all other encouragements, the tonnage bounty just now mentioned, the exportation bounty of 2s:8d. the barrel, the delivery of both British and foreign salt duty free) were, during the space of fourteen years, for every hundred pounds which they subscribed and paid into the stock of the society, entitled to three pounds a-year, to be paid by the receiver-general of the customs in equal half-yearly payments. Besides this great company, the residence of whose governor and directors was to be in London, it was declared lawful to erect different fishing chambers in all the different out-ports of the kingdom, provided a sum not less than £10,000 was subscribed into the capital of each, to be managed at its own risk, and for its own profit and loss. The same annuity, and the same encouragements of all kinds, were given to the trade of those inferior chambers as to that of the great company. The subscription of the great company was soon filled up, and several different fishing chambers were erected in the different out-ports of the kingdom. In spite of all these encouragements, almost all those different companies, both great and small, lost either the whole or the greater part of their capitals; scarce a vestige now remains of any of them, and the white-herring fishery is now entirely, or almost entirely, carried on by private adventurers.

If any particular manufacture was necessary, indeed, for the defence of the society, it might not always be prudent to depend upon our neighbours for the supply; and if such manufacture could not otherwise be supported at home, it might not be unreasonable that all the other branches of industry should be taxed in order to support it. The bounties upon the exportation of British made sail-cloth, and British made gunpowder, may, perhaps, both be vindicated upon this principle.

But though it can very seldom be reasonable to tax the industry of the great body of the people, in order to support that of some particular class of manufacturers; yet, in the wantonness of great prosperity, when the public enjoys a greater revenue than it knows well what to do with, to give such

bounties to favourite manufactures, may, perhaps, be as natural as to incur any other idle expense. In public, as well as in private expenses, great wealth, may, perhaps, frequently be admitted as an apology for great folly. But there must surely be something more than ordinary absurdity in continuing such profusion in times of general difficulty and distress.

What is called a bounty, is sometimes no more than a drawback, and, consequently, is not liable to the same objections as what is properly a bounty. The bounty, for example, upon refined sugar exported, may be considered as a drawback of the duties upon the brown and Muscovado sugars, from which it is made; the bounty upon wrought silk exported, a drawback of the duties upon raw and thrown silk imported; the bounty upon gunpowder exported, a drawback of the duties upon brimstone and saltpetre imported. In the language of the customs, those allowances only are called drawbacks which are given upon goods exported in the same form in which they are imported. When that form has been so altered by manufacture of any kind as to come under a new denomination, they are called bounties.

Premiums given by the public to artists and manufacturers, who excel in their particular occupations, are not liable to the same objections as bounties. By encouraging extraordinary dexterity and ingenuity, they serve to keep up the emulation of the workmen actually employed in those respective occupations, and are not considerable enough to turn towards any one of them a greater share of the capital of the country than what would go to it of its own accord. Their tendency is not to overturn the natural balance of employments, but to render the work which is done in each as perfect and complete as possible. The expense of premiums, besides, is very trifling, that of bounties very great. The bounty upon corn alone has sometimes cost the public, in one year, more than £300,000.

Bounties are sometimes called premiums, as drawbacks are sometimes called bounties. But we must, in all cases, attend to the nature of the thing, without paying any regard to the word.

Digression concerning the Corn Trade and Corn Laws.

I cannot conclude this chapter concerning bounties, without observing, that the praises which have been bestowed upon the law which establishes the bounty upon the exportation of corn, and upon that system of regulations which is connected with it, are altogether unmerited. A particular examination of the nature of the corn trade, and of the principal

British laws which relate to it, will sufficiently demonstrate the truth of this assertion. The great importance of this subject must justify the length of the digression.

The trade of the corn merchant is composed of four different branches, which, though they may sometimes be all carried on by the same person, are, in their own nature, four separate and distinct trades. These are, first, the trade of the inland dealer; secondly, that of the merchant-importer for home consumption; thirdly, that of the merchant-exporter of home produce for foreign consumption; and, fourthly, that of the merchant-carrier, or of the importer of corn, in order to export it again.

I. The interest of the inland dealer, and that of the great body of the people, how opposite soever they may at first appear, are, even in years of the greatest scarcity, exactly the same. It is his interest to raise the price of his corn as high as the real scarcity of the season requires, and it can never be his interest to raise it higher. By raising the price, he discourages the consumption, and puts every body more or less, but particularly the inferior ranks of people, upon thrift and good management. If, by raising it too high, he discourages the consumption so much that the supply of the season is likely to go beyond the consumption of the season, and to last for some time after the next crop begins to come in, he runs the hazard, not only of losing a considerable part of his corn by natural causes, but of being obliged to sell what remains of it for much less than what he might have had for it several months before. If, by not raising the price high enough, he discourages the consumption so little, that the supply of the season is likely to fall short of the consumption of the season, he not only loses a part of the profit which he might otherwise have made, but he exposes the people to suffer before the end of the season, instead of the hardships of a dearth, the dreadful horrors of a famine. It is the interest of the people that their daily, weekly, and monthly consumption should be proportioned as exactly as possible to the supply of the season. The interest of the inland corn dealer is the same. By supplying them, as nearly as he can judge, in this proportion, he is likely to sell all his corn for the highest price, and with the greatest profit; and his knowledge of the state of the crop, and of his daily, weekly, and monthly sales, enables him to judge, with more or less accuracy, how far they really are supplied in this manner. Without intending the interest of the people, he is necessarily led, by a regard to his own interest, to treat them, even in years of scarcity, pretty much in the same manner as the prudent master of a

vessel is sometimes obliged to treat his crew. When he foresees that provisions are likely to run short, he puts them upon short allowance. Though from excess of caution he should sometimes do this without any real necessity, yet all the inconveniencies which his crew can thereby suffer are inconsiderable, in comparison of the danger, misery, and ruin, to which they might sometimes be exposed by a less provident conduct. Though, from excess of avarice, in the same manner, the inland corn merchant should sometimes raise the price of his corn somewhat higher than the scarcity of the season requires, yet all the inconveniencies which the people can suffer from this conduct, which effectually secures them from a famine in the end of the season, are inconsiderable, in comparison of what they might have been exposed to by a more liberal way of dealing in the beginning of it the corn merchant himself is likely to suffer the most by this excess of avarice; not only from the indignation which it generally excites against him, but, though he should escape the effects of this indignation, from the quantity of corn which it necessarily leaves upon his hands in the end of the season, and which, if the next season happens to prove favourable, he must always sell for a much lower price than he might otherwise have had.

Were it possible, indeed, for one great company of merchants to possess themselves of the whole crop of an extensive country, it might perhaps be their interest to deal with it, as the Dutch are said to do with the spiceries of the Moluccas, to destroy or throw away a considerable part of it, in order to keep up the price of the rest. But it is scarce possible, even by the violence of law, to establish such an extensive monopoly with regard to corn; and wherever the law leaves the trade free, it is of all commodities the least liable to be engrossed or monopolized by the forced a few large capitals, which buy up the greater part of it. Not only its value far exceeds what the capitals of a few private men are capable of purchasing; but, supposing they were capable of purchasing it, the manner in which it is produced renders this purchase altogether impracticable. As, in every civilized country, it is the commodity of which the annual consumption is the greatest; so a greater quantity of industry is annually employed in producing corn than in producing any other commodity. When it first comes from the ground, too, it is necessarily divided among a greater number of owners than any other commodity; and these owners can never be collected into one place, like a number of independent manufacturers, but are necessarily scattered through

all the different corners of the country. These first owners either immediately supply the consumers in their own neighbourhood, or they supply other inland dealers, who supply those consumers. The inland dealers in corn, therefore, including both the farmer and the baker, are necessarily more numerous than the dealers in any other commodity; and their dispersed situation renders it altogether impossible for them to enter into any general combination. If, in a year of scarcity, therefore, any of them should find that he had a good deal more corn upon hand than, at the current price, he could hope to dispose of before the end of the season, he would never think of keeping up this price to his own loss, and to the sole benefit of his rivals and competitors, but would immediately lower it, in order to get rid of his corn before the new crop began to come in. The same motives, the same interests, which would thus regulate the conduct of any one dealer, would regulate that of every other, and oblige them all in general to sell their corn at the price which, according to the best of their judgment, was most suitable to the scarcity or plenty of the season.

Whoever examines, with attention, the history of the dearths and famines which have afflicted any part of Europe during either the course of the present or that of the two preceding centuries, of several of which we have pretty exact accounts, will find, I believe, that a dearth never has arisen from any combination among the inland dealers in corn, nor from any other cause but a real scarcity, occasioned sometimes, perhaps, and in some particular places, by the waste of war, but in by far the greatest number of cases by the fault of the seasons; and that a famine has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconveniencies of a dearth.

In an extensive corn country, between all the different parts of which there is a free commerce and communication, the scarcity occasioned by the most unfavourable seasons can never be so great as to produce a famine; and the scantiest crop, if managed with frugality and economy, will maintain, through the year, the same number of people that are commonly fed in a more affluent manner by one of moderate plenty. The seasons most unfavourable to the crop are those of excessive drought or excessive rain. But as corn grows equally upon high and low lands, upon grounds that are disposed to be too wet, and upon those that are disposed to be too dry, either the drought or the rain, which is hurtful to one part of the country, is favourable to another; and though, both in the wet and in the dry season, the

crop is a good deal less than in one more properly tempered; yet, in both, what is lost in one part of the country is in some measure compensated by what is gained in the other. In rice countries, where the crop not only requires a very moist soil, but where, in a certain period of its growing, it must be laid under water, the effects of a drought are much more dismal. Even in such countries, however, the drought is, perhaps, scarce ever so universal as necessarily to occasion a famine, if the government would allow a free trade. The drought in Bengal, a few years ago, might probably have occasioned a very great dearth. Some improper regulations, some injudicious restraints, imposed by the servants of the East India Company upon the rice trade, contributed, perhaps, to turn that dearth into a famine.

When the government, in order to remedy the inconveniencies of a dearth, orders all the dealers to sell their corn at what it supposes a reasonable price, it either hinders them from bringing it to market, which may sometimes produce a famine even in the beginning of the season; or, if they bring it thither, it enables the people, and thereby encourages them to consume it so fast as must necessarily produce a famine before the end of the season. The unlimited, unrestrained freedom of the corn trade, as it is the only effectual preventive of the miseries of a famine, so it is the best palliative of the inconveniencies of a dearth; for the inconveniencies of a real scarcity cannot be remedied; they can only be palliated. No trade deserves more the full protection of the law, and no trade requires it so much; because no trade is so much exposed to popular odium.

In years of scarcity, the inferior ranks of people impute their distress to the avarice of the corn merchant, who becomes the object of their hatred and indignation. Instead of making profit upon such occasions, therefore, he is often in danger of being utterly ruined, and of having his magazines plundered and destroyed by their violence. It is in years of scarcity, however, when prices are high, that the corn merchant expects to make his principal profit. He is generally in contract with some farmers to furnish him, for a certain number of years, with a certain quantity of corn, at a certain price. This contract price is settled according to what is supposed to be the moderate and reasonable, that is, the ordinary or average price, which, before the late years of scarcity, was commonly about 28s. for the quarter of wheat, and for that of other grain in proportion. In years of scarcity, therefore, the corn merchant buys a great part of his corn for the ordinary price, and sells it for a much higher. That this extraordinary profit,

however, is no more than sufficient to put his trade upon a fair level with other trades, and to compensate the many losses which he sustains upon other occasions, both from the perishable nature of the commodity itself, and from the frequent and unforeseen fluctuations of its price, seems evident enough, from this single circumstance, that great fortunes are as seldom made in this as in any other trade. The popular odium, however, which attends it in years of scarcity, the only years in which it can be very profitable, renders people of character and fortune averse to enter into it. It is abandoned to an inferior set of dealers; and millers, bakers, meal-men, and meal-factors, together with a number of wretched hucksters, are almost the only middle people that, in the home market, come between the grower and the consumer.

The ancient policy of Europe, instead of discountenancing this popular odium against a trade so beneficial to the public, seems, on the contrary, to have authorised and encouraged it.

By the 5th and 6th of Edward VI cap. 14, it was enacted, that whoever should buy any corn or grain, with intent to sell it again, should be reputed an unlawful engrosser, and should, for the first fault, suffer two months imprisonment, and forfeit the value of the corn; for the second, suffer six months imprisonment, and forfeit double the value; and, for the third, be set in the pillory, suffer imprisonment during the king's pleasure, and forfeit all his goods and chattels. The ancient policy of most other parts of Europe was no better than that of England.

Our ancestors seem to have imagined, that the people would buy their corn cheaper of the farmer than of the corn merchant, who, they were afraid, would require, over and above the price which he paid to the farmer, an exorbitant profit to himself. They endeavoured, therefore, to annihilate his trade altogether. They even endeavoured to hinder, as much as possible, any middle man of any kind from coming in between the grower and the consumer; and this was the meaning of the many restraints which they imposed upon the trade of those whom they called kidders, or carriers of corn; a trade which nobody was allowed to exercise without a licence, ascertaining his qualifications as a man of probity and fair dealing. The authority of three justices of the peace was, by the statute of Edward VI. necessary in order to grant this licence. But even this restraint was afterwards thought insufficient, and, by a statute of Elizabeth, the privilege of granting it was confined to the quarter-sessions.

The ancient policy of Europe endeavoured, in this manner, to regulate agriculture, the great trade of the country, by maxims quite different from those which it established with regard to manufactures, the great trade of the towns. By leaving a farmer no other customers but either the consumers or their immediate factors, the kidders and carriers of corn, it endeavoured to force him to exercise the trade, not only of a farmer, but of a corn merchant, or corn retailer. On the contrary, it, in many cases, prohibited the manufacturer from exercising the trade of a shopkeeper, or from selling his own goods by retail. It meant, by the one law, to promote the general interest of the country, or to render corn cheap, without, perhaps, its being well understood how this was to be done. By the other, it meant to promote that of a particular order of men, the shopkeepers, who would be so much undersold by the manufacturer, it was supposed, that their trade would be ruined, if he was allowed to retail at all.

The manufacturer, however, though he had been allowed to keep a shop, and to sell his own goods by retail, could not have undersold the common shopkeeper. Whatever part of his capital he might have placed in his shop, he must have withdrawn it from his manufacture. In order to carry on his business on a level with that of other people, as he must have had the profit of a manufacturer on the one part, so he must have had that of a shopkeeper upon the other. Let us suppose, for example, that in the particular town where he lived, ten per cent. was the ordinary profit both of manufacturing and shopkeeping stock; he must in this case have charged upon every piece of his own goods, which he sold in his shop, a profit of twenty per cent. When he carried them from his workhouse to his shop, he must have valued them at the price for which he could have sold them to a dealer or shopkeeper, who would have bought them by wholesale. If he valued them lower, he lost a part of the profit of his manufacturing capital. When, again, he sold them from his shop, unless he got the same price at which a shopkeeper would have sold them, he lost a part of the profit of his shopkeeping capital. Though he might appear, therefore, to make a double profit upon the same piece of goods, yet, as these goods made successively a part of two distinct capitals, he made but a single profit upon the whole capital employed about them; and if he made less than his profit, he was a loser, and did not employ his whole capital with the same advantage as the greater part of his neighbours.

What the manufacturer was prohibited to do, the farmer was in some measure enjoined to do; to divide his capital between two different employments; to keep one part of it in his granaries and stack-yard, for supplying the occasional demands of the market, and to employ the other in the cultivation of his land. But as he could not afford to employ the latter for less than the ordinary profits of farming stock, so he could as little afford to employ the former for less than the ordinary profits of mercantile stock. Whether the stock which really carried on the business of a corn merchant belonged to the person who was called a farmer, or to the person who was called a corn merchant, an equal profit was in both cases requisite, in order to indemnify its owner for employing it in this manner, in order to put his business on a level with other trades, and in order to hinder him from having an interest to change it as soon as possible for some other. The farmer, therefore, who was thus forced to exercise the trade of a corn merchant, could not afford to sell his corn cheaper than any other corn merchant would have been obliged to do in the case of a free competition.

The dealer who can employ his whole stock in one single branch of business, has an advantage of the same kind with the workman who can employ his whole labour in one single operation. As the latter acquires a dexterity which enables him, with the same two hands, to perform a much greater quantity of work, so the former acquires so easy and ready a method of transacting his business, of buying and disposing of his goods, that with the same capital he can transact a much greater quantity of business. As the one can commonly afford his work a good deal cheaper, so the other can commonly afford his goods somewhat cheaper, than if his stock and attention were both employed about a greater variety of objects. The greater part of manufacturers could not afford to retail their own goods so cheap as a vigilant and active shopkeeper, whose sole business it was to buy them by wholesale and to retail them again. The greater part of farmers could still less afford to retail their own corn, to supply the inhabitants of a town, at perhaps four or five miles distance from the greater part of them, so cheap as a vigilant and active corn merchant, whose sole business it was to purchase corn by wholesale, to collect it into a great magazine, and to retail it again.

The law which prohibited the manufacturer from exercising the trade of a shopkeeper, endeavoured to force this division in the employment of stock to go on faster than it might otherwise have done. The law which obliged

the farmer to exercise the trade of a corn merchant, endeavoured to hinder it from going on so fast. Both laws were evident violations of natural liberty, and therefore unjust; and they were both, too, as impolitic as they were unjust. It is the interest of every society, that things of this kind should never either be forced or obstructed. The man who employs either his labour or his stock in a greater variety of ways than his situation renders necessary, can never hurt his neighbour by underselling him. He may hurt himself, and he generally does so. Jack-of-all-trades will never be rich, says the proverb. But the law ought always to trust people with the care of their own interest, as in their local situations they must generally be able to judge better of it than the legislature can do. The law, however, which obliged the farmer to exercise the trade of a corn merchant was by far the most pernicious of the two.

It obstructed not only that division in the employment of stock which is so advantageous to every society, but it obstructed likewise the improvement and cultivation of the land. By obliging the farmer to carry on two trades instead of one, it forced him to divide his capital into two parts, of which one only could be employed in cultivation. But if he had been at liberty to sell his whole crop to a corn merchant as fast as he could thresh it out, his whole capital might have returned immediately to the land, and have been employed in buying more cattle, and hiring more servants, in order to improve and cultivate it better. But by being obliged to sell his corn by retail, he was obliged to keep a great part of his capital in his granaries and stack-yard through the year, and could not therefore cultivate so well as with the same capital he might otherwise have done. This law, therefore, necessarily obstructed the improvement of the land, and, instead of tending to render corn cheaper, must have tended to render it scarcer, and therefore dearer, than it would otherwise have been.

After the business of the farmer, that of the corn merchant is in reality the trade which, if properly protected and encouraged, would contribute the most to the raising of corn. It would support the trade of the farmer, in the same manner as the trade of the wholesale dealer supports that of the manufacturer.

The wholesale dealer, by affording a ready market to the manufacturer, by taking his goods off his hand as fast as he can make them, and by sometimes even advancing their price to him before he has made them, enables him to keep his whole capital, and sometimes even more than his

whole capital, constantly employed in manufacturing, and consequently to manufacture a much greater quantity of goods than if he was obliged to dispose of them himself to the immediate consumers, or even to the retailers. As the capital of the wholesale merchant, too, is generally sufficient to replace that of many manufacturers, this intercourse between him and them interests the owner of a large capital to support the owners of a great number of small ones, and to assist them in those losses and misfortunes which might otherwise prove ruinous to them.

An intercourse of the same kind universally established between the farmers and the corn merchants, would be attended with effects equally beneficial to the farmers. They would be enabled to keep their whole capitals, and even more than their whole capitals constantly employed in cultivation. In case of any of those accidents to which no trade is more liable than theirs, they would find in their ordinary customer, the wealthy corn merchant, a person who had both an interest to support them, and the ability to do it; and they would not, as at present, be entirely dependent upon the forbearance of their landlord, or the mercy of his steward. Were it possible, as perhaps it is not, to establish this intercourse universally, and all at once; were it possible to turn all at once the whole farming stock of the kingdom to its proper business, the cultivation of land, withdrawing it from every other employment into which any part of it may be at present diverted; and were it possible, in order to support and assist, upon occasion, the operations of this great stock, to provide all at once another stock almost equally great; it is not, perhaps, very easy to imagine how great, how extensive, and how sudden, would be the improvement which this change of circumstances would alone produce upon the whole face of the country.

The statute of Edward VI. therefore, by prohibiting as much as possible any middle man from coming in between the grower and the consumer, endeavoured to annihilate a trade, of which the free exercise is not only the best palliative of the inconveniencies of a dearth, but the best preventive of that calamity; after the trade of the farmer, no trade contributing so much to the growing of corn as that of the corn merchant.

The rigour of this law was afterwards softened by several subsequent statutes, which successively permitted the engrossing of corn when the price of wheat should not exceed 20s. and 24s. 32s. and 40s. the quarter. At last, by the 15th of Charles II. c.7, the engrossing or buying of corn, in order to sell it again, as long as the price of wheat did not exceed 48s. the

quarter, and that of other grain in proportion, was declared lawful to all persons not being forestallers, that is, not selling again in the same market within three months. All the freedom which the trade of the inland corn dealer has ever yet enjoyed was bestowed upon it by this statute. The statute of the twelfth of the present king, which repeals almost all the other ancient laws against engrossers and forestallers, does not repeal the restrictions of this particular statute, which therefore still continue in force.

This statute, however, authorises in some measure two very absurd popular prejudices.

First, It supposes, that when the price of wheat has risen so high as 48s. the quarter, and that of other grain in proportion, corn is likely to be so engrossed as to hurt the people. But, from what has been already said, it seems evident enough, that corn can at no price be so engrossed by the inland dealers as to hurt the people; and 48s. the quarter, besides, though it may be considered as a very high price, yet, in years of scarcity, it is a price which frequently takes place immediately after harvest, when scarce any part of the new crop can be sold off, and when it is impossible even for ignorance to suppose that any part of it can be so engrossed as to hurt the people.

Secondly, It supposes that there is a certain price at which corn is likely to be forestalled, that is, bought up in order to be sold again soon after in the same market, so as to hurt the people. But if a merchant ever buys up corn, either going to a particular market, or in a particular market, in order to sell it again soon after in the same market, it must be because he judges that the market cannot be so liberally supplied through the whole season as upon that particular occasion, and that the price, therefore, must soon rise. If he judges wrong in this, and if the price does not rise, he not only loses the whole profit of the stock which he employs in this manner, but a part of the stock itself, by the expense and loss which necessarily attend the storing and keeping of corn. He hurts himself, therefore, much more essentially than he can hurt even the particular people whom he may hinder from supplying themselves upon that particular market day, because they may afterwards supply themselves just as cheap upon any other market day. If he judges right, instead of hurting the great body of the people, he renders them a most important service. By making them feel the inconveniencies of a dearth somewhat earlier than they otherwise might do, he prevents their feeling them afterwards so severely as they certainly would do, if the

cheapness of price encouraged them to consume faster than suited the real scarcity of the season. When the scarcity is real, the best thing that can be done for the people is, to divide the inconvenience of it as equally as possible, through all the different months and weeks and days of the year. The interest of the corn merchant makes him study to do this as exactly as he can; and as no other person can have either the same interest, or the same knowledge, or the same abilities, to do it so exactly as he, this most important operation of commerce ought to be trusted entirely to him; or, in other words, the corn trade, so far at least as concerns the supply of the home market, ought to be left perfectly free.

The popular fear of engrossing and forestalling may be compared to the popular terrors and suspicions of witchcraft. The unfortunate wretches accused of this latter crime were not more innocent of the misfortunes imputed to them, than those who have been accused of the former. The law which put an end to all prosecutions against witchcraft, which put it out of any man's power to gratify his own malice by accusing his neighbour of that imaginary crime, seems effectually to have put an end to those fears and suspicions, by taking away the great cause which encouraged and supported them. The law which would restore entire freedom to the inland trade of corn, would probably prove as effectual to put an end to the popular fears of engrossing and forestalling.

The 15th of Charles II. c. 7, however, with all its imperfections, has, perhaps, contributed more, both to the plentiful supply of the home market, and to the increase of tillage, than any other law in the statute book. It is from this law that the inland corn trade has derived all the liberty and protection which it has ever yet enjoyed; and both the supply of the home market and the interest of tillage are much more effectually promoted by the inland, than either by the importation or exportation trade.

The proportion of the average quantity of all sorts of grain imported into Great Britain to that of all sorts of grain consumed, it has been computed by the author of the Tracts upon the Corn Trade, does not exceed that of one to five hundred and seventy. For supplying the home market, therefore, the importance of the inland trade must be to that of the importation trade as five hundred and seventy to one.

The average quantity of all sorts of grain exported from Great Britain does not, according to the same author, exceed the one-and-thirtieth part of the annual produce. For the encouragement of tillage, therefore, by

providing a market for the home produce, the importance of the inland trade must be to that of the exportation trade as thirty to one.

I have no great faith in political arithmetic, and I mean not to warrant the exactness of either of these computations. I mention them only in order to show of how much less consequence, in the opinion of the most judicious and experienced persons, the foreign trade of corn is than the home trade. The great cheapness of corn in the years immediately preceding the establishment of the bounty may, perhaps with reason, be ascribed in some measure to the operation of this statute of Charles II. which had been enacted about five-and-twenty years before, and which had, therefore, full time to produce its effect.

A very few words will sufficiently explain all that I have to say concerning the other three branches of the corn trade.

II. The trade of the merchant-importer of foreign corn for home consumption, evidently contributes to the immediate supply of the home market, and must so far be immediately beneficial to the great body of the people. It tends, indeed, to lower somewhat the average money price of corn, but not to diminish its real value, or the quantity of labour which it is capable of maintaining. If importation was at all times free, our farmers and country gentlemen would probably, one year with another, get less money for their corn than they do at present, when importation is at most times in effect prohibited; but the money which they got would be of more value, would buy more goods of all other kinds, and would employ more labour. Their real wealth, their real revenue, therefore, would be the same as at present, though it might be expressed by a smaller quantity of silver, and they would neither be disabled nor discouraged from cultivating corn as much as they do at present. On the contrary, as the rise in the real value of silver, in consequence of lowering the money price of corn, lowers somewhat the money price of all other commodities, it gives the industry of the country where it takes place some advantage in all foreign markets and thereby tends to encourage and increase that industry. But the extent of the home market for corn must be in proportion to the general industry of the country where it grows, or to the number of those who produce something else, and therefore, have something else, or, what comes to the same thing, the price of something else, to give in exchange for corn. But in every country, the home market, as it is the nearest and most convenient, so is it likewise the greatest and most important market for corn. That rise in the

real value of silver, therefore, which is the effect of lowering the average money price of corn, tends to enlarge the greatest and most important market for corn, and thereby to encourage, instead of discouraging its growth.

By the 22d of Charles II. c. 13, the importation of wheat, whenever the price in the home market did not exceed 53s:4d. the quarter, was subjected to a duty of 16s. the quarter; and to a duty of 8s. whenever the price did not exceed £4. The former of these two prices has, for more than a century past, taken place only in times of very great scarcity; and the latter has, so far as I know, not taken place at all. Yet, till wheat has risen above this latter price, it was, by this statute, subjected to a very high duty; and, till it had risen above the former, to a duty which amounted to a prohibition. The importation of other sorts of grain was restrained at rates and by duties, in proportion to the value of the grain, almost equally high. Before the 13th of the present king, the following were the duties payable upon the importation of the different sorts of grain:

Grain.	Duties.	Duties	Duties.
Beans to 28s. per qr.	19s:10d. after till 40s.	16s:8d.	then 12d.
Barley to 28s.	- 19s:10d.	- 32s. 16s.	- 12d.
Malt is prohibited by the annual malt-tax bill.			
Oats to 16s.	- 5s:10d. after	-	9½d.
Pease to 40s.	- 16s: 0d. after	-	9¾d.
Rye to 36s.	- 19s:10d. till 40s.	16s:8d	- 12d.
Wheat to 44s.	- 21s: 9d. till 53s:4d.	17s.	- 8s.
	till £4, and after that about	1s:4d.	
Buck-wheat to 32s. per qr.	to pay 16s.		

These different duties were imposed, partly by the 22d of Charles II. in place of the old subsidy, partly by the new subsidy, by the one-third and two-thirds subsidy, and by the subsidy 1747. Subsequent laws still further increased those duties.

The distress which, in years of scarcity, the strict execution of those laws might have brought upon the people, would probably have been very great; but, upon such occasions, its execution was generally suspended by temporary statutes, which permitted, for a limited time, the importation of foreign corn. The necessity of these temporary statutes sufficiently demonstrates the impropriety of this general one.

These restraints upon importation, though prior to the establishment of the bounty, were dictated by the same spirit, by the same principles, which afterwards enacted that regulation. How hurtful soever in themselves, these, or some other restraints upon importation, became necessary in consequence of that regulation. If, when wheat was either below 48s. the quarter, or not much above it, foreign corn could have been imported, either duty free, or upon paying only a small duty, it might have been exported again, with the benefit of the bounty, to the great loss of the public revenue, and to the entire perversion of the institution, of which the object was to extend the market for the home growth, not that for the growth of foreign countries.

III. The trade of the merchant-exporter of corn for foreign consumption, certainly does not contribute directly to the plentiful supply of the home market. It does so, however, indirectly. From whatever source this supply maybe usually drawn, whether from home growth, or from foreign importation, unless more corn is either usually grown, or usually imported into the country, than what is usually consumed in it, the supply of the home market can never be very plentiful. But unless the surplus can, in all ordinary cases, be exported, the growers will be careful never to grow more, and the importers never to import more, than what the bare consumption of the home market requires. That market will very seldom be overstocked; but it will generally be understocked; the people, whose business it is to supply it, being generally afraid lest their goods should be left upon their hands. The prohibition of exportation limits the improvement and cultivation of the country to what the supply of its own inhabitants require. The freedom of exportation enables it to extend cultivation for the supply of foreign nations.

By the 12th of Charles II. c.4, the exportation of corn was permitted whenever the price of wheat did not exceed 40s. the quarter, and that of other grain in proportion. By the 15th of the same prince, this liberty was extended till the price of wheat exceeded 48s. the quarter; and by the 22d, to all higher prices. A poundage, indeed, was to be paid to the king upon such exportation; but all grain was rated so low in the book of rates, that this poundage amounted only, upon wheat to 1s., upon oats to 4d., and upon all other grain to 6d. the quarter. By the 1st of William and Mary, the act which established this bounty, this small duty was virtually taken off

whenever the price of wheat did not exceed 48s. the quarter; and by the 11th and 12th of William III. c. 20, it was expressly taken off at all higher prices.

The trade of the merchant-exporter was, in this manner, not only encouraged by a bounty, but rendered much more free than that of the inland dealer. By the last of these statutes, corn could be engrossed at any price for exportation; but it could not be engrossed for inland sale, except when the price did not exceed 48s. the quarter. The interest of the inland dealer, however, it has already been shown, can never be opposite to that of the great body of the people. That of the merchant-exporter may, and in fact sometimes is. If, while his own country labours under a dearth, a neighbouring country should be afflicted with a famine, it might be his interest to carry corn to the latter country, in such quantities as might very much aggravate the calamities of the dearth. The plentiful supply of the home market was not the direct object of those statutes; but, under the pretence of encouraging agriculture, to raise the money price of corn as high as possible, and thereby to occasion, as much as possible, a constant dearth in the home market. By the discouragement of importation, the supply of that market; even in times of great scarcity, was confined to the home growth; and by the encouragement of exportation, when the price was so high as 48s. the quarter, that market was not, even in times of considerable scarcity, allowed to enjoy the whole of that growth. The temporary laws, prohibiting, for a limited time, the exportation of corn, and taking off, for a limited time, the duties upon its importation, expedients to which Great Britain has been obliged so frequently to have recourse, sufficiently demonstrate the impropriety of her general system. Had that system been good, she would not so frequently have been reduced to the necessity of departing from it.

Were all nations to follow the liberal system of free exportation and free importation, the different states into which a great continent was divided, would so far resemble the different provinces of a great empire. As among the different provinces of a great empire, the freedom of the inland trade appears, both from reason and experience, not only the best palliative of a dearth, but the most effectual preventive of a famine; so would the freedom of the exportation and importation trade be among the different states into which a great continent was divided. The larger the continent, the easier the communication through all the different parts of it, both by land and by water, the less would any one particular part of it ever be exposed to either

of these calamities, the scarcity of any one country being more likely to be relieved by the plenty of some other. But very few countries have entirely adopted this liberal system. The freedom of the corn trade is almost everywhere more or less restrained, and in many countries is confined by such absurd regulations, as frequently aggravate the unavoidable misfortune of a dearth into the dreadful calamity of a famine. The demand of such countries for corn may frequently become so great and so urgent, that a small state in their neighbourhood, which happened at the same time to be labouring under some degree of dearth, could not venture to supply them without exposing itself to the like dreadful calamity. The very bad policy of one country may thus render it, in some measure, dangerous and imprudent to establish what would otherwise be the best policy in another. The unlimited freedom of exportation, however, would be much less dangerous in great states, in which the growth being much greater, the supply could seldom be much affected by any quantity of corn that was likely to be exported. In a Swiss canton, or in some of the little states in Italy, it may, perhaps, sometimes be necessary to restrain the exportation of corn. In such great countries as France or England, it scarce ever can. To hinder, besides, the farmer from sending his goods at all times to the best market, is evidently to sacrifice the ordinary laws of justice to an idea of public utility, to a sort of reasons of state; an act or legislative authority which ought to be exercised only, which can be pardoned only, in cases of the most urgent necessity. The price at which exportation of corn is prohibited, if it is ever to be prohibited, ought always to be a very high price.

The laws concerning corn may everywhere be compared to the laws concerning religion. The people feel themselves so much interested in what relates either to their subsistence in this life, or to their happiness in a life to come, that government must yield to their prejudices, and, in order to preserve the public tranquillity, establish that system which they approve of. It is upon this account, perhaps, that we so seldom find a reasonable system established with regard to either of those two capital objects.

IV. The trade of the merchant-carrier, or of the importer of foreign corn, in order to export it again, contributes to the plentiful supply of the home market. It is not, indeed, the direct purpose of his trade to sell his corn there; but he will generally be willing to do so, and even for a good deal less money than he might expect in a foreign market; because he saves in this manner the expense of loading and unloading, of freight and insurance.

The inhabitants of the country which, by means of the carrying trade, becomes the magazine and storehouse for the supply of other countries, can very seldom be in want themselves. Though the carrying trade must thus contribute to reduce the average money price of corn in the home market, it would not thereby lower its real value; it would only raise somewhat the real value of silver.

The carrying trade was in effect prohibited in Great Britain, upon all ordinary occasions, by the high duties upon the importation of foreign corn, of the greater part of which there was no drawback; and upon extraordinary occasions, when a scarcity made it necessary to suspend those duties by temporary statutes, exportation was always prohibited. By this system of laws, therefore, the carrying trade was in effect prohibited.

That system of laws, therefore, which is connected with the establishment of the bounty, seems to deserve no part of the praise which has been bestowed upon it. The improvement and prosperity of Great Britain, which has been so often ascribed to those laws, may very easily be accounted for by other causes. That security which the laws in Great Britain give to every man, that he shall enjoy the fruits of his own labour, is alone sufficient to make any country flourish, notwithstanding these and twenty other absurd regulations of commerce; and this security was perfected by the Revolution, much about the same time that the bounty was established. The natural effort of every individual to better his own condition, when suffered to exert itself with freedom and security, is so powerful a principle, that it is alone, and without any assistance, not only capable of carrying on the society to wealth and prosperity, but of surmounting a hundred impertinent obstructions, with which the folly of human laws too often encumbers its operations: though the effect of those obstructions is always, more or less, either to encroach upon its freedom, or to diminish its security. In Great Britain industry is perfectly secure; and though it is far from being perfectly free, it is as free or freer than in any other part of Europe.

Though the period of the greatest prosperity and improvement of Great Britain has been posterior to that system of laws which is connected with the bounty, we must not upon that account, impute it to those laws. It has been posterior likewise to the national debt; but the national debt has most assuredly not been the cause of it.

Though the system of laws which is connected with the bounty, has exactly the same tendency with the practice of Spain and Portugal, to lower

somewhat the value of the precious metals in the country where it takes place; yet Great Britain is certainly one of the richest countries in Europe, while Spain and Portugal are perhaps amongst the most beggarly. This difference of situation, however, may easily be accounted for from two different causes. First, the tax in Spain, the prohibition in Portugal of exporting gold and silver, and the vigilant police which watches over the execution of those laws, must, in two very poor countries, which between them import annually upwards of six millions sterling, operate not only more directly, but much more forcibly, in reducing the value of those metals there, than the corn laws can do in Great Britain. And, secondly, this bad policy is not in those countries counterbalanced by the general liberty and security of the people. Industry is there neither free nor secure; and the civil and ecclesiastical governments of both Spain and Portugal are such as would alone be sufficient to perpetuate their present state of poverty, even though their regulations of commerce were as wise as the greatest part of them are absurd and foolish.

The 13th of the present king, c. 43, seems to have established a new system with regard to the corn laws, in many respects better than the ancient one, but in one or two respects perhaps not quite so good.

By this statute, the high duties upon importation for home consumption are taken off, so soon as the price of middling wheat rises to 48s. the quarter; that of middling rye, pease, or beans, to 32s.; that of barley to 24s.; and that of oats to 16s.; and instead of them, a small duty is imposed of only 6d upon the quarter of wheat, and upon that or other grain in proportion. With regard to all those different sorts of grain, but particularly with regard to wheat, the home market is thus opened to foreign supplies, at prices considerably lower than before.

By the same statute, the old bounty of 5s. upon the exportation of wheat, ceases so soon as the price rises to 44s. the quarter, instead of 48s. the price at which it ceased before; that of 2s:6d. upon the exportation of barley, ceases so soon as the price rises to 22s. instead of 24s. the price at which it ceased before; that of 2s:6d. upon the exportation of oatmeal, ceases so soon as the price rises to 14s. instead of 15s. the price at which it ceased before. The bounty upon rye is reduced from 3s:6d. to 3s. and it ceases so soon as the price rises to 28s. instead of 32s. the price at which it ceased before. If bounties are as improper as I have endeavoured to prove them to be, the sooner they cease, and the lower they are, so much the better.

The same statute permits, at the lowest prices, the importation of corn in order to be exported again, duty free, provided it is in the mean time lodged in a warehouse under the joint locks of the king and the importer. This liberty, indeed, extends to no more than twenty-five of the different ports of Great Britain. They are, however, the principal ones; and there may not, perhaps, be warehouses proper for this purpose in the greater part of the others.

So far this law seems evidently an improvement upon the ancient system.

But by the same law, a bounty of 2s. the quarter is given for the exportation of oats, whenever the price does not exceed fourteen shillings. No bounty had ever been given before for the exportation of this grain, no more than for that of pease or beans.

By the same law, too, the exportation of wheat is prohibited so soon as the price rises to forty-four shillings the quarter; that of rye so soon as it rises to twenty-eight shillings; that of barley so soon as it rises to twenty-two shillings; and that of oats so soon as they rise to fourteen shillings. Those several prices seem all of them a good deal too low; and there seems to be an impropriety, besides, in prohibiting exportation altogether at those precise prices at which that bounty, which was given in order to force it, is withdrawn. The bounty ought certainly either to have been withdrawn at a much lower price, or exportation ought to have been allowed at a much higher.

So far, therefore, this law seems to be inferior to the ancient system. With all its imperfections, however, we may perhaps say of it what was said of the laws of Solon, that though not the best in itself, it is the best which the interest, prejudices, and temper of the times, would admit of. It may perhaps in due time prepare the way for a better.

CHAPTER VI.

OF TREATIES OF COMMERCE.

When a nation binds itself by treaty, either to permit the entry of certain goods from one foreign country which it prohibits from all others, or to exempt the goods of one country from duties to which it subjects those of all others, the country, or at least the merchants and manufacturers of the country, whose commerce is so favoured, must necessarily derive great advantage from the treaty. Those merchants and manufacturers enjoy a sort of monopoly in the country which is so indulgent to them. That country becomes a market, both more extensive and more advantageous for their goods: more extensive, because the goods of other nations being either excluded or subjected to heavier duties, it takes off a greater quantity of theirs; more advantageous, because the merchants of the favoured country, enjoying a sort of monopoly there, will often sell their goods for a better price than if exposed to the free competition of all other nations.

Such treaties, however, though they may be advantageous to the merchants and manufacturers of the favoured, are necessarily disadvantageous to those of the favouring country. A monopoly is thus granted against them to a foreign nation; and they must frequently buy the foreign goods they have occasion for, dearer than if the free competition of other nations was admitted. That part of its own produce with which such a nation purchases foreign goods, must consequently be sold cheaper; because, when two things are exchanged for one another, the cheapness of the one is a necessary consequence, or rather is the same thing, with the dearness of the other. The exchangeable value of its annual produce, therefore, is likely to be diminished by every such treaty. This diminution, however, can scarce amount to any positive loss, but only to a lessening of the gain which it might otherwise make. Though it sells its goods cheaper than it otherwise might do, it will not probably sell them for less than they cost; nor, as in the case of bounties, for a price which will not replace the capital employed in bringing them to market, together with the ordinary profits of stock. The trade could not go on long if it did. Even the favouring country, therefore, may still gain by the trade, though less than if there was a free competition.

Some treaties of commerce, however, have been supposed advantageous, upon principles very different from these; and a commercial country has sometimes granted a monopoly of this kind, against itself, to certain goods of a foreign nation, because it expected, that in the whole commerce between them, it would annually sell more than it would buy, and that a balance in gold and silver would be annually returned to it. It is upon this principle that the treaty of commerce between England and Portugal, concluded in 1703 by Mr Methuen, has been so much commended. The following is a literal translation of that treaty, which consists of three articles only.

ART. I. His sacred royal majesty of Portugal promises, both in his own name and that of his successors, to admit for ever hereafter, into Portugal, the woollen cloths, and the rest of the woollen manufactures of the British, as was accustomed, till they were prohibited by the law; nevertheless upon this condition:

ART. II. That is to say, that her sacred royal majesty of Great Britain shall, in her own name, and that of her successors, be obliged, for ever hereafter, to admit the wines of the growth of Portugal into Britain; so that at no time, whether there shall be peace or war between the kingdoms of Britain and France, any thing more shall be demanded for these wines by the name of custom or duty, or by whatsoever other title, directly or indirectly, whether they shall be imported into Great Britain in pipes or hogsheads, or other casks, than what shall be demanded for the like quantity or measure of French wine, deducting or abating a third part of the custom or duty. But if, at any time, this deduction or abatement of customs, which is to be made as aforesaid, shall in any manner be attempted and prejudiced, it shall be just and lawful for his sacred royal majesty of Portugal, again to prohibit the woollen cloths, and the rest of the British woollen manufactures.

ART. III. The most excellent lords the plenipotentiaries promise and take upon themselves, that their above named masters shall ratify this treaty; and within the space of two months the ratification shall be exchanged.

By this treaty, the crown of Portugal becomes bound to admit the English woollens upon the same footing as before the prohibition; that is, not to raise the duties which had been paid before that time. But it does not become bound to admit them upon any better terms than those of any other nation, of France or Holland, for example. The crown of Great Britain, on

the contrary, becomes bound to admit the wines of Portugal, upon paying only two-thirds of the duty which is paid for those of France, the wines most likely to come into competition with them. So far this treaty, therefore, is evidently advantageous to Portugal, and disadvantageous to Great Britain.

It has been celebrated, however, as a masterpiece of the commercial policy of England. Portugal receives annually from the Brazils a greater quantity of gold than can be employed in its domestic commerce, whether in the shape of coin or of plate. The surplus is too valuable to be allowed to lie idle and locked up in coffers; and as it can find no advantageous market at home, it must, notwithstanding; any prohibition, be sent abroad, and exchanged for something for which there is a more advantageous market at home. A large share of it comes annually to England, in return either for English goods, or for those of other European nations that receive their returns through England. Mr Barretti was informed, that the weekly packet-boat from Lisbon brings, one week with another, more than £50,000 in gold to England. The sum had probably been exaggerated. It would amount to more than £2,600,000 a year, which is more than the Brazils are supposed to afford.

Our merchants were, some years ago, out of humour with the crown of Portugal. Some privileges which had been granted them, not by treaty, but by the free grace of that crown, at the solicitation, indeed, it is probable, and in return for much greater favours, defence and protection from the crown of Great Britain, had been either infringed or revoked. The people, therefore, usually most interested in celebrating the Portugal trade, were then rather disposed to represent it as less advantageous than it had commonly been imagined. The far greater part, almost the whole, they pretended, of this annual importation of gold, was not on account of Great Britain, but of other European nations; the fruits and wines of Portugal annually imported into Great Britain nearly compensating the value of the British goods sent thither.

Let us suppose, however, that the whole was on account of Great Britain, and that it amounted to a still greater sum than Mr Barretti seems to imagine; this trade would not, upon that account, be more advantageous than any other, in which, for the same value sent out, we received an equal value of consumable goods in return.

It is but a very small part of this importation which, it can be supposed, is employed as an annual addition, either to the plate or to the coin of the kingdom. The rest must all be sent abroad, and exchanged for consumable goods of some kind or other. But if those consumable goods were purchased directly with the produce of English industry, it would be more for the advantage of England, than first to purchase with that produce the gold of Portugal, and afterwards to purchase with that gold those consumable goods. A direct foreign trade of consumption is always more advantageous than a round-about one; and to bring the same value of foreign goods to the home market requires a much smaller capital in the one way than in the other. If a smaller share of its industry, therefore, had been employed in producing goods fit for the Portugal market, and a greater in producing those fit for the other markets, where those consumable goods for which there is a demand in Great Britain are to be had, it would have been more for the advantage of England. To procure both the gold which it wants for its own use, and the consumable goods, would, in this way, employ a much smaller capital than at present. There would be a spare capital, therefore, to be employed for other purposes, in exciting an additional quantity of industry, and in raising a greater annual produce.

Though Britain were entirely excluded from the Portugal trade, it could find very little difficulty in procuring all the annual supplies of gold which it wants, either for the purposes of plate, or of coin, or of foreign trade. Gold, like every other commodity, is always somewhere or another to be got for its value by those who have that value to give for it. The annual surplus of gold in Portugal, besides, would still be sent abroad, and though not carried away by Great Britain, would be carried away by some other nation, which would be glad to sell it again for its price, in the same manner as Great Britain does at present. In buying gold of Portugal, indeed, we buy it at the first hand; whereas, in buying it of any other nation, except Spain, we should buy it at the second, and might pay somewhat dearer. This difference, however, would surely be too insignificant to deserve the public attention.

Almost all our gold, it is said, comes from Portugal. With other nations, the balance of trade is either against us, or not much in our favour. But we should remember, that the more gold we import from one country, the less we must necessarily import from all others. The effectual demand for gold, like that for every other commodity, is in every country limited to a certain

quantity. If nine-tenths of this quantity are imported from one country, there remains a tenth only to be imported from all others. The more gold, besides, that is annually imported from some particular countries, over and above what is requisite for plate and for coin, the more must necessarily be exported to some others: and the more that most insignificant object of modern policy, the balance of trade, appears to be in our favour with some particular countries, the more it must necessarily appear to be against us with many others.

It was upon this silly notion, however, that England could not subsist without the Portugal trade, that, towards the end of the late war, France and Spain, without pretending either offence or provocation, required the king of Portugal to exclude all British ships from his ports, and, for the security of this exclusion, to receive into them French or Spanish garrisons. Had the king of Portugal submitted to those ignominious terms which his brother-in-law the king of Spain proposed to him, Britain would have been freed from a much greater inconveniency than the loss of the Portugal trade, the burden of supporting a very weak ally, so unprovided of every thing for his own defence, that the whole power of England, had it been directed to that single purpose, could scarce, perhaps, have defended him for another campaign. The loss of the Portugal trade would, no doubt, have occasioned a considerable embarrassment to the merchants at that time engaged in it, who might not, perhaps, have found out, for a year or two, any other equally advantageous method of employing their capitals; and in this would probably have consisted all the inconveniency which England could have suffered from this notable piece of commercial policy.

The great annual importation of gold and silver is neither for the purpose of plate nor of coin, but of foreign trade. A round-about foreign trade of consumption can be carried on more advantageously by means of these metals than of almost any other goods. As they are the universal instruments of commerce, they are more readily received in return for all commodities than any other goods; and, on account of their small bulk and great value, it costs less to transport them backward and forward from one place to another than almost any other sort of merchandize, and they lose less of their value by being so transported. Of all the commodities, therefore, which are bought in one foreign country, for no other purpose but to be sold or exchanged again for some other goods in another, there are none so convenient as gold and silver. In facilitating all the different round-

about foreign trades of consumption which are carried on in Great Britain, consists the principal advantage of the Portugal trade; and though it is not a capital advantage, it is, no doubt, a considerable one.

That any annual addition which, it can reasonably be supposed, is made either to the plate or to the coin of the kingdom, could require but a very small annual importation of gold and silver, seems evident enough; and though we had no direct trade with Portugal, this small quantity could always, somewhere or another, be very easily got.

Though the goldsmiths trade be very considerable in Great Britain, the far greater part of the new plate which they annually sell, is made from other old plate melted down; so that the addition annually made to the whole plate of the kingdom cannot be very great, and could require but a very small annual importation.

It is the same case with the coin. Nobody imagines, I believe, that even the greater part of the annual coinage, amounting, for ten years together, before the late reformation of the gold coin, to upwards of £800,000 a-year in gold, was an annual addition to the money before current in the kingdom. In a country where the expense of the coinage is defrayed by the government, the value of the coin, even when it contains its full standard weight of gold and silver, can never be much greater than that of an equal quantity of those metals uncoined, because it requires only the trouble of going to the mint, and the delay, perhaps, of a few weeks, to procure for any quantity of uncoined gold and silver an equal quantity of those metals in coin; but in every country the greater part of the current coin is almost always more or less worn, or otherwise degenerated from its standard. In Great Britain it was, before the late reformation, a good deal so, the gold being more than two per cent., and the silver more than eight per cent. below its standard weight. But if forty-four guineas and a-half, containing their full standard weight, a pound weight of gold, could purchase very little more than a pound weight of uncoined gold; forty-four guineas and a-half, wanting a part of their weight, could not purchase a pound weight, and something was to be added, in order to make up the deficiency. The current price of gold bullion at market, therefore, instead of being the same with the mint price, or £46:14:6, was then about £47:14s., and sometimes about £48. When the greater part of the coin, however, was in this degenerate condition, forty four guineas and a-half, fresh from the mint, would purchase no more goods in the market than any other ordinary guineas;

because, when they came into the coffers of the merchant, being confounded with other money, they could not afterwards be distinguished without more trouble than the difference was worth. Like other guineas, they were worth no more than £46:14:6. If thrown into the melting pot, however, they produced, without any sensible loss, a pound weight of standard gold, which could be sold at any time for between £47:14s. and £48, either in gold or silver, as fit for all the purposes of coin as that which had been melted down. There was an evident profit, therefore, in melting down new-coined money; and it was done so instantaneously, that no precaution of government could prevent it. The operations of the mint were, upon this account, somewhat like the web of Penelope; the work that was done in the day was undone in the night. The mint was employed, not so much in making daily additions to the coin, as in replacing the very best part of it, which was daily melted down.

Were the private people who carry their gold and silver to the mint to pay themselves for the coinage, it would add to the value of those metals, in the same manner as the fashion does to that of plate. Coined gold and silver would be more valuable than uncoined. The seignorage, if it was not exorbitant, would add to the bullion the whole value of the duty; because, the government having everywhere the exclusive privilege of coining, no coin can come to market cheaper than they think proper to afford it. If the duty was exorbitant, indeed, that is, if it was very much above the real value of the labour and expense requisite for coinage, false coiners, both at home and abroad, might be encouraged, by the great difference between the value of bullion and that of coin, to pour in so great a quantity of counterfeit money as might reduce the value of the government money. In France, however, though the seignorage is eight per cent., no sensible inconveniency of this kind is found to arise from it. The dangers to which a false coiner is everywhere exposed, if he lives in the country of which he counterfeits the coin, and to which his agents or correspondents are exposed, if he lives in a foreign country, are by far too great to be incurred for the sake of a profit of six or seven per cent.

The seignorage in France raises the value of the coin higher than in proportion to the quantity of pure gold which it contains. Thus, by the edict of January 1726, the mint price of fine gold of twenty-four carats was fixed at seven hundred and forty livres nine sous and one denier one-eleventh the mark of eight Paris ounces. {See Dictionnaire des Monnoies, tom. ii. article

Seigneurage, p. 439, par 81. Abbot de Bazinthen, Conseiller-Commissaire en la Cour des Monnoies à Paris.} The gold coin of France, making an allowance for the remedy of the mint, contains twenty-one carats and three-fourths of fine gold, and two carats one-fourth of alloy. The mark of standard gold, therefore, is worth no more than about six hundred and seventy-one livres ten deniers. But in France this mark of standard gold is coined into thirty louis d'ors of twenty-four livres each, or into seven hundred and twenty livres. The coinage, therefore, increases the value of a mark of standard gold bullion, by the difference between six hundred and seventy-one livres ten deniers and seven hundred and twenty livres, or by forty-eight livres nineteen sous and two deniers.

A seignorage will, in many cases, take away altogether, and will in all cases diminish, the profit of melting down the new coin. This profit always arises from the difference between the quantity of bullion which the common currency ought to contain and that which it actually does contain. If this difference is less than the seignorage, there will be loss instead of profit. If it is equal to the seignorage, there will be neither profit nor loss. If it is greater than the seignorage, there will, indeed, be some profit, but less than if there was no seignorage. If, before the late reformation of the gold coin, for example, there had been a seignorage of five per cent. upon the coinage, there would have been a loss of three per cent. upon the melting down of the gold coin. If the seignorage had been two per cent., there would have been neither profit nor loss. If the seignorage had been one per cent., there would have been a profit but of one per cent. only, instead of two per cent. Wherever money is received by tale, therefore, and not by weight, a seignorage is the most effectual preventive of the melting down of the coin, and, for the same reason, of its exportation. It is the best and heaviest pieces that are commonly either melted down or exported, because it is upon such that the largest profits are made.

The law for the encouragement of the coinage, by rendering it duty-free, was first enacted during the reign of Charles II. for a limited time, and afterwards continued, by different prolongations, till 1769, when it was rendered perpetual. The bank of England, in order to replenish their coffers with money, are frequently obliged to carry bullion to the mint; and it was more for their interest, they probably imagined, that the coinage should be at the expense of the government than at their own. It was probably out of complaisance to this great company, that the government agreed to render

this law perpetual. Should the custom of weighing gold, however, come to be disused, as it is very likely to be on account of its inconveniency; should the gold coin of England come to be received by tale, as it was before the late recoinage this great company may, perhaps, find that they have, upon this, as upon some other occasions, mistaken their own interest not a little.

Before the late recoinage, when the gold currency of England was two per cent. below its standard weight, as there was no seignorage, it was two per cent. below the value of that quantity of standard gold bullion which it ought to have contained. When this great company, therefore, bought gold bullion in order to have it coined, they were obliged to pay for it two per cent. more than it was worth after the coinage. But if there had been a seignorage of two per cent. upon the coinage, the common gold currency, though two per cent. below its standard weight, would, notwithstanding, have been equal in value to the quantity of standard gold which it ought to have contained; the value of the fashion compensating in this case the diminution of the weight. They would, indeed, have had the seignorage to pay, which being two per cent., their loss upon the whole transaction would have been two per cent., exactly the same, but no greater than it actually was.

If the seignorage had been five per cent. and the gold currency only two per cent. below its standard weight, the bank would, in this case, have gained three per cent. upon the price of the bullion; but as they would have had a seignorage of five per cent. to pay upon the coinage, their loss upon the whole transaction would, in the same manner, have been exactly two per cent.

If the seignorage had been only one per cent., and the gold currency two per cent. below its standard weight, the bank would, in this case, have lost only one per cent. upon the price of the bullion; but as they would likewise have had a seignorage of one per cent. to pay, their loss upon the whole transaction would have been exactly two per cent., in the same manner as in all other cases.

If there was a reasonable seignorage, while at the same time the coin contained its full standard weight, as it has done very nearly since the late recoinage, whatever the bank might lose by the seignorage, they would gain upon the price of the bullion; and whatever they might gain upon the price of the bullion, they would lose by the seignorage. They would neither lose nor gain, therefore, upon the whole transaction, and they would in this, as in

all the foregoing cases, be exactly in the same situation as if there was no seignorage.

When the tax upon a commodity is so moderate as not to encourage smuggling, the merchant who deals in it, though he advances, does not properly pay the tax, as he gets it back in the price of the commodity. The tax is finally paid by the last purchaser or consumer. But money is a commodity, with regard to which every man is a merchant. Nobody buys it but in order to sell it again; and with regard to it there is, in ordinary cases, no last purchaser or consumer. When the tax upon coinage, therefore, is so moderate as not to encourage false coining, though every body advances the tax, nobody finally pays it; because every body gets it back in the advanced value of the coin.

A moderate seignorage, therefore, would not, in any case, augment the expense of the bank, or of any other private persons who carry their bullion to the mint in order to be coined; and the want of a moderate seignorage does not in any case diminish it. Whether there is or is not a seignorage, if the currency contains its full standard weight, the coinage costs nothing to anybody; and if it is short of that weight, the coinage must always cost the difference between the quantity of bullion which ought to be contained in it, and that which actually is contained in it.

The government, therefore, when it defrays the expense of coinage, not only incurs some small expense, but loses some small revenue which it might get by a proper duty; and neither the bank, nor any other private persons, are in the smallest degree benefited by this useless piece of public generosity.

The directors of the bank, however, would probably be unwilling to agree to the imposition of a seignorage upon the authority of a speculation which promises them no gain, but only pretends to insure them from any loss. In the present state of the gold coin, and as long as it continues to be received by weight, they certainly would gain nothing by such a change. But if the custom of weighing the gold coin should ever go into disuse, as it is very likely to do, and if the gold coin should ever fall into the same state of degradation in which it was before the late recoinage, the gain, or more properly the savings, of the bank, in consequence of the imposition of a seignorage, would probably be very considerable. The bank of England is the only company which sends any considerable quantity of bullion to the mint, and the burden of the annual coinage falls entirely, or almost entirely,

upon it. If this annual coinage had nothing to do but to repair the unavoidable losses and necessary wear and tear of the coin, it could seldom exceed fifty thousand, or at most a hundred thousand pounds. But when the coin is degraded below its standard weight, the annual coinage must, besides this, fill up the large vacuities which exportation and the melting pot are continually making in the current coin. It was upon this account, that during the ten or twelve years immediately preceding the late reformation of the gold coin, the annual coinage amounted, at an average, to more than £850,000. But if there had been a seignorage of four or five per cent. upon the gold coin, it would probably, even in the state in which things then were, have put an effectual stop to the business both of exportation and of the melting pot. The bank, instead of losing every year about two and a half per cent. upon the bullion which was to be coined into more than eight hundred and fifty thousand pounds, or incurring an annual loss of more than £21,250 pounds, would not probably have incurred the tenth part of that loss.

The revenue allotted by parliament for defraying the expense of the coinage is but fourteen thousand pounds a-year; and the real expense which it costs the government, or the fees of the officers of the mint, do not, upon ordinary occasions, I am assured, exceed the half of that sum. The saving of so very small a sum, or even the gaining of another, which could not well be much larger, are objects too inconsiderable, it may be thought, to deserve the serious attention of government. But the saving of eighteen or twenty thousand pounds a-year, in case of an event which is not improbable, which has frequently happened before, and which is very likely to happen again, is surely an object which well deserves the serious attention, even of so great a company as the bank of England.

Some of the foregoing reasonings and observations might, perhaps, have been more properly placed in those chapters of the first book which treat of the origin and use of money, and of the difference between the real and the nominal price of commodities. But as the law for the encouragement of coinage derives its origin from those vulgar prejudices which have been introduced by the mercantile system, I judged it more proper to reserve them for this chapter. Nothing could be more agreeable to the spirit of that system than a sort of bounty upon the production of money, the very thing which, it supposes, constitutes the wealth of every nation. It is one of its many admirable expedients for enriching the country.

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CHAPTER VII.

OF COLONIES.

PART I. Of the Motives for Establishing New Colonies.

The interest which occasioned the first settlement of the different European colonies in America and the West Indies, was not altogether so plain and distinct as that which directed the establishment of those of ancient Greece and Rome.

All the different states of ancient Greece possessed, each of them, but a very small territory; and when the people in anyone of them multiplied beyond what that territory could easily maintain, a part of them were sent in quest of a new habitation, in some remote and distant part of the world; the warlike neighbours who surrounded them on all sides, rendering it difficult for any of them to enlarge very much its territory at home. The colonies of the Dorians resorted chiefly to Italy and Sicily, which, in the times preceding the foundation of Rome, were inhabited by barbarous and uncivilized nations; those of the Ionians and Aeolians, the two other great tribes of the Greeks, to Asia Minor and the islands of the Aegean sea, of which the inhabitants seem at that time to have been pretty much in the same state as those of Sicily and Italy. The mother city, though she considered the colony as a child, at all times entitled to great favour and assistance, and owing in return much gratitude and respect, yet considered it as an emancipated child, over whom she pretended to claim no direct authority or jurisdiction. The colony settled its own form of government, enacted its own laws, elected its own magistrates, and made peace or war with its neighbours, as an independent state, which had no occasion to wait for the approbation or consent of the mother city. Nothing can be more plain and distinct than the interest which directed every such establishment.

Rome, like most of the other ancient republics, was originally founded upon an agrarian law, which divided the public territory, in a certain proportion, among the different citizens who composed the state. The course of human affairs, by marriage, by succession, and by alienation,

necessarily deranged this original division, and frequently threw the lands which had been allotted for the maintenance of many different families, into the possession of a single person. To remedy this disorder, for such it was supposed to be, a law was made, restricting the quantity of land which any citizen could possess to five hundred jugera; about 350 English acres. This law, however, though we read of its having been executed upon one or two occasions, was either neglected or evaded, and the inequality of fortunes went on continually increasing. The greater part of the citizens had no land; and without it the manners and customs of those times rendered it difficult for a freeman to maintain his independency. In the present times, though a poor man has no land of his own, if he has a little stock, he may either farm the lands of another, or he may carry on some little retail trade; and if he has no stock, he may find employment either as a country labourer, or as an artificer. But among the ancient Romans, the lands of the rich were all cultivated by slaves, who wrought under an overseer, who was likewise a slave; so that a poor freeman had little chance of being employed either as a farmer or as a labourer. All trades and manufactures, too, even the retail trade, were carried on by the slaves of the rich for the benefit of their masters, whose wealth, authority, and protection, made it difficult for a poor freeman to maintain the competition against them. The citizens, therefore, who had no land, had scarce any other means of subsistence but the bounties of the candidates at the annual elections. The tribunes, when they had a mind to animate the people against the rich and the great, put them in mind of the ancient divisions of lands, and represented that law which restricted this sort of private property as the fundamental law of the republic. The people became clamorous to get land, and the rich and the great, we may believe, were perfectly determined not to give them any part of theirs. To satisfy them in some measure, therefore, they frequently proposed to send out a new colony. But conquering Rome was, even upon such occasions, under no necessity of turning out her citizens to seek their fortune, if one may so, through the wide world, without knowing where they were to settle. She assigned them lands generally in the conquered provinces of Italy, where, being within the dominions of the republic, they could never form any independent state, but were at best but a sort of corporation, which, though it had the power of enacting bye-laws for its own government, was at all times subject to the correction, jurisdiction, and legislative authority of the mother city. The sending out a colony of this

kind not only gave some satisfaction to the people, but often established a sort of garrison, too, in a newly conquered province, of which the obedience might otherwise have been doubtful. A Roman colony, therefore, whether we consider the nature of the establishment itself, or the motives for making it, was altogether different from a Greek one. The words, accordingly, which in the original languages denote those different establishments, have very different meanings. The Latin word (*colonia*) signifies simply a plantation. The Greek word (*apoixia*), on the contrary, signifies a separation of dwelling, a departure from home, a going out of the house. But though the Roman colonies were, in many respects, different from the Greek ones, the interest which prompted to establish them was equally plain and distinct. Both institutions derived their origin, either from irresistible necessity, or from clear and evident utility.

The establishment of the European colonies in America and the West Indies arose from no necessity; and though the utility which has resulted from them has been very great, it is not altogether so clear and evident. It was not understood at their first establishment, and was not the motive, either of that establishment, or of the discoveries which gave occasion to it; and the nature, extent, and limits of that utility, are not, perhaps, well understood at this day.

The Venetians, during the fourteenth and fifteenth centuries, carried on a very advantageous commerce in spiceries and other East India goods, which they distributed among the other nations of Europe. They purchased them chiefly in Egypt, at that time under the dominion of the Mamelukes, the enemies of the Turks, of whom the Venetians were the enemies; and this union of interest, assisted by the money of Venice, formed such a connexion as gave the Venetians almost a monopoly of the trade.

The great profits of the Venetians tempted the avidity of the Portuguese. They had been endeavouring, during the course of the fifteenth century, to find out by sea a way to the countries from which the Moors brought them ivory and gold dust across the desert. They discovered the Madeiras, the Canaries, the Azores, the Cape de Verd islands, the coast of Guinea, that of Loango, Congo, Angola, and Benguela, and, finally, the Cape of Good Hope. They had long wished to share in the profitable traffic of the Venetians, and this last discovery opened to them a probable prospect of doing so. In 1497, Vasco de Gamo sailed from the port of Lisbon with a fleet of four ships, and, after a navigation of eleven months, arrived upon

the coast of Indostan; and thus completed a course of discoveries which had been pursued with great steadiness, and with very little interruption, for near a century together.

Some years before this, while the expectations of Europe were in suspense about the projects of the Portuguese, of which the success appeared yet to be doubtful, a Genoese pilot formed the yet more daring project of sailing to the East Indies by the west. The situation of those countries was at that time very imperfectly known in Europe. The few European travellers who had been there, had magnified the distance, perhaps through simplicity and ignorance; what was really very great, appearing almost infinite to those who could not measure it; or, perhaps, in order to increase somewhat more the marvellous of their own adventures in visiting regions so immensely remote from Europe. The longer the way was by the east, Columbus very justly concluded, the shorter it would be by the west. He proposed, therefore, to take that way, as both the shortest and the surest, and he had the good fortune to convince Isabella of Castile of the probability of his project. He sailed from the port of Palos in August 1492, near five years before the expedition of Vasco de Gamo set out from Portugal; and, after a voyage of between two and three months, discovered first some of the small Bahama or Lucyan islands, and afterwards the great island of St. Domingo.

But the countries which Columbus discovered, either in this or in any of his subsequent voyages, had no resemblance to those which he had gone in quest of. Instead of the wealth, cultivation, and populousness of China and Indostan, he found, in St. Domingo, and in all the other parts of the new world which he ever visited, nothing but a country quite covered with wood, uncultivated, and inhabited only by some tribes of naked and miserable savages. He was not very willing, however, to believe that they were not the same with some of the countries described by Marco Polo, the first European who had visited, or at least had left behind him any description of China or the East Indies; and a very slight resemblance, such as that which he found between the name of Cibao, a mountain in St. Domingo, and that of Cipange, mentioned by Marco Polo, was frequently sufficient to make him return to this favourite prepossession, though contrary to the clearest evidence. In his letters to Ferdinand and Isabella, he called the countries which he had discovered the Indies. He entertained no doubt but that they were the extremity of those which had been described

by Marco Polo, and that they were not very distant from the Ganges, or from the countries which had been conquered by Alexander. Even when at last convinced that they were different, he still flattered himself that those rich countries were at no great distance; and in a subsequent voyage, accordingly, went in quest of them along the coast of Terra Firma, and towards the Isthmus of Darien.

In consequence of this mistake of Columbus, the name of the Indies has stuck to those unfortunate countries ever since; and when it was at last clearly discovered that the new were altogether different from the old Indies, the former were called the West, in contradistinction to the latter, which were called the East Indies.

It was of importance to Columbus, however, that the countries which he had discovered, whatever they were, should be represented to the court of Spain as of very great consequence; and, in what constitutes the real riches of every country, the animal and vegetable productions of the soil, there was at that time nothing which could well justify such a representation of them.

The cori, something between a rat and a rabbit, and supposed by Mr Buffon to be the same with the aperea of Brazil, was the largest viviparous quadruped in St. Domingo. This species seems never to have been very numerous; and the dogs and cats of the Spaniards are said to have long ago almost entirely extirpated it, as well as some other tribes of a still smaller size. These, however, together with a pretty large lizard, called the ivana or iguana, constituted the principal part of the animal food which the land afforded.

The vegetable food of the inhabitants, though, from their want of industry, not very abundant, was not altogether so scanty. It consisted in Indian corn, yams, potatoes, bananas, etc., plants which were then altogether unknown in Europe, and which have never since been very much esteemed in it, or supposed to yield a sustenance equal to what is drawn from the common sorts of grain and pulse, which have been cultivated in this part of the world time out of mind.

The cotton plant, indeed, afforded the material of a very important manufacture, and was at that time, to Europeans, undoubtedly the most valuable of all the vegetable productions of those islands. But though, in the end of the fifteenth century, the muslins and other cotton goods of the East

Indies were much esteemed in every part of Europe, the cotton manufacture itself was not cultivated in any part of it. Even this production, therefore, could not at that time appear in the eyes of Europeans to be of very great consequence.

Finding nothing, either in the animals or vegetables of the newly discovered countries which could justify a very advantageous representation of them, Columbus turned his view towards their minerals; and in the richness of their productions of this third kingdom, he flattered himself he had found a full compensation for the insignificance of those of the other two. The little bits of gold with which the inhabitants ornamented their dress, and which, he was informed, they frequently found in the rivulets and torrents which fell from the mountains, were sufficient to satisfy him that those mountains abounded with the richest gold mines. St. Domingo, therefore, was represented as a country abounding with gold, and upon that account (according to the prejudices not only of the present times, but of those times), an inexhaustible source of real wealth to the crown and kingdom of Spain. When Columbus, upon his return from his first voyage, was introduced with a sort of triumphal honours to the sovereigns of Castile and Arragon, the principal productions of the countries which he had discovered were carried in solemn procession before him. The only valuable part of them consisted in some little fillets, bracelets, and other ornaments of gold, and in some bales of cotton. The rest were mere objects of vulgar wonder and curiosity; some reeds of an extraordinary size, some birds of a very beautiful plumage, and some stuffed skins of the huge alligator and manati; all of which were preceded by six or seven of the wretched natives, whose singular colour and appearance added greatly to the novelty of the show.

In consequence of the representations of Columbus, the council of Castile determined to take possession of the countries of which the inhabitants were plainly incapable of defending themselves. The pious purpose of converting them to Christianity sanctified the injustice of the project. But the hope of finding treasures of gold there was the sole motive which prompted to undertake it; and to give this motive the greater weight, it was proposed by Columbus, that the half of all the gold and silver that should be found there, should belong to the crown. This proposal was approved of by the council.

As long as the whole, or the greater part of the gold which the first adventurers imported into Europe was got by so very easy a method as the

plundering of the defenceless natives, it was not perhaps very difficult to pay even this heavy tax; but when the natives were once fairly stripped of all that they had, which, in St. Domingo, and in all the other countries discovered by Columbus, was done completely in six or eight years, and when, in order to find more, it had become necessary to dig for it in the mines, there was no longer any possibility of paying this tax. The rigorous exaction of it, accordingly, first occasioned, it is said, the total abandoning of the mines of St. Domingo, which have never been wrought since. It was soon reduced, therefore, to a third; then to a fifth; afterwards to a tenth; and at last to a twentieth part of the gross produce of the gold mines. The tax upon silver continued for a long time to be a fifth of the gross produce. It was reduced to a tenth only in the course of the present century. But the first adventurers do not appear to have been much interested about silver. Nothing less precious than gold seemed worthy of their attention.

All the other enterprizes of the Spaniards in the New World, subsequent to those of Columbus, seem to have been prompted by the same motive. It was the sacred thirst of gold that carried Ovieda, Nicuessa, and Vasco Nugnes de Balboa, to the Isthmus of Darien; that carried Cortes to Mexico, Almagro and Pizarro to Chili and Peru. When those adventurers arrived upon any unknown coast, their first inquiry was always if there was any gold to be found there; and according to the information which they received concerning this particular, they determined either to quit the country or to settle in it.

Of all those expensive and uncertain projects, however, which bring bankruptcy upon the greater part of the people who engage in them, there is none, perhaps, more perfectly ruinous than the search after new silver and gold mines. It is, perhaps, the most disadvantageous lottery in the world, or the one in which the gain of those who draw the prizes bears the least proportion to the loss of those who draw the blanks; for though the prizes are few, and the blanks many, the common price of a ticket is the whole fortune of a very rich man. Projects of mining, instead of replacing the capital employed in them, together with the ordinary profits of stock, commonly absorb both capital and profit. They are the projects, therefore, to which, of all others, a prudent lawgiver, who desired to increase the capital of his nation, would least choose to give any extraordinary encouragement, or to turn towards them a greater share of that capital than what would go to them of its own accord. Such, in reality, is the absurd

confidence which almost all men have in their own good fortune, that wherever there is the least probability of success, too great a share of it is apt to go to them of its own accord.

But though the judgment of sober reason and experience concerning such projects has always been extremely unfavourable, that of human avidity has commonly been quite otherwise. The same passion which has suggested to so many people the absurd idea of the philosopher's stone, has suggested to others the equally absurd one of immense rich mines of gold and silver. They did not consider that the value of those metals has, in all ages and nations, arisen chiefly from their scarcity, and that their scarcity has arisen from the very small quantities of them which nature has anywhere deposited in one place, from the hard and intractable substances with which she has almost everywhere surrounded those small quantities, and consequently from the labour and expense which are everywhere necessary in order to penetrate, and get at them. They flattered themselves that veins of those metals might in many places be found, as large and as abundant as those which are commonly found of lead, or copper, or tin, or iron. The dream of Sir Walter Raleigh, concerning the golden city and country of El Dorado, may satisfy us, that even wise men are not always exempt from such strange delusions. More than a hundred years after the death of that great man, the Jesuit Gumila was still convinced of the reality of that wonderful country, and expressed, with great warmth, and, I dare say, with great sincerity, how happy he should be to carry the light of the gospel to a people who could so well reward the pious labours of their missionary.

In the countries first discovered by the Spaniards, no gold and silver mines are at present known which are supposed to be worth the working. The quantities of those metals which the first adventurers are said to have found there, had probably been very much magnified, as well as the fertility of the mines which were wrought immediately after the first discovery. What those adventurers were reported to have found, however, was sufficient to inflame the avidity of all their countrymen. Every Spaniard who sailed to America expected to find an El Dorado. Fortune, too, did upon this what she has done upon very few other occasions. She realized in some measure the extravagant hopes of her votaries; and in the discovery and conquest of Mexico and Peru (of which the one happened about thirty, and the other about forty, years after the first expedition of Columbus), she

presented them with something not very unlike that profusion of the precious metals which they sought for.

A project of commerce to the East Indies, therefore, gave occasion to the first discovery of the West. A project of conquest gave occasion to all the establishments of the Spaniards in those newly discovered countries. The motive which excited them to this conquest was a project of gold and silver mines; and a course of accidents which no human wisdom could foresee, rendered this project much more successful than the undertakers had any reasonable grounds for expecting.

The first adventurers of all the other nations of Europe who attempted to make settlements in America, were animated by the like chimerical views; but they were not equally successful. It was more than a hundred years after the first settlement of the Brazils, before any silver, gold, or diamond mines, were discovered there. In the English, French, Dutch, and Danish colonies, none have ever yet been discovered, at least none that are at present supposed to be worth the working. The first English settlers in North America, however, offered a fifth of all the gold and silver which should be found there to the king, as a motive for granting them their patents. In the patents of Sir Walter Raleigh, to the London and Plymouth companies, to the council of Plymouth, etc. this fifth was accordingly reserved to the crown. To the expectation of finding gold and silver mines, those first settlers, too, joined that of discovering a north-west passage to the East Indies. They have hitherto been disappointed in both.

PART II. Causes of the Prosperity of New Colonies.

The colony of a civilized nation which takes possession either of a waste country, or of one so thinly inhabited that the natives easily give place to the new settlers, advances more rapidly to wealth and greatness than any other human society.

The colonies carry out with them a knowledge of agriculture and of other useful arts, superior to what can grow up of its own accord, in the course of many centuries, among savage and barbarous nations. They carry out with them, too, the habit of subordination, some notion of the regular government which takes place in their own country, of the system of laws which support it, and of a regular administration of justice; and they naturally establish something of the same kind in the new settlement. But

among savage and barbarous nations, the natural progress of law and government is still slower than the natural progress of arts, after law and government have been so far established as is necessary for their protection. Every colonist gets more land than he can possibly cultivate. He has no rent, and scarce any taxes, to pay. No landlord shares with him in its produce, and, the share of the sovereign is commonly but a trifle. He has every motive to render as great as possible a produce which is thus to be almost entirely his own. But his land is commonly so extensive, that, with all his own industry, and with all the industry of other people whom he can get to employ, he can seldom make it produce the tenth part of what it is capable of producing. He is eager, therefore, to collect labourers from all quarters, and to reward them with the most liberal wages. But those liberal wages, joined to the plenty and cheapness of land, soon make those labourers leave him, in order to become landlords themselves, and to reward with equal liberality other labourers, who soon leave them for the same reason that they left their first master. The liberal reward of labour encourages marriage. The children, during the tender years of infancy, are well fed and properly taken care of; and when they are grown up, the value of their labour greatly overpays their maintenance. When arrived at maturity, the high price of labour, and the low price of land, enable them to establish themselves in the same manner as their fathers did before them.

In other countries, rent and profit eat up wages, and the two superior orders of people oppress the inferior one; but in new colonies, the interest of the two superior orders obliges them to treat the inferior one with more generosity and humanity, at least where that inferior one is not in a state of slavery. Waste lands, of the greatest natural fertility, are to be had for a trifle. The increase of revenue which the proprietor, who is always the undertaker, expects from their improvement, constitutes his profit, which, in these circumstances, is commonly very great; but this great profit cannot be made, without employing the labour of other people in clearing and cultivating the land; and the disproportion between the great extent of the land and the small number of the people, which commonly takes place in new colonies, makes it difficult for him to get this labour. He does not, therefore, dispute about wages, but is willing to employ labour at any price. The high wages of labour encourage population. The cheapness and plenty of good land encourage improvement, and enable the proprietor to pay those high wages. In those wages consists almost the whole price of the

land; and though they are high, considered as the wages of labour, they are low, considered as the price of what is so very valuable. What encourages the progress of population and improvement, encourages that of real wealth and greatness.

The progress of many of the ancient Greek colonies towards wealth and greatness seems accordingly to have been very rapid. In the course of a century or two, several of them appear to have rivalled, and even to have surpassed, their mother cities. Syracuse and Agrigentum in Sicily, Tarentum and Locri in Italy, Ephesus and Miletus in Lesser Asia, appear, by all accounts, to have been at least equal to any of the cities of ancient Greece. Though posterior in their establishment, yet all the arts of refinement, philosophy, poetry, and eloquence, seem to have been cultivated as early, and to have been improved as highly in them as in any part of the mother country. The schools of the two oldest Greek philosophers, those of Thales and Pythagoras, were established, it is remarkable, not in ancient Greece, but the one in an Asiatic, the other in an Italian colony. All those colonies had established themselves in countries inhabited by savage and barbarous nations, who easily gave place to the new settlers. They had plenty of good land; and as they were altogether independent of the mother city, they were at liberty to manage their own affairs in the way that they judged was most suitable to their own interest.

The history of the Roman colonies is by no means so brilliant. Some of them, indeed, such as Florence, have, in the course of many ages, and after the fall of the mother city, grown up to be considerable states. But the progress of no one of them seems ever to have been very rapid. They were all established in conquered provinces, which in most cases had been fully inhabited before. The quantity of land assigned to each colonist was seldom very considerable, and, as the colony was not independent, they were not always at liberty to manage their own affairs in the way that they judged was most suitable to their own interest.

In the plenty of good land, the European colonies established in America and the West Indies resemble, and even greatly surpass, those of ancient Greece. In their dependency upon the mother state, they resemble those of ancient Rome; but their great distance from Europe has in all of them alleviated more or less the effects of this dependency. Their situation has placed them less in the view, and less in the power of their mother country. In pursuing their interest their own way, their conduct has upon many

occasions been overlooked, either because not known or not understood in Europe; and upon some occasions it has been fairly suffered and submitted to, because their distance rendered it difficult to restrain it. Even the violent and arbitrary government of Spain has, upon many occasions, been obliged to recall or soften the orders which had been given for the government of her colonies, for fear of a general insurrection. The progress of all the European colonies in wealth, population, and improvement, has accordingly been very great.

The crown of Spain, by its share of the gold and silver, derived some revenue from its colonies from the moment of their first establishment. It was a revenue, too, of a nature to excite in human avidity the most extravagant expectation of still greater riches. The Spanish colonies, therefore, from the moment of their first establishment, attracted very much the attention of their mother country; while those of the other European nations were for a long time in a great measure neglected. The former did not, perhaps, thrive the better in consequence of this attention, nor the latter the worse in consequence of this neglect. In proportion to the extent of the country which they in some measure possess, the Spanish colonies are considered as less populous and thriving than those of almost any other European nation. The progress even of the Spanish colonies, however, in population and improvement, has certainly been very rapid and very great. The city of Lima, founded since the conquest, is represented by Ulloa as containing fifty thousand inhabitants near thirty years ago. Quito, which had been but a miserable hamlet of Indians, is represented by the same author as in his time equally populous. Gemel i Carreri, a pretended traveller, it is said, indeed, but who seems everywhere to have written upon extreme good information, represents the city of Mexico as containing a hundred thousand inhabitants; a number which, in spite of all the exaggerations of the Spanish writers, is probably more than five times greater than what it contained in the time of Montezuma. These numbers exceed greatly those of Boston, New York, and Philadelphia, the three greatest cities of the English colonies. Before the conquest of the Spaniards, there were no cattle fit for draught, either in Mexico or Peru. The lama was their only beast of burden, and its strength seems to have been a good deal inferior to that of a common ass. The plough was unknown among them. They were ignorant of the use of iron. They had no coined money, nor any established instrument of commerce of any kind. Their commerce was

carried on by barter. A sort of wooden spade was their principal instrument of agriculture. Sharp stones served them for knives and hatchets to cut with; fish bones, and the hard sinews of certain animals, served them with needles to sew with; and these seem to have been their principal instruments of trade. In this state of things, it seems impossible that either of those empires could have been so much improved or so well cultivated as at present, when they are plentifully furnished with all sorts of European cattle, and when the use of iron, of the plough, and of many of the arts of Europe, have been introduced among them. But the populousness of every country must be in proportion to the degree of its improvement and cultivation. In spite of the cruel destruction of the natives which followed the conquest, these two great empires are probably more populous now than they ever were before; and the people are surely very different; for we must acknowledge, I apprehend, that the Spanish creoles are in many respects superior to the ancient Indians.

After the settlements of the Spaniards, that of the Portuguese in Brazil is the oldest of any European nation in America. But as for a long time after the first discovery neither gold nor silver mines were found in it, and as it afforded upon that account little or no revenue to the crown, it was for a long time in a great measure neglected; and during this state of neglect, it grew up to be a great and powerful colony. While Portugal was under the dominion of Spain, Brazil was attacked by the Dutch, who got possession of seven of the fourteen provinces into which it is divided. They expected soon to conquer the other seven, when Portugal recovered its independency by the elevation of the family of Braganza to the throne. The Dutch, then, as enemies to the Spaniards, became friends to the Portuguese, who were likewise the enemies of the Spaniards. They agreed, therefore, to leave that part of Brazil which they had not conquered to the king of Portugal, who agreed to leave that part which they had conquered to them, as a matter not worth disputing about, with such good allies. But the Dutch government soon began to oppress the Portuguese colonists, who, instead of amusing themselves with complaints, took arms against their new masters, and by their own valour and resolution, with the connivance, indeed, but without any avowed assistance from the mother country, drove them out of Brazil. The Dutch, therefore, finding it impossible to keep any part of the country to themselves, were contented that it should be entirely restored to the crown of Portugal. In this colony there are said to be more than six hundred

thousand people, either Portuguese or descended from Portuguese, creoles, mulattoes, and a mixed race between Portuguese and Brazilians. No one colony in America is supposed to contain so great a number of people of European extraction.

Towards the end of the fifteenth, and during the greater part of the sixteenth century, Spain and Portugal were the two great naval powers upon the ocean; for though the commerce of Venice extended to every part of Europe, its fleet had scarce ever sailed beyond the Mediterranean. The Spaniards, in virtue of the first discovery, claimed all America as their own; and though they could not hinder so great a naval power as that of Portugal from settling in Brazil, such was at that time the terror of their name, that the greater part of the other nations of Europe were afraid to establish themselves in any other part of that great continent. The French, who attempted to settle in Florida, were all murdered by the Spaniards. But the declension of the naval power of this latter nation, in consequence of the defeat or miscarriage of what they called their invincible armada, which happened towards the end of the sixteenth century, put it out of their power to obstruct any longer the settlements of the other European nations. In the course of the seventeenth century, therefore, the English, French, Dutch, Danes, and Swedes, all the great nations who had any ports upon the ocean, attempted to make some settlements in the new world.

The Swedes established themselves in New Jersey; and the number of Swedish families still to be found there sufficiently demonstrates, that this colony was very likely to prosper, had it been protected by the mother country. But being neglected by Sweden, it was soon swallowed up by the Dutch colony of New York, which again, in 1674, fell under the dominion of the English.

The small islands of St. Thomas and Santa Cruz, are the only countries in the new world that have ever been possessed by the Danes. These little settlements, too, were under the government of an exclusive company, which had the sole right, both of purchasing the surplus produce of the colonies, and of supplying them with such goods of other countries as they wanted, and which, therefore, both in its purchases and sales, had not only the power of oppressing them, but the greatest temptation to do so. The government of an exclusive company of merchants is, perhaps, the worst of all governments for any country whatever. It was not, however, able to stop altogether the progress of these colonies, though it rendered it more slow

and languid. The late king of Denmark dissolved this company, and since that time the prosperity of these colonies has been very great.

The Dutch settlements in the West, as well as those in the East Indies, were originally put under the government of an exclusive company. The progress of some of them, therefore, though it has been considerable in comparison with that of almost any country that has been long peopled and established, has been languid and slow in comparison with that of the greater part of new colonies. The colony of Surinam, though very considerable, is still inferior to the greater part of the sugar colonies of the other European nations. The colony of Nova Belgia, now divided into the two provinces of New York and New Jersey, would probably have soon become considerable too, even though it had remained under the government of the Dutch. The plenty and cheapness of good land are such powerful causes of prosperity, that the very worst government is scarce capable of checking altogether the efficacy of their operation. The great distance, too, from the mother country, would enable the colonists to evade more or less, by smuggling, the monopoly which the company enjoyed against them. At present, the company allows all Dutch ships to trade to Surinam, upon paying two and a-half per cent. upon the value of their cargo for a license; and only reserves to itself exclusively, the direct trade from Africa to America, which consists almost entirely in the slave trade. This relaxation in the exclusive privileges of the company, is probably the principal cause of that degree of prosperity which that colony at present enjoys. Curacoa and Eustatia, the two principal islands belonging to the Dutch, are free ports, open to the ships of all nations; and this freedom, in the midst of better colonies, whose ports are open to those of one nation only, has been the great cause of the prosperity of those two barren islands.

The French colony of Canada was, during the greater part of the last century, and some part of the present, under the government of an exclusive company. Under so unfavourable an administration, its progress was necessarily very slow, in comparison with that of other new colonies; but it became much more rapid when this company was dissolved, after the fall of what is called the Mississippi scheme. When the English got possession of this country, they found in it near double the number of inhabitants which father Charlevoix had assigned to it between twenty and thirty years before. That jesuit had travelled over the whole country, and had no inclination to represent it as less inconsiderable than it really was.

The French colony of St. Domingo was established by pirates and freebooters, who, for a long time, neither required the protection, nor acknowledged the authority of France; and when that race of banditti became so far citizens as to acknowledge this authority, it was for a long time necessary to exercise it with very great gentleness. During this period, the population and improvement of this colony increased very fast. Even the oppression of the exclusive company, to which it was for some time subjected with all the other colonies of France, though it no doubt retarded, had not been able to stop its progress altogether. The course of its prosperity returned as soon as it was relieved from that oppression. It is now the most important of the sugar colonies of the West Indies, and its produce is said to be greater than that of all the English sugar colonies put together. The other sugar colonies of France are in general all very thriving.

But there are no colonies of which the progress has been more rapid than that of the English in North America.

Plenty of good land, and liberty to manage their own affairs their own way, seem to be the two great causes of the prosperity of all new colonies.

In the plenty of good land, the English colonies of North America, though no doubt very abundantly provided, are, however, inferior to those of the Spaniards and Portuguese, and not superior to some of those possessed by the French before the late war. But the political institutions of the English colonies have been more favourable to the improvement and cultivation of this land, than those of the other three nations.

First, The engrossing of uncultivated land, though it has by no means been prevented altogether, has been more restrained in the English colonies than in any other. The colony law, which imposes upon every proprietor the obligation of improving and cultivating, within a limited time, a certain proportion of his lands, and which, in case of failure, declares those neglected lands grantable to any other person; though it has not perhaps been very strictly executed, has, however, had some effect.

Secondly, In Pennsylvania there is no right of primogeniture, and lands, like moveables, are divided equally among all the children of the family. In three of the provinces of New England, the oldest has only a double share, as in the Mosaic law. Though in those provinces, therefore, too great a quantity of land should sometimes be engrossed by a particular individual, it is likely, in the course of a generation or two, to be sufficiently divided

again. In the other English colonies, indeed, the right of primogeniture takes place, as in the law of England: But in all the English colonies, the tenure of the lands, which are all held by free soccage, facilitates alienation; and the grantee of an extensive tract of land generally finds it for his interest to alienate, as fast as he can, the greater part of it, reserving only a small quit-rent. In the Spanish and Portuguese colonies, what is called the right of majorazzo takes place in the succession of all those great estates to which any title of honour is annexed. Such estates go all to one person, and are in effect entailed and unalienable. The French colonies, indeed, are subject to the custom of Paris, which, in the inheritance of land, is much more favourable to the younger children than the law of England. But, in the French colonies, if any part of an estate, held by the noble tenure of chivalry and homage, is alienated, it is, for a limited time, subject to the right of redemption, either by the heir of the superior, or by the heir of the family; and all the largest estates of the country are held by such noble tenures, which necessarily embarrass alienation. But, in a new colony, a great uncultivated estate is likely to be much more speedily divided by alienation than by succession. The plenty and cheapness of good land, it has already been observed, are the principal causes of the rapid prosperity of new colonies. The engrossing of land, in effect, destroys this plenty and cheapness. The engrossing of uncultivated land, besides, is the greatest obstruction to its improvement; but the labour that is employed in the improvement and cultivation of land affords the greatest and most valuable produce to the society. The produce of labour, in this case, pays not only its own wages and the profit of the stock which employs it, but the rent of the land too upon which it is employed. The labour of the English colonies, therefore, being more employed in the improvement and cultivation of land, is likely to afford a greater and more valuable produce than that of any of the other three nations, which, by the engrossing of land, is more or less diverted towards other employments.

Thirdly, The labour of the English colonists is not only likely to afford a greater and more valuable produce, but, in consequence of the moderation of their taxes, a greater proportion of this produce belongs to themselves, which they may store up and employ in putting into motion a still greater quantity of labour. The English colonists have never yet contributed any thing towards the defence of the mother country, or towards the support of its civil government. They themselves, on the contrary, have hitherto been

defended almost entirely at the expense of the mother country; but the expense of fleets and armies is out of all proportion greater than the necessary expense of civil government. The expense of their own civil government has always been very moderate. It has generally been confined to what was necessary for paying competent salaries to the governor, to the judges, and to some other officers of police, and for maintaining a few of the most useful public works. The expense of the civil establishment of Massachusetts Bay, before the commencement of the present disturbances, used to be but about £18;000 a-year; that of New Hampshire and Rhode Island, £3500 each; that of Connecticut, £4000; that of New York and Pennsylvania, £4500 each; that of New Jersey, £1200; that of Virginia and South Carolina, £8000 each. The civil establishments of Nova Scotia and Georgia are partly supported by an annual grant of parliament; but Nova Scotia pays, besides, about £7000 a-year towards the public expenses of the colony, and Georgia about £2500 a-year. All the different civil establishments in North America, in short, exclusive of those of Maryland and North Carolina, of which no exact account has been got, did not, before the commencement of the present disturbances, cost the inhabitants about £64,700 a-year; an ever memorable example, at how small an expense three millions of people may not only be governed but well governed. The most important part of the expense of government, indeed, that of defence and protection, has constantly fallen upon the mother country. The ceremonial, too, of the civil government in the colonies, upon the reception of a new governor, upon the opening of a new assembly, etc. though sufficiently decent, is not accompanied with any expensive pomp or parade. Their ecclesiastical government is conducted upon a plan equally frugal. Tithes are unknown among them; and their clergy, who are far from being numerous, are maintained either by moderate stipends, or by the voluntary contributions of the people. The power of Spain and Portugal, on the contrary, derives some support from the taxes levied upon their colonies. France, indeed, has never drawn any considerable revenue from its colonies, the taxes which it levies upon them being generally spent among them. But the colony government of all these three nations is conducted upon a much more extensive plan, and is accompanied with a much more expensive ceremonial. The sums spent upon the reception of a new viceroy of Peru, for example, have frequently been enormous. Such ceremonials are not only real taxes paid by the rich colonists upon those particular

occasions, but they serve to introduce among them the habit of vanity and expense upon all other occasions. They are not only very grievous occasional taxes, but they contribute to establish perpetual taxes, of the same kind, still more grievous; the ruinous taxes of private luxury and extravagance. In the colonies of all those three nations, too, the ecclesiastical government is extremely oppressive. Tithes take place in all of them, and are levied with the utmost rigour in those of Spain and Portugal. All of them, besides, are oppressed with a numerous race of mendicant friars, whose beggary being not only licensed but consecrated by religion, is a most grievous tax upon the poor people, who are most carefully taught that it is a duty to give, and a very great sin to refuse them their charity. Over and above all this, the clergy are, in all of them, the greatest engrossers of land.

Fourthly, In the disposal of their surplus produce, or of what is over and above their own consumption, the English colonies have been more favoured, and have been allowed a more extensive market, than those of any other European nation. Every European nation has endeavoured, more or less, to monopolize to itself the commerce of its colonies, and, upon that account, has prohibited the ships of foreign nations from trading to them, and has prohibited them from importing European goods from any foreign nation. But the manner in which this monopoly has been exercised in different nations, has been very different.

Some nations have given up the whole commerce of their colonies to an exclusive company, of whom the colonists were obliged to buy all such European goods as they wanted, and to whom they were obliged to sell the whole of their surplus produce. It was the interest of the company, therefore, not only to sell the former as dear, and to buy the latter as cheap as possible, but to buy no more of the latter, even at this low price, than what they could dispose of for a very high price in Europe. It was their interest not only to degrade in all cases the value of the surplus produce of the colony, but in many cases to discourage and keep down the natural increase of its quantity. Of all the expedients that can well be contrived to stunt the natural growth of a new colony, that of an exclusive company is undoubtedly the most effectual. This, however, has been the policy of Holland, though their company, in the course of the present century, has given up in many respects the exertion of their exclusive privilege. This, too, was the policy of Denmark, till the reign of the late king. It has

occasionally been the policy of France; and of late, since 1755, after it had been abandoned by all other nations on account of its absurdity, it has become the policy of Portugal, with regard at least to two of the principal provinces of Brazil, Pernambuco, and Marannon.

Other nations, without establishing an exclusive company, have confined the whole commerce of their colonies to a particular port of the mother country, from whence no ship was allowed to sail, but either in a fleet and at a particular season, or, if single, in consequence of a particular license, which in most cases was very well paid for. This policy opened, indeed, the trade of the colonies to all the natives of the mother country, provided they traded from the proper port, at the proper season, and in the proper vessels. But as all the different merchants, who joined their stocks in order to fit out those licensed vessels, would find it for their interest to act in concert, the trade which was carried on in this manner would necessarily be conducted very nearly upon the same principles as that of an exclusive company. The profit of those merchants would be almost equally exorbitant and oppressive. The colonies would be ill supplied, and would be obliged both to buy very dear, and to sell very cheap. This, however, till within these few years, had always been the policy of Spain; and the price of all European goods, accordingly, is said to have been enormous in the Spanish West Indies. At Quito, we are told by Ulloa, a pound of iron sold for about 4s:6d., and a pound of steel for about 6s:9d. sterling. But it is chiefly in order to purchase European goods that the colonies part with their own produce. The more, therefore, they pay for the one, the less they really get for the other, and the dearness of the one is the same thing with the cheapness of the other. The policy of Portugal is, in this respect, the same as the ancient policy of Spain, with regard to all its colonies, except Pernambuco and Marannon; and with regard to these it has lately adopted a still worse.

Other nations leave the trade of their colonies free to all their subjects, who may carry it on from all the different ports of the mother country, and who have occasion for no other license than the common despatches of the custom-house. In this case the number and dispersed situation of the different traders renders it impossible for them to enter into any general combination, and their competition is sufficient to hinder them from making very exorbitant profits. Under so liberal a policy, the colonies are enabled both to sell their own produce, and to buy the goods of Europe at a reasonable price; but since the dissolution of the Plymouth company, when

our colonies were but in their infancy, this has always been the policy of England. It has generally, too, been that of France, and has been uniformly so since the dissolution of what in England is commonly called their Mississippi company. The profits of the trade, therefore, which France and England carry on with their colonies, though no doubt somewhat higher than if the competition were free to all other nations, are, however, by no means exorbitant; and the price of European goods, accordingly, is not extravagantly high in the greater part of the colonies of either of those nations.

In the exportation of their own surplus produce, too, it is only with regard to certain commodities that the colonies of Great Britain are confined to the market of the mother country. These commodities having been enumerated in the act of navigation, and in some other subsequent acts, have upon that account been called enumerated commodities. The rest are called non-enumerated, and may be exported directly to other countries, provided it is in British or plantation ships, of which the owners and three fourths of the mariners are British subjects.

Among the non-enumerated commodities are some of the most important productions of America and the West Indies, grain of all sorts, lumber, salt provisions, fish, sugar, and rum.

Grain is naturally the first and principal object of the culture of all new colonies. By allowing them a very extensive market for it, the law encourages them to extend this culture much beyond the consumption of a thinly inhabited country, and thus to provide beforehand an ample subsistence for a continually increasing population.

In a country quite covered with wood, where timber consequently is of little or no value, the expense of clearing the ground is the principal obstacle to improvement. By allowing the colonies a very extensive market for their lumber, the law endeavours to facilitate improvement by raising the price of a commodity which would otherwise be of little value, and thereby enabling them to make some profit of what would otherwise be mere expense.

In a country neither half peopled nor half cultivated, cattle naturally multiply beyond the consumption of the inhabitants, and are often, upon that account, of little or no value. But it is necessary, it has already been shown, that the price of cattle should bear a certain proportion to that of

corn, before the greater part of the lands of any country can be improved. By allowing to American cattle, in all shapes, dead and alive, a very extensive market, the law endeavours to raise the value of a commodity, of which the high price is so very essential to improvement. The good effects of this liberty, however, must be somewhat diminished by the 4th of Geo. III. c. 15, which puts hides and skins among the enumerated commodities, and thereby tends to reduce the value of American cattle.

To increase the shipping and naval power of Great Britain by the extension of the fisheries of our colonies, is an object which the legislature seems to have had almost constantly in view. Those fisheries, upon this account, have had all the encouragement which freedom can give them, and they have flourished accordingly. The New England fishery, in particular, was, before the late disturbances, one of the most important, perhaps, in the world. The whale fishery which, notwithstanding an extravagant bounty, is in Great Britain carried on to so little purpose, that in the opinion of many people (which I do not, however, pretend to warrant), the whole produce does not much exceed the value of the bounties which are annually paid for it, is in New England carried on, without any bounty, to a very great extent. Fish is one of the principal articles with which the North Americans trade to Spain, Portugal, and the Mediterranean.

Sugar was originally an enumerated commodity, which could only be exported to Great Britain; but in 1751, upon a representation of the sugar-planters, its exportation was permitted to all parts of the world. The restrictions, however, with which this liberty was granted, joined to the high price of sugar in Great Britain, have rendered it in a great measure ineffectual. Great Britain and her colonies still continue to be almost the sole market for all sugar produced in the British plantations. Their consumption increases so fast, that, though in consequence of the increasing improvement of Jamaica, as well as of the ceded islands, the importation of sugar has increased very greatly within these twenty years, the exportation to foreign countries is said to be not much greater than before.

Rum is a very important article in the trade which the Americans carry on to the coast of Africa, from which they bring back negro slaves in return.

If the whole surplus produce of America, in grain of all sorts, in salt provisions, and in fish, had been put into the enumeration, and thereby forced into the market of Great Britain, it would have interfered too much with the produce of the industry of our own people. It was probably not so

much from any regard to the interest of America, as from a jealousy of this interference, that those important commodities have not only been kept out of the enumeration, but that the importation into Great Britain of all grain, except rice, and of all salt provisions, has, in the ordinary state of the law, been prohibited.

The non-enumerated commodities could originally be exported to all parts of the world. Lumber and rice having been once put into the enumeration, when they were afterwards taken out of it, were confined, as to the European market, to the countries that lie south of Cape Finisterre. By the 6th of George III. c. 52, all non-enumerated commodities were subjected to the like restriction. The parts of Europe which lie south of Cape Finisterre are not manufacturing countries, and we are less jealous of the colony ships carrying home from them any manufactures which could interfere with our own.

The enumerated commodities are of two sorts; first, such as are either the peculiar produce of America, or as cannot be produced, or at least are not produced in the mother country. Of this kind are molasses, coffee, coconuts, tobacco, pimento, ginger, whalefins, raw silk, cotton, wool, beaver, and other peltry of America, indigo, fustick, and other dyeing woods; secondly, such as are not the peculiar produce of America, but which are, and may be produced in the mother country, though not in such quantities as to supply the greater part of her demand, which is principally supplied from foreign countries. Of this kind are all naval stores, masts, yards, and bowsprits, tar, pitch, and turpentine, pig and bar iron, copper ore, hides and skins, pot and pearl ashes. The largest importation of commodities of the first kind could not discourage the growth, or interfere with the sale, of any part of the produce of the mother country. By confining them to the home market, our merchants, it was expected, would not only be enabled to buy them cheaper in the plantations, and consequently to sell them with a better profit at home, but to establish between the plantations and foreign countries an advantageous carrying trade, of which Great Britain was necessarily to be the centre or emporium, as the European country into which those commodities were first to be imported. The importation of commodities of the second kind might be so managed too, it was supposed, as to interfere, not with the sale of those of the same kind which were produced at home, but with that of those which were imported from foreign countries; because, by means of proper duties, they might be rendered

always somewhat dearer than the former, and yet a good deal cheaper than the latter. By confining such commodities to the home market, therefore, it was proposed to discourage the produce, not of Great Britain, but of some foreign countries with which the balance of trade was believed to be unfavourable to Great Britain.

The prohibition of exporting from the colonies to any other country but Great Britain, masts, yards, and bowsprits, tar, pitch, and turpentine, naturally tended to lower the price of timber in the colonies, and consequently to increase the expense of clearing their lands, the principal obstacle to their improvement. But about the beginning of the present century, in 1703, the pitch and tar company of Sweden endeavoured to raise the price of their commodities to Great Britain, by prohibiting their exportation, except in their own ships, at their own price, and in such quantities as they thought proper. In order to counteract this notable piece of mercantile policy, and to render herself as much as possible independent, not only of Sweden, but of all the other northern powers, Great Britain gave a bounty upon the importation of naval stores from America; and the effect of this bounty was to raise the price of timber in America much more than the confinement to the home market could lower it; and as both regulations were enacted at the same time, their joint effect was rather to encourage than to discourage the clearing of land in America.

Though pig and bar iron, too, have been put among the enumerated commodities, yet as, when imported from America, they are exempted from considerable duties to which they are subject when imported from any other country, the one part of the regulation contributes more to encourage the erection of furnaces in America than the other to discourage it. There is no manufacture which occasions so great a consumption of wood as a furnace, or which can contribute so much to the clearing of a country overgrown with it.

The tendency of some of these regulations to raise the value of timber in America, and thereby to facilitate the clearing of the land, was neither, perhaps, intended nor understood by the legislature. Though their beneficial effects, however, have been in this respect accidental, they have not upon that account been less real.

The most perfect freedom of trade is permitted between the British colonies of America and the West Indies, both in the enumerated and in the non-enumerated commodities. Those colonies are now become so populous

and thriving, that each of them finds in some of the others a great and extensive market for every part of its produce. All of them taken together, they make a great internal market for the produce of one another.

The liberality of England, however, towards the trade of her colonies, has been confined chiefly to what concerns the market for their produce, either in its rude state, or in what may be called the very first stage of manufacture. The more advanced or more refined manufactures, even of the colony produce, the merchants and manufacturers of Great Britain chuse to reserve to themselves, and have prevailed upon the legislature to prevent their establishment in the colonies, sometimes by high duties, and sometimes by absolute prohibitions.

While, for example, Muscovado sugars from the British plantations pay, upon importation, only 6s:4d. the hundred weight, white sugars pay £1:1:1; and refined, either double or single, in loaves, £4:2:5 8/20ths. When those high duties were imposed, Great Britain was the sole, and she still continues to be, the principal market, to which the sugars of the British colonies could be exported. They amounted, therefore, to a prohibition, at first of claying or refining sugar for any foreign market, and at present of claying or refining it for the market which takes off, perhaps, more than nine-tenths of the whole produce. The manufacture of claying or refining sugar, accordingly, though it has flourished in all the sugar colonies of France, has been little cultivated in any of those of England, except for the market of the colonies themselves. While Grenada was in the hands of the French, there was a refinery of sugar, by claying, at least upon almost every plantation. Since it fell into those of the English, almost all works of this kind have been given up; and there are at present (October 1773), I am assured, not above two or three remaining in the island. At present, however, by an indulgence of the custom-house, clayed or refined sugar, if reduced from loaves into powder, is commonly imported as Muscovado.

While Great Britain encourages in America the manufacturing of pig and bar iron, by exempting them from duties to which the like commodities are subject when imported from any other country, she imposes an absolute prohibition upon the erection of steel furnaces and slit-mills in any of her American plantations. She will not suffer her colonies to work in those more refined manufactures, even for their own consumption; but insists upon their purchasing of her merchants and manufacturers all goods of this kind which they have occasion for.

She prohibits the exportation from one province to another by water, and even the carriage by land upon horseback, or in a cart, of hats, of wools, and woollen goods, of the produce of America; a regulation which effectually prevents the establishment of any manufacture of such commodities for distant sale, and confines the industry of her colonists in this way to such coarse and household manufactures as a private family commonly makes for its own use, or for that of some of its neighbours in the same province.

To prohibit a great people, however, from making all that they can of every part of their own produce, or from employing their stock and industry in the way that they judge most advantageous to themselves, is a manifest violation of the most sacred rights of mankind. Unjust, however, as such prohibitions may be, they have not hitherto been very hurtful to the colonies. Land is still so cheap, and, consequently, labour so dear among them, that they can import from the mother country almost all the more refined or more advanced manufactures cheaper than they could make them for themselves. Though they had not, therefore, been prohibited from establishing such manufactures, yet, in their present state of improvement, a regard to their own interest would probably have prevented them from doing so. In their present state of improvement, those prohibitions, perhaps, without cramping their industry, or restraining it from any employment to which it would have gone of its own accord, are only impertinent badges of slavery imposed upon them, without any sufficient reason, by the groundless jealousy of the merchants and manufacturers of the mother country. In a more advanced state, they might be really oppressive and insupportable.

Great Britain, too, as she confines to her own market some of the most important productions of the colonies, so, in compensation, she gives to some of them an advantage in that market, sometimes by imposing higher duties upon the like productions when imported from other countries, and sometimes by giving bounties upon their importation from the colonies. In the first way, she gives an advantage in the home market to the sugar, tobacco, and iron of her own colonies; and, in the second, to their raw silk, to their hemp and flax, to their indigo, to their naval stores, and to their building timber. This second way of encouraging the colony produce, by bounties upon importation, is, so far as I have been able to learn, peculiar to Great Britain: the first is not. Portugal does not content herself with

imposing higher duties upon the importation of tobacco from any other country, but prohibits it under the severest penalties.

With regard to the importation of goods from Europe, England has likewise dealt more liberally with her colonies than any other nation.

Great Britain allows a part, almost always the half, generally a larger portion, and sometimes the whole, of the duty which is paid upon the importation of foreign goods, to be drawn back upon their exportation to any foreign country. No independent foreign country, it was easy to foresee, would receive them, if they came to it loaded with the heavy duties to which almost all foreign goods are subjected on their importation into Great Britain. Unless, therefore, some part of those duties was drawn back upon exportation, there was an end of the carrying trade; a trade so much favoured by the mercantile system.

Our colonies, however, are by no means independent foreign countries; and Great Britain having assumed to herself the exclusive right of supplying them with all goods from Europe, might have forced them (in the same manner as other countries have done their colonies) to receive such goods loaded with all the same duties which they paid in the mother country. But, on the contrary, till 1763, the same drawbacks were paid upon the exportation of the greater part of foreign goods to our colonies, as to any independent foreign country. In 1763, indeed, by the 4th of Geo. III. c. 15, this indulgence was a good deal abated, and it was enacted, "That no part of the duty called the old subsidy should be drawn back for any goods of the growth, production, or manufacture of Europe or the East Indies, which should be exported from this kingdom to any British colony or plantation in America; wines, white calicoes, and muslins, excepted." Before this law, many different sorts of foreign goods might have been bought cheaper in the plantations than in the mother country, and some may still.

Of the greater part of the regulations concerning the colony trade, the merchants who carry it on, it must be observed, have been the principal advisers. We must not wonder, therefore, if, in a great part of them, their interest has been more considered than either that of the colonies or that of the mother country. In their exclusive privilege of supplying the colonies with all the goods which they wanted from Europe, and of purchasing all such parts of their surplus produce as could not interfere with any of the trades which they themselves carried on at home, the interest of the colonies was sacrificed to the interest of those merchants. In allowing the same

drawbacks upon the re-exportation of the greater part of European and East India goods to the colonies, as upon their re-exportation to any independent country, the interest of the mother country was sacrificed to it, even according to the mercantile ideas of that interest. It was for the interest of the merchants to pay as little as possible for the foreign goods which they sent to the colonies, and, consequently, to get back as much as possible of the duties which they advanced upon their importation into Great Britain. They might thereby be enabled to sell in the colonies, either the same quantity of goods with a greater profit, or a greater quantity with the same profit, and, consequently, to gain something either in the one way or the other. It was likewise for the interest of the colonies to get all such goods as cheap, and in as great abundance as possible. But this might not always be for the interest of the mother country. She might frequently suffer, both in her revenue, by giving back a great part of the duties which had been paid upon the importation of such goods; and in her manufactures, by being undersold in the colony market, in consequence of the easy terms upon which foreign manufactures could be carried thither by means of those drawbacks. The progress of the linen manufacture of Great Britain, it is commonly said, has been a good deal retarded by the drawbacks upon the re-exportation of German linen to the American colonies.

But though the policy of Great Britain, with regard to the trade of her colonies, has been dictated by the same mercantile spirit as that of other nations, it has, however, upon the whole, been less illiberal and oppressive than that of any of them.

In every thing except their foreign trade, the liberty of the English colonists to manage their own affairs their own way, is complete. It is in every respect equal to that of their fellow-citizens at home, and is secured in the same manner, by an assembly of the representatives of the people, who claim the sole right of imposing taxes for the support of the colony government. The authority of this assembly overawes the executive power; and neither the meanest nor the most obnoxious colonist, as long as he obeys the law, has any thing to fear from the resentment, either of the governor, or of any other civil or military officer in the province. The colony assemblies, though, like the house of commons in England, they are not always a very equal representation of the people, yet they approach more nearly to that character; and as the executive power either has not the means to corrupt them, or, on account of the support which it receives from

the mother country, is not under the necessity of doing so, they are, perhaps, in general more influenced by the inclinations of their constituents. The councils, which, in the colony legislatures, correspond to the house of lords in Great Britain, are not composed of a hereditary nobility. In some of the colonies, as in three of the governments of New England, those councils are not appointed by the king, but chosen by the representatives of the people. In none of the English colonies is there any hereditary nobility. In all of them, indeed, as in all other free countries, the descendant of an old colony family is more respected than an upstart of equal merit and fortune; but he is only more respected, and he has no privileges by which he can be troublesome to his neighbours. Before the commencement of the present disturbances, the colony assemblies had not only the legislative, but a part of the executive power. In Connecticut and Rhode Island, they elected the governor. In the other colonies, they appointed the revenue officers, who collected the taxes imposed by those respective assemblies, to whom those officers were immediately responsible. There is more equality, therefore, among the English colonists than among the inhabitants of the mother country. Their manners are more republican; and their governments, those of three of the provinces of New England in particular, have hitherto been more republican too.

The absolute governments of Spain, Portugal, and France, on the contrary, take place in their colonies; and the discretionary powers which such governments commonly delegate to all their inferior officers are, on account of the great distance, naturally exercised there with more than ordinary violence. Under all absolute governments, there is more liberty in the capital than in any other part of the country. The sovereign himself can never have either interest or inclination to pervert the order of justice, or to oppress the great body of the people. In the capital, his presence overawes, more or less, all his inferior officers, who, in the remoter provinces, from whence the complaints of the people are less likely to reach him, can exercise their tyranny with much more safety. But the European colonies in America are more remote than the most distant provinces of the greatest empires which had ever been known before. The government of the English colonies is, perhaps, the only one which, since the world began, could give perfect security to the inhabitants of so very distant a province. The administration of the French colonies, however, has always been conducted with much more gentleness and moderation than that of the Spanish and

Portuguese. This superiority of conduct is suitable both to the character of the French nation, and to what forms the character of every nation, the nature of their government, which, though arbitrary and violent in comparison with that of Great Britain, is legal and free in comparison with those of Spain and Portugal.

It is in the progress of the North American colonies, however, that the superiority of the English policy chiefly appears. The progress of the sugar colonies of France has been at least equal, perhaps superior, to that of the greater part of those of England; and yet the sugar colonies of England enjoy a free government, nearly of the same kind with that which takes place in her colonies of North America. But the sugar colonies of France are not discouraged, like those of England, from refining their own sugar; and what is still of greater importance, the genius of their government naturally introduces a better management of their negro slaves.

In all European colonies, the culture of the sugar-cane is carried on by negro slaves. The constitution of those who have been born in the temperate climate of Europe could not, it is supposed, support the labour of digging the ground under the burning sun of the West Indies; and the culture of the sugar-cane, as it is managed at present, is all hand labour; though, in the opinion of many, the drill plough might be introduced into it with great advantage. But, as the profit and success of the cultivation which is carried on by means of cattle, depend very much upon the good management of those cattle; so the profit and success of that which is carried on by slaves must depend equally upon the good management of those slaves; and in the good management of their slaves the French planters, I think it is generally allowed, are superior to the English. The law, so far as it gives some weak protection to the slave against the violence of his master, is likely to be better executed in a colony where the government is in a great measure arbitrary, than in one where it is altogether free. In ever country where the unfortunate law of slavery is established, the magistrate, when he protects the slave, intermeddles in some measure in the management of the private property of the master; and, in a free country, where the master is, perhaps, either a member of the colony assembly, or an elector of such a member, he dares not do this but with the greatest caution and circumspection. The respect which he is obliged to pay to the master, renders it more difficult for him to protect the slave. But in a country where the government is in a great measure arbitrary, where it is usual for the magistrate to intermeddle even in

the management of the private property of individuals, and to send them, perhaps, a lettre de cachet, if they do not manage it according to his liking, it is much easier for him to give some protection to the slave; and common humanity naturally disposes him to do so. The protection of the magistrate renders the slave less contemptible in the eyes of his master, who is thereby induced to consider him with more regard, and to treat him with more gentleness. Gentle usage renders the slave not only more faithful, but more intelligent, and, therefore, upon a double account, more useful. He approaches more to the condition of a free servant, and may possess some degree of integrity and attachment to his master's interest; virtues which frequently belong to free servants, but which never can belong to a slave, who is treated as slaves commonly are in countries where the master is perfectly free and secure.

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That the condition of a slave is better under an arbitrary than under a free government, is, I believe, supported by the history of all ages and nations. In the Roman history, the first time we read of the magistrate interposing to protect the slave from the violence of his master, is under the emperors. When Vidius Pollio, in the presence of Augustus, ordered one of his slaves, who had committed a slight fault, to be cut into pieces and thrown into his fish-pond, in order to feed his fishes, the emperor commanded him, with indignation, to emancipate immediately, not only that slave, but all the others that belonged to him. Under the republic no magistrate could have had authority enough to protect the slave, much less to punish the master.

The stock, it is to be observed, which has improved the sugar colonies of France, particularly the great colony of St Domingo, has been raised almost entirely from the gradual improvement and cultivation of those colonies. It has been almost altogether the produce of the soil and of the industry of the colonists, or, what comes to the same thing, the price of that produce, gradually accumulated by good management, and employed in raising a still greater produce. But the stock which has improved and cultivated the sugar colonies of England, has, a great part of it, been sent out from England, and has by no means been altogether the produce of the soil and industry of the colonists. The prosperity of the English sugar colonies has been in a great measure owing to the great riches of England, of which a part has overflowed, if one may say so, upon these colonies. But the prosperity of the sugar colonies of France has been entirely owing to the good conduct of the colonists, which must therefore have had some superiority over that of the English; and this superiority has been remarked in nothing so much as in the good management of their slaves.

Such have been the general outlines of the policy of the different European nations with regard to their colonies.

The policy of Europe, therefore, has very little to boast of, either in the original establishment, or, so far as concerns their internal government, in the subsequent prosperity of the colonies of America.

Folly and injustice seem to have been the principles which presided over and directed the first project of establishing those colonies; the folly of hunting after gold and silver mines, and the injustice of coveting the possession of a country whose harmless natives, far from having ever injured the people of Europe, had received the first adventurers with every mark of kindness and hospitality.

The adventurers, indeed, who formed some of the latter establishments, joined to the chimerical project of finding gold and silver mines, other motives more reasonable and more laudable; but even these motives do very little honour to the policy of Europe.

The English puritans, restrained at home, fled for freedom to America, and established there the four governments of New England. The English catholics, treated with much greater injustice, established that of Maryland; the quakers, that of Pennsylvania. The Portuguese Jews, persecuted by the inquisition, stripped of their fortunes, and banished to Brazil, introduced, by their example, some sort of order and industry among the transported felons and strumpets by whom that colony was originally peopled, and taught them the culture of the sugar-cane. Upon all these different occasions, it was not the wisdom and policy, but the disorder and injustice of the European governments, which peopled and cultivated America.

In effectuation some of the most important of these establishments, the different governments of Europe had as little merit as in projecting them. The conquest of Mexico was the project, not of the council of Spain, but of a governor of Cuba; and it was effectuated by the spirit of the bold adventurer to whom it was entrusted, in spite of every thing which that governor, who soon repented of having trusted such a person, could do to thwart it. The conquerors of Chili and Peru, and of almost all the other Spanish settlements upon the continent of America, carried out with them no other public encouragement, but a general permission to make settlements and conquests in the name of the king of Spain. Those adventures were all at the private risk and expense of the adventurers. The government of Spain contributed scarce any thing to any of them. That of England contributed as little towards effectuating the establishment of some of its most important colonies in North America.

When those establishments were effectuated, and had become so considerable as to attract the attention of the mother country, the first regulations which she made with regard to them, had always in view to secure to herself the monopoly of their commerce; to confine their market, and to enlarge her own at their expense, and, consequently, rather to damp and discourage, than to quicken and forward the course of their prosperity. In the different ways in which this monopoly has been exercised, consists one of the most essential differences in the policy of the different European

nations with regard to their colonies. The best of them all, that of England, is only somewhat less illiberal and oppressive than that of any of the rest.

In what way, therefore, has the policy of Europe contributed either to the first establishment, or to the present grandeur of the colonies of America? In one way, and in one way only, it has contributed a good deal. *Magna virum mater!* It bred and formed the men who were capable of achieving such great actions, and of laying the foundation of so great an empire; and there is no other quarter of the world; of which the policy is capable of forming, or has ever actually, and in fact, formed such men. The colonies owe to the policy of Europe the education and great views of their active and enterprising founders; and some of the greatest and most important of them, so far as concerns their internal government, owe to it scarce anything else.

PART III. Of the Advantages which Europe has derived From the Discovery of America, and from that of a Passage to the East Indies by the Cape of Good Hope.

Such are the advantages which the colonies of America have derived from the policy of Europe.

What are those which Europe has derived from the discovery and colonization of America?

Those advantages may be divided, first, into the general advantages which Europe, considered as one great country, has derived from those great events; and, secondly, into the particular advantages which each colonizing country has derived from the colonies which particularly belong to it, in consequence of the authority or dominion which it exercises over them.

The general advantages which Europe, considered as one great country, has derived from the discovery and colonization of America, consist, first, in the increase of its enjoyments; and, secondly, in the augmentation of its industry.

The surplus produce of America imported into Europe, furnishes the inhabitants of this great continent with a variety of commodities which they

could not otherwise have possessed; some for conveniency and use, some for pleasure, and some for ornament; and thereby contributes to increase their enjoyments.

The discovery and colonization of America, it will readily be allowed, have contributed to augment the industry, first, of all the countries which trade to it directly, such as Spain, Portugal, France, and England; and, secondly, of all those which, without trading to it directly, send, through the medium of other countries, goods to it of their own produce, such as Austrian Flanders, and some provinces of Germany, which, through the medium of the countries before mentioned, send to it a considerable quantity of linen and other goods. All such countries have evidently gained a more extensive market for their surplus produce, and must consequently have been encouraged to increase its quantity.

But that those great events should likewise have contributed to encourage the industry of countries such as Hungary and Poland, which may never, perhaps, have sent a single commodity of their own produce to America, is not, perhaps, altogether so evident. That those events have done so, however, cannot be doubted. Some part of the produce of America is consumed in Hungary and Poland, and there is some demand there for the sugar, chocolate, and tobacco, of that new quarter of the world. But those commodities must be purchased with something which is either the produce of the industry of Hungary and Poland, or with something which had been purchased with some part of that produce. Those commodities of America are new values, new equivalents, introduced into Hungary and Poland, to be exchanged there for the surplus produce of these countries. By being carried thither, they create a new and more extensive market for that surplus produce. They raise its value, and thereby contribute to encourage its increase. Though no part of it may ever be carried to America, it may be carried to other countries, which purchase it with a part of their share of the surplus produce of America, and it may find a market by means of the circulation of that trade which was originally put into motion by the surplus produce of America.

Those great events may even have contributed to increase the enjoyments, and to augment the industry, of countries which not only never sent any commodities to America, but never received any from it. Even such countries may have received a greater abundance of other commodities from countries, of which the surplus produce had been

augmented by means of the American trade. This greater abundance, as it must necessarily have increased their enjoyments, so it must likewise have augmented their industry. A greater number of new equivalents, of some kind or other, must have been presented to them to be exchanged for the surplus produce of that industry. A more extensive market must have been created for that surplus produce, so as to raise its value, and thereby encourage its increase. The mass of commodities annually thrown into the great circle of European commerce, and by its various revolutions annually distributed among all the different nations comprehended within it, must have been augmented by the whole surplus produce of America. A greater share of this greater mass, therefore, is likely to have fallen to each of those nations, to have increased their enjoyments, and augmented their industry.

The exclusive trade of the mother countries tends to diminish, or at least to keep down below what they would otherwise rise to, both the enjoyments and industry of all those nations in general, and of the American colonies in particular. It is a dead weight upon the action of one of the great springs which puts into motion a great part of the business of mankind. By rendering the colony produce dearer in all other countries, it lessens its consumption, and thereby cramps the industry of the colonies, and both the enjoyments and the industry of all other countries, which both enjoy less when they pay more for what they enjoy, and produce less when they get less for what they produce. By rendering the produce of all other countries dearer in the colonies, it cramps in the same manner the industry of all other colonies, and both the enjoyments and the industry of the colonies. It is a clog which, for the supposed benefit of some particular countries, embarrasses the pleasures and encumbers the industry of all other countries, but of the colonies more than of any other. It not only excludes as much as possible all other countries from one particular market, but it confines as much as possible the colonies to one particular market; and the difference is very great between being excluded from one particular market when all others are open, and being confined to one particular market when all others are shut up. The surplus produce of the colonies, however, is the original source of all that increase of enjoyments and industry which Europe derives from the discovery and colonization of America, and the exclusive trade of the mother countries tends to render this source much less abundant than it otherwise would be.

The particular advantages which each colonizing country derives from the colonies which particularly belong to it, are of two different kinds; first, those common advantages which every empire derives from the provinces subject to its dominion; and, secondly, those peculiar advantages which are supposed to result from provinces of so very peculiar a nature as the European colonies of America.

The common advantages which every empire derives from the provinces subject to its dominion consist, first, in the military force which they furnish for its defence; and, secondly, in the revenue which they furnish for the support of its civil government. The Roman colonies furnished occasionally both the one and the other. The Greek colonies sometimes furnished a military force, but seldom any revenue. They seldom acknowledged themselves subject to the dominion of the mother city. They were generally her allies in war, but very seldom her subjects in peace.

The European colonies of America have never yet furnished any military force for the defence of the mother country. The military force has never yet been sufficient for their own defence; and in the different wars in which the mother countries have been engaged, the defence of their colonies has generally occasioned a very considerable distraction of the military force of those countries. In this respect, therefore, all the European colonies have, without exception, been a cause rather of weakness than of strength to their respective mother countries.

The colonies of Spain and Portugal only have contributed any revenue towards the defence of the mother country, or the support of her civil government. The taxes which have been levied upon those of other European nations, upon those of England in particular, have seldom been equal to the expense laid out upon them in time of peace, and never sufficient to defray that which they occasioned in time of war. Such colonies, therefore, have been a source of expense, and not of revenue, to their respective mother countries.

The advantages of such colonies to their respective mother countries, consist altogether in those peculiar advantages which are supposed to result from provinces of so very peculiar a nature as the European colonies of America; and the exclusive trade, it is acknowledged, is the sole source of all those peculiar advantages.

In consequence of this exclusive trade, all that part of the surplus produce of the English colonies, for example, which consists in what are called enumerated commodities, can be sent to no other country but England. Other countries must afterwards buy it of her. It must be cheaper, therefore, in England than it can be in any other country, and must contribute more to increase the enjoyments of England than those of any other country. It must likewise contribute more to encourage her industry. For all those parts of her own surplus produce which England exchanges for those enumerated commodities, she must get a better price than any other countries can get for the like parts of theirs, when they exchange them for the same commodities. The manufactures of England, for example, will purchase a greater quantity of the sugar and tobacco of her own colonies than the like manufactures of other countries can purchase of that sugar and tobacco. So far, therefore, as the manufactures of England and those of other countries are both to be exchanged for the sugar and tobacco of the English colonies, this superiority of price gives an encouragement to the former beyond what the latter can, in these circumstances, enjoy. The exclusive trade of the colonies, therefore, as it diminishes, or at least keeps down below what they would otherwise rise to, both the enjoyments and the industry of the countries which do not possess it, so it gives an evident advantage to the countries which do possess it over those other countries.

This advantage, however, will, perhaps, be found to be rather what may be called a relative than an absolute advantage, and to give a superiority to the country which enjoys it, rather by depressing the industry and produce of other countries, than by raising those of that particular country above what they would naturally rise to in the case of a free trade.

The tobacco of Maryland and Virginia, for example, by means of the monopoly which England enjoys of it, certainly comes cheaper to England than it can do to France to whom England commonly sells a considerable part of it. But had France and all other European countries been at all times allowed a free trade to Maryland and Virginia, the tobacco of those colonies might by this time have come cheaper than it actually does, not only to all those other countries, but likewise to England. The produce of tobacco, in consequence of a market so much more extensive than any which it has hitherto enjoyed, might, and probably would, by this time have been so much increased as to reduce the profits of a tobacco plantation to their natural level with those of a corn plantation, which it is supposed they are

still somewhat above. The price of tobacco might, and probably would, by this time have fallen somewhat lower than it is at present. An equal quantity of the commodities, either of England or of those other countries, might have purchased in Maryland and Virginia a greater quantity of tobacco than it can do at present, and consequently have been sold there for so much a better price. So far as that weed, therefore, can, by its cheapness and abundance, increase the enjoyments, or augment the industry, either of England or of any other country, it would probably, in the case of a free trade, have produced both these effects in somewhat a greater degree than it can do at present. England, indeed, would not, in this case, have had any advantage over other countries. She might have bought the tobacco of her colonies somewhat cheaper, and consequently have sold some of her own commodities somewhat dearer, than she actually does; but she could neither have bought the one cheaper, nor sold the other dearer, than any other country might have done. She might, perhaps, have gained an absolute, but she would certainly have lost a relative advantage.

In order, however, to obtain this relative advantage in the colony trade, in order to execute the invidious and malignant project of excluding, as much as possible, other nations from any share in it, England, there are very probable reasons for believing, has not only sacrificed a part of the absolute advantage which she, as well as every other nation, might have derived from that trade, but has subjected herself both to an absolute and to a relative disadvantage in almost every other branch of trade.

When, by the act of navigation, England assumed to herself the monopoly of the colony trade, the foreign capitals which had before been employed in it, were necessarily withdrawn from it. The English capital, which had before carried on but a part of it, was now to carry on the whole. The capital which had before supplied the colonies with but a part of the goods which they wanted from Europe, was now all that was employed to supply them with the whole. But it could not supply them with the whole; and the goods with which it did supply them were necessarily sold very dear. The capital which had before bought but a part of the surplus produce of the colonies, was now all that was employed to buy the whole. But it could not buy the whole at any thing near the old price; and therefore, whatever it did buy, it necessarily bought very cheap. But in an employment of capital, in which the merchant sold very dear, and bought very cheap, the profit must have been very great, and much above the ordinary level of

profit in other branches of trade. This superiority of profit in the colony trade could not fail to draw from other branches of trade a part of the capital which had before been employed in them. But this revulsion of capital, as it must have gradually increased the competition of capitals in the colony trade, so it must have gradually diminished that competition in all those other branches of trade; as it must have gradually lowered the profits of the one, so it must have gradually raised those of the other, till the profits of all came to a new level, different from, and somewhat higher, than that at which they had been before.

This double effect of drawing capital from all other trades, and of raising the rate of profit somewhat higher than it otherwise would have been in all trades, was not only produced by this monopoly upon its first establishment, but has continued to be produced by it ever since.

First, This monopoly has been continually drawing capital from all other trades, to be employed in that of the colonies.

Though the wealth of Great Britain has increased very much since the establishment of the act of navigation, it certainly has not increased in the same proportion as that of the colonies. But the foreign trade of every country naturally increases in proportion to its wealth, its surplus produce in proportion to its whole produce; and Great Britain having engrossed to herself almost the whole of what may be called the foreign trade of the colonies, and her capital not having increased in the same proportion as the extent of that trade, she could not carry it on without continually withdrawing from other branches of trade some part of the capital which had before been employed in them, as well as withholding from them a great deal more which would otherwise have gone to them. Since the establishment of the act of navigation, accordingly, the colony trade has been continually increasing, while many other branches of foreign trade, particularly of that to other parts of Europe, have been continually decaying. Our manufactures for foreign sale, instead of being suited, as before the act of navigation, to the neighbouring market of Europe, or to the more distant one of the countries which lie round the Mediterranean sea, have the greater part of them, been accommodated to the still more distant one of the colonies; to the market in which they have the monopoly, rather than to that in which they have many competitors. The causes of decay in other branches of foreign trade, which, by Sir Matthew Decker and other writers, have been sought for in the excess and improper mode of taxation,

in the high price of labour, in the increase of luxury, etc. may all be found in the overgrowth of the colony trade. The mercantile capital of Great Britain, though very great, yet not being infinite, and though greatly increased since the act of navigation, yet not being increased in the same proportion as the colony trade, that trade could not possibly be carried on without withdrawing some part of that capital from other branches of trade, nor consequently without some decay of those other branches.

England, it must be observed, was a great trading country, her mercantile capital was very great, and likely to become still greater and greater every day, not only before the act of navigation had established the monopoly of the corn trade, but before that trade was very considerable. In the Dutch war, during the government of Cromwell, her navy was superior to that of Holland; and in that which broke out in the beginning of the reign of Charles II., it was at least equal, perhaps superior to the united navies of France and Holland. Its superiority, perhaps, would scarce appear greater in the present times, at least if the Dutch navy were to bear the same proportion to the Dutch commerce now which it did then. But this great naval power could not, in either of those wars, be owing to the act of navigation. During the first of them, the plan of that act had been but just formed; and though, before the breaking out of the second, it had been fully enacted by legal authority, yet no part of it could have had time to produce any considerable effect, and least of all that part which established the exclusive trade to the colonies. Both the colonies and their trade were inconsiderable then, in comparison of what they are now. The island of Jamaica was an unwholesome desert, little inhabited, and less cultivated. New York and New Jersey were in the possession of the Dutch, the half of St. Christopher's in that of the French. The island of Antigua, the two Carolinas, Pennsylvania, Georgia, and Nova Scotia, were not planted. Virginia, Maryland, and New England were planted; and though they were very thriving colonies, yet there was not perhaps at that time, either in Europe or America, a single person who foresaw, or even suspected, the rapid progress which they have since made in wealth, population, and improvement. The island of Barbadoes, in short, was the only British colony of any consequence, of which the condition at that time bore any resemblance to what it is at present. The trade of the colonies, of which England, even for some time after the act of navigation, enjoyed but a part (for the act of navigation was not very strictly executed till several years

after it was enacted), could not at that time be the cause of the great trade of England, nor of the great naval power which was supported by that trade. The trade which at that time supported that great naval power was the trade of Europe, and of the countries which lie round the Mediterranean sea. But the share which Great Britain at present enjoys of that trade could not support any such great naval power. Had the growing trade of the colonies been left free to all nations, whatever share of it might have fallen to Great Britain, and a very considerable share would probably have fallen to her, must have been all an addition to this great trade of which she was before in possession. In consequence of the monopoly, the increase of the colony trade has not so much occasioned an addition to the trade which Great Britain had before, as a total change in its direction.

Secondly, This monopoly has necessarily contributed to keep up the rate of profit, in all the different branches of British trade, higher than it naturally would have been, had all nations been allowed a free trade to the British colonies.

The monopoly of the colony trade, as it necessarily drew towards that trade a greater proportion of the capital of Great Britain than what would have gone to it of its own accord, so, by the expulsion of all foreign capitals, it necessarily reduced the whole quantity of capital employed in that trade below what it naturally would have been in the case of a free trade. But, by lessening the competition of capitals in that branch of trade, it necessarily raised the rate of profit in that branch. By lessening, too, the competition of British capitals in all other branches of trade, it necessarily raised the rate of British profit in all those other branches. Whatever may have been, at any particular period since the establishment of the act of navigation, the state or extent of the mercantile capital of Great Britain, the monopoly of the colony trade must, during the continuance of that state, have raised the ordinary rate of British profit higher than it otherwise would have been, both in that and in all the other branches of British trade. If, since the establishment of the act of navigation, the ordinary rate of British profit has fallen considerably, as it certainly has, it must have fallen still lower, had not the monopoly established by that act contributed to keep it up.

But whatever raises, in any country, the ordinary rate of profit higher than it otherwise would be, necessarily subjects that country both to an

absolute, and to a relative disadvantage in every branch of trade of which she has not the monopoly.

It subjects her to an absolute disadvantage; because, in such branches of trade, her merchants cannot get this greater profit without selling dearer than they otherwise would do, both the goods of foreign countries which they import into their own, and the goods of their own country which they export to foreign countries. Their own country must both buy dearer and sell dearer; must both buy less, and sell less; must both enjoy less and produce less, than she otherwise would do.

It subjects her to a relative disadvantage; because, in such branches of trade, it sets other countries, which are not subject to the same absolute disadvantage, either more above her or less below her, than they otherwise would be. It enables them both to enjoy more and to produce more, in proportion to what she enjoys and produces. It renders their superiority greater, or their inferiority less, than it otherwise would be. By raising the price of her produce above what it otherwise would be, it enables the merchants of other countries to undersell her in foreign markets, and thereby to jostle her out of almost all those branches of trade, of which she has not the monopoly.

Our merchants frequently complain of the high wages of British labour, as the cause of their manufactures being undersold in foreign markets; but they are silent about the high profits of stock. They complain of the extravagant gain of other people; but they say nothing of their own. The high profits of British stock, however, may contribute towards raising the price of British manufactures, in many cases, as much, and in some perhaps more, than the high wages of British labour.

It is in this manner that the capital of Great Britain, one may justly say, has partly been drawn and partly been driven from the greater part of the different branches of trade of which she has not the monopoly; from the trade of Europe, in particular, and from that of the countries which lie round the Mediterranean sea.

It has partly been drawn from those branches of trade, by the attraction of superior profit in the colony trade, in consequence of the continual increase of that trade, and of the continual insufficiency of the capital which had carried it on one year to carry it on the next.

It has partly been driven from them, by the advantage which the high rate of profit established in Great Britain gives to other countries, in all the different branches of trade of which Great Britain has not the monopoly.

As the monopoly of the colony trade has drawn from those other branches a part of the British capital, which would otherwise have been employed in them, so it has forced into them many foreign capitals which would never have gone to them, had they not been expelled from the colony trade. In those other branches of trade, it has diminished the competition of British capitals, and thereby raised the rate of British profit higher than it otherwise would have been. On the contrary, it has increased the competition of foreign capitals, and thereby sunk the rate of foreign profit lower than it otherwise would have been. Both in the one way and in the other, it must evidently have subjected Great Britain to a relative disadvantage in all those other branches of trade.

The colony trade, however, it may perhaps be said, is more advantageous to Great Britain than any other; and the monopoly, by forcing into that trade a greater proportion of the capital of Great Britain than what would otherwise have gone to it, has turned that capital into an employment, more advantageous to the country than any other which it could have found.

The most advantageous employment of any capital to the country to which it belongs, is that which maintains there the greatest quantity of productive labour, and increases the most the annual produce of the land and labour of that country. But the quantity of productive labour which any capital employed in the foreign trade of consumption can maintain, is exactly in proportion, it has been shown in the second book, to the frequency of its returns. A capital of a thousand pounds, for example, employed in a foreign trade of consumption, of which the returns are made regularly once in the year, can keep in constant employment, in the country to which it belongs, a quantity of productive labour, equal to what a thousand pounds can maintain there for a year. If the returns are made twice or thrice in the year, it can keep in constant employment a quantity of productive labour, equal to what two or three thousand pounds can maintain there for a year. A foreign trade of consumption carried on with a neighbouring, is, upon that account, in general, more advantageous than one carried on with a distant country; and, for the same reason, a direct foreign trade of consumption, as it has likewise been shown in the second book, is in general more advantageous than a round-about one.

But the monopoly of the colony trade, so far as it has operated upon the employment of the capital of Great Britain, has, in all cases, forced some part of it from a foreign trade of consumption carried on with a neighbouring, to one carried on with a more distant country, and in many cases from a direct foreign trade of consumption to a round-about one.

First, The monopoly of the colony trade has, in all cases, forced some part of the capital of Great Britain from a foreign trade of consumption carried on with a neighbouring, to one carried on with a more distant country.

It has, in all cases, forced some part of that capital from the trade with Europe, and with the countries which lie round the Mediterranean sea, to that with the more distant regions of America and the West Indies; from which the returns are necessarily less frequent, not only on account of the greater distance, but on account of the peculiar circumstances of those countries. New colonies, it has already been observed, are always understocked. Their capital is always much less than what they could employ with great profit and advantage in the improvement and cultivation of their land. They have a constant demand, therefore, for more capital than they have of their own; and, in order to supply the deficiency of their own, they endeavour to borrow as much as they can of the mother country, to whom they are, therefore, always in debt. The most common way in which the colonies contract this debt, is not by borrowing upon bond of the rich people of the mother country, though they sometimes do this too, but by running as much in arrear to their correspondents, who supply them with goods from Europe, as those correspondents will allow them. Their annual returns frequently do not amount to more than a third, and sometimes not to so great a proportion of what they owe. The whole capital, therefore, which their correspondents advance to them, is seldom returned to Britain in less than three, and sometimes not in less than four or five years. But a British capital of a thousand pounds, for example, which is returned to Great Britain only once in five years, can keep in constant employment only one-fifth part of the British industry which it could maintain, if the whole was returned once in the year; and, instead of the quantity of industry which a thousand pounds could maintain for a year, can keep in constant employment the quantity only which two hundred pounds can maintain for a year. The planter, no doubt, by the high price which he pays for the goods from Europe, by the interest upon the bills which he grants at distant dates,

and by the commission upon the renewal of those which he grants at near dates, makes up, and probably more than makes up, all the loss which his correspondent can sustain by this delay. But, though he make up the loss of his correspondent, he cannot make up that of Great Britain. In a trade of which the returns are very distant, the profit of the merchant may be as great or greater than in one in which they are very frequent and near; but the advantage of the country in which he resides, the quantity of productive labour constantly maintained there, the annual produce of the land and labour, must always be much less. That the returns of the trade to America, and still more those of that to the West Indies, are, in general, not only more distant, but more irregular and more uncertain, too, than those of the trade to any part of Europe, or even of the countries which lie round the Mediterranean sea, will readily be allowed, I imagine, by everybody who has any experience of those different branches of trade.

Secondly, The monopoly of the colony trade, has, in many cases, forced some part of the capital of Great Britain from a direct foreign trade of consumption, into a round-about one.

Among the enumerated commodities which can be sent to no other market but Great Britain, there are several of which the quantity exceeds very much the consumption of Great Britain, and of which, a part, therefore, must be exported to other countries. But this cannot be done without forcing some part of the capital of Great Britain into a round-about foreign trade of consumption. Maryland, and Virginia, for example, send annually to Great Britain upwards of ninety-six thousand hogsheads of tobacco, and the consumption of Great Britain is said not to exceed fourteen thousand. Upwards of eighty-two thousand hogsheads, therefore, must be exported to other countries, to France, to Holland, and, to the countries which lie round the Baltic and Mediterranean seas. But that part of the capital of Great Britain which brings those eighty-two thousand hogsheads to Great Britain, which re-exports them from thence to those other countries, and which brings back from those other countries to Great Britain either goods or money in return, is employed in a round-about foreign trade of consumption; and is necessarily forced into this employment, in order to dispose of this great surplus. If we would compute in how many years the whole of this capital is likely to come back to Great Britain, we must add to the distance of the American returns that of the returns from those other countries. If, in the direct foreign trade of consumption which we carry on

with America, the whole capital employed frequently does not come back in less than three or four years, the whole capital employed in this round-about one is not likely to come back in less than four or five. If the one can keep in constant employment but a third or a fourth part of the domestic industry which could be maintained by a capital returned once in the year, the other can keep in constant employment but a fourth or a fifth part of that industry. At some of the outports a credit is commonly given to those foreign correspondents to whom they export them tobacco. At the port of London, indeed, it is commonly sold for ready money: the rule is Weigh and pay. At the port of London, therefore, the final returns of the whole round-about trade are more distant than the returns from America, by the time only which the goods may lie unsold in the warehouse; where, however, they may sometimes lie long enough. But, had not the colonies been confined to the market of Great Britain for the sale of their tobacco, very little more of it would probably have come to us than what was necessary for the home consumption. The goods which Great Britain purchases at present for her own consumption with the great surplus of tobacco which she exports to other countries, she would, in this case, probably have purchased with the immediate produce of her own industry, or with some part of her own manufactures. That produce, those manufactures, instead of being almost entirely suited to one great market, as at present, would probably have been fitted to a great number of smaller markets. Instead of one great round-about foreign trade of consumption, Great Britain would probably have carried on a great number of small direct foreign trades of the same kind. On account of the frequency of the returns, a part, and probably but a small part, perhaps not above a third or a fourth of the capital which at present carries on this great round-about trade, might have been sufficient to carry on all those small direct ones; might have kept inconstant employment an equal quantity of British industry; and have equally supported the annual produce of the land and labour of Great Britain. All the purposes of this trade being, in this manner, answered by a much smaller capital, there would have been a large spare capital to apply to other purposes; to improve the lands, to increase the manufactures, and to extend the commerce of Great Britain; to come into competition at least with the other British capitals employed in all those different ways, to reduce the rate of profit in them all, and thereby to give to Great Britain, in

all of them, a superiority over other countries, still greater than what she at present enjoys.

The monopoly of the colony trade, too, has forced some part of the capital of Great Britain from all foreign trade of consumption to a carrying trade; and, consequently from supporting more or less the industry of Great Britain, to be employed altogether in supporting partly that of the colonies, and partly that of some other countries.

The goods, for example, which are annually purchased with the great surplus of eighty-two thousand hogsheads of tobacco annually re-exported from Great Britain, are not all consumed in Great Britain. Part of them, linen from Germany and Holland, for example, is returned to the colonies for their particular consumption. But that part of the capital of Great Britain which buys the tobacco with which this linen is afterwards bought, is necessarily withdrawn from supporting the industry of Great Britain, to be employed altogether in supporting, partly that of the colonies, and partly that of the particular countries who pay for this tobacco with the produce of their own industry.

The monopoly of the colony trade, besides, by forcing towards it a much greater proportion of the capital of Great Britain than what would naturally have gone to it, seems to have broken altogether that natural balance which would otherwise have taken place among all the different branches of British industry. The industry of Great Britain, instead of being accommodated to a great number of small markets, has been principally suited to one great market. Her commerce, instead of running in a great number of small channels, has been taught to run principally in one great channel. But the whole system of her industry and commerce has thereby been rendered less secure; the whole state of her body politic less healthful than it otherwise would have been. In her present condition, Great Britain resembles one of those unwholesome bodies in which some of the vital parts are overgrown, and which, upon that account, are liable to many dangerous disorders, scarce incident to those in which all the parts are more properly proportioned. A small stop in that great blood-vessel, which has been artificially swelled beyond its natural dimensions, and through which an unnatural proportion of the industry and commerce of the country has been forced to circulate, is very likely to bring on the most dangerous disorders upon the whole body politic. The expectation of a rupture with the colonies, accordingly, has struck the people of Great Britain with more

terror than they ever felt for a Spanish armada, or a French invasion. It was this terror, whether well or ill grounded, which rendered the repeal of the stamp act, among the merchants at least, a popular measure. In the total exclusion from the colony market, was it to last only for a few years, the greater part of our merchants used to fancy that they foresaw an entire stop to their trade; the greater part of our master manufacturers, the entire ruin of their business; and the greater part of our workmen, an end of their employment. A rupture with any of our neighbours upon the continent, though likely, too, to occasion some stop or interruption in the employments of some of all these different orders of people, is foreseen, however, without any such general emotion. The blood, of which the circulation is stopt in some of the smaller vessels, easily disgorge itself into the greater, without occasioning any dangerous disorder; but, when it is stopt in any of the greater vessels, convulsions, apoplexy, or death, are the immediate and unavoidable consequences. If but one of those overgrown manufactures, which, by means either of bounties or of the monopoly of the home and colony markets, have been artificially raised up to any unnatural height, finds some small stop or interruption in its employment, it frequently occasions a mutiny and disorder alarming to government, and embarrassing even to the deliberations of the legislature. How great, therefore, would be the disorder and confusion, it was thought, which must necessarily be occasioned by a sudden and entire stop in the employment of so great a proportion of our principal manufacturers?

Some moderate and gradual relaxation of the laws which give to Great Britain the exclusive trade to the colonies, till it is rendered in a great measure free, seems to be the only expedient which can, in all future times, deliver her from this danger; which can enable her, or even force her, to withdraw some part of her capital from this overgrown employment, and to turn it, though with less profit, towards other employments; and which, by gradually diminishing one branch of her industry, and gradually increasing all the rest, can, by degrees, restore all the different branches of it to that natural, healthful, and proper proportion, which perfect liberty necessarily establishes, and which perfect liberty can alone preserve. To open the colony trade all at once to all nations, might not only occasion some transitory inconveniency, but a great permanent loss, to the greater part of those whose industry or capital is at present engaged in it. The sudden loss of the employment, even of the ships which import the eighty-two thousand

hogsheads of tobacco, which are over and above the consumption of Great Britain, might alone be felt very sensibly. Such are the unfortunate effects of all the regulations of the mercantile system. They not only introduce very dangerous disorders into the state of the body politic, but disorders which it is often difficult to remedy, without occasioning, for a time at least, still greater disorders. In what manner, therefore, the colony trade ought gradually to be opened; what are the restraints which ought first, and what are those which ought last, to be taken away; or in what manner the natural system of perfect liberty and justice ought gradually to be restored, we must leave to the wisdom of future statesmen and legislators to determine.

Five different events, unforeseen and unthought of, have very fortunately concurred to hinder Great Britain from feeling, so sensibly as it was generally expected she would, the total exclusion which has now taken place for more than a year (from the first of December 1774) from a very important branch of the colony trade, that of the twelve associated provinces of North America. First, those colonies, in preparing themselves for their non-importation agreement, drained Great Britain completely of all the commodities which were fit for their market; secondly, the extraordinary demand of the Spanish flota has, this year, drained Germany and the north of many commodities, linen in particular, which used to come into competition, even in the British market, with the manufactures of Great Britain; thirdly, the peace between Russia and Turkey has occasioned an extraordinary demand from the Turkey market, which, during the distress of the country, and while a Russian fleet was cruising in the Archipelago, had been very poorly supplied; fourthly, the demand of the north of Europe for the manufactures of Great Britain has been increasing from year to year, for some time past; and, fifthly, the late partition, and consequential pacification of Poland, by opening the market of that great country, have, this year, added an extraordinary demand from thence to the increasing demand of the north. These events are all, except the fourth, in their nature transitory and accidental; and the exclusion from so important a branch of the colony trade, if unfortunately it should continue much longer, may still occasion some degree of distress. This distress, however, as it will come on gradually, will be felt much less severely than if it had come on all at once; and, in the mean time, the industry and capital of the country may find a new employment and direction, so as to prevent this distress from ever rising to any considerable height.

The monopoly of the colony trade, therefore, so far as it has turned towards that trade a greater proportion of the capital of Great Britain than what would otherwise have gone to it, has in all cases turned it, from a foreign trade of consumption with a neighbouring, into one with a more distant country; in many cases from a direct foreign trade of consumption into a round-about one; and, in some cases, from all foreign trade of consumption into a carrying trade. It has, in all cases, therefore, turned it from a direction in which it would have maintained a greater quantity of productive labour, into one in which it can maintain a much smaller quantity. By suiting, besides, to one particular market only, so great a part of the industry and commerce of Great Britain, it has rendered the whole state of that industry and commerce more precarious and less secure, than if their produce had been accommodated to a greater variety of markets.

We must carefully distinguish between the effects of the colony trade and those of the monopoly of that trade. The former are always and necessarily beneficial; the latter always and necessarily hurtful. But the former are so beneficial, that the colony trade, though subject to a monopoly, and, notwithstanding the hurtful effects of that monopoly, is still, upon the whole, beneficial, and greatly beneficial, though a good deal less so than it otherwise would be.

The effect of the colony trade, in its natural and free state, is to open a great though distant market, for such parts of the produce of British industry as may exceed the demand of the markets nearer home, of those of Europe, and of the countries which lie round the Mediterranean sea. In its natural and free state, the colony trade, without drawing from those markets any part of the produce which had ever been sent to them, encourages Great Britain to increase the surplus continually, by continually presenting new equivalents to be exchanged for it. In its natural and free state, the colony trade tends to increase the quantity of productive labour in Great Britain, but without altering in any respect the direction of that which had been employed there before. In the natural and free state of the colony trade, the competition of all other nations would hinder the rate of profit from rising above the common level, either in the new market, or in the new employment. The new market, without drawing any thing from the old one, would create, if one may say so, a new produce for its own supply; and that new produce would constitute a new capital for carrying on the new

employment, which, in the same manner, would draw nothing from the old one.

The monopoly of the colony trade, on the contrary, by excluding the competition of other nations, and thereby raising the rate of profit, both in the new market and in the new employment, draws produce from the old market, and capital from the old employment. To augment our share of the colony trade beyond what it otherwise would be, is the avowed purpose of the monopoly. If our share of that trade were to be no greater with, than it would have been without the monopoly, there could have been no reason for establishing the monopoly. But whatever forces into a branch of trade, of which the returns are slower and more distant than those of the greater part of other trades, a greater proportion of the capital of any country, than what of its own accord would go to that branch, necessarily renders the whole quantity of productive labour annually maintained there, the whole annual produce of the land and labour of that country, less than they otherwise would be. It keeps down the revenue of the inhabitants of that country below what it would naturally rise to, and thereby diminishes their power of accumulation. It not only hinders, at all times, their capital from maintaining so great a quantity of productive labour as it would otherwise maintain, but it hinders it from increasing so fast as it would otherwise increase, and, consequently, from maintaining a still greater quantity of productive labour.

The natural good effects of the colony trade, however, more than counterbalance to Great Britain the bad effects of the monopoly; so that, monopoly and altogether, that trade, even as it is carried on at present, is not only advantageous, but greatly advantageous. The new market and the new employment which are opened by the colony trade, are of much greater extent than that portion of the old market and of the old employment which is lost by the monopoly. The new produce and the new capital which has been created, if one may say so, by the colony trade, maintain in Great Britain a greater quantity of productive labour than what can have been thrown out of employment by the revulsion of capital from other trades of which the returns are more frequent. If the colony trade, however, even as it is carried on at present, is advantageous to Great Britain, it is not by means of the monopoly, but in spite of the monopoly.

It is rather for the manufactured than for the rude produce of Europe, that the colony trade opens a new market. Agriculture is the proper business of

all new colonies; a business which the cheapness of land renders more advantageous than any other. They abound, therefore, in the rude produce of land; and instead of importing it from other countries, they have generally a large surplus to export. In new colonies, agriculture either draws hands from all other employments, or keeps them from going to any other employment. There are few hands to spare for the necessary, and none for the ornamental manufactures. The greater part of the manufactures of both kinds they find it cheaper to purchase of other countries than to make for themselves. It is chiefly by encouraging the manufactures of Europe, that the colony trade indirectly encourages its agriculture. The manufacturers of Europe, to whom that trade gives employment, constitute a new market for the produce of the land, and the most advantageous of all markets; the home market for the corn and cattle, for the bread and butcher's meat of Europe, is thus greatly extended by means of the trade to America.

But that the monopoly of the trade of populous and thriving colonies is not alone sufficient to establish, or even to maintain, manufactures in any country, the examples of Spain and Portugal sufficiently demonstrate. Spain and Portugal were manufacturing countries before they had any considerable colonies. Since they had the richest and most fertile in the world, they have both ceased to be so.

In Spain and Portugal, the bad effects of the monopoly, aggravated by other causes, have, perhaps, nearly overbalanced the natural good effects of the colony trade. These causes seem to be other monopolies of different kinds: the degradation of the value of gold and silver below what it is in most other countries; the exclusion from foreign markets by improper taxes upon exportation, and the narrowing of the home market, by still more improper taxes upon the transportation of goods from one part of the country to another; but above all, that irregular and partial administration of justice which often protects the rich and powerful debtor from the pursuit of his injured creditor, and which makes the industrious part of the nation afraid to prepare goods for the consumption of those haughty and great men, to whom they dare not refuse to sell upon credit, and from whom they are altogether uncertain of repayment.

In England, on the contrary, the natural good effects of the colony trade, assisted by other causes, have in a great measure conquered the bad effects of the monopoly. These causes seem to be, the general liberty of trade, which, notwithstanding some restraints, is at least equal, perhaps superior,

to what it is in any other country; the liberty of exporting, duty free, almost all sorts of goods which are the produce of domestic industry, to almost any foreign country; and what, perhaps, is of still greater importance, the unbounded liberty of transporting them from one part of our own country to any other, without being obliged to give any account to any public office, without being liable to question or examination of any kind; but, above all, that equal and impartial administration of justice, which renders the rights of the meanest British subject respectable to the greatest, and which, by securing to every man the fruits of his own industry, gives the greatest and most effectual encouragement to every sort of industry.

If the manufactures of Great Britain, however, have been advanced, as they certainly have, by the colony trade, it has not been by means of the monopoly of that trade, but in spite of the monopoly. The effect of the monopoly has been, not to augment the quantity, but to alter the quality and shape of a part of the manufactures of Great Britain, and to accommodate to a market, from which the returns are slow and distant, what would otherwise have been accommodated to one from which the returns are frequent and near. Its effect has consequently been, to turn a part of the capital of Great Britain from an employment in which it would have maintained a greater quantity of manufacturing industry, to one in which it maintains a much smaller, and thereby to diminish, instead of increasing, the whole quantity of manufacturing industry maintained in Great Britain.

The monopoly of the colony trade, therefore, like all the other mean and malignant expedients of the mercantile system, depresses the industry of all other countries, but chiefly that of the colonies, without in the least increasing, but on the contrary diminishing, that of the country in whose favour it is established.

The monopoly hinders the capital of that country, whatever may, at any particular time, be the extent of that capital, from maintaining so great a quantity of productive labour as it would otherwise maintain, and from affording so great a revenue to the industrious inhabitants as it would otherwise afford. But as capital can be increased only by savings from revenue, the monopoly, by hindering it from affording so great a revenue as it would otherwise afford, necessarily hinders it from increasing so fast as it would otherwise increase, and consequently from maintaining a still greater quantity of productive labour, and affording a still greater revenue to the industrious inhabitants of that country. One great original source of

revenue, therefore, the wages of labour, the monopoly must necessarily have rendered, at all times, less abundant than it otherwise would have been.

By raising the rate of mercantile profit, the monopoly discourages the improvement of land. The profit of improvement depends upon the difference between what the land actually produces, and what, by the application of a certain capital, it can be made to produce. If this difference affords a greater profit than what can be drawn from an equal capital in any mercantile employment, the improvement of land will draw capital from all mercantile employments. If the profit is less, mercantile employments will draw capital from the improvement of land. Whatever, therefore, raises the rate of mercantile profit, either lessens the superiority, or increases the inferiority of the profit of improvement: and, in the one case, hinders capital from going to improvement, and in the other draws capital from it; but by discouraging improvement, the monopoly necessarily retards the natural increase of another great original source of revenue, the rent of land. By raising the rate of profit, too, the monopoly necessarily keeps up the market rate of interest higher than it otherwise would be. But the price of land, in proportion to the rent which it affords, the number of years purchase which is commonly paid for it, necessarily falls as the rate of interest rises, and rises as the rate of interest falls. The monopoly, therefore, hurts the interest of the landlord two different ways, by retarding the natural increase, first, of his rent, and, secondly, of the price which he would get for his land, in proportion to the rent which it affords.

The monopoly, indeed, raises the rate of mercantile profit and thereby augments somewhat the gain of our merchants. But as it obstructs the natural increase of capital, it tends rather to diminish than to increase the sum total of the revenue which the inhabitants of the country derive from the profits of stock; a small profit upon a great capital generally affording a greater revenue than a great profit upon a small one. The monopoly raises the rate of profit, but it hinders the sum of profit from rising so high as it otherwise would do.

All the original sources of revenue, the wages of labour, the rent of land, and the profits of stock, the monopoly renders much less abundant than they otherwise would be. To promote the little interest of one little order of men in one country, it hurts the interest of all other orders of men in that country, and of all the men in all other countries.

It is solely by raising the ordinary rate of profit, that the monopoly either has proved, or could prove, advantageous to any one particular order of men. But besides all the bad effects to the country in general, which have already been mentioned as necessarily resulting from a higher rate of profit, there is one more fatal, perhaps, than all these put together, but which, if we may judge from experience, is inseparably connected with it. The high rate of profit seems everywhere to destroy that parsimony which, in other circumstances, is natural to the character of the merchant. When profits are high, that sober virtue seems to be superfluous, and expensive luxury to suit better the affluence of his situation. But the owners of the great mercantile capitals are necessarily the leaders and conductors of the whole industry of every nation; and their example has a much greater influence upon the manners of the whole industrious part of it than that of any other order of men. If his employer is attentive and parsimonious, the workman is very likely to be so too; but if the master is dissolute and disorderly, the servant, who shapes his work according to the pattern which his master prescribes to him, will shape his life, too, according to the example which he sets him. Accumulation is thus prevented in the hands of all those who are naturally the most disposed to accumulate; and the funds destined for the maintenance of productive labour, receive no augmentation from the revenue of those who ought naturally to augment them the most. The capital of the country, instead of increasing, gradually dwindles away, and the quantity of productive labour maintained in it grows every day less and less. Have the exorbitant profits of the merchants of Cadiz and Lisbon augmented the capital of Spain and Portugal? Have they alleviated the poverty, have they promoted the industry, of those two beggarly countries? Such has been the tone of mercantile expense in those two trading cities, that those exorbitant profits, far from augmenting the general capital of the country, seem scarce to have been sufficient to keep up the capitals upon which they were made. Foreign capitals are every day intruding themselves, if I may say so, more and more into the trade of Cadiz and Lisbon. It is to expel those foreign capitals from a trade which their own grows every day more and more insufficient for carrying on, that the Spaniards and Portuguese endeavour every day to straiten more and more the galling bands of their absurd monopoly. Compare the mercantile manners of Cadiz and Lisbon with those of Amsterdam, and you will be sensible how differently the conduct and character of merchants are affected by the high

and by the low profits of stock. The merchants of London, indeed, have not yet generally become such magnificent lords as those of Cadiz and Lisbon; but neither are they in general such attetitive and parsimonious burghers as those of Amsterdam. They are supposed, however, many of them, to be a good deal richer than the greater part of the former, and not quire so rich as many of the latter: but the rate of their profit is commonly much lower than that of the former, and a good deal higher than that of the latter. Light come, light go, says the proverb; and the ordinary tone of expense seems everywhere to be regulated, not so much according to the real ability of spending, as to the supposed facility of getting money to spend.

It is thus that the single advantage which the monopoly procures to a single order of men, is in many different ways hurtful to the general interest of the country.

To found a great empire for the sole purpose of raising up a people of customers, may at first sight, appear a project fit only for a nation of shopkeepers. It is, however, a project altogether unfit for a nation of shopkeepers, but extremely fit for a nation whose government is influenced by shopkeepers. Such statesmen, and such statesmen only, are capable of fancying that they will find some advantage in employing the blood and treasure of their fellow-citizens, to found and maintain such an empire. Say to a shopkeeper, Buy me a good estate, and I shall always buy my clothes at your shop, even though I should pay somewhat dearer than what I can have them for at other shops; and you will not find him very forward to embrace your proposal. But should any other person buy you such an estate, the shopkeeper will be much obliged to your benefactor if he would enjoin you to buy all your clothes at his shop. England purchased for some of her subjects, who found themselves uneasy at home, a great estate in a distant country. The price, indeed, was very small, and instead of thirty years purchase, the ordinary price of land in the present times, it amounted to little more than the expense of the different equipments which made the first discovery, reconnoitered the coast, and took a fictitious possession of the country. The land was good, and of great extent; and the cultivators having plenty of good ground to work upon, and being for some time at liberty to sell their produce where they pleased, became, in the course of little more than thirty or forty years (between 1620 and 1660), so numerous and thriving a people, that the shopkeepers and other traders of England wished to secure to themselves the monopoly of their custom. Without

pretending, therefore, that they had paid any part, either of the original purchase money, or of the subsequent expense of improvement, they petitioned the parliament, that the cultivators of America might for the future be confined to their shop; first, for buying all the goods which they wanted from Europe; and, secondly, for selling all such parts of their own produce as those traders might find it convenient to buy. For they did not find it convenient to buy every part of it. Some parts of it imported into England, might have interfered with some of the trades which they themselves carried on at home. Those particular parts of it, therefore, they were willing that the colonists should sell where they could; the farther off the better; and upon that account proposed that their market should be confined to the countries south of Cape Finisterre. A clause in the famous act of navigation established this truly shopkeeper proposal into a law.

The maintenance of this monopoly has hitherto been the principal, or more properly, perhaps, the sole end and purpose of the dominion which Great Britain assumes over her colonies. In the exclusive trade, it is supposed, consists the great advantage of provinces, which have never yet afforded either revenue or military force for the support of the civil government, or the defence of the mother country. The monopoly is the principal badge of their dependency, and it is the sole fruit which has hitherto been gathered from that dependency. Whatever expense Great Britain has hitherto laid out in maintaining this dependency, has really been laid out in order to support this monopoly. The expense of the ordinary peace establishment of the colonies amounted, before the commencement of the present disturbances to the pay of twenty regiments of foot; to the expense of the artillery, stores, and extraordinary provisions, with which it was necessary to supply them; and to the expense of a very considerable naval force, which was constantly kept up, in order to guard from the smuggling vessels of other nations, the immense coast of North America, and that of our West Indian islands. The whole expense of this peace establishment was a charge upon the revenue of Great Britain, and was, at the same time, the smallest part of what the dominion of the colonies has cost the mother country. If we would know the amount of the whole, we must add to the annual expense of this peace establishment, the interest of the sums which, in consequence of their considering her colonies as provinces subject to her dominion, Great Britain has, upon different occasions, laid out upon their defence. We must add to it, in particular, the

whole expense of the late war, and a great part of that of the war which preceded it. The late war was altogether a colony quarrel; and the whole expense of it, in whatever part of the world it might have been laid out, whether in Germany or the East Indies, ought justly to be stated to the account of the colonies. It amounted to more than ninety millions sterling, including not only the new debt which was contracted, but the two shillings in the pound additional land tax, and the sums which were every year borrowed from the sinking fund. The Spanish war which began in 1739 was principally a colony quarrel. Its principal object was to prevent the search of the colony ships, which carried on a contraband trade with the Spanish Main. This whole expense is, in reality, a bounty which has been given in order to support a monopoly. The pretended purpose of it was to encourage the manufactures, and to increase the commerce of Great Britain. But its real effect has been to raise the rate of mercantile profit, and to enable our merchants to turn into a branch of trade, of which the returns are more slow and distant than those of the greater part of other trades, a greater proportion of their capital than they otherwise would have done; two events which, if a bounty could have prevented, it might perhaps have been very well worth while to give such a bounty.

Under the present system of management, therefore, Great Britain derives nothing but loss from the dominion which she assumes over her colonies.

To propose that Great Britain should voluntarily give up all authority over her colonies, and leave them to elect their own magistrates, to enact their own laws, and to make peace and war, as they might think proper, would be to propose such a measure as never was, and never will be, adopted by any nation in the world. No nation ever voluntarily gave up the dominion of any province, how troublesome soever it might be to govern it, and how small soever the revenue which it afforded might be in proportion to the expense which it occasioned. Such sacrifices, though they might frequently be agreeable to the interest, are always mortifying to the pride of every nation; and, what is perhaps of still greater consequence, they are always contrary to the private interest of the governing part of it, who would thereby be deprived of the disposal of many places of trust and profit, of many opportunities of acquiring wealth and distinction, which the possession of the most turbulent, and, to the great body of the people, the most unprofitable province, seldom fails to afford. The most visionary

enthusiasts would scarce be capable of proposing such a measure, with any serious hopes at least of its ever being adopted. If it was adopted, however, Great Britain would not only be immediately freed from the whole annual expense of the peace establishment of the colonies, but might settle with them such a treaty of commerce as would effectually secure to her a free trade, more advantageous to the great body of the people, though less so to the merchants, than the monopoly which she at present enjoys. By thus parting good friends, the natural affection of the colonies to the mother country, which, perhaps, our late dissensions have well nigh extinguished, would quickly revive. It might dispose them not only to respect, for whole centuries together, that treaty of commerce which they had concluded with us at parting, but to favour us in war as well as in trade, and instead of turbulent and factious subjects, to become our most faithful, affectionate, and generous allies; and the same sort of parental affection on the one side, and filial respect on the other, might revive between Great Britain and her colonies, which used to subsist between those of ancient Greece and the mother city from which they descended.

In order to render any province advantageous to the empire to which it belongs, it ought to afford, in time of peace, a revenue to the public, sufficient not only for defraying the whole expense of its own peace establishment, but for contributing its proportion to the support of the general government of the empire. Every province necessarily contributes, more or less, to increase the expense of that general government. If any particular province, therefore, does not contribute its share towards defraying this expense, an unequal burden must be thrown upon some other part of the empire. The extraordinary revenue, too, which every province affords to the public in time of war, ought, from parity of reason, to bear the same proportion to the extraordinary revenue of the whole empire, which its ordinary revenue does in time of peace. That neither the ordinary nor extraordinary revenue which Great Britain derives from her colonies, bears this proportion to the whole revenue of the British empire, will readily be allowed. The monopoly, it has been supposed, indeed, by increasing the private revenue of the people of Great Britain, and thereby enabling them to pay greater taxes, compensates the deficiency of the public revenue of the colonies. But this monopoly, I have endeavoured to show, though a very grievous tax upon the colonies, and though it may increase the revenue of a particular order of men in Great Britain, diminishes, instead of increasing,

that of the great body of the people, and consequently diminishes, instead of increasing, the ability of the great body of the people to pay taxes. The men, too, whose revenue the monopoly increases, constitute a particular order, which it is both absolutely impossible to tax beyond the proportion of other orders, and extremely impolitic even to attempt to tax beyond that proportion, as I shall endeavour to show in the following book. No particular resource, therefore, can be drawn from this particular order.

The colonies may be taxed either by their own assemblies, or by the parliament of Great Britain.

That the colony assemblies can never be so managed as to levy upon their constituents a public revenue, sufficient, not only to maintain at all times their own civil and military establishment, but to pay their proper proportion of the expense of the general government of the British empire, seems not very probable. It was a long time before even the parliament of England, though placed immediately under the eye of the sovereign, could be brought under such a system of management, or could be rendered sufficiently liberal in their grants for supporting the civil and military establishments even of their own country. It was only by distributing among the particular members of parliament a great part either of the offices, or of the disposal of the offices arising from this civil and military establishment, that such a system of management could be established, even with regard to the parliament of England. But the distance of the colony assemblies from the eye of the sovereign, their number, their dispersed situation, and their various constitutions, would render it very difficult to manage them in the same manner, even though the sovereign had the same means of doing it; and those means are wanting. It would be absolutely impossible to distribute among all the leading members of all the colony assemblies such a share, either of the offices, or of the disposal of the offices, arising from the general government of the British empire, as to dispose them to give up their popularity at home, and to tax their constituents for the support of that general government, of which almost the whole emoluments were to be divided among people who were strangers to them. The unavoidable ignorance of administration, besides, concerning the relative importance of the different members of those different assemblies, the offences which must frequently be given, the blunders which must constantly be committed, in attempting to manage them in this manner, seems to render such a system of management altogether impracticable with regard to them.

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The colony assemblies, besides, cannot be supposed the proper judges of what is necessary for the defence and support of the whole empire. The care of that defence and support is not entrusted to them. It is not their business, and they have no regular means of information concerning it. The assembly of a province, like the vestry of a parish, may judge very properly concerning the affairs of its own particular district, but can have no proper means of judging concerning those of the whole empire. It cannot even judge properly concerning the proportion which its own province bears to the whole empire, or concerning the relative degree of its wealth and importance, compared with the other provinces; because those other provinces are not under the inspection and superintendency of the assembly of a particular province. What is necessary for the defence and support of the whole empire, and in what proportion each part ought to contribute, can be judged of only by that assembly which inspects and super-intends the affairs of the whole empire.

It has been proposed, accordingly, that the colonies should be taxed by requisition, the parliament of Great Britain determining the sum which each colony ought to pay, and the provincial assembly assessing and levying it in the way that suited best the circumstances of the province. What concerned the whole empire would in this way be determined by the assembly which inspects and superintends the affairs of the whole empire; and the provincial affairs of each colony might still be regulated by its own assembly. Though the colonies should, in this case, have no representatives in the British parliament, yet, if we may judge by experience, there is no probability that the parliamentary requisition would be unreasonable. The parliament of England has not, upon any occasion, shewn the smallest disposition to overburden those parts of the empire which are not represented in parliament. The islands of Guernsey and Jersey, without any means of resisting the authority of parliament, are more lightly taxed than any part of Great Britain. Parliament, in attempting to exercise its supposed right, whether well or ill grounded, of taxing the colonies, has never hitherto demanded of them anything which even approached to a just proportion to what was paid by their fellow subjects at home. If the contribution of the colonies, besides, was to rise or fall in proportion to the rise or fall of the land-tax, parliament could not tax them without taxing, at the same time, its own constituents, and the colonies might, in this case, be considered as virtually represented in parliament.

Examples are not wanting of empires in which all the different provinces are not taxed, if I may be allowed the expression, in one mass; but in which the sovereign regulates the sum which each province ought to pay, and in some provinces assesses and levies it as he thinks proper; while in others he leaves it to be assessed and levied as the respective states of each province shall determine. In some provinces of France, the king not only imposes what taxes he thinks proper, but assesses and levies them in the way he thinks proper. From others he demands a certain sum, but leaves it to the states of each province to assess and levy that sum as they think proper. According to the scheme of taxing by requisition, the parliament of Great Britain would stand nearly in the same situation towards the colony assemblies, as the king of France does towards the states of those provinces which still enjoy the privilege of having states of their own, the provinces of France which are supposed to be the best governed.

But though, according to this scheme, the colonies could have no just reason to fear that their share of the public burdens should ever exceed the proper proportion to that of their fellow-citizens at home, Great Britain might have just reason to fear that it never would amount to that proper proportion. The parliament of Great Britain has not, for some time past, had the same established authority in the colonies, which the French king has in those provinces of France which still enjoy the privilege of having states of their own. The colony assemblies, if they were not very favourably disposed (and unless more skilfully managed than they ever have been hitherto, they are not very likely to be so), might still find many pretences for evading or rejecting the most reasonable requisitions of parliament. A French war breaks out, we shall suppose; ten millions must immediately be raised, in order to defend the seat of the empire. This sum must be borrowed upon the credit of some parliamentary fund mortgaged for paying the interest. Part of this fund parliament proposes to raise by a tax to be levied in Great Britain; and part of it by a requisition to all the different colony assemblies of America and the West Indies. Would people readily advance their money upon the credit of a fund which partly depended upon the good humour of all those assemblies, far distant from the seat of the war, and sometimes, perhaps, thinking themselves not much concerned in the event of it? Upon such a fund, no more money would probably be advanced than what the tax to be levied in Great Britain might be supposed to answer for. The whole burden of the debt contracted on account of the

war would in this manner fall, as it always has done hitherto, upon Great Britain; upon a part of the empire, and not upon the whole empire. Great Britain is, perhaps, since the world began, the only state which, as it has extended its empire, has only increased its expense, without once augmenting its resources. Other states have generally disburdened themselves, upon their subject and subordinate provinces, of the most considerable part of the expense of defending the empire. Great Britain has hitherto suffered her subject and subordinate provinces to disburden themselves upon her of almost this whole expense. In order to put Great Britain upon a footing of equality with her own colonies, which the law has hitherto supposed to be subject and subordinate, it seems necessary, upon the scheme of taxing them by parliamentary requisition, that parliament should have some means of rendering its requisitions immediately effectual, in case the colony assemblies should attempt to evade or reject them; and what those means are, it is not very easy to conceive, and it has not yet been explained.

Should the parliament of Great Britain, at the same time, be ever fully established in the right of taxing the colonies, even independent of the consent of their own assemblies, the importance of those assemblies would, from that moment, be at an end, and with it, that of all the leading men of British America. Men desire to have some share in the management of public affairs, chiefly on account of the importance which it gives them. Upon the power which the greater part of the leading men, the natural aristocracy of every country, have of preserving or defending their respective importance, depends the stability and duration of every system of free government. In the attacks which those leading men are continually making upon the importance of one another, and in the defence of their own, consists the whole play of domestic faction and ambition. The leading men of America, like those of all other countries, desire to preserve their own importance. They feel, or imagine, that if their assemblies, which they are fond of calling parliaments, and of considering as equal in authority to the parliament of Great Britain, should be so far degraded as to become the humble ministers and executive officers of that parliament, the greater part of their own importance would be at an end. They have rejected, therefore, the proposal of being taxed by parliamentary requisition, and, like other ambitious and high-spirited men, have rather chosen to draw the sword in defence of their own importance.

Towards the declension of the Roman republic, the allies of Rome, who had borne the principal burden of defending the state and extending the empire, demanded to be admitted to all the privileges of Roman citizens. Upon being refused, the social war broke out. During the course of that war, Rome granted those privileges to the greater part of them, one by one, and in proportion as they detached themselves from the general confederacy. The parliament of Great Britain insists upon taxing the colonies; and they refuse to be taxed by a parliament in which they are not represented. If to each colony which should detach itself from the general confederacy, Great Britain should allow such a number of representatives as suited the proportion of what it contributed to the public revenue of the empire, in consequence of its being subjected to the same taxes, and in compensation admitted to the same freedom of trade with its fellow-subjects at home; the number of its representatives to be augmented as the proportion of its contribution might afterwards augment; a new method of acquiring importance, a new and more dazzling object of ambition, would be presented to the leading men of each colony. Instead of piddling for the little prizes which are to be found in what may be called the paltry raffle of colony faction, they might then hope, from the presumption which men naturally have in their own ability and good fortune, to draw some of the great prizes which sometimes come from the wheel of the great state lottery of British politics. Unless this or some other method is fallen upon, and there seems to be none more obvious than this, of preserving the importance and of gratifying the ambition of the leading men of America, it is not very probable that they will ever voluntarily submit to us; and we ought to consider, that the blood which must be shed in forcing them to do so, is, every drop of it, the blood either of those who are, or of those whom we wish to have for our fellow citizens. They are very weak who flatter themselves that, in the state to which things have come, our colonies will be easily conquered by force alone. The persons who now govern the resolutions of what they call their continental congress, feel in themselves at this moment a degree of importance which, perhaps, the greatest subjects in Europe scarce feel. From shopkeepers, trades men, and attorneys, they are become statesmen and legislators, and are employed in contriving a new form of government for an extensive empire, which, they flatter themselves, will become, and which, indeed, seems very likely to become, one of the greatest and most formidable that ever was in the world. Five hundred

different people, perhaps, who, in different ways, act immediately under the continental congress, and five hundred thousand, perhaps, who act under those five hundred, all feel, in the same manner, a proportionable rise in their own importance. Almost every individual of the governing party in America fills, at present, in his own fancy, a station superior, not only to what he had ever filled before, but to what he had ever expected to fill; and unless some new object of ambition is presented either to him or to his leaders, if he has the ordinary spirit of a man, he will die in defence of that station.

It is a remark of the President Heynaut, that we now read with pleasure the account of many little transactions of the Ligue, which, when they happened, were not, perhaps, considered as very important pieces of news. But everyman then, says he, fancied himself of some importance; and the innumerable memoirs which have come down to us from those times, were the greater part of them written by people who took pleasure in recording and magnifying events, in which they flattered themselves they had been considerable actors. How obstinately the city of Paris, upon that occasion, defended itself, what a dreadful famine it supported, rather than submit to the best, and afterwards the most beloved of all the French kings, is well known. The greater part of the citizens, or those who governed the greater part of them, fought in defence of their own importance, which, they foresaw, was to be at an end whenever the ancient government should be re-established. Our colonies, unless they can be induced to consent to a union, are very likely to defend themselves, against the best of all mother countries, as obstinately as the city of Paris did against one of the best of kings.

The idea of representation was unknown in ancient times. When the people of one state were admitted to the right of citizenship in another, they had no other means of exercising that right, but by coming in a body to vote and deliberate with the people of that other state. The admission of the greater part of the inhabitants of Italy to the privileges of Roman citizens, completely ruined the Roman republic. It was no longer possible to distinguish between who was, and who was not, a Roman citizen. No tribe could know its own members. A rabble of any kind could be introduced into the assemblies of the people, could drive out the real citizens, and decide upon the affairs of the republic, as if they themselves had been such. But though America were to send fifty or sixty new representatives to

parliament, the door-keeper of the house of commons could not find any great difficulty in distinguishing between who was and who was not a member. Though the Roman constitution, therefore, was necessarily ruined by the union of Rome with the allied states of Italy, there is not the least probability that the British constitution would be hurt by the union of Great Britain with her colonies. That constitution, on the contrary, would be completed by it, and seems to be imperfect without it. The assembly which deliberates and decides concerning the affairs of every part of the empire, in order to be properly informed, ought certainly to have representatives from every part of it. That this union, however, could be easily effectuated, or that difficulties, and great difficulties, might not occur in the execution, I do not pretend. I have yet heard of none, however, which appear insurmountable. The principal, perhaps, arise, not from the nature of things, but from the prejudices and opinions of the people, both on this and on the other side of the Atlantic.

We on this side the water are afraid lest the multitude of American representatives should overturn the balance of the constitution, and increase too much either the influence of the crown on the one hand, or the force of the democracy on the other. But if the number of American representatives were to be in proportion to the produce of American taxation, the number of people to be managed would increase exactly in proportion to the means of managing them, and the means of managing to the number of people to be managed. The monarchical and democratical parts of the constitution would, after the union, stand exactly in the same degree of relative force with regard to one another as they had done before.

The people on the other side of the water are afraid lest their distance from the seat of government might expose them to many oppressions; but their representatives in parliament, of which the number ought from the first to be considerable, would easily be able to protect them from all oppression. The distance could not much weaken the dependency of the representative upon the constituent, and the former would still feel that he owed his seat in parliament, and all the consequence which he derived from it, to the good-will of the latter. It would be the interest of the former, therefore, to cultivate that good-will, by complaining, with all the authority of a member of the legislature, of every outrage which any civil or military officer might be guilty of in those remote parts of the empire. The distance of America from the seat of government, besides, the natives of that country

might flatter themselves, with some appearance of reason too, would not be of very long continuance. Such has hitherto been the rapid progress of that country in wealth, population, and improvement, that in the course of little more than a century, perhaps, the produce of the American might exceed that of the British taxation. The seat of the empire would then naturally remove itself to that part of the empire which contributed most to the general defence and support of the whole.

The discovery of America, and that of a passage to the East Indies by the Cape of Good Hope, are the two greatest and most important events recorded in the history of mankind. Their consequences have already been great; but, in the short period of between two and three centuries which has elapsed since these discoveries were made, it is impossible that the whole extent of their consequences can have been seen. What benefits or what misfortunes to mankind may hereafter result from those great events, no human wisdom can foresee. By uniting in some measure the most distant parts of the world, by enabling them to relieve one another's wants, to increase one another's enjoyments, and to encourage one another's industry, their general tendency would seem to be beneficial. To the natives, however, both of the East and West Indies, all the commercial benefits which can have resulted from those events have been sunk and lost in the dreadful misfortunes which they have occasioned. These misfortunes, however, seem to have arisen rather from accident than from any thing in the nature of those events themselves. At the particular time when these discoveries were made, the superiority of force happened to be so great on the side of the Europeans, that they were enabled to commit with impunity every sort of injustice in those remote countries. Hereafter, perhaps, the natives of those countries may grow stronger, or those of Europe may grow weaker; and the inhabitants of all the different quarters of the world may arrive at that equality of courage and force which, by inspiring mutual fear, can alone overawe the injustice of independent nations into some sort of respect for the rights of one another. But nothing seems more likely to establish this equality of force, than that mutual communication of knowledge, and of all sorts of improvements, which an extensive commerce from all countries to all countries naturally, or rather necessarily, carries along with it.

In the mean time, one of the principal effects of those discoveries has been, to raise the mercantile system to a degree of splendour and glory

which it could never otherwise have attained to. It is the object of that system to enrich a great nation, rather by trade and manufactures than by the improvement and cultivation of land, rather by the industry of the towns than by that of the country. But in consequence of those discoveries, the commercial towns of Europe, instead of being the manufacturers and carriers for but a very small part of the world (that part of Europe which is washed by the Atlantic ocean, and the countries which lie round the Baltic and Mediterranean seas), have now become the manufacturers for the numerous and thriving cultivators of America, and the carriers, and in some respects the manufacturers too, for almost all the different nations of Asia, Africa, and America. Two new worlds have been opened to their industry, each of them much greater and more extensive than the old one, and the market of one of them growing still greater and greater every day.

The countries which possess the colonies of America, and which trade directly to the East Indies, enjoy indeed the whole show and splendour of this great commerce. Other countries, however, notwithstanding all the invidious restraints by which it is meant to exclude them, frequently enjoy a greater share of the real benefit of it. The colonies of Spain and Portugal, for example, give more real encouragement to the industry of other countries than to that of Spain and Portugal. In the single article of linen alone, the consumption of those colonies amounts, it is said (but I do not pretend to warrant the quantity), to more than three millions sterling a-year. But this great consumption is almost entirely supplied by France, Flanders, Holland, and Germany. Spain and Portugal furnish but a small part of it. The capital which supplies the colonies with this great quantity of linen, is annually distributed among, and furnishes a revenue to, the inhabitants of those other countries. The profits of it only are spent in Spain and Portugal, where they help to support the sumptuous profusion of the merchants of Cadiz and Lisbon.

Even the regulations by which each nation endeavours to secure to itself the exclusive trade of its own colonies, are frequently more hurtful to the countries in favour of which they are established, than to those against which they are established. The unjust oppression of the industry of other countries falls back, if I may say so, upon the heads of the oppressors, and crushes their industry more than it does that of those other countries. By those regulations, for example, the merchant of Hamburg must send the linen which he destines for the American market to London, and he must

bring back from thence the tobacco which he destines for the German market; because he can neither send the one directly to America, nor bring the other directly from thence. By this restraint he is probably obliged to sell the one somewhat cheaper, and to buy the other somewhat dearer, than he otherwise might have done; and his profits are probably somewhat abridged by means of it. In this trade, however, between Hamburg and London, he certainly receives the returns of his capital much more quickly than he could possibly have done in the direct trade to America, even though we should suppose, what is by no means the case, that the payments of America were as punctual as those of London. In the trade, therefore, to which those regulations confine the merchant of Hamburg, his capital can keep in constant employment a much greater quantity of German industry than he possibly could have done in the trade from which he is excluded. Though the one employment, therefore, may to him perhaps be less profitable than the other, it cannot be less advantageous to his country. It is quite otherwise with the employment into which the monopoly naturally attracts, if I may say so, the capital of the London merchant. That employment may, perhaps, be more profitable to him than the greater part of other employments; but on account of the slowness of the returns, it cannot be more advantageous to his country.

After all the unjust attempts, therefore, of every country in Europe to engross to itself the whole advantage of the trade of its own colonies, no country has yet been able to engross to itself any thing but the expense of supporting in time of peace, and of defending in time of war, the oppressive authority which it assumes over them. The inconveniencies resulting from the possession of its colonies, every country has engrossed to itself completely. The advantages resulting from their trade, it has been obliged to share with many other countries.

At first sight, no doubt, the monopoly of the great commerce of America naturally seems to be an acquisition of the highest value. To the undiscerning eye of giddy ambition it naturally presents itself, amidst the confused scramble of politics and war, as a very dazzling object to fight for. The dazzling splendour of the object, however, the immense greatness of the commerce, is the very quality which renders the monopoly of it hurtful, or which makes one employment, in its own nature necessarily less advantageous to the country than the greater part of other employments,

absorb a much greater proportion of the capital of the country than what would otherwise have gone to it.

The mercantile stock of every country, it has been shown in the second book, naturally seeks, if one may say so, the employment most advantageous to that country. If it is employed in the carrying trade, the country to which it belongs becomes the emporium of the goods of all the countries whose trade that stock carries on. But the owner of that stock necessarily wishes to dispose of as great a part of those goods as he can at home. He thereby saves himself the trouble, risk, and expense of exportation; and he will upon that account be glad to sell them at home, not only for a much smaller price, but with somewhat a smaller profit, than he might expect to make by sending them abroad. He naturally, therefore, endeavours as much as he can to turn his carrying trade into a foreign trade of consumption, If his stock, again, is employed in a foreign trade of consumption, he will, for the same reason, be glad to dispose of, at home, as great a part as he can of the home goods which he collects in order to export to some foreign market, and he will thus endeavour, as much as he can, to turn his foreign trade of consumption into a home trade. The mercantile stock of every country naturally courts in this manner the near, and shuns the distant employment: naturally courts the employment in which the returns are frequent, and shuns that in which they are distant and slow; naturally courts the employment in which it can maintain the greatest quantity of productive labour in the country to which it belongs, or in which its owner resides, and shuns that in which it can maintain there the smallest quantity. It naturally courts the employment which in ordinary cases is most advantageous, and shuns that which in ordinary cases is least advantageous to that country.

But if, in any one of those distant employments, which in ordinary cases are less advantageous to the country, the profit should happen to rise somewhat higher than what is sufficient to balance the natural preference which is given to nearer employments, this superiority of profit will draw stock from those nearer employments, till the profits of all return to their proper level. This superiority of profit, however, is a proof that, in the actual circumstances of the society, those distant employments are somewhat understocked in proportion to other employments, and that the stock of the society is not distributed in the properest manner among all the different employments carried on in it. It is a proof that something is either bought

cheaper or sold dearer than it ought to be, and that some particular class of citizens is more or less oppressed, either by paying more, or by getting less than what is suitable to that equality which ought to take place, and which naturally does take place, among all the different classes of them. Though the same capital never will maintain the same quantity of productive labour in a distant as in a near employment, yet a distant employment maybe as necessary for the welfare of the society as a near one; the goods which the distant employment deals in being necessary, perhaps, for carrying on many of the nearer employments. But if the profits of those who deal in such goods are above their proper level, those goods will be sold dearer than they ought to be, or somewhat above their natural price, and all those engaged in the nearer employments will be more or less oppressed by this high price. Their interest, therefore, in this case, requires, that some stock should be withdrawn from those nearer employments, and turned towards that distant one, in order to reduce its profits to their proper level, and the price of the goods which it deals in to their natural price. In this extraordinary case, the public interest requires that some stock should be withdrawn from those employments which, in ordinary cases, are more advantageous, and turned towards one which, in ordinary cases, is less advantageous to the public; and, in this extraordinary case, the natural interests and inclinations of men coincide as exactly with the public interests as in all other ordinary cases, and lead them to withdraw stock from the near, and to turn it towards the distant employments.

It is thus that the private interests and passions of individuals naturally dispose them to turn their stock towards the employments which in ordinary cases, are most advantageous to the society. But if from this natural preference they should turn too much of it towards those employments, the fall of profit in them, and the rise of it in all others, immediately dispose them to alter this faulty distribution. Without any intervention of law, therefore, the private interests and passions of men naturally lead them to divide and distribute the stock of every society among all the different employments carried on in it; as nearly as possible in the proportion which is most agreeable to the interest of the whole society.

All the different regulations of the mercantile system necessarily derange more or less this natural and most advantageous distribution of stock. But those which concern the trade to America and the East Indies derange it, perhaps, more than any other; because the trade to those two great

continents absorbs a greater quantity of stock than any two other branches of trade. The regulations, however, by which this derangement is effected in those two different branches of trade, are not altogether the same. Monopoly is the great engine of both; but it is a different sort of monopoly. Monopoly of one kind or another, indeed, seems to be the sole engine of the mercantile system.

In the trade to America, every nation endeavours to engross as much as possible the whole market of its own colonies, by fairly excluding all other nations from any direct trade to them. During the greater part of the sixteenth century, the Portuguese endeavoured to manage the trade to the East Indies in the same manner, by claiming the sole right of sailing in the Indian seas, on account of the merit of having first found out the road to them. The Dutch still continue to exclude all other European nations from any direct trade to their spice islands. Monopolies of this kind are evidently established against all other European nations, who are thereby not only excluded from a trade to which it might be convenient for them to turn some part of their stock, but are obliged to buy the goods which that trade deals in, somewhat dearer than if they could import them themselves directly from the countries which produced them.

But since the fall of the power of Portugal, no European nation has claimed the exclusive right of sailing in the Indian seas, of which the principal ports are now open to the ships of all European nations. Except in Portugal, however, and within these few years in France, the trade to the East Indies has, in every European country, been subjected to an exclusive company. Monopolies of this kind are properly established against the very nation which erects them. The greater part of that nation are thereby not only excluded from a trade to which it might be convenient for them to turn some part of their stock, but are obliged to buy the goods which that trade deals in somewhat dearer than if it was open and free to all their countrymen. Since the establishment of the English East India company, for example, the other inhabitants of England, over and above being excluded from the trade, must have paid, in the price of the East India goods which they have consumed, not only for all the extraordinary profits which the company may have made upon those goods in consequence of their monopoly, but for all the extraordinary waste which the fraud and abuse inseparable from the management of the affairs of so great a company must

necessarily have occasioned. The absurdity of this second kind of monopoly, therefore, is much more manifest than that of the first.

Both these kinds of monopolies derange more or less the natural distribution of the stock of the society; but they do not always derange it in the same way.

Monopolies of the first kind always attract to the particular trade in which they are established a greater proportion of the stock of the society than what would go to that trade of its own accord.

Monopolies of the second kind may sometimes attract stock towards the particular trade in which they are established, and sometimes repel it from that trade, according to different circumstances. In poor countries, they naturally attract towards that trade more stock than would otherwise go to it. In rich countries, they naturally repel from it a good deal of stock which would otherwise go to it.

Such poor countries as Sweden and Denmark, for example, would probably have never sent a single ship to the East Indies, had not the trade been subjected to an exclusive company. The establishment of such a company necessarily encourages adventurers. Their monopoly secures them against all competitors in the home market, and they have the same chance for foreign markets with the traders of other nations. Their monopoly shows them the certainty of a great profit upon a considerable quantity of goods, and the chance of a considerable profit upon a great quantity. Without such extraordinary encouragement, the poor traders of such poor countries would probably never have thought of hazarding their small capitals in so very distant and uncertain an adventure as the trade to the East Indies must naturally have appeared to them.

Such a rich country as Holland, on the contrary, would probably, in the case of a free trade, send many more ships to the East Indies than it actually does. The limited stock of the Dutch East India company probably repels from that trade many great mercantile capitals which would otherwise go to it. The mercantile capital of Holland is so great, that it is, as it were, continually overflowing, sometimes into the public funds of foreign countries, sometimes into loans to private traders and adventurers of foreign countries, sometimes into the most round-about foreign trades of consumption, and sometimes into the carrying trade. All near employments being completely filled up, all the capital which can be placed in them with

any tolerable profit being already placed in them, the capital of Holland necessarily flows towards the most distant employments. The trade to the East Indies, if it were altogether free, would probably absorb the greater part of this redundant capital. The East Indies offer a market both for the manufactures of Europe, and for the gold and silver, as well as for the several other productions of America, greater and more extensive than both Europe and America put together.

Every derangement of the natural distribution of stock is necessarily hurtful to the society in which it takes place; whether it be by repelling from a particular trade the stock which would otherwise go to it, or by attracting towards a particular trade that which would not otherwise come to it. If, without any exclusive company, the trade of Holland to the East Indies would be greater than it actually is, that country must suffer a considerable loss, by part of its capital being excluded from the employment most convenient for that port. And, in the same manner, if, without an exclusive company, the trade of Sweden and Denmark to the East Indies would be less than it actually is, or, what perhaps is more probable, would not exist at all, those two countries must likewise suffer a considerable loss, by part of their capital being drawn into an employment which must be more or less unsuitable to their present circumstances. Better for them, perhaps, in the present circumstances, to buy East India goods of other nations, even though they should pay somewhat dearer, than to turn so great a part of their small capital to so very distant a trade, in which the returns are so very slow, in which that capital can maintain so small a quantity of productive labour at home, where productive labour is so much wanted, where so little is done, and where so much is to do.

Though without an exclusive company, therefore, a particular country should not be able to carry on any direct trade to the East Indies, it will not from thence follow, that such a company ought to be established there, but only that such a country ought not, in these circumstances, to trade directly to the East Indies. That such companies are not in general necessary for carrying on the East India trade, is sufficiently demonstrated by the experience of the Portuguese, who enjoyed almost the whole of it for more than a century together, without any exclusive company.

No private merchant, it has been said, could well have capital sufficient to maintain factors and agents in the different ports of the East Indies, in order to provide goods for the ships which he might occasionally send

thither; and yet, unless he was able to do this, the difficulty of finding a cargo might frequently make his ships lose the season for returning; and the expense of so long a delay would not only eat up the whole profit of the adventure, but frequently occasion a very considerable loss. This argument, however, if it proved any thing at all, would prove that no one great branch of trade could be carried on without an exclusive company, which is contrary to the experience of all nations. There is no great branch of trade, in which the capital of any one private merchant is sufficient for carrying on all the subordinate branches which must be carried on, in order to carry on the principal one. But when a nation is ripe for any great branch of trade, some merchants naturally turn their capitals towards the principal, and some towards the subordinate branches of it; and though all the different branches of it are in this manner carried on, yet it very seldom happens that they are all carried on by the capital of one private merchant. If a nation, therefore, is ripe for the East India trade, a certain portion of its capital will naturally divide itself among all the different branches of that trade. Some of its merchants will find it for their interest to reside in the East Indies, and to employ their capitals there in providing goods for the ships which are to be sent out by other merchants who reside in Europe. The settlements which different European nations have obtained in the East Indies, if they were taken from the exclusive companies to which they at present belong, and put under the immediate protection of the sovereign, would render this residence both safe and easy, at least to the merchants of the particular nations to whom those settlements belong. If, at any particular time, that part of the capital of any country which of its own accord tended and inclined, if I may say so, towards the East India trade, was not sufficient for carrying on all those different branches of it, it would be a proof that, at that particular time, that country was not ripe for that trade, and that it would do better to buy for some time, even at a higher price, from other European nations, the East India goods it had occasion for, than to import them itself directly from the East Indies. What it might lose by the high price of those goods, could seldom be equal to the loss which it would sustain by the distraction of a large portion of its capital from other employments more necessary, or more useful, or more suitable to its circumstances and situation, than a direct trade to the East Indies.

Though the Europeans possess many considerable settlements both upon the coast of Africa and in the East Indies, they have not yet established, in

either of those countries, such numerous and thriving colonies as those in the islands and continent of America. Africa, however, as well as several of the countries comprehended under the general name of the East Indies, is inhabited by barbarous nations. But those nations were by no means so weak and defenceless as the miserable and helpless Americans; and in proportion to the natural fertility of the countries which they inhabited, they were, besides, much more populous. The most barbarous nations either of Africa or of the East Indies, were shepherds; even the Hottentots were so. But the natives of every part of America, except Mexico and Peru, were only hunters and the difference is very great between the number of shepherds and that of hunters whom the same extent of equally fertile territory can maintain. In Africa and the East Indies, therefore, it was more difficult to displace the natives, and to extend the European plantations over the greater part of the lands of the original inhabitants. The genius of exclusive companies, besides, is unfavourable, it has already been observed, to the growth of new colonies, and has probably been the principal cause of the little progress which they have made in the East Indies. The Portuguese carried on the trade both to Africa and the East Indies, without any exclusive companies; and their settlements at Congo, Angola, and Benguela, on the coast of Africa, and at Goa in the East Indies though much depressed by superstition and every sort of bad government, yet bear some resemblance to the colonies of America, and are partly inhabited by Portuguese who have been established there for several generations. The Dutch settlements at the Cape of Good Hope and at Batavia, are at present the most considerable colonies which the Europeans have established, either in Africa or in the East Indies; and both those settlements are peculiarly fortunate in their situation. The Cape of Good Hope was inhabited by a race of people almost as barbarous, and quite as incapable of defending themselves, as the natives of America. It is, besides, the half-way house, if one may say so, between Europe and the East Indies, at which almost every European ship makes some stay, both in going and returning. The supplying of those ships with every sort of fresh provisions, with fruit, and sometimes with wine, affords alone a very extensive market for the surplus produce of the colonies. What the Cape of Good Hope is between Europe and every part of the East Indies, Batavia is between the principal countries of the East Indies. It lies upon the most frequented road from Indostan to China and Japan, and is nearly about mid-way upon that road.

Almost all the ships too, that sail between Europe and China, touch at Batavia; and it is, over and above all this, the centre and principal mart of what is called the country trade of the East Indies; not only of that part of it which is carried on by Europeans, but of that which is carried on by the native Indians; and vessels navigated by the inhabitants of China and Japan, of Tonquin, Malacca, Cochin-China, and the island of Celebes, are frequently to be seen in its port. Such advantageous situations have enabled those two colonies to surmount all the obstacles which the oppressive genius of an exclusive company may have occasionally opposed to their growth. They have enabled Batavia to surmount the additional disadvantage of perhaps the most unwholesome climate in the world.

The English and Dutch companies, though they have established no considerable colonies, except the two above mentioned, have both made considerable conquests in the East Indies. But in the manner in which they both govern their new subjects, the natural genius of an exclusive company has shewn itself most distinctly. In the spice islands, the Dutch are said to burn all the spiceries which a fertile season produces, beyond what they expect to dispose of in Europe with such a profit as they think sufficient. In the islands where they have no settlements, they give a premium to those who collect the young blossoms and green leaves of the clove and nutmeg trees, which naturally grow there, but which this savage policy has now, it is said, almost completely extirpated. Even in the islands where they have settlements, they have very much reduced, it is said, the number of those trees. If the produce even of their own islands was much greater than what suited their market, the natives, they suspect, might find means to convey some part of it to other nations; and the best way, they imagine, to secure their own monopoly, is to take care that no more shall grow than what they themselves carry to market. By different arts of oppression, they have reduced the population of several of the Moluccas nearly to the number which is sufficient to supply with fresh provisions, and other necessaries of life, their own insignificant garrisons, and such of their ships as occasionally come there for a cargo of spices. Under the government even of the Portuguese, however, those islands are said to have been tolerably well inhabited. The English company have not yet had time to establish in Bengal so perfectly destructive a system. The plan of their government, however, has had exactly the same tendency. It has not been uncommon, I am well assured, for the chief, that is, the first clerk or a factory, to order a

peasant to plough up a rich field of poppies, and sow it with rice, or some other grain. The pretence was, to prevent a scarcity of provisions; but the real reason, to give the chief an opportunity of selling at a better price a large quantity of opium which he happened then to have upon hand. Upon other occasions, the order has been reversed; and a rich field of rice or other grain has been ploughed up, in order to make room for a plantation of poppies, when the chief foresaw that extraordinary profit was likely to be made by opium. The servants of the company have, upon several occasions, attempted to establish in their own favour the monopoly of some of the most important branches, not only of the foreign, but of the inland trade of the country. Had they been allowed to go on, it is impossible that they should not, at some time or another, have attempted to restrain the production of the particular articles of which they had thus usurped the monopoly, not only to the quantity which they themselves could purchase, but to that which they could expect to sell with such a profit as they might think sufficient. In the course of a century or two, the policy of the English company would, in this manner, have probably proved as completely destructive as that of the Dutch.

Nothing, however, can be more directly contrary to the real interest of those companies, considered as the sovereigns of the countries which they have conquered, than this destructive plan. In almost all countries, the revenue of the sovereign is drawn from that of the people. The greater the revenue of the people, therefore, the greater the annual produce of their land and labour, the more they can afford to the sovereign. It is his interest, therefore, to increase as much as possible that annual produce. But if this is the interest of every sovereign, it is peculiarly so of one whose revenue, like that of the sovereign of Bengal, arises chiefly from a land-rent. That rent must necessarily be in proportion to the quantity and value of the produce; and both the one and the other must depend upon the extent of the market. The quantity will always be suited, with more or less exactness, to the consumption of those who can afford to pay for it; and the price which they will pay will always be in proportion to the eagerness of their competition. It is the interest of such a sovereign, therefore, to open the most extensive market for the produce of his country, to allow the most perfect freedom of commerce, in order to increase as much as possible the number and competition of buyers; and upon this account to abolish, not only all monopolies, but all restraints upon the transportation of the home produce

from one part of the country to another, upon its exportation to foreign countries, or upon the importation of goods of any kind for which it can be exchanged. He is in this manner most likely to increase both the quantity and value of that produce, and consequently of his own share of it, or of his own revenue.

But a company of merchants, are, it seems, incapable of considering themselves as sovereigns, even after they have become such. Trade, or buying in order to sell again, they still consider as their principal business, and by a strange absurdity, regard the character of the sovereign as but an appendix to that of the merchant; as something which ought to be made subservient to it, or by means of which they may be enabled to buy cheaper in India, and thereby to sell with a better profit in Europe. They endeavour, for this purpose, to keep out as much as possible all competitors from the market of the countries which are subject to their government, and consequently to reduce, at least, some part of the surplus produce of those countries to what is barely sufficient for supplying their own demand, or to what they can expect to sell in Europe, with such a profit as they may think reasonable. Their mercantile habits draw them in this manner, almost necessarily, though perhaps insensibly, to prefer, upon all ordinary occasions, the little and transitory profit of the monopolist to the great and permanent revenue of the sovereign; and would gradually lead them to treat the countries subject to their government nearly as the Dutch treat the Moluccas. It is the interest of the East India company, considered as sovereigns, that the European goods which are carried to their Indian dominions should be sold there as cheap as possible; and that the Indian goods which are brought from thence should bring there as good a price, or should be sold there as dear as possible. But the reverse of this is their interest as merchants. As sovereigns, their interest is exactly the same with that of the country which they govern. As merchants, their interest is directly opposite to that interest.

But if the genius of such a government, even as to what concerns its direction in Europe, is in this manner essentially, and perhaps incurably faulty, that of its administration in India is still more so. That administration is necessarily composed of a council of merchants, a profession no doubt extremely respectable, but which in no country in the world carries along with it that sort of authority which naturally overawes the people, and without force commands their willing obedience. Such a council can

command obedience only by the military force with which they are accompanied; and their government is, therefore, necessarily military and despotical. Their proper business, however, is that of merchants. It is to sell, upon their master's account, the European goods consigned to them, and to buy, in return, Indian goods for the European market. It is to sell the one as dear, and to buy the other as cheap as possible, and consequently to exclude, as much as possible, all rivals from the particular market where they keep their shop. The genius of the administration, therefore, so far as concerns the trade of the company, is the same as that of the direction. It tends to make government subservient to the interest of monopoly, and consequently to stunt the natural growth of some parts, at least, of the surplus produce of the country, to what is barely sufficient for answering the demand of the company.

All the members of the administration besides, trade more or less upon their own account; and it is in vain to prohibit them from doing so. Nothing can be more completely foolish than to expect that the clerk of a great counting-house, at ten thousand miles distance, and consequently almost quite out of sight, should, upon a simple order from their master, give up at once doing any sort of business upon their own account abandon for ever all hopes of making a fortune, of which they have the means in their hands; and content themselves with the moderate salaries which those masters allow them, and which, moderate as they are, can seldom be augmented, being commonly as large as the real profits of the company trade can afford. In such circumstances, to prohibit the servants of the company from trading upon their own account, can have scarce any other effect than to enable its superior servants, under pretence of executing their master's order, to oppress such of the inferior ones as have had the misfortune to fall under their displeasure. The servants naturally endeavour to establish the same monopoly in favour of their own private trade as of the public trade of the company. If they are suffered to act as they could wish, they will establish this monopoly openly and directly, by fairly prohibiting all other people from trading in the articles in which they choose to deal; and this, perhaps, is the best and least oppressive way of establishing it. But if, by an order from Europe, they are prohibited from doing this, they will, notwithstanding, endeavour to establish a monopoly of the same kind secretly and indirectly, in a way that is much more destructive to the country. They will employ the whole authority of government, and pervert

the administration of Justice, in order to harass and ruin those who interfere with them in any branch of commerce, which by means of agents, either concealed, or at least not publicly avowed, they may choose to carry on. But the private trade of the servants will naturally extend to a much greater variety of articles than the public trade of the company. The public trade of the company extends no further than the trade with Europe, and comprehends a part only of the foreign trade of the country. But the private trade of the servants may extend to all the different branches both of its inland and foreign trade. The monopoly of the company can tend only to stunt the natural growth of that part of the surplus produce which, in the case of a free trade, would be exported to Europe. That of the servants tends to stunt the natural growth of every part of the produce in which they choose to deal; of what is destined for home consumption, as well as of what is destined for exportation; and consequently to degrade the cultivation of the whole country, and to reduce the number of its inhabitants. It tends to reduce the quantity of every sort of produce, even that of the necessaries of life, whenever the servants of the country choose to deal in them, to what those servants can both afford to buy and expect to sell with such a profit as pleases them.

From the nature of their situation, too, the servants must be more disposed to support with rigorous severity their own interest, against that of the country which they govern, than their masters can be to support theirs. The country belongs to their masters, who cannot avoid having some regard for the interest of what belongs to them; but it does not belong to the servants. The real interest of their masters, if they were capable of understanding it, is the same with that of the country; {The interest of every proprietor of India stock, however, is by no means the same with that of the country in the government of which his vote gives him some influence.— See book v, chap. 1, part ii.}and it is from ignorance chiefly, and the meanness of mercantile prejudice, that they ever oppress it. But the real interest of the servants is by no means the same with that of the country, and the most perfect information would not necessarily put an end to their oppressions. The regulations, accordingly, which have been sent out from Europe, though they have been frequently weak, have upon most occasions been well meaning. More intelligence, and perhaps less good meaning, has sometimes appeared in those established by the servants in India. It is a very singular government in which every member of the administration

wishes to get out of the country, and consequently to have done with the government, as soon as he can, and to whose interest, the day after he has left it, and carried his whole fortune with him, it is perfectly indifferent though the whole country was swallowed up by an earthquake.

I mean not, however, by any thing which I have here said, to throw any odious imputation upon the general character of the servants of the East India company, and touch less upon that of any particular persons. It is the system of government, the situation in which they are placed, that I mean to censure, not the character of those who have acted in it. They acted as their situation naturally directed, and they who have clamoured the loudest against them would probably not have acted better themselves. In war and negotiation, the councils of Madras and Calcutta, have upon several occasions, conducted themselves with a resolution and decisive wisdom, which would have done honour to the senate of Rome in the best days of that republic. The members of those councils, however, had been bred to professions very different from war and politics. But their situation alone, without education, experience, or even example, seems to have formed in them all at once the great qualities which it required, and to have inspired them both with abilities and virtues which they themselves could not well know that they possessed. If upon some occasions, therefore, it has animated them to actions of magnanimity which could not well have been expected from them, we should not wonder if, upon others, it has prompted them to exploits of somewhat a different nature.

Such exclusive companies, therefore, are nuisances in every respect; always more or less inconvenient to the countries in which they are established, and destructive to those which have the misfortune to fall under their government.

CHAPTER VIII.

CONCLUSION OF THE MERCANTILE SYSTEM.

Though the encouragement of exportation, and the discouragement of importation, are the two great engines by which the mercantile system proposes to enrich every country, yet, with regard to some particular commodities, it seems to follow an opposite plan: to discourage exportation, and to encourage importation. Its ultimate object, however, it pretends, is always the same, to enrich the country by an advantageous balance of trade. It discourages the exportation of the materials of manufacture, and of the instruments of trade, in order to give our own workmen an advantage, and to enable them to undersell those of other nations in all foreign markets; and by restraining, in this manner, the exportation of a few commodities, of no great price, it proposes to occasion a much greater and more valuable exportation of others. It encourages the importation of the materials of manufacture, in order that our own people may be enabled to work them up more cheaply, and thereby prevent a greater and more valuable importation of the manufactured commodities. I do not observe, at least in our statute book, any encouragement given to the importation of the instruments of trade. When manufactures have advanced to a certain pitch of greatness, the fabrication of the instruments of trade becomes itself the object of a great number of very important manufactures. To give any particular encouragement to the importation of such instruments, would interfere too much with the interest of those manufactures. Such importation, therefore, instead of being encouraged, has frequently been prohibited. Thus the importation of wool cards, except from Ireland, or when brought in as wreck or prize goods, was prohibited by the 3rd of Edward IV.; which prohibition was renewed by the 39th of Elizabeth, and has been continued and rendered perpetual by subsequent laws.

The importation of the materials of manufacture has sometimes been encouraged by an exemption from the duties to which other goods are subject, and sometimes by bounties.

The importation of sheep's wool from several different countries, of cotton wool from all countries, of undressed flax, of the greater part of dyeing drugs, of the greater part of undressed hides from Ireland, or the British colonies, of seal skins from the British Greenland fishery, of pig and bar iron from the British colonies, as well as of several other materials of manufacture, has been encouraged by an exemption from all duties, if properly entered at the custom-house. The private interest of our merchants and manufacturers may, perhaps, have extorted from the legislature these exemptions, as well as the greater part of our other commercial regulations. They are, however, perfectly just and reasonable; and if, consistently with the necessities of the state, they could be extended to all the other materials of manufacture, the public would certainly be a gainer.

The avidity of our great manufacturers, however, has in some cases extended these exemptions a good deal beyond what can justly be considered as the rude materials of their work. By the 24th Geo. II. chap. 46, a small duty of only 1d. the pound was imposed upon the importation of foreign brown linen yarn, instead of much higher duties, to which it had been subjected before, viz. of 6d. the pound upon sail yarn, of 1s. the pound upon all French and Dutch yarn, and of £2:13:4 upon the hundred weight of all spruce or Muscovia yarn. But our manufacturers were not long satisfied with this reduction: by the 29th of the same king, chap. 15, the same law which gave a bounty upon the exportation of British and Irish linen, of which the price did not exceed 18d. the yard, even this small duty upon the importation of brown linen yarn was taken away. In the different operations, however, which are necessary for the preparation of linen yarn, a good deal more industry is employed, than in the subsequent operation of preparing linen cloth from linen yarn. To say nothing of the industry of the flax-growers and flaxdressers, three or four spinners at least are necessary in order to keep one weaver in constant employment; and more than four-fifths of the whole quantity of labour necessary for the preparation of linen cloth, is employed in that of linen yarn; but our spinners are poor people; women commonly scattered about in all different parts of the country, without support or protection. It is not by the sale of their work, but by that of the complete work of the weavers, that our great master manufacturers make their profits. As it is their interest to sell the complete manufacture as dear, so it is to buy the materials as cheap as possible. By extorting from the legislature bounties upon the exportation of their own linen, high duties

upon the importation of all foreign linen, and a total prohibition of the home consumption of some sorts of French linen, they endeavour to sell their own goods as dear as possible. By encouraging the importation of foreign linen yarn, and thereby bringing it into competition with that which is made by our own people, they endeavour to buy the work of the poor spinners as cheap as possible. They are as intent to keep down the wages of their own weavers, as the earnings of the poor spinners; and it is by no means for the benefit of the workmen that they endeavour either to raise the price of the complete work, or to lower that of the rude materials. It is the industry which is carried on for the benefit of the rich and the powerful, that is principally encouraged by our mercantile system. That which is carried on for the benefit of the poor and the indigent is too often either neglected or oppressed.

Both the bounty upon the exportation of linen, and the exemption from the duty upon the importation of foreign yarn, which were granted only for fifteen years, but continued by two different prolongations, expire with the end of the session of parliament which shall immediately follow the 24th of June 1786.

The encouragement given to the importation of the materials of manufacture by bounties, has been principally confined to such as were imported from our American plantations.

The first bounties of this kind were those granted about the beginning of the present century, upon the importation of naval stores from America. Under this denomination were comprehended timber fit for masts, yards, and bowsprits; hemp, tar, pitch, and turpentine. The bounty, however, of £1 the ton upon masting-timber, and that of £6 the ton upon hemp, were extended to such as should be imported into England from Scotland. Both these bounties continued, without any variation, at the same rate, till they were severally allowed to expire; that upon hemp on the 1st of January 1741, and that upon masting-timber at the end of the session of parliament immediately following the 24th June 1781.

The bounties upon the importation of tar, pitch, and turpentine, underwent, during their continuance, several alterations. Originally, that upon tar was £4 the ton; that upon pitch the same; and that upon turpentine £3 the ton. The bounty of £4 the ton upon tar was afterwards confined to such as had been prepared in a particular manner; that upon other good, clean, and merchantable tar was reduced to £2:4s. the ton. The bounty upon

pitch was likewise reduced to £1, and that upon turpentine to £1:10s. the ton.

The second bounty upon the importation of any of the materials of manufacture, according to the order of time, was that granted by the 21st Geo. II. chap.30, upon the importation of indigo from the British plantations. When the plantation indigo was worth three-fourths of the price of the best French indigo, it was, by this act, entitled to a bounty of 6d. the pound. This bounty, which, like most others, was granted only for a limited time, was continued by several prolongations, but was reduced to 4d. the pound. It was allowed to expire with the end of the session of parliament which followed the 25th March 1781.

The third bounty of this kind was that granted (much about the time that we were beginning sometimes to court, and sometimes to quarrel with our American colonies), by the 4th. Geo. III. chap. 26, upon the importation of hemp, or undressed flax, from the British plantations. This bounty was granted for twenty-one years, from the 24th June 1764 to the 24th June 1785. For the first seven years, it was to be at the rate of £8 the ton; for the second at £6; and for the third at £4. It was not extended to Scotland, of which the climate (although hemp is sometimes raised there in small quantities, and of an inferior quality) is not very fit for that produce. Such a bounty upon the importation of Scotch flax in England would have been too great a discouragement to the native produce of the southern part of the united kingdom.

The fourth bounty of this kind was that granted by the 5th Geo. III. chap. 45, upon the importation of wood from America. It was granted for nine years from the 1st January 1766 to the 1st January 1775. During the first three years, it was to be for every hundred-and-twenty good deals, at the rate of £1, and for every load containing fifty cubic feet of other square timber, at the rate of 12s. For the second three years, it was for deals, to be at the rate of 15s., and for other squared timber at the rate of 8s.; and for the third three years, it was for deals, to be at the rate of 10s.; and for every other squared timber at the rate of 5s.

The fifth bounty of this kind was that granted by the 9th Geo. III. chap. 38, upon the importation of raw silk from the British plantations. It was granted for twenty-one years, from the 1st January 1770, to the 1st January 1791. For the first seven years, it was to be at the rate of £25 for every hundred pounds value; for the second, at £20; and for the third, at £15. The

management of the silk-worm, and the preparation of silk, requires so much hand-labour, and labour is so very dear in America, that even this great bounty, I have been informed, was not likely to produce any considerable effect.

The sixth Bounty of this kind was that granted by 11th Geo. III. chap. 50, for the importation of pipe, hogshead, and barrelstaves and leading from the British plantations. It was granted for nine years, from 1st January 1772 to the 1st January 1781. For the first three years, it was, for a certain quantity of each, to be at the rate of £6; for the second three years at £4; and for the third three years at £2.

The seventh and last bounty of this kind was that granted by the 19th Geo. III chap. 37, upon the importation of hemp from Ireland. It was granted in the same manner as that for the importation of hemp and undressed flax from America, for twenty-one years, from the 24th June 1779 to the 24th June 1800. The term is divided likewise into three periods, of seven years each; and in each of those periods, the rate of the Irish bounty is the same with that of the American. It does not, however, like the American bounty, extend to the importation of undressed flax. It would have been too great a discouragement to the cultivation of that plant in Great Britain. When this last bounty was granted, the British and Irish legislatures were not in much better humour with one another, than the British and American had been before. But this boon to Ireland, it is to be hoped, has been granted under more fortunate auspices than all those to America. The same commodities, upon which we thus gave bounties, when imported from America, were subjected to considerable duties when imported from any other country. The interest of our American colonies was regarded as the same with that of the mother country. Their wealth was considered as our wealth. Whatever money was sent out to them, it was said, came all back to us by the balance of trade, and we could never become a farthing the poorer by any expense which we could lay out upon them. They were our own in every respect, and it was an expense laid out upon the improvement of our own property, and for the profitable employment of our own people. It is unnecessary, I apprehend, at present to say anything further, in order to expose the folly of a system which fatal experience has now sufficiently exposed. Had our American colonies really been a part of Great Britain, those bounties might have been considered as

bounties upon production, and would still have been liable to all the objections to which such bounties are liable, but to no other.

The exportation of the materials of manufacture is sometimes discouraged by absolute prohibitions, and sometimes by high duties.

Our woollen manufacturers have been more successful than any other class of workmen, in persuading the legislature that the prosperity of the nation depended upon the success and extension of their particular business. They have not only obtained a monopoly against the consumers, by an absolute prohibition of importing woollen cloths from any foreign country; but they have likewise obtained another monopoly against the sheep farmers and growers of wool, by a similar prohibition of the exportation of live sheep and wool. The severity of many of the laws which have been enacted for the security of the revenue is very justly complained of, as imposing heavy penalties upon actions which, antecedent to the statutes that declared them to be crimes, had always been understood to be innocent. But the cruellest of our revenue laws, I will venture to affirm, are mild and gentle, in comparison to some of those which the clamour of our merchants and manufacturers has extorted from the legislature, for the support of their own absurd and oppressive monopolies. Like the laws of Draco, these laws may be said to be all written in blood.

By the 8th of Elizabeth, chap. 3, the exporter of sheep, lambs, or rams, was for the first offence, to forfeit all his goods for ever, to suffer a year's imprisonment, and then to have his left hand cut off in a market town, upon a market day, to be there nailed up; and for the second offence, to be adjudged a felon, and to suffer death accordingly. To prevent the breed of our sheep from being propagated in foreign countries, seems to have been the object of this law. By the 13th and 14th of Charles II. chap. 18, the exportation of wool was made felony, and the exporter subjected to the same penalties and forfeitures as a felon.

For the honour of the national humanity, it is to be hoped that neither of these statutes was ever executed. The first of them, however, so far as I know, has never been directly repealed, and serjeant Hawkins seems to consider it as still in force. It may, however, perhaps be considered as virtually repealed by the 12th of Charles II. chap. 32, sect. 3, which, without expressly taking away the penalties imposed by former statutes, imposes a new penalty, viz. that of 20s. for every sheep exported, or attempted to be exported, together with the forfeiture of the sheep, and of the owner's share

of the sheep. The second of them was expressly repealed by the 7th and 8th of William III. chap. 28, sect. 4, by which it is declared that “Whereas the statute of the 13th and 14th of king Charles II. made against the exportation of wool, among other things in the said act mentioned, doth enact the same to be deemed felony, by the severity of which penalty the prosecution of offenders hath not been so effectually put in execution; be it therefore enacted, by the authority aforesaid, that so much of the said act, which relates to the making the said offence felony, be repealed and made void.”

The penalties, however, which are either imposed by this milder statute, or which, though imposed by former statutes, are not repealed by this one, are still sufficiently severe. Besides the forfeiture of the goods, the exporter incurs the penalty of 3s. for every pound weight of wool, either exported or attempted to be exported, that is, about four or five times the value. Any merchant, or other person convicted of this offence, is disabled from requiring any debt or account belonging to him from any factor or other person. Let his fortune be what it will, whether he is or is not able to pay those heavy penalties, the law means to ruin him completely. But, as the morals of the great body of the people are not yet so corrupt as those of the contrivers of this statute, I have not heard that any advantage has ever been taken of this clause. If the person convicted of this offence is not able to pay the penalties within three months after judgment, he is to be transported for seven years; and if he returns before the expiration of that term, he is liable to the pains of felony, without benefit of clergy. The owner of the ship, knowing this offence, forfeits all his interest in the ship and furniture. The master and mariners, knowing this offence, forfeit all their goods and chattels, and suffer three months imprisonment. By a subsequent statute, the master suffers six months imprisonment.

In order to prevent exportation, the whole inland commerce of wool is laid under very burdensome and oppressive restrictions. It cannot be packed in any box, barrel, cask, case, chest, or any other package, but only in packs of leather or pack-cloth, on which must be marked on the outside the words WOOL or YARN, in large letters, not less than three inches long, on pain of forfeiting the same and the package, and 8s. for every pound weight, to be paid by the owner or packer. It cannot be loaden on any horse or cart, or carried by land within five miles of the coast, but between sun-rising, and sun-setting, on pain of forfeiting the same, the horses and carriages. The hundred next adjoining to the sea coast, out of, or through which the wool is

carried or exported, forfeits £20, if the wool is under the value of £10; and if of greater value, then treble that value, together with treble costs, to be sued for within the year. The execution to be against any two of the inhabitants, whom the sessions must reimburse, by an assessment on the other inhabitants, as in the cases of robbery. And if any person compounds with the hundred for less than this penalty, he is to be imprisoned for five years; and any other person may prosecute. These regulations take place through the whole kingdom.

But in the particular counties of Kent and Sussex, the restrictions are still more troublesome. Every owner of wool within ten miles of the sea coast must give an account in writing, three days after shearing, to the next officer of the customs, of the number of his fleeces, and of the places where they are lodged. And before he removes any part of them, he must give the like notice of the number and weight of the fleeces, and of the name and abode of the person to whom they are sold, and of the place to which it is intended they should be carried. No person within fifteen miles of the sea, in the said counties, can buy any wool, before he enters into bond to the king, that no part of the wool which he shall so buy shall be sold by him to any other person within fifteen miles of the sea. If any wool is found carrying towards the sea side in the said counties, unless it has been entered and security given as aforesaid, it is forfeited, and the offender also forfeits 3s. for every pound weight, if any person lay any wool, not entered as aforesaid, within fifteen miles of the sea, it must be seized and forfeited; and if, after such seizure, any person shall claim the same, he must give security to the exchequer, that if he is cast upon trial he shall pay treble costs, besides all other penalties.

When such restrictions are imposed upon the inland trade, the coasting trade, we may believe, cannot be left very free. Every owner of wool, who carrieth, or causeth to be carried, any wool to any port or place on the sea coast, in order to be from thence transported by sea to any other place or port on the coast, must first cause an entry thereof to be made at the port from whence it is intended to be conveyed, containing the weight, marks, and number, of the packages, before he brings the same within five miles of that port, on pain of forfeiting the same, and also the horses, carts, and other carriages; and also of suffering and forfeiting, as by the other laws in force against the exportation of wool. This law, however (1st of William III. chap. 32), is so very indulgent as to declare, that this shall not hinder any person

from carrying his wool home from the place of shearing, though it be within five miles of the sea, provided that in ten days after shearing, and before he remove the wool, he do under his hand certify to the next officer of the customs the true number of fleeces, and where it is housed; and do not remove the same, without certifying to such officer, under his hand, his intention so to do, three days before. Bond must be given that the wool to be carried coast-ways is to be landed at the particular port for which it is entered outwards; and if my part of it is landed without the presence of an officer, not only the forfeiture of the wool is incurred, as in other goods, but the usual additional penalty of 3s. for every pound weight is likewise incurred.

Our woollen manufacturers, in order to justify their demand of such extraordinary restrictions and regulations, confidently asserted, that English wool was of a peculiar quality, superior to that of any other country; that the wool of other countries could not, without some mixture of it, be wrought up into any tolerable manufacture; that fine cloth could not be made without it; that England, therefore, if the exportation of it could be totally prevented, could monopolize to herself almost the whole woollen trade of the world; and thus, having no rivals, could sell at what price she pleased, and in a short time acquire the most incredible degree of wealth by the most advantageous balance of trade. This doctrine, like most other doctrines which are confidently asserted by any considerable number of people, was, and still continues to be, most implicitly believed by a much greater number: by almost all those who are either unacquainted with the woollen trade, or who have not made particular inquiries. It is, however, so perfectly false, that English wool is in any respect necessary for the making of fine cloth, that it is altogether unfit for it. Fine cloth is made altogether of Spanish wool. English wool, cannot be even so mixed with Spanish wool, as to enter into the composition without spoiling and degrading, in some degree, the fabric of the cloth.

It has been shown in the foregoing part of this work, that the effect of these regulations has been to depress the price of English wool, not only below what it naturally would be in the present times, but very much below what it actually was in the time of Edward III. The price of Scotch wool, when, in consequence of the Union, it became subject to the same regulations, is said to have fallen about one half. It is observed by the very accurate and intelligent author of the *Memoirs of Wool*, the Reverend Mr.

John Smith, that the price of the best English wool in England, is generally below what wool of a very inferior quality commonly sells for in the market of Amsterdam. To depress the price of this commodity below what may be called its natural and proper price, was the avowed purpose of those regulations; and there seems to be no doubt of their having produced the effect that was expected from them.

This reduction of price, it may perhaps be thought, by discouraging the growing of wool, must have reduced very much the annual produce of that commodity, though not below what it formerly was, yet below what, in the present state of things, it would probably have been, had it, in consequence of an open and free market, been allowed to rise to the natural and proper price. I am, however, disposed to believe, that the quantity of the annual produce cannot have been much, though it may, perhaps, have been a little affected by these regulations. The growing of wool is not the chief purpose for which the sheep farmer employs his industry and stock. He expects his profit, not so much from the price of the fleece, as from that of the carcase; and the average or ordinary price of the latter must even, in many cases, make up to him whatever deficiency there may be in the average or ordinary price of the former. It has been observed, in the foregoing part of this work, that 'whatever regulations tend to sink the price, either of wool or of raw hides, below what it naturally would be, must, in an improved and cultivated country, have some tendency to raise the price of butcher's meat. The price, both of the great and small cattle which are fed on improved and cultivated land, must be sufficient to pay the rent which the landlord, and the profit which the farmer, has reason to expect from improved and cultivated land. If it is not, they will soon cease to feed them. Whatever part of this price, therefore, is not paid by the wool and the hide, must be paid by the carcase. The less there is paid for the one, the more must be paid for the other. In what manner this price is to be divided upon the different parts of the beast, is indifferent to the landlords and farmers, provided it is all paid to them. In an improved and cultivated country, therefore, their interest as landlords and farmers cannot be much affected by such regulations, though their interest as consumers may, by the rise in the price of provisions.' According to this reasoning, therefore, this degradation in the price of wool is not likely, in an improved and cultivated country, to occasion any diminution in the annual produce of that commodity; except so far as, by raising the price of mutton, it may somewhat diminish the demand for, and

consequently the production of, that particular species of butcher's meat, Its effect, however, even in this way, it is probable, is not very considerable.

But though its effect upon the quantity of the annual produce may not have been very considerable, its effect upon the quality, it may perhaps be thought, must necessarily have been very great. The degradation in the quality of English wool, if not below what it was in former times, yet below what it naturally would have been in the present state of improvement and cultivation, must have been, it may perhaps be supposed, very nearly in proportion to the degradation of price. As the quality depends upon the breed, upon the pasture, and upon the management and cleanliness of the sheep, during the whole progress of the growth of the fleece, the attention to these circumstances, it may naturally enough be imagined, can never be greater than in proportion to the recompence which the price of the fleece is likely to make for the labour and expense which that attention requires. It happens, however, that the goodness of the fleece depends, in a great measure, upon the health, growth, and bulk of the animal: the same attention which is necessary for the improvement of the carcase is, in some respect, sufficient for that of the fleece. Notwithstanding the degradation of price, English wool is said to have been improved considerably during the course even of the present century. The improvement, might, perhaps, have been greater if the price had been better; but the lowness of price, though it may have obstructed, yet certainly it has not altogether prevented that improvement.

The violence of these regulations, therefore, seems to have affected neither the quantity nor the quality of the annual produce of wool, so much as it might have been expected to do (though I think it probable that it may have affected the latter a good deal more than the former); and the interest of the growers of wool, though it must have been hurt in some degree, seems upon the whole, to have been much less hurt than could well have been imagined.

These considerations, however, will not justify the absolute prohibition of the exportation of wool; but they will fully justify the imposition of a considerable tax upon that exportation.

To hurt, in any degree, the interest of any one order of citizens, for no other purpose but to promote that of some other, is evidently contrary to that justice and equality of treatment which the sovereign owes to all the different orders of his subjects. But the prohibition certainly hurts, in some

degree, the interest of the growers of wool, for no other purpose but to promote that of the manufacturers.

Every different order of citizens is bound to contribute to the support of the sovereign or commonwealth. A tax of five, or even of ten shillings, upon the exportation of every tod of wool, would produce a very considerable revenue to the sovereign. It would hurt the interest of the growers somewhat less than the prohibition, because it would not probably lower the price of wool quite so much. It would afford a sufficient advantage to the manufacturer, because, though he might not buy his wool altogether so cheap as under the prohibition, he would still buy it at least five or ten shillings cheaper than any foreign manufacturer could buy it, besides saving the freight and insurance which the other would be obliged to pay. It is scarce possible to devise a tax which could produce any considerable revenue to the sovereign, and at the same time occasion so little inconveniency to anybody.

The prohibition, notwithstanding all the penalties which guard it, does not prevent the exportation of wool. It is exported, it is well known, in great quantities. The great difference between the price in the home and that in the foreign market, presents such a temptation to smuggling, that all the rigour of the law cannot prevent it. This illegal exportation is advantageous to nobody but the smuggler. A legal exportation, subject to a tax, by affording a revenue to the sovereign, and thereby saving the imposition of some other, perhaps more burdensome and inconvenient taxes, might prove advantageous to all the different subjects of the state.

The exportation of fuller's earth, or fuller's clay, supposed to be necessary for preparing and cleansing the woollen manufactures, has been subjected to nearly the same penalties as the exportation of wool. Even tobacco-pipe clay, though acknowledged to be different from fuller's clay, yet, on account of their resemblance, and because fuller's clay might sometimes be exported as tobacco-pipe clay, has been laid under the same prohibitions and penalties.

By the 13th and 14th of Charles II. chap, 7, the exportation, not only of raw hides, but of tanned leather, except in the shape of boots, shoes, or slippers, was prohibited; and the law gave a monopoly to our boot-makers and shoe-makers, not only against our graziers, but against our tanners. By subsequent statutes, our tanners have got themselves exempted from this monopoly, upon paying a small tax of only one shilling on the hundred

weight of tanned leather, weighing one hundred and twelve pounds. They have obtained likewise the drawback of two-thirds of the excise duties imposed upon their commodity, even when exported without further manufacture. All manufactures of leather may be exported duty free; and the exporter is besides entitled to the drawback of the whole duties of excise. Our graziers still continue subject to the old monopoly. Graziers, separated from one another, and dispersed through all the different corners of the country, cannot, without great difficulty, combine together for the purpose either of imposing monopolies upon their fellow-citizens, or of exempting themselves from such as may have been imposed upon them by other people. Manufacturers of all kinds, collected together in numerous bodies in all great cities, easily can. Even the horns of cattle are prohibited to be exported; and the two insignificant trades of the horner and comb-maker enjoy, in this respect, a monopoly against the graziers.

Restraints, either by prohibitions, or by taxes, upon the exportation of goods which are partially, but not completely manufactured, are not peculiar to the manufacture of leather. As long as anything remains to be done, in order to fit any commodity for immediate use and consumption, our manufacturers think that they themselves ought to have the doing of it. Woollen yarn and worsted are prohibited to be exported, under the same penalties as wool even white cloths we subject to a duty upon exportation; and our dyers have so far obtained a monopoly against our clothiers. Our clothiers would probably have been able to defend themselves against it; but it happens that the greater part of our principal clothiers are themselves likewise dyers. Watch-cases, clock-cases, and dial-plates for clocks and watches, have been prohibited to be exported. Our clock-makers and watch-makers are, it seems, unwilling that the price of this sort of workmanship should be raised upon them by the competition of foreigners.

By some old statutes of Edward III, Henry VIII. and Edward VI. the exportation of all metals was prohibited. Lead and tin were alone excepted, probably on account of the great abundance of those metals; in the exportation of which a considerable part of the trade of the kingdom in those days consisted. For the encouragement of the mining trade, the 5th of William and Mary, chap.17, exempted from this prohibition iron, copper, and mundic metal made from British ore. The exportation of all sorts of copper bars, foreign as well as British, was afterwards permitted by the 9th and 10th of William III. chap 26. The exportation of unmanufactured brass,

of what is called gun-metal, bell-metal, and shroff metal, still continues to be prohibited. Brass manufactures of all sorts may be exported duty free.

The exportation of the materials of manufacture, where it is not altogether prohibited, is, in many cases, subjected to considerable duties.

By the 8th Geo. I. chap.15, the exportation of all goods, the produce of manufacture of Great Britain, upon which any duties had been imposed by former statutes, was rendered duty free. The following goods, however, were excepted: alum, lead, lead-ore, tin, tanned leather, copperas, coals, wool, cards, white woollen cloths, lapis calaminaris, skins of all sorts, glue, coney hair or wool, hares wool, hair of all sorts, horses, and litharge of lead. If you except horses, all these are either materials of manufacture, or incomplete manufactures (which may be considered as materials for still further manufacture), or instruments of trade. This statute leaves them subject to all the old duties which had ever been imposed upon them, the old subsidy, and one per cent. outwards.

By the same statute, a great number of foreign drugs for dyers use are exempted from all duties upon importation. Each of them, however, is afterwards subjected to a certain duty, not indeed a very heavy one, upon exportation. Our dyers, it seems, while they thought it for their interest to encourage the importation of those drugs, by an exemption from all duties, thought it likewise for their own interest to throw some small discouragement upon their exportation. The avidity, however, which suggested this notable piece of mercantile ingenuity, most probably disappointed itself of its object. It necessarily taught the importers to be more careful than they might otherwise have been, that their importation should not exceed what was necessary for the supply of the home market. The home market was at all times likely to be more scantily supplied; the commodities were at all times likely to be somewhat dearer there than they would have been, had the exportation been rendered as free as the importation.

By the above-mentioned statute, gum senega, or gum arabic, being among the enumerated dyeing drugs, might be imported duty free. They were subjected, indeed, to a small poundage duty, amounting only to threepence in the hundred weight, upon their re-exportation. France enjoyed, at that time, an exclusive trade to the country most productive of those drugs, that which lies in the neighbourhood of the Senegal; and the British market could not be easily supplied by the immediate importation of

them from the place of growth. By the 25th Geo. II. therefore, gum senega was allowed to be imported (contrary to the general dispositions of the act of navigation) from any part of Europe. As the law, however, did not mean to encourage this species of trade, so contrary to the general principles of the mercantile policy of England, it imposed a duty of ten shillings the hundred weight upon such importation, and no part of this duty was to be afterwards drawn back upon its exportation. The successful war which began in 1755 gave Great Britain the same exclusive trade to those countries which France had enjoyed before. Our manufactures, as soon as the peace was made, endeavoured to avail themselves of this advantage, and to establish a monopoly in their own favour both against the growers and against the importers of this commodity. By the 5th of Geo. III. therefore, chap. 37, the exportation of gum senega, from his majesty's dominions in Africa, was confined to Great Britain, and was subjected to all the same restrictions, regulations, forfeitures, and penalties, as that of the enumerated commodities of the British colonies in America and the West Indies. Its importation, indeed, was subjected to a small duty of sixpence the hundred weight; but its re-exportation was subjected to the enormous duty of one pound ten shillings the hundred weight. It was the intention of our manufacturers, that the whole produce of those countries should be imported into Great Britain; and in order that they themselves might be enabled to buy it at their own price, that no part of it should be exported again, but at such an expense as would sufficiently discourage that exportation. Their avidity, however, upon this, as well as upon many other occasions, disappointed itself of its object. This enormous duty presented such a temptation to smuggling, that great quantities of this commodity were clandestinely exported, probably to all the manufacturing countries of Europe, but particularly to Holland, not only from Great Britain, but from Africa. Upon this account, by the 14th Geo. III. chap.10, this duty upon exportation was reduced to five shillings the hundred weight.

In the book of rates, according to which the old subsidy was levied, beaver skins were estimated at six shillings and eight pence a piece; and the different subsidies and imposts which, before the year 1722, had been laid upon their importation, amounted to one-fifth part of the rate, or to sixteen pence upon each skin; all of which, except half the old subsidy, amounting only to twopence, was drawn back upon exportation. This duty, upon the importation of so important a material of manufacture, had been thought too

high; and, in the year 1722, the rate was reduced to two shillings and sixpence, which reduced the duty upon importation to sixpence, and of this only one-half was to be drawn back upon exportation. The same successful war put the country most productive of beaver under the dominion of Great Britain; and beaver skins being among the enumerated commodities, the exportation from America was consequently confined to the market of Great Britain. Our manufacturers soon bethought themselves of the advantage which they might make of this circumstance; and in the year 1764, the duty upon the importation of beaver skin was reduced to one penny, but the duty upon exportation was raised to sevenpence each skin, without any drawback of the duty upon importation. By the same law, a duty of eighteen pence the pound was imposed upon the exportation of beaver wool or woumbs, without making any alteration in the duty upon the importation of that commodity, which, when imported by British, and in British shipping, amounted at that time to between fourpence and fivepence the piece.

Coals may be considered both as a material of manufacture, and as an instrument of trade. Heavy duties, accordingly, have been imposed upon their exportation, amounting at present (1783) to more than five shillings the ton, or more than fifteen shillings the chaldron, Newcastle measure; which is, in most cases, more than the original value of the commodity at the coal-pit, or even at the shipping port for exportation.

The exportation, however, of the instruments of trade, properly so called, is commonly restrained, not by high duties, but by absolute prohibitions. Thus, by the 7th and 8th of William III chap.20, sect.8, the exportation of frames or engines for knitting gloves or stockings, is prohibited, under the penalty, not only of the forfeiture of such frames or engines, so exported, or attempted to be exported, but of forty pounds, one half to the king, the other to the person who shall inform or sue for the same. In the same manner, by the 14th Geo. III. chap. 71, the exportation to foreign parts, of any utensils made use of in the cotton, linen, woollen, and silk manufactures, is prohibited under the penalty, not only of the forfeiture of such utensils, but of two hundred pounds, to be paid by the person who shall offend in this manner; and likewise of two hundred pounds, to be paid by the master of the ship, who shall knowingly suffer such utensils to be loaded on board his ship.

When such heavy penalties were imposed upon the exportation of the dead instruments of trade, it could not well be expected that the living instrument, the artificer, should be allowed to go free. Accordingly, by the 5th Geo. I. chap. 27, the person who shall be convicted of enticing any artificer, of or in any of the manufactures of Great Britain, to go into any foreign parts, in order to practise or teach his trade, is liable, for the first offence, to be fined in any sum not exceeding one hundred pounds, and to three months imprisonment, and until the fine shall be paid; and for the second offence, to be fined in any sum, at the discretion of the court, and to imprisonment for twelve months, and until the fine shall be paid. By the 23d Geo. II. chap. 13, this penalty is increased, for the first offence, to five hundred pounds for every artificer so enticed, and to twelve months imprisonment, and until the fine shall be paid; and for the second offence, to one thousand pounds, and to two years imprisonment, and until the fine shall be paid.

By the former of these two statutes, upon proof that any person has been enticing any artificer, or that any artificer has promised or contracted to go into foreign parts, for the purposes aforesaid, such artificer may be obliged to give security, at the discretion of the court, that he shall not go beyond the seas, and may be committed to prison until he give such security.

If any artificer has gone beyond the seas, and is exercising or teaching his trade in any foreign country, upon warning being given to him by any of his majesty's ministers or consuls abroad, or by one of his majesty's secretaries of state, for the time being, if he does not, within six months after such warning, return into this realm, and from henceforth abide and inhabit continually within the same, he is from thenceforth declared incapable of taking any legacy devised to him within this kingdom, or of being executor or administrator to any person, or of taking any lands within this kingdom, by descent, devise, or purchase. He likewise forfeits to the king all his lands, goods, and chattels; is declared an alien in every respect; and is put out of the king's protection.

It is unnecessary, I imagine, to observe how contrary such regulations are to the boasted liberty of the subject, of which we affect to be so very jealous; but which, in this case, is so plainly sacrificed to the futile interests of our merchants and manufacturers.

The laudable motive of all these regulations, is to extend our own manufactures, not by their own improvement, but by the depression of those

of all our neighbours, and by putting an end, as much as possible, to the troublesome competition of such odious and disagreeable rivals. Our master manufacturers think it reasonable that they themselves should have the monopoly of the ingenuity of all their countrymen. Though by restraining, in some trades, the number of apprentices which can be employed at one time, and by imposing the necessity of a long apprenticeship in all trades, they endeavour, all of them, to confine the knowledge of their respective employments to as small a number as possible; they are unwilling, however, that any part of this small number should go abroad to instruct foreigners.

Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer.

The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it. But in the mercantile system, the interest of the consumer is almost constantly sacrificed to that of the producer; and it seems to consider production, and not consumption, as the ultimate end and object of all industry and commerce.

In the restraints upon the importation of all foreign commodities which can come into competition with those of our own growth or manufacture, the interest of the home consumer is evidently sacrificed to that of the producer. It is altogether for the benefit of the latter, that the former is obliged to pay that enhancement of price which this monopoly almost always occasions.

It is altogether for the benefit of the producer, that bounties are granted upon the exportation of some of his productions. The home consumer is obliged to pay, first the tax which is necessary for paying the bounty; and, secondly, the still greater tax which necessarily arises from the enhancement of the price of the commodity in the home market.

By the famous treaty of commerce with Portugal, the consumer is prevented by duties from purchasing of a neighbouring country, a commodity which our own climate does not produce; but is obliged to purchase it of a distant country, though it is acknowledged, that the commodity of the distant country is of a worse quality than that of the near one. The home consumer is obliged to submit to this inconvenience, in order that the producer may import into the distant country some of his productions, upon more advantageous terms than he otherwise would have

been allowed to do. The consumer, too, is obliged to pay whatever enhancement in the price of those very productions this forced exportation may occasion in the home market.

But in the system of laws which has been established for the management of our American and West Indian colonies, the interest of the home consumer has been sacrificed to that of the producer, with a more extravagant profusion than in all our other commercial regulations. A great empire has been established for the sole purpose of raising up a nation of customers, who should be obliged to buy, from the shops of our different producers, all the goods with which these could supply them. For the sake of that little enhancement of price which this monopoly might afford our producers, the home consumers have been burdened with the whole expense of maintaining and defending that empire. For this purpose, and for this purpose only, in the two last wars, more than two hundred millions have been spent, and a new debt of more than a hundred and seventy millions has been contracted, over and above all that had been expended for the same purpose in former wars. The interest of this debt alone is not only greater than the whole extraordinary profit which, it never could be pretended, was made by the monopoly of the colony trade, but than the whole value of that trade, or than the whole value of the goods which, at an average, have been annually exported to the colonies.

It cannot be very difficult to determine who have been the contrivers of this whole mercantile system; not the consumers, we may believe, whose interest has been entirely neglected; but the producers, whose interest has been so carefully attended to; and among this latter class, our merchants and manufacturers have been by far the principal architects. In the mercantile regulations which have been taken notice of in this chapter, the interest of our manufacturers has been most peculiarly attended to; and the interest, not so much of the consumers, as that of some other sets of producers, has been sacrificed to it.

CHAPTER IX.

**OF THE AGRICULTURAL SYSTEMS, OR OF
THOSE SYSTEMS OF POLITICAL ECONOMY
WHICH REPRESENT THE PRODUCE OF
LAND, AS EITHER THE SOLE OR THE
PRINCIPAL SOURCE OF THE REVENUE AND
WEALTH OF EVERY COUNTRY.**

The agricultural systems of political economy will not require so long an explanation as that which I have thought it necessary to bestow upon the mercantile or commercial system.

That system which represents the produce of land as the sole source of the revenue and wealth of every country, has so far as I know, never been adopted by any nation, and it at present exists only in the speculations of a few men of great learning and ingenuity in France. It would not, surely, be worth while to examine at great length the errors of a system which never has done, and probably never will do, any harm in any part of the world. I shall endeavour to explain, however, as distinctly as I can, the great outlines of this very ingenious system.

Mr. Colbert, the famous minister of Lewis XIV. was a man of probity, of great industry, and knowledge of detail; of great experience and acuteness in the examination of public accounts; and of abilities, in short, every way fitted for introducing method and good order into the collection and expenditure of the public revenue. That minister had unfortunately embraced all the prejudices of the mercantile system, in its nature and essence a system of restraint and regulation, and such as could scarce fail to be agreeable to a laborious and plodding man of business, who had been accustomed to regulate the different departments of public offices, and to

establish the necessary checks and controls for confining each to its proper sphere. The industry and commerce of a great country, he endeavoured to regulate upon the same model as the departments of a public office; and instead of allowing every man to pursue his own interest his own way, upon the liberal plan of equality, liberty, and justice, he bestowed upon certain branches of industry extraordinary privileges, while he laid others under as extraordinary restraints. He was not only disposed, like other European ministers, to encourage more the industry of the towns than that of the country; but, in order to support the industry of the towns, he was willing even to depress and keep down that of the country. In order to render provisions cheap to the inhabitants of the towns, and thereby to encourage manufactures and foreign commerce, he prohibited altogether the exportation of corn, and thus excluded the inhabitants of the country from every foreign market, for by far the most important part of the produce of their industry. This prohibition, joined to the restraints imposed by the ancient provincial laws of France upon the transportation of corn from one province to another, and to the arbitrary and degrading taxes which are levied upon the cultivators in almost all the provinces, discouraged and kept down the agriculture of that country very much below the state to which it would naturally have risen in so very fertile a soil, and so very happy a climate. This state of discouragement and depression was felt more or less in every different part of the country, and many different inquiries were set on foot concerning the causes of it. One of those causes appeared to be the preference given, by the institutions of Mr. Colbert, to the industry of the towns above that of the country.

If the rod be bent too much one way, says the proverb, in order to make it straight, you must bend it as much the other. The French philosophers, who have proposed the system which represents agriculture as the sole source of the revenue and wealth of every country, seem to have adopted this proverbial maxim; and, as in the plan of Mr. Colbert, the industry of the towns was certainly overvalued in comparison with that of the country, so in their system it seems to be as certainly under-valued.

The different orders of people, who have ever been supposed to contribute in any respect towards the annual produce of the land and labour of the country, they divide into three classes. The first is the class of the proprietors of land. The second is the class of the cultivators, of farmers and country labourers, whom they honour with the peculiar appellation of the

productive class. The third is the class of artificers, manufacturers, and merchants, whom they endeavour to degrade by the humiliating appellation of the barren or unproductive class.

The class of proprietors contributes to the annual produce, by the expense which they may occasionally lay out upon the improvement of the land, upon the buildings, drains, inclosures, and other ameliorations, which they may either make or maintain upon it, and by means of which the cultivators are enabled, with the same capital, to raise a greater produce, and consequently to pay a greater rent. This advanced rent may be considered as the interest or profit due to the proprietor, upon the expense or capital which he thus employs in the improvement of his land. Such expenses are in this system called ground expenses (*depenses foncieres*).

The cultivators or farmers contribute to the annual produce, by what are in this system called the original and annual expenses (*depenses primitives, et depenses annuelles*), which they lay out upon the cultivation of the land. The original expenses consist in the instruments of husbandry, in the stock of cattle, in the seed, and in the maintenance of the farmer's family, servants, and cattle, during at least a great part of the first year of his occupancy, or till he can receive some return from the land. The annual expenses consist in the seed, in the wear and tear of instruments of husbandry, and in the annual maintenance of the farmer's servants and cattle, and of his family too, so far as any part of them can be considered as servants employed in cultivation. That part of the produce of the land which remains to him after paying the rent, ought to be sufficient, first, to replace to him, within a reasonable time, at least during the term of his occupancy, the whole of his original expenses, together with the ordinary profits of stock; and, secondly, to replace to him annually the whole of his annual expenses, together likewise with the ordinary profits of stock. Those two sorts of expenses are two capitals which the farmer employs in cultivation; and unless they are regularly restored to him, together with a reasonable profit, he cannot carry on his employment upon a level with other employments; but, from a regard to his own interest, must desert it as soon as possible, and seek some other. That part of the produce of the land which is thus necessary for enabling the farmer to continue his business, ought to be considered as a fund sacred to cultivation, which, if the landlord violates, he necessarily reduces the produce of his own land, and, in a few years, not only disables the farmer from paying this racked rent, but from paying the

reasonable rent which he might otherwise have got for his land. The rent which properly belongs to the landlord, is no more than the neat produce which remains after paying, in the completest manner, all the necessary expenses which must be previously laid out, in order to raise the gross or the whole produce. It is because the labour of the cultivators, over and above paying completely all those necessary expenses, affords a neat produce of this kind, that this class of people are in this system peculiarly distinguished by the honourable appellation of the productive class. Their original and annual expenses are for the same reason called, In this system, productive expenses, because, over and above replacing their own value, they occasion the annual reproduction of this neat produce.

The ground expenses, as they are called, or what the landlord lays out upon the improvement of his land, are, in this system, too, honoured with the appellation of productive expenses. Till the whole of those expenses, together with the ordinary profits of stock, have been completely repaid to him by the advanced rent which he gets from his land, that advanced rent ought to be regarded as sacred and inviolable, both by the church and by the king; ought to be subject neither to tithe nor to taxation. If it is otherwise, by discouraging the improvement of land, the church discourages the future increase of her own tithes, and the king the future increase of his own taxes. As in a well ordered state of things, therefore, those ground expenses, over and above reproducing in the completest manner their own value, occasion likewise, after a certain time, a reproduction of a neat produce, they are in this system considered as productive expenses.

The ground expenses of the landlord, however, together with the original and the annual expenses of the farmer, are the only three sorts of expenses which in this system are considered as productive. All other expenses, and all other orders of people, even those who, in the common apprehensions of men, are regarded as the most productive, are, in this account of things, represented as altogether barren and unproductive.

Artificers and manufacturers, in particular, whose industry, in the common apprehensions of men, increases so much the value of the rude produce of land, are in this system represented as a class of people altogether barren and unproductive. Their labour, it is said, replaces only the stock which employs them, together with its ordinary profits. That stock consists in the materials, tools, and wages, advanced to them by their employer; and is the fund destined for their employment and maintenance.

Its profits are the fund destined for the maintenance of their employer. Their employer, as he advances to them the stock of materials, tools, and wages, necessary for their employment, so he advances to himself what is necessary for his own maintenance; and this maintenance he generally proportions to the profit which he expects to make by the price of their work. Unless its price repays to him the maintenance which he advances to himself, as well as the materials, tools, and wages, which he advances to his workmen, it evidently does not repay to him the whole expense which he lays out upon it. The profits of manufacturing stock, therefore, are not, like the rent of land, a neat produce which remains after completely repaying the whole expense which must be laid out in order to obtain them. The stock of the farmer yields him a profit, as well as that of the master manufacturer; and it yields a rent likewise to another person, which that of the master manufacturer does not. The expense, therefore, laid out in employing and maintaining artificers and manufacturers, does no more than continue, if one may say so, the existence of its own value, and does not produce any new value. It is, therefore, altogether a barren and unproductive expense. The expense, on the contrary, laid out in employing farmers and country labourers, over and above continuing the existence of its own value, produces a new value the rent of the landlord. It is, therefore, a productive expense.

Mercantile stock is equally barren and unproductive with manufacturing stock. It only continues the existence of its own value, without producing any new value. Its profits are only the repayment of the maintenance which its employer advances to himself during the time that he employs it, or till he receives the returns of it. They are only the repayment of a part of the expense which must be laid out in employing it.

The labour of artificers and manufacturers never adds any thing to the value of the whole annual amount of the rude produce of the land. It adds, indeed, greatly to the value of some particular parts of it. But the consumption which, in the mean time, it occasions of other parts, is precisely equal to the value which it adds to those parts; so that the value of the whole amount is not, at any one moment of time, in the least augmented by it. The person who works the lace of a pair of fine ruffles for example, will sometimes raise the value of, perhaps, a pennyworth of flax to £30 sterling. But though, at first sight, he appears thereby to multiply the value of a part of the rude produce about seven thousand and two hundred times,

he in reality adds nothing to the value of the whole annual amount of the rude produce. The working of that lace costs him, perhaps, two years labour. The £30 which he gets for it when it is finished, is no more than the repayment of the subsistence which he advances to himself during the two years that he is employed about it. The value which, by every day's, month's, or year's labour, he adds to the flax, does no more than replace the value of his own consumption during that day, month, or year. At no moment of time, therefore, does he add any thing to the value of the whole annual amount of the rude produce of the land: the portion of that produce which he is continually consuming, being always equal to the value which he is continually producing. The extreme poverty of the greater part of the persons employed in this expensive, though trifling manufacture, may satisfy us that the price of their work does not, in ordinary cases, exceed the value of their subsistence. It is otherwise with the work of farmers and country labourers. The rent of the landlord is a value which, in ordinary cases, it is continually producing over and above replacing, in the most complete manner, the whole consumption, the whole expense laid out upon the employment and maintenance both of the workmen and of their employer.

Artificers, manufacturers, and merchants, can augment the revenue and wealth of their society by parsimony only; or, as it is expressed in this system, by privation, that is, by depriving themselves of a part of the funds destined for their own subsistence. They annually reproduce nothing but those funds. Unless, therefore, they annually save some part of them, unless they annually deprive themselves of the enjoyment of some part of them, the revenue and wealth of their society can never be, in the smallest degree, augmented by means of their industry. Farmers and country labourers, on the contrary, may enjoy completely the whole funds destined for their own subsistence, and yet augment, at the same time, the revenue and wealth of their society. Over and above what is destined for their own subsistence, their industry annually affords a neat produce, of which the augmentation necessarily augments the revenue and wealth of their society. Nations, therefore, which, like France or England, consist in a great measure, of proprietors and cultivators, can be enriched by industry and enjoyment. Nations, on the contrary, which, like Holland and Hamburgh, are composed chiefly of merchants, artificers, and manufacturers, can grow rich only through parsimony and privation. As the interest of nations so differently

circumstanced is very different, so is likewise the common character of the people. In those of the former kind, liberality, frankness, and good fellowship, naturally make a part of their common character; in the latter, narrowness, meanness, and a selfish disposition, averse to all social pleasure and enjoyment.

The unproductive class, that of merchants, artificers, and manufacturers, is maintained and employed altogether at the expense of the two other classes, of that of proprietors, and of that of cultivators. They furnish it both with the materials of its work, and with the fund of its subsistence, with the corn and cattle which it consumes while it is employed about that work. The proprietors and cultivators finally pay both the wages of all the workmen of the unproductive class, and the profits of all their employers. Those workmen and their employers are properly the servants of the proprietors and cultivators. They are only servants who work without doors, as menial servants work within. Both the one and the other, however, are equally maintained at the expense of the same masters. The labour of both is equally unproductive. It adds nothing to the value of the sum total of the rude produce of the land. Instead of increasing the value of that sum total, it is a charge and expense which must be paid out of it.

The unproductive class, however, is not only useful, but greatly useful, to the other two classes. By means of the industry of merchants, artificers, and manufacturers, the proprietors and cultivators can purchase both the foreign goods and the manufactured produce of their own country, which they have occasion for, with the produce of a much smaller quantity of their own labour, than what they would be obliged to employ, if they were to attempt, in an awkward and unskilful manner, either to import the one, or to make the other, for their own use. By means of the unproductive class, the cultivators are delivered from many cares, which would otherwise distract their attention from the cultivation of land. The superiority of produce, which in consequence of this undivided attention, they are enabled to raise, is fully sufficient to pay the whole expense which the maintenance and employment of the unproductive class costs either the proprietors or themselves. The industry of merchants, artificers, and manufacturers, though in its own nature altogether unproductive, yet contributes in this manner indirectly to increase the produce of the land. It increases the productive powers of productive labour, by leaving it at liberty to confine itself to its proper employment, the cultivation of land; and the plough goes

frequently the easier and the better, by means of the labour of the man whose business is most remote from the plough.

It can never be the interest of the proprietors and cultivators, to restrain or to discourage, in any respect, the industry of merchants, artificers, and manufacturers. The greater the liberty which this unproductive class enjoys, the greater will be the competition in all the different trades which compose it, and the cheaper will the other two classes be supplied, both with foreign goods and with the manufactured produce of their own country.

It can never be the interest of the unproductive class to oppress the other two classes. It is the surplus produce of the land, or what remains after deducting the maintenance, first of the cultivators, and afterwards of the proprietors, that maintains and employs the unproductive class. The greater this surplus, the greater must likewise be the maintenance and employment of that class. The establishment of perfect justice, of perfect liberty, and of perfect equality, is the very simple secret which most effectually secures the highest degree of prosperity to all the three classes.

The merchants, artificers, and manufacturers of those mercantile states, which, like Holland and Hamburgh, consist chiefly of this unproductive class, are in the same manner maintained and employed altogether at the expense of the proprietors and cultivators of land. The only difference is, that those proprietors and cultivators are, the greater part of them, placed at a most inconvenient distance from the merchants, artificers, and manufacturers, whom they supply with the materials of their work and the fund of their subsistence; are the inhabitants of other countries, and the subjects of other governments.

Such mercantile states, however, are not only useful, but greatly useful, to the inhabitants of those other countries. They fill up, in some measure, a very important void; and supply the place of the merchants, artificers, and manufacturers, whom the inhabitants of those countries ought to find at home, but whom, from some defect in their policy, they do not find at home.

It can never be the interest of those landed nations, if I may call them so, to discourage or distress the industry of such mercantile states, by imposing high duties upon their trade, or upon the commodities which they furnish. Such duties, by rendering those commodities dearer, could serve only to sink the real value of the surplus produce of their own land, with which, or,

what comes to the same thing, with the price of which those commodities are purchased. Such duties could only serve to discourage the increase of that surplus produce, and consequently the improvement and cultivation of their own land. The most effectual expedient, on the contrary, for raising the value of that surplus produce, for encouraging its increase, and consequently the improvement and cultivation of their own land, would be to allow the most perfect freedom to the trade of all such mercantile nations.

This perfect freedom of trade would even be the most effectual expedient for supplying them, in due time, with all the artificers, manufacturers, and merchants, whom they wanted at home; and for filling up, in the properest and most advantageous manner, that very important void which they felt there.

The continual increase of the surplus produce of their land would, in due time, create a greater capital than what would be employed with the ordinary rate of profit in the improvement and cultivation of land; and the surplus part of it would naturally turn itself to the employment of artificers and manufacturers, at home. But these artificers and manufacturers, finding at home both the materials of their work and the fund of their subsistence, might immediately, even with much less art and skill be able to work as cheap as the little artificers and manufacturers of such mercantile states, who had both to bring from a greater distance. Even though, from want of art and skill, they might not for some time be able to work as cheap, yet, finding a market at home, they might be able to sell their work there as cheap as that of the artificers and manufacturers of such mercantile states, which could not be brought to that market but from so great a distance; and as their art and skill improved, they would soon be able to sell it cheaper. The artificers and manufacturers of such mercantile states, therefore, would immediately be rivalled in the market of those landed nations, and soon after undersold and justled out of it altogether. The cheapness of the manufactures of those landed nations, in consequence of the gradual improvements of art and skill, would, in due time, extend their sale beyond the home market, and carry them to many foreign markets, from which they would, in the same manner, gradually justle out many of the manufacturers of such mercantile nations.

This continual increase, both of the rude and manufactured produce of those landed nations, would, in due time, create a greater capital than could,

with the ordinary rate of profit, be employed either in agriculture or in manufactures. The surplus of this capital would naturally turn itself to foreign trade and be employed in exporting, to foreign countries, such parts of the rude and manufactured produce of its own country, as exceeded the demand of the home market. In the exportation of the produce of their own country, the merchants of a landed nation would have an advantage of the same kind over those of mercantile nations, which its artificers and manufacturers had over the artificers and manufacturers of such nations; the advantage of finding at home that cargo, and those stores and provisions, which the others were obliged to seek for at a distance. With inferior art and skill in navigation, therefore, they would be able to sell that cargo as cheap in foreign markets as the merchants of such mercantile nations; and with equal art and skill they would be able to sell it cheaper. They would soon, therefore, rival those mercantile nations in this branch of foreign trade, and, in due time, would jostle them out of it altogether.

According to this liberal and generous system, therefore, the most advantageous method in which a landed nation can raise up artificers, manufacturers, and merchants of its own, is to grant the most perfect freedom of trade to the artificers, manufacturers, and merchants of all other nations. It thereby raises the value of the surplus produce of its own land, of which the continual increase gradually establishes a fund, which, in due time, necessarily raises up all the artificers, manufacturers, and merchants, whom it has occasion for.

When a landed nation on the contrary, oppresses, either by high duties or by prohibitions, the trade of foreign nations, it necessarily hurts its own interest in two different ways. First, by raising the price of all foreign goods, and of all sorts of manufactures, it necessarily sinks the real value of the surplus produce of its own land, with which, or, what comes to the same thing, with the price of which, it purchases those foreign goods and manufactures. Secondly, by giving a sort of monopoly of the home market to its own merchants, artificers, and manufacturers, it raises the rate of mercantile and manufacturing profit, in proportion to that of agricultural profit; and, consequently, either draws from agriculture a part of the capital which had before been employed in it, or hinders from going to it a part of what would otherwise have gone to it. This policy, therefore, discourages agriculture in two different ways; first, by sinking the real value of its produce, and thereby lowering the rate of its profits; and, secondly, by

raising the rate of profit in all other employments. Agriculture is rendered less advantageous, and trade and manufactures more advantageous, than they otherwise would be; and every man is tempted by his own interest to turn, as much as he can, both his capital and his industry from the former to the latter employments.

Though, by this oppressive policy, a landed nation should be able to raise up artificers, manufacturers, and merchants of its own, somewhat sooner than it could do by the freedom of trade; a matter, however, which is not a little doubtful; yet it would raise them up, if one may say so, prematurely, and before it was perfectly ripe for them. By raising up too hastily one species of industry, it would depress another more valuable species of industry. By raising up too hastily a species of industry which duly replaces the stock which employs it, together with the ordinary profit, it would depress a species of industry which, over and above replacing that stock, with its profit, affords likewise a neat produce, a free rent to the landlord. It would depress productive labour, by encouraging too hastily that labour which is altogether barren and unproductive.

In what manner, according to this system, the sum total of the annual produce of the land is distributed among the three classes above mentioned, and in what manner the labour of the unproductive class does no more than replace the value of its own consumption, without increasing in any respect the value of that sum total, is represented by Mr Quesnai, the very ingenious and profound author of this system, in some arithmetical formularies. The first of these formularies, which, by way of eminence, he peculiarly distinguishes by the name of the Economical Table, represents the manner in which he supposes this distribution takes place, in a state of the most perfect liberty, and, therefore, of the highest prosperity; in a state where the annual produce is such as to afford the greatest possible neat produce, and where each class enjoys its proper share of the whole annual produce. Some subsequent formularies represent the manner in which he supposes this distribution is made in different states of restraint and regulation; in which, either the class of proprietors, or the barren and unproductive class, is more favoured than the class of cultivators; and in which either the one or the other encroaches, more or less, upon the share which ought properly to belong to this productive class. Every such encroachment, every violation of that natural distribution, which the most perfect liberty would establish, must, according to this system, necessarily

degrade, more or less, from one year to another, the value and sum total of the annual produce, and must necessarily occasion a gradual declension in the real wealth and revenue of the society; a declension, of which the progress must be quicker or slower, according to the degree of this encroachment, according as that natural distribution, which the most perfect liberty would establish, is more or less violated. Those subsequent formularies represent the different degrees of declension which, according to this system, correspond to the different degrees in which this natural distribution of things is violated.

Some speculative physicians seem to have imagined that the health of the human body could be preserved only by a certain precise regimen of diet and exercise, of which every, the smallest violation, necessarily occasioned some degree of disease or disorder proportionate to the degree of the violation. Experience, however, would seem to shew, that the human body frequently preserves, to all appearance at least, the most perfect state of health under a vast variety of different regimens; even under some which are generally believed to be very far from being perfectly wholesome. But the healthful state of the human body, it would seem, contains in itself some unknown principle of preservation, capable either of preventing or of correcting, in many respects, the bad effects even of a very faulty regimen. Mr Quesnai, who was himself a physician, and a very speculative physician, seems to have entertained a notion of the same kind concerning the political body, and to have imagined that it would thrive and prosper only under a certain precise regimen, the exact regimen of perfect liberty and perfect justice. He seems not to have considered, that in the political body, the natural effort which every man is continually making to better his own condition, is a principle of preservation capable of preventing and correcting, in many respects, the bad effects of a political economy, in some degree both partial and oppressive. Such a political economy, though it no doubt retards more or less, is not always capable of stopping altogether, the natural progress of a nation towards wealth and prosperity, and still less of making it go backwards. If a nation could not prosper without the enjoyment of perfect liberty and perfect justice, there is not in the world a nation which could ever have prospered. In the political body, however, the wisdom of nature has fortunately made ample provision for remedying many of the bad effects of the folly and injustice of man; it the same

manner as it has done in the natural body, for remedying those of his sloth and intemperance.

The capital error of this system, however, seems to lie in its representing the class of artificers, manufacturers, and merchants, as altogether barren and unproductive. The following observations may serve to shew the impropriety of this representation:—

First, this class, it is acknowledged, reproduces annually the value of its own annual consumption, and continues, at least, the existence of the stock or capital which maintains and employs it. But, upon this account alone, the denomination of barren or unproductive should seem to be very improperly applied to it. We should not call a marriage barren or unproductive, though it produced only a son and a daughter, to replace the father and mother, and though it did not increase the number of the human species, but only continued it as it was before. Farmers and country labourers, indeed, over and above the stock which maintains and employs them, reproduce annually a neat produce, a free rent to the landlord. As a marriage which affords three children is certainly more productive than one which affords only two, so the labour of farmers and country labourers is certainly more productive than that of merchants, artificers, and manufacturers. The superior produce of the one class, however, does not, render the other barren or unproductive.

Secondly, it seems, on this account, altogether improper to consider artificers, manufacturers, and merchants, in the same light as menial servants. The labour of menial servants does not continue the existence of the fund which maintains and employs them. Their maintenance and employment is altogether at the expense of their masters, and the work which they perform is not of a nature to repay that expense. That work consists in services which perish generally in the very instant of their performance, and does not fix or realize itself in any vendible commodity, which can replace the value of their wages and maintenance. The labour, on the contrary, of artificers, manufacturers, and merchants, naturally does fix and realize itself in some such vendible commodity. It is upon this account that, in the chapter in which I treat of productive and unproductive labour, I have classed artificers, manufacturers, and merchants among the productive labourers, and menial servants among the barren or unproductive.

Thirdly, it seems, upon every supposition, improper to say, that the labour of artificers, manufacturers, and merchants, does not increase the real revenue of the society. Though we should suppose, for example, as it seems

to be supposed in this system, that the value of the daily, monthly, and yearly consumption of this class was exactly equal to that of its daily, monthly, and yearly production; yet it would not from thence follow, that its labour added nothing to the real revenue, to the real value of the annual produce of the land and labour of the society. An artificer, for example, who, in the first six months after harvest, executes ten pounds worth of work, though he should, in the same time, consume ten pounds worth of corn and other necessaries, yet really adds the value of ten pounds to the annual produce of the land and labour of the society. While he has been consuming a half-yearly revenue of ten pounds worth of corn and other necessaries, he has produced an equal value of work, capable of purchasing, either to himself, or to some other person, an equal half-yearly revenue. The value, therefore, of what has been consumed and produced during these six months, is equal, not to ten, but to twenty pounds. It is possible, indeed, that no more than ten pounds worth of this value may ever have existed at any one moment of time. But if the ten pounds worth of corn and other necessaries which were consumed by the artificer, had been consumed by a soldier, or by a menial servant, the value of that part of the annual produce which existed at the end of the six months, would have been ten pounds less than it actually is in consequence of the labour of the artificer. Though the value of what the artificer produces, therefore, should not, at any one moment of time, be supposed greater than the value he consumes, yet, at every moment of time, the actually existing value of goods in the market is, in consequence of what he produces, greater than it otherwise would be.

When the patrons of this system assert, that the consumption of artificers, manufacturers, and merchants, is equal to the value of what they produce, they probably mean no more than that their revenue, or the fund destined for their consumption, is equal to it. But if they had expressed themselves more accurately, and only asserted, that the revenue of this class was equal to the value of what they produced, it might readily have occurred to the reader, that what would naturally be saved out of this revenue, must necessarily increase more or less the real wealth of the society. In order, therefore, to make out something like an argument, it was necessary that they should express themselves as they have done; and this argument, even supposing things actually were as it seems to presume them to be, turns out to be a very inconclusive one.

Fourthly, farmers and country labourers can no more augment, without parsimony, the real revenue, the annual produce of the land and labour of their society, than artificers, manufacturers, and merchants. The annual produce of the land and labour of any society can be augmented only in two ways; either, first, by some improvement in the productive powers of the useful labour actually maintained within it; or, secondly, by some increase in the quantity of that labour.

The improvement in the productive powers of useful labour depends, first, upon the improvement in the ability of the workman; and, secondly, upon that of the machinery with which he works. But the labour of artificers and manufacturers, as it is capable of being more subdivided, and the labour of each workman reduced to a greater simplicity of operation, than that of farmers and country labourers; so it is likewise capable of both these sorts of improvement in a much higher degree {See book i chap. 1.} In this respect, therefore, the class of cultivators can have no sort of advantage over that of artificers and manufacturers.

The increase in the quantity of useful labour actually employed within any society must depend altogether upon the increase of the capital which employs it; and the increase of that capital, again, must be exactly equal to the amount of the savings from the revenue, either of the particular persons who manage and direct the employment of that capital, or of some other persons, who lend it to them. If merchants, artificers, and manufacturers are, as this system seems to suppose, naturally more inclined to parsimony and saving than proprietors and cultivators, they are, so far, more likely to augment the quantity of useful labour employed within their society, and consequently to increase its real revenue, the annual produce of its land and labour.

Fifthly and lastly, though the revenue of the inhabitants of every country was supposed to consist altogether, as this system seems to suppose, in the quantity of subsistence which their industry could procure to them; yet, even upon this supposition, the revenue of a trading and manufacturing country must, other things being equal, always be much greater than that of one without trade or manufactures. By means of trade and manufactures, a greater quantity of subsistence can be annually imported into a particular country, than what its own lands, in the actual state of their cultivation, could afford. The inhabitants of a town, though they frequently possess no lands of their own, yet draw to themselves, by their industry, such a

quantity of the rude produce of the lands of other people, as supplies them, not only with the materials of their work, but with the fund of their subsistence. What a town always is with regard to the country in its neighbourhood, one independent state or country may frequently be with regard to other independent states or countries. It is thus that Holland draws a great part of its subsistence from other countries; live cattle from Holstein and Jutland, and corn from almost all the different countries of Europe. A small quantity of manufactured produce, purchases a great quantity of rude produce. A trading and manufacturing country, therefore, naturally purchases, with a small part of its manufactured produce, a great part of the rude produce of other countries; while, on the contrary, a country without trade and manufactures is generally obliged to purchase, at the expense of a great part of its rude produce, a very small part of the manufactured produce of other countries. The one exports what can subsist and accommodate but a very few, and imports the subsistence and accommodation of a great number. The other exports the accommodation and subsistence of a great number, and imports that of a very few only. The inhabitants of the one must always enjoy a much greater quantity of subsistence than what their own lands, in the actual state of their cultivation, could afford. The inhabitants of the other must always enjoy a much smaller quantity.

This system, however, with all its imperfections, is perhaps the nearest approximation to the truth that has yet been published upon the subject of political economy; and is upon that account, well worth the consideration of every man who wishes to examine with attention the principles of that very important science. Though in representing the labour which is employed upon land as the only productive labour, the notions which it inculcates are, perhaps, too narrow and confined; yet in representing the wealth of nations as consisting, not in the unconsumable riches of money, but in the consumable goods annually reproduced by the labour of the society, and in representing perfect liberty as the only effectual expedient for rendering this annual reproduction the greatest possible, its doctrine seems to be in every respect as just as it is generous and liberal. Its followers are very numerous; and as men are fond of paradoxes, and of appearing to understand what surpasses the comprehensions of ordinary people, the paradox which it maintains, concerning the unproductive nature of manufacturing labour, has not, perhaps, contributed a little to increase the number of its admirers.

They have for some years past made a pretty considerable sect, distinguished in the French republic of letters by the name of the Economists. Their works have certainly been of some service to their country; not only by bringing into general discussion, many subjects which had never been well examined before, but by influencing, in some measure, the public administration in favour of agriculture. It has been in consequence of their representations, accordingly, that the agriculture of France has been delivered from several of the oppressions which it before laboured under. The term, during which such a lease can be granted, as will be valid against every future purchaser or proprietor of the land, has been prolonged from nine to twenty-seven years. The ancient provincial restraints upon the transportation of corn from one province of the kingdom to another, have been entirely taken away; and the liberty of exporting it to all foreign countries, has been established as the common law of the kingdom in all ordinary cases. This sect, in their works, which are very numerous, and which treat not only of what is properly called Political Economy, or of the nature and causes or the wealth of nations, but of every other branch of the system of civil government, all follow implicitly, and without any sensible variation, the doctrine of Mr. Qttensnai. There is, upon this account, little variety in the greater part of their works. The most distinct and best connected account of this doctrine is to be found in a little book written by Mr. Mercier de la Riviere, some time intendant of Martinico, entitled, *The natural and essential Order of Political Societies*. The admiration of this whole sect for their master, who was himself a man of the greatest modesty and simplicity, is not inferior to that of any of the ancient philosophers for the founders of their respective systems. ‘There have been since the world began,’ says a very diligent and respectable author, the Marquis de Mirabeau, ‘three great inventions which have principally given stability to political societies, independent of many other inventions which have enriched and adorned them. The first is the invention of writing, which alone gives human nature the power of transmitting, without alteration, its laws, its contracts, its annals, and its discoveries. The second is the invention of money, which binds together all the relations between civilized societies. The third is the economical table, the result of the other two, which completes them both by perfecting their object; the great discovery of our age, but of which our posterity will reap the benefit.’

As the political economy of the nations of modern Europe has been more favourable to manufactures and foreign trade, the industry of the towns, than to agriculture, the industry of the country; so that of other nations has followed a different plan, and has been more favourable to agriculture than to manufactures and foreign trade.

The policy of China favours agriculture more than all other employments. In China, the condition of a labourer is said to be as much superior to that of an artificer, as in most parts of Europe that of an artificer is to that of a labourer. In China, the great ambition of every man is to get possession of a little bit of land, either in property or in lease; and leases are there said to be granted upon very moderate terms, and to be sufficiently secured to the lessees. The Chinese have little respect for foreign trade. Your beggarly commerce! was the language in which the mandarins of Peking used to talk to Mr. De Lange, the Russian envoy, concerning it {See the Journal of Mr. De Lange, in Bell's Travels, vol. ii. p. 258, 276, 293.}. Except with Japan, the Chinese carry on, themselves, and in their own bottoms, little or no foreign trade; and it is only into one or two ports of their kingdom that they even admit the ships of foreign nations. Foreign trade, therefore, is, in China, every way confined within a much narrower circle than that to which it would naturally extend itself, if more freedom was allowed to it, either in their own ships, or in those of foreign nations.

Manufactures, as in a small bulk they frequently contain a great value, and can upon that account be transported at less expense from one country to another than most parts of rude produce, are, in almost all countries, the principal support of foreign trade. In countries, besides, less extensive, and less favourably circumstanced for inferior commerce than China, they generally require the support of foreign trade. Without an extensive foreign market, they could not well flourish, either in countries so moderately extensive as to afford but a narrow home market, or in countries where the communication between one province and another was so difficult, as to render it impossible for the goods of any particular place to enjoy the whole of that home market which the country could afford. The perfection of manufacturing industry, it must be remembered, depends altogether upon the division of labour; and the degree to which the division of labour can be introduced into any manufacture, is necessarily regulated, it has already been shewn, by the extent of the market. But the great extent of the empire of China, the vast multitude of its inhabitants, the variety of climate, and

consequently of productions in its different provinces, and the easy communication by means of water-carriage between the greater part of them, render the home market of that country of so great extent, as to be alone sufficient to support very great manufactures, and to admit of very considerable subdivisions of labour. The home market of China is, perhaps, in extent, not much inferior to the market of all the different countries of Europe put together. A more extensive foreign trade, however, which to this great home market added the foreign market of all the rest of the world, especially if any considerable part of this trade was carried on in Chinese ships, could scarce fail to increase very much the manufactures of China, and to improve very much the productive powers of its manufacturing industry. By a more extensive navigation, the Chinese would naturally learn the art of using and constructing, themselves, all the different machines made use of in other countries, as well as the other improvements of art and industry which are practised in all the different parts of the world. Upon their present plan, they have little opportunity of improving themselves by the example of any other nation, except that of the Japanese.

The policy of ancient Egypt, too, and that of the Gentoo government of Indostan, seem to have favoured agriculture more than all other employments.

Both in ancient Egypt and Indostan, the whole body of the people was divided into different casts or tribes each of which was confined, from father to son, to a particular employment, or class of employments. The son of a priest was necessarily a priest; the son of a soldier, a soldier; the son of a labourer, a labourer; the son of a weaver, a weaver; the son of a tailor, a tailor, etc. In both countries, the cast of the priests holds the highest rank, and that of the soldiers the next; and in both countries the cast of the farmers and labourers was superior to the casts of merchants and manufacturers.

The government of both countries was particularly attentive to the interest of agriculture. The works constructed by the ancient sovereigns of Egypt, for the proper distribution of the waters of the Nile, were famous in antiquity, and the ruined remains of some of them are still the admiration of travellers. Those of the same kind which were constructed by the ancient sovereigns of Indostan, for the proper distribution of the waters of the Ganges, as well as of many other rivers, though they have been less celebrated, seem to have been equally great. Both countries, accordingly,

though subject occasionally to dearths, have been famous for their great fertility. Though both were extremely populous, yet, in years of moderate plenty, they were both able to export great quantities of grain to their neighbours.

The ancient Egyptians had a superstitious aversion to the sea; and as the Gentoo religion does not permit its followers to light a fire, nor consequently to dress any victuals, upon the water, it, in effect, prohibits them from all distant sea voyages. Both the Egyptians and Indians must have depended almost altogether upon the navigation of other nations for the exportation of their surplus produce; and this dependency, as it must have confined the market, so it must have discouraged the increase of this surplus produce. It must have discouraged, too, the increase of the manufactured produce, more than that of the rude produce. Manufactures require a much more extensive market than the most important parts of the rude produce of the land. A single shoemaker will make more than 300 pairs of shoes in the year; and his own family will not, perhaps, wear out six pairs. Unless, therefore, he has the custom of, at least, 50 such families as his own, he cannot dispose of the whole product of his own labour. The most numerous class of artificers will seldom, in a large country, make more than one in 50, or one in a 100, of the whole number of families contained in it. But in such large countries, as France and England, the number of people employed in agriculture has, by some authors been computed at a half, by others at a third and by no author that I know of, at less than a fifth of the whole inhabitants of the country. But as the produce of the agriculture of both France and England is, the far greater part of it, consumed at home, each person employed in it must, according to these computations, require little more than the custom of one, two, or, at most, of four such families as his own, in order to dispose of the whole produce of his own labour. Agriculture, therefore, can support itself under the discouragement of a confined market much better than manufactures. In both ancient Egypt and Indostan, indeed, the confinement of the foreign market was in some measure compensated by the conveniency of many inland navigations, which opened, in the most advantageous manner, the whole extent of the home market to every part of the produce of every different district of those countries. The great extent of Indostan, too, rendered the home market of that country very great, and sufficient to support a great variety of manufactures. But the small extent of ancient

Egypt, which was never equal to England, must at all times, have rendered the home market of that country too narrow for supporting any great variety of manufactures. Bengal accordingly, the province of Indostan which commonly exports the greatest quantity of rice, has always been more remarkable for the exportation of a great variety of manufactures, than for that of its grain. Ancient Egypt, on the contrary, though it exported some manufactures, fine linen in particular, as well as some other goods, was always most distinguished for its great exportation of grain. It was long the granary of the Roman empire.

The sovereigns of China, of ancient Egypt, and of the different kingdoms into which Indostan has, at different times, been divided, have always derived the whole, or by far the most considerable part, of their revenue, from some sort of land tax or land rent. This land tax, or land rent, like the tithe in Europe, consisted in a certain proportion, a fifth, it is said, of the produce of the land, which was either delivered in kind, or paid in money, according to a certain valuation, and which, therefore, varied from year to year, according to all the variations of the produce. It was natural, therefore, that the sovereigns of those countries should be particularly attentive to the interests of agriculture, upon the prosperity or declension of which immediately depended the yearly increase or diminution of their own revenue.

The policy of the ancient republics of Greece, and that of Rome, though it honoured agriculture more than manufactures or foreign trade, yet seems rather to have discouraged the latter employments, than to have given any direct or intentional encouragement to the former. In several of the ancient states of Greece, foreign trade was prohibited altogether; and in several others, the employments of artificers and manufacturers were considered as hurtful to the strength and agility of the human body, as rendering it incapable of those habits which their military and gymnastic exercises endeavoured to form in it, and as thereby disqualifying it, more or less, for undergoing the fatigues and encountering the dangers of war. Such occupations were considered as fit only for slaves, and the free citizens of the states were prohibited from exercising them. Even in those states where no such prohibition took place, as in Rome and Athens, the great body of the people were in effect excluded from all the trades which are now commonly exercised by the lower sort of the inhabitants of towns. Such trades were, at Athens and Rome, all occupied by the slaves of the rich,

who exercised them for the benefit of their masters, whose wealth, power, and protection, made it almost impossible for a poor freeman to find a market for his work, when it came into competition with that of the slaves of the rich. Slaves, however, are very seldom inventive; and all the most important improvements, either in machinery, or in the arrangement and distribution of work, which facilitate and abridge labour have been the discoveries of freemen. Should a slave propose any improvement of this kind, his master would be very apt to consider the proposal as the suggestion of laziness, and of a desire to save his own labour at the master's expense. The poor slave, instead of reward would probably meet with much abuse, perhaps with some punishment. In the manufactures carried on by slaves, therefore, more labour must generally have been employed to execute the same quantity of work, than in those carried on by freemen. The work of the farmer must, upon that account, generally have been dearer than that of the latter. The Hungarian mines, it is remarked by Mr. Montesquieu, though not richer, have always been wrought with less expense, and therefore with more profit, than the Turkish mines in their neighbourhood. The Turkish mines are wrought by slaves; and the arms of those slaves are the only machines which the Turks have ever thought of employing. The Hungarian mines are wrought by freemen, who employ a great deal of machinery, by which they facilitate and abridge their own labour. From the very little that is known about the price of manufactures in the times of the Greeks and Romans, it would appear that those of the finer sort were excessively dear. Silk sold for its weight in gold. It was not, indeed, in those times an European manufacture; and as it was all brought from the East Indies, the distance of the carriage may in some measure account for the greatness of the price. The price, however, which a lady, it is said, would sometimes pay for a piece of very fine linen, seems to have been equally extravagant; and as linen was always either an European, or at farthest, an Egyptian manufacture, this high price can be accounted for only by the great expense of the labour which must have been employed about it, and the expense of this labour again could arise from nothing but the awkwardness of the machinery which is made use of. The price of fine woollens, too, though not quite so extravagant, seems, however, to have been much above that of the present times. Some cloths, we are told by Pliny {Plin. 1. ix.c.39.}, dyed in a particular manner, cost a hundred denarii, or £3:6s:8d. the pound weight. Others, dyed in another manner, cost a

thousand denarii the pound weight, or £33:6s:8d. The Roman pound, it must be remembered, contained only twelve of our avoirdupois ounces. This high price, indeed, seems to have been principally owing to the dye. But had not the cloths themselves been much dearer than any which are made in the present times, so very expensive a dye would not probably have been bestowed upon them. The disproportion would have been too great between the value of the accessory and that of the principal. The price mentioned by the same author {Plin. 1. viii.c.48.}, of some triclinaria, a sort of woollen pillows or cushions made use of to lean upon as they reclined upon their couches at table, passes all credibility; some of them being said to have cost more than £30,000, others more than £300,000. This high price, too, is not said to have arisen from the dye. In the dress of the people of fashion of both sexes, there seems to have been much less variety, it is observed by Dr. Arbuthnot, in ancient than in modern times; and the very little variety which we find in that of the ancient statues, confirms his observation. He infers from this, that their dress must, upon the whole, have been cheaper than ours; but the conclusion does not seem to follow. When the expense of fashionable dress is very great, the variety must be very small. But when, by the improvements in the productive powers of manufacturing art and industry, the expense of any one dress comes to be very moderate, the variety will naturally be very great. The rich, not being able to distinguish themselves by the expense of any one dress, will naturally endeavour to do so by the multitude and variety of their dresses.

The greatest and most important branch of the commerce of every nation, it has already been observed, is that which is carried on between the inhabitants of the town and those of the country. The inhabitants of the town draw from the country the rude produce, which constitutes both the materials of their work and the fund of their subsistence; and they pay for this rude produce, by sending back to the country a certain portion of it manufactured and prepared for immediate use. The trade which is carried on between these two different sets of people, consists ultimately in a certain quantity of rude produce exchanged for a certain quantity of manufactured produce. The dearer the latter, therefore, the cheaper the former; and whatever tends in any country to raise the price of manufactured produce, tends to lower that of the rude produce of the land, and thereby to discourage agriculture. The smaller the quantity of manufactured produce, which any given quantity of rude produce, or, what

comes to the same thing, which the price of any given quantity of rude produce, is capable of purchasing, the smaller the exchangeable value of that given quantity of rude produce; the smaller the encouragement which either the landlord has to increase its quantity by improving, or the farmer by cultivating the land. Whatever, besides, tends to diminish in any country the number of artificers and manufacturers, tends to diminish the home market, the most important of all markets, for the rude produce of the land, and thereby still further to discourage agriculture.

Those systems, therefore, which preferring agriculture to all other employments, in order to promote it, impose restraints upon manufactures and foreign trade, act contrary to the very end which they propose, and indirectly discourage that very species of industry which they mean to promote. They are so far, perhaps, more inconsistent than even the mercantile system. That system, by encouraging manufactures and foreign trade more than agriculture, turns a certain portion of the capital of the society, from supporting a more advantageous, to support a less advantageous species of industry. But still it really, and in the end, encourages that species of industry which it means to promote. Those agricultural systems, on the contrary, really, and in the end, discourage their own favourite species of industry.

It is thus that every system which endeavours, either, by extraordinary encouragements to draw towards a particular species of industry a greater share of the capital of the society than what would naturally go to it, or, by extraordinary restraints, to force from a particular species of industry some share of the capital which would otherwise be employed in it, is, in reality, subversive of the great purpose which it means to promote. It retards, instead of accelerating the progress of the society towards real wealth and greatness; and diminishes, instead of increasing, the real value of the annual produce of its land and labour.

All systems, either of preference or of restraint, therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from a duty, in the attempting to perform which he must always be exposed to innumerable delusions, and for the proper performance of

which, no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interests of the society. According to the system of natural liberty, the sovereign has only three duties to attend to; three duties of great importance, indeed, but plain and intelligible to common understandings: first, the duty of protecting the society from the violence and invasion of other independent societies; secondly, the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and, thirdly, the duty of erecting and maintaining certain public works, and certain public institutions, which it can never be for the interest of any individual, or small number of individuals to erect and maintain; because the profit could never repay the expense to any individual, or small number of individuals, though it may frequently do much more than repay it to a great society.

The proper performance of those several duties of the sovereign necessarily supposes a certain expense; and this expense again necessarily requires a certain revenue to support it. In the following book, therefore, I shall endeavour to explain, first, what are the necessary expenses of the sovereign or commonwealth; and which of those expenses ought to be defrayed by the general contribution of the whole society; and which of them, by that of some particular part only, or of some particular members of the society: secondly, what are the different methods in which the whole society may be made to contribute towards defraying the expenses incumbent on the whole society; and what are the principal advantages and inconveniencies of each of those methods: and thirdly, what are the reasons and causes which have induced almost all modern governments to mortgage some part of this revenue, or to contract debts; and what have been the effects of those debts upon the real wealth, the annual produce of the land and labour of the society. The following book, therefore, will naturally be divided into three chapters.

APPENDIX TO BOOK IV

The two following accounts are subjoined, in order to illustrate and confirm what is said in the fifth chapter of the fourth book, concerning the

Tonnage Bounty to the Whit-herring Fishery. The reader, I believe, may depend upon the accuracy of both accounts.

An account of Busses fitted out in Scotland for eleven Years, with the Number of empty Barrels carried out, and the Number of Barrels of Herrings caught; also the Bounty, at a Medium, on each Barrel of Sea-sticks, and on each Barrel when fully packed.

Years	Number of Busses	Empty Barrels carried out	Barrels of Herrings caught	Bounty paid on the Busses
				£. s. d.

1771	29	5,948	2,832	2,885 0 0
1772	168	41,316	22,237	11,055 7 6
1773	190	42,333	42,055	12,510 8 6
1774	240	59,303	56,365	26,932 2 6
1775	275	69,144	52,879	19,315 15 0
1776	294	76,329	51,863	21,290 7 6
1777	240	62,679	43,313	17,592 2 6
1778	220	56,390	40,958	16,316 2 6
1779	206	55,194	29,367	15,287 0 0
1780	181	48,315	19,885	13,445 12 6
1781	135	33,992	16,593	9,613 15 6

Totals 2,186 550,943 378,347 £165,463 14 0

Sea-sticks 378,347 Bounty, at a medium, for each barrel of sea-sticks, £ 0 8 2¼

But a barrel of sea-sticks being only reckoned two thirds of a barrel fully packed, one third to be deducted, which

$\frac{1}{3}$ deducted 126,115 brings the bounty to £ 0 12 3¾

Barrels fully packed 252,231

And if the herrings are exported, there is besides a premium of £ 0 2 8

So the bounty paid by government in money for each barrel is £ 0 14 11¾

But if to this, the duty of the salt usually taken credit for as expended in curing each barrel, which at a medium, is, of foreign, one bushel and one-fourth of a bushel, at 10s. a-bushel, be added, viz 0 12 6
the bounty on each barrel would amount to £ 1 7 5¾

If the herrings are cured with British salt, it will stand thus, viz.

Bounty as before £ 0 14 11¾

But if to this bounty, the duty on two bushels of Scotch salt, at 1s.6d. per bushel, supposed to be the quantity, at a medium, used in curing each barrel is added, viz. 0 3 0

The bounty on each barrel will amount to £ 0 17 11¾

And when buss herrings are entered for home consumption in Scotland, and pay the shilling a barrel of duty, the bounty stands thus, to wit,

as before £ 0 12 3¾

From which the shilling a barrel is to be deducted 0 1 0

£ 0 11 3¾

But to that there is to be added again, the duty of the foreign salt used curing a barrel of herring viz 0 12 6

So that the premium allowed for each barrel of herrings entered for home consumption is £ 1 3 9¾

If the herrings are cured in British salt, it will stand as follows viz.

Bounty on each barrel brought in by the busses, as above £ 0 12 3¾

From which deduct 1s. a-barrel, paid at the time they are entered for home consumption 0 1 0

£ 0 11 3¾

But if to the bounty, the the duty on two bushel of Scotch salt, at 1s.6d. per bushel supposed to be the quantity, at a medium, used in curing each

BOOK V.
OF THE REVENUE OF THE SOVEREIGN OR
COMMONWEALTH

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CHAPTER I.
OF THE EXPENSES OF THE
SOVEREIGN OR COMMONWEALTH.

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PART I. Of the Expense of Defence.

The first responsibility of the sovereign, that of protective the society from the violence and invasion of different independent societies, can be done only by a navy pressure. But the expense both of getting ready this army force in time of peace, and of using it in time of conflict, is very one-of-a-kind in the unique states of society, within the different intervals of improvement.

Among international locations of hunters, the lowest and rudest kingdom of society, such as we discover it most of the native tribes of North America, each man is a warrior, in addition to a hunter. When he is going to conflict, both to defend his society, or to revenge the accidents that have been completed to it by different societies, he keeps himself by his own labour, within the equal way as whilst he lives at domestic. His society (for on this kingdom of factors there's nicely neither sovereign nor commonwealth) is at no sort of fee, both to prepare him for the sector, or to preserve him whilst he's in it.

Among countries of shepherds, a more superior nation of society, along with we find it some of the Tartars and Arabs, each man is, in the equal way, a warrior. Such international locations have commonly no constant habitation, however live either in tents, or in a type of covered waggons, that are easily transported from area to place. The whole tribe, or nation, modifications its scenario consistent with the unique seasons of the yr, as well as in keeping with different accidents. When its herds and flocks have ate up the forage of 1 a part of the united states of america, it gets rid of to any other, and from that to a third. In the dry season, it comes down to the banks of the rivers; inside the wet season, it retires to the top united states of america. When one of these country goes to conflict, the warriors will no longer trust their herds and flocks to the feeble defence in their old men, their girls and children; and their antique guys, their girls and children, will now not be left behind with out defence, and without subsistence. The entire kingdom, except, being familiar with a wandering lifestyles, even in time of peace, without difficulty takes the sector in time of war. Whether it marches as an army, or movements about as a corporation of herdsmen, the

manner of lifestyles is almost the equal, though the object proposed by using it be very distinct. They all visit war collectively, therefore, and all of us does as well as he can. Among the Tartars, even the girls had been often acknowledged to interact in conflict. If they overcome, some thing belongs to the hostile tribe is the recompence of the victory; however if they may be vanquished, all is misplaced; and no longer best their herds and flocks, but their ladies and kids grow to be the booty of the conqueror. Even the extra part of folks who live to tell the tale the action are obliged to post to him for the sake of instant subsistence. The rest are typically dissipated and dispersed within the wilderness.

The normal life, the regular workout of a Tartar or Arab, prepares him sufficiently for conflict. Running, wrestling, cudgel-gambling, throwing the javelin, drawing the bow, and many others. Are the commonplace interests of people who live inside the outside, and are all of them the photographs of conflict. When a Tartar or Arab truly is going to war, he is maintained through his own herds and flocks, which he includes with him, within the identical manner as in peace. His leader or sovereign (for those nations have all chiefs or sovereigns) is at no type of expense in getting ready him for the sector; and whilst he is in it, the threat of plunder is the only pay which he both expects or calls for.

An army of hunters can seldom exceed or 3 hundred guys. The precarious subsistence which the chace gives, should seldom permit a extra variety to maintain collectively for any considerable time. An navy of shepherds, on the opposite, may additionally from time to time quantity to 2 or three hundred thousand. As long as nothing stops their progress, so long as they can move on from one district, of which they've consumed the forage, to some other, that's but entire; there seems to be scarce any restrict to the quantity who can march on collectively. A state of hunters can in no way be ambitious to the civilized nations of their neighbourhood; a country of shepherds may. Nothing may be more contemptible than an Indian battle in North America; not anything, at the opposite, may be greater dreadful than a Tartar invasion has often been in Asia. The judgment of Thucydides, that both Europe and Asia could not resist the Scythians united, has been validated via the enjoy of every age. The population of the giant, however defenceless plains of Scythia or Tartary, were often united below the

dominion of the leader of some conquering horde or extended family; and the havock and devastation of Asia have constantly signalized their union. The population of the inhospitable deserts of Arabia, the opposite terrific nation of shepherds, have never been united however as soon as, beneath Mahomet and his immediately successors. Their union, which became greater the impact of spiritual enthusiasm than of conquest, become signalized in the same way. If the hunting nations of America need to ever end up shepherds, their neighbourhood might be an awful lot extra risky to the European colonies than it's miles at gift.

In a but more advanced kingdom of society, among the ones countries of husbandmen who've little foreign commerce, and no different manufactures however those coarse and household ones, which almost each personal family prepares for its very own use, each man, inside the identical way, either is a warrior, or without difficulty will become such. Those who stay via agriculture typically skip the complete day in the outdoors, uncovered to all the inclemencies of the seasons. The hardiness in their ordinary lifestyles prepares them for the fatigues of battle, to some of which their important occupations endure a wonderful analogy. The important profession of a ditcher prepares him to work inside the trenches, and to reinforce a camp, as well as to inclose a area. The everyday hobbies of such husbandmen are the same as the ones of shepherds, and are within the identical manner the snap shots of conflict. But as husbandmen have less leisure than shepherds, they're no longer so often hired in those interests. They are soldiers however soldiers now not quite a lot masters in their exercise. Such as they may be, but, it seldom charges the sovereign or commonwealth any fee to put together them for the sphere.

Agriculture, even in its rudest and lowest country, supposes a agreement, some form of fixed habitation, which can not be abandoned without awesome loss. When a nation of mere husbandmen, consequently, goes to struggle, the complete human beings cannot take the sector together. The old men, the girls and youngsters, at the least, have to remain at home, to take care of the habitation. All the men of the navy age, however, might also take the sphere, and in small international locations of this kind, have regularly completed so. In each state, the guys of the army age are purported to quantity to approximately a fourth or a fifth a part of the entire

body of the people. If the marketing campaign, too, ought to start after seedtime, and give up before harvest, both the husbandman and his major labourers may be spared from the farm with out a lot loss. He trusts that the work which have to be finished inside the mean time, may be properly enough executed by way of the vintage guys, the women, and the kids. He isn't always unwilling, therefore, to serve without pay throughout a quick campaign; and it regularly costs the sovereign or commonwealth as little to preserve him in the subject as to put together him for it. The residents of all the special states of historic Greece appear to have served on this way till after the second Persian struggle; and the human beings of Peloponnesus till after the Peloponnesian battle. The Peloponnesians, Thucydides observes, typically left the field within the summer time, and returned domestic to attain the harvest. The Roman people, under their kings, and at some stage in the first a while of the republic, served within the identical manner. It changed into no longer till the seige of Veii, that they who staid at home commenced to make contributions some thing in the direction of preserving those who went to war. In the European monarchies, which had been based upon the ruins of the Roman empire, both earlier than, and for some time after, the established order of what is nicely referred to as the feudal regulation, the super lords, with all their instantaneous dependents, used to serve the crown at their very own price. In the sphere, within the identical manner as at home, they maintained themselves through their very own revenue, and now not through any stipend or pay which they acquired from the king upon that unique occasion.

In a extra advanced country of society, specific causes make a contribution to render it altogether impossible that they who take the sector must hold themselves at their very own cost. Those causes are, the progress of manufactures, and the development within the artwork of warfare.

Though a husbandman should be hired in an day trip, provided it starts after seedtime, and ends earlier than harvest, the interruption of his enterprise will not always occasion any substantial diminution of his revenue. Without the intervention of his labour, Nature does herself the greater part of the work which stays to be accomplished. But the moment that an artificer, a smith, a wood worker, or a weaver, for instance, quits his workhouse, the sole source of his sales is absolutely dried up. Nature does not anything for

him; he does eager about himself. When he's taking the sphere, consequently, in defence of the public, as he has no revenue to keep himself, he should necessarily be maintained by the public. But in a rustic, of which a exquisite a part of the inhabitants are artificers and manufacturers, a notable part of the folks who go to battle have to be drawn from those instructions, and need to, therefore, be maintained through the public as long as they're hired in its provider.

When the art of struggle, too, has steadily grown up to be a very difficult and complex technological know-how; whilst the occasion of struggle ceases to be determined, as inside the first a while of society, by way of a unmarried irregular skirmish or struggle; however while the contest is usually spun out via several one-of-a-kind campaigns, every of which lasts in the course of the greater part of the 12 months; it turns into universally essential that the general public must maintain those who serve the public in conflict, at least even as they're hired in that provider. Whatever, in time of peace, is probably the everyday occupation of people who visit struggle, so very tedious and highly-priced a carrier could in any other case be via far too heavy a burden upon them. After the second Persian struggle, as a result, the armies of Athens seem to have been typically composed of mercenary troops, consisting, indeed, partly of residents, but partially, too, of foreigners; and they all equally employed and paid on the price of the kingdom. From the time of the siege of Veii, the armies of Rome obtained pay for their service in the course of the time which they remained inside the subject. Under the feudal governments, the military provider, each of the super lords, and of their on the spot dependents, turned into, after a certain length, universally exchanged for a charge in money, which became hired to maintain folks that served in their stead.

The variety of folks that can go to warfare, in proportion to the complete number of the people, is always an awful lot smaller in a civilized than in a rude nation of society. In a civilized society, as the infantrymen are maintained altogether via the labour of folks who aren't soldiers, the range of the previous can never exceed what the latter can keep, over and above maintaining, in a manner suitable to their respective stations, both themselves and the other officers of presidency and law, whom they are obliged to hold. In the little agrarian states of ancient Greece, a fourth or a

fifth a part of the complete frame of the human beings considered the themselves as soldiers, and would from time to time, it is said, take the sector. Among the civilized countries of current Europe, it's miles generally computed, that now not extra than the one hundredth a part of the inhabitants of any usa can be employed as infantrymen, with out spoil to the country which can pay the fee in their carrier.

The fee of preparing the navy for the sector appears now not to have grow to be huge in any nation, until lengthy after that of keeping it within the subject had devolved entirely upon the sovereign or commonwealth. In all of the exclusive republics of ancient Greece, to study his military exercises, turned into a essential a part of training imposed by way of the kingdom upon every free citizen. In each town there appears to had been a public subject, in which, below the protection of the public Justice of the Peace, the younger human beings were taught their exclusive sporting events via special masters. In this very simple group consisted the whole cost which any Grecian kingdom seems ever to had been at, in getting ready its residents for war. In historical Rome, the sporting events of the Campus Martius replied the equal cause with those of the Gymnasium in ancient Greece. Under the feudal governments, the numerous public ordinances, that the residents of every district need to practise archery, as well as several different army physical activities, had been supposed for promoting the identical cause, however do now not appear to have promoted it so well. Either from need of hobby inside the officers entrusted with the execution of these ordinances, or from a few different cause, they appear to were universally disregarded; and in the development of all those governments, army exercises seem to have long past gradually into disuse among the super frame of the people.

In the republics of historical Greece and Rome, all through the whole period in their existence, and beneath the feudal governments, for a enormous time after their first established order, the trade of a soldier changed into no longer a separate, awesome exchange, which constituted the only or essential profession of a particular magnificence of residents; every difficulty of the country, anything is probably the normal change or occupation by means of which he received his livelihood, taken into consideration himself, upon all ordinary events, as fit likewise to exercising

the exchange of a soldier, and, upon many first-rate occasions, as certain to exercising it.

The art of warfare, however, as it's miles truly the noblest of all arts, so, within the progress of development, it necessarily turns into one of the most complicated amongst them. The nation of the mechanical, as well as a few different arts, with which it is always connected, determines the degree of perfection to which it's miles able to being carried at any unique time. But so that you can deliver it to this diploma of perfection, it's far important that it ought to turn out to be the only or fundamental occupation of a particular elegance of citizens; and the division of labour is as essential for the improvement of this, as of every other artwork. Into different arts, the department of labour is obviously brought by way of the prudence of individuals, who discover that they promote their private hobby higher via confining themselves to a particular trade, than by way of exercising a exquisite number. But it is the awareness of the nation only, that could render the exchange of a soldier a particular change, separate and distinct from all others. A private citizen, who, in time of profound peace, and with none specific encouragement from the general public, must spend the more a part of his time in military exercises, might, no doubt, each enhance himself very a good deal in them, and amuse himself thoroughly; but he simply could not promote his personal hobby. It is the expertise of the nation only, that could render it for his interest to give up the greater a part of his time to this atypical occupation; and states have no longer continually had this understanding, even if their situations had emerge as such, that the preservation in their existence required that they need to have it.

A shepherd has a first-rate deal of amusement; a husbandman, in the rude nation of husbandry, has a few; an artificer or manufacturer has none in any respect. The first may also, with none loss, appoint a great deal of his time in martial physical games; the second may hire some a part of it; but the last cannot employ a unmarried hour in them without some loss, and his attention to his personal interest clearly leads him to forget about them altogether. Those enhancements in husbandry, too, which the development of arts and manufactures necessarily introduces, leave the husbandman as little leisure because the artificer. Military sporting events grow to be as a lot omitted by the inhabitants of the u . S . As by way of the ones of the

metropolis, and the first-rate frame of the humans will become altogether unwarlike. That wealth, at the same time, which always follows the upgrades of agriculture and manufactures, and which, in reality, isn't any greater than the accumulated produce of these enhancements, provokes the invasion of all their neighbours. An industrious, and, upon that account, a rich country, is of all countries the most probably to be attacked; and until the state takes a few new degree for the general public defence, the herbal behavior of the humans render them altogether incapable of defending themselves.

In those situations, there appear to be however methods with the aid of which the kingdom could make any tolerable provision for the general public defence.

It might also both, first, by using a very rigorous police, and regardless of the entire bent of the interest, genius, and inclinations of the humans, enforce the practice of navy physical activities, and oblige either all the citizens of the navy age, or a sure variety of them, to enroll in in some measure the alternate of a soldier to whatever other change or career they may take place to hold on.

Or, secondly, through retaining and employing a certain number of citizens inside the constant exercise of army sporting activities, it may render the trade of a soldier a specific change, separate and wonderful from all others.

If the nation has recourse to the primary of those expedients, its navy pressure is said to consist in a armed forces; if to the second one, it is said to consist in a standing army. The practice of military sporting activities is the only or important occupation of the soldiers of a standing military, and the renovation or pay which the state offers them is the essential and ordinary fund in their subsistence. The practice of military physical activities is most effective the occasional profession of the soldiers of a military, and that they derive the most important and everyday fund of their subsistence from some different profession. In a military, the person of the labourer, artificer, or tradesman, predominates over that of the soldier; in a standing army, that of the soldier predominates over each different man or woman; and in this distinction appears to consist the critical distinction among the ones special species of army pressure.

Militias had been of several extraordinary types. In some countries, the residents destined for defending the nation appear to have been exercised only, without being, if I may additionally say so, regimented; this is, without being divided into separate and awesome bodies of troops, each of which carried out its physical games below its personal proper and everlasting officials. In the republics of historic Greece and Rome, each citizen, as long as he remained at domestic, seems to have practised his sports, either one by one and independently, or with such of his equals as he favored fine; and now not to have been connected to any precise frame of troops, till he become actually known as upon to take the sphere. In different nations, the defense force has no longer simplest been exercised, however regimented. In England, in Switzerland, and, I agree with, in each other united states of america of present day Europe, in which any imperfect military force of this kind has been mounted, every militiaman is, even in time of peace, connected to a particular body of troops, which plays its sports beneath its own proper and permanent officers.

Before the invention of fire-arms, that navy became superior in which the squaddies had, every for my part, the greatest ability and dexterity inside the use of their fingers. Strength and agility of body have been of the very best outcome, and normally determined the destiny of battles. But this talent and dexterity inside the use of their fingers may be obtained most effectively, within the same manner as fencing is at gift, by practicing, now not in awesome bodies, however each man one at a time, in a specific faculty, beneath a specific grasp, or with his personal unique equals and partners. Since the invention of fire-arms, energy and agility of frame, or maybe awesome dexterity and skill within the use of palms, although they are far from being of no outcome, are, but, of less result. The nature of the weapon, though it in no way puts the awkward upon a stage with the skilful, puts him greater nearly so than he ever was earlier than. All the dexterity and ability, it is supposed, which might be essential for using it, may be nicely sufficient acquired by way of training in first-rate bodies.

Regularity, order, and activate obedience to command, are characteristics which, in cutting-edge armies, are of greater importance in the direction of determining the fate of battles, than the dexterity and ability of the infantrymen within the use of their hands. But the noise of fire-arms, the

smoke, and the invisible demise to which each guy feels himself every second exposed, as quickly as he comes inside cannon-shot, and frequently a long time earlier than the war may be well stated to be engaged, ought to render it very tough to hold any substantial diploma of this regularity, order, and prompt obedience, even within the starting of a modern-day battle. In an ancient warfare, there was no noise but what arose from the human voice; there was no smoke, there was no invisible reason of wounds or death. Every man, till some mortal weapon truly did technique him, noticed truly that no such weapon changed into close to him. In these situations, and among troops who had some self assurance of their own talent and dexterity inside the use of their palms, it must had been a good deal less tough to maintain a few degree of regularity and order, now not simplest in the beginning, but thru the entire development of an ancient war, and until one of the two armies become fairly defeated. But the habits of regularity, order, and prompt obedience to command, can be obtained only by troops that are exercised in super our bodies.

A armed forces, but, in some thing manner it may be both disciplined or exercised, must constantly be lots not so good as a well disciplined and properly exercised standing military.

The soldiers who're exercised handiest as soon as every week, or as soon as a-month, can in no way be so expert within the use in their fingers, as folks that are exercised each day, or every different day; and although this situation won't be of a lot effect in modern, as it was in historical instances, yet the mentioned superiority of the Prussian troops, owing, it's far stated, very tons to their superior expertness of their exercise, can also fulfill us that it is, even at nowadays, of very good sized consequence.

The squaddies, who are certain to obey their officer most effective once a-week, or as soon as a-month, and who are at all different times at liberty to control their very own affairs their personal manner, with out being, the least bit, responsible to him, can by no means be under the identical awe in his presence, can never have the equal disposition to prepared obedience, with those whose entire existence and conduct are each day directed via him, and who every day even upward push and visit bed, or at the least retire to their quarters, in step with his orders. In what is known as

discipline, or inside the dependency of prepared obedience, a armed forces must usually be nonetheless greater inferior to a standing military, than it can occasionally be in what is known as the manual exercise, or inside the control and use of its hands. But, in modern conflict, the habit of ready and instant obedience is of a lot extra effect than a sizable superiority in the management of arms.

Those militias which, just like the Tartar or Arab militia, visit warfare below the same chieftains whom they are conversant in obey in peace, are through far the high-quality. In appreciate for their officials, within the habit of prepared obedience, they technique nearest to status armies. The Highland defense force, while it served below its own chieftains, had a few advantage of the equal type. As the Highlanders, but, have been now not wandering, but stationary shepherds, as they'd all a set habitation, and were now not, in peaceable instances, acquainted with observe their chieftain from vicinity to place; so, in time of battle, they had been much less inclined to observe him to any enormous distance, or to continue for any long term within the area. When that they had received any booty, they have been keen to return domestic, and his authority was seldom enough to detain them. In factor of obedience, they were always a good deal inferior to what's said of the Tartars and Arabs. As the Highlanders, too, from their stationary life, spend less of their time within the open air, they had been usually less conversant in army sporting events, and were less professional within the use in their palms than the Tartars and Arabs are said to be.

A militia of any kind, it have to be observed, however, which has served for numerous successive campaigns in the area, becomes in each respect a status navy. The infantrymen are every day exercised inside the use in their palms, and, being constantly below the command in their officials, are habituated to the equal set off obedience which takes region in standing armies. What they have been earlier than they took the field, is of little importance. They always become in each appreciate a standing navy, once they have exceeded a few campaigns in it. Should the war in America drag out through every other marketing campaign, the American defense force may turn out to be, in every appreciate, a suit for that status military, of which the valour appeared, within the ultimate struggle at least, not inferior to that of the hardest veterans of France and Spain.

This distinction being nicely understood, the records of every age, it is going to be determined, hears testimony to the impossible to resist superiority which a well regulated standing military has over a armed forces.

One of the primary standing armies, of which we've got any distinct account in any well authenticated history, is that of Philip of Macedon. His frequent wars with the Thracians, Illyrians, Thessalians, and some of the Greek towns inside the neighbourhood of Macedon, steadily fashioned his troops, which inside the beginning have been probably militia, to the precise field of a status military. When he was at peace, which he turned into very seldom, and in no way for any long term together, he was cautious now not to disband that military. It vanquished and subdued, after an extended and violent war, certainly, the gallant and nicely exercised militias of the fundamental republics of historical Greece; and afterwards, with little or no warfare, the effeminate and sick exercised defense force of the excellent Persian empire. The fall of the Greek republics, and of the Persian empire was the impact of the irresistible superiority which a standing arm has over every different type of armed forces. It is the first brilliant revolution within the affairs of mankind of which history has preserved any wonderful and circumstantial account.

The fall of Carthage, and the resultant elevation of Rome, is the second one. All the sorts in the fortune of those two famous republics can also very well be accounted for from the equal purpose.

From the end of the primary to the start of the second Carthaginian struggle, the armies of Carthage were constantly inside the field, and employed below 3 awesome generals, who succeeded one another in the command; Amilcar, his son-in-law Asdrubal, and his son Annibal: first in chastising their very own rebellious slaves, afterwards in subduing the revolted international locations of Africa; and ultimately, in conquering the top notch nation of Spain. The navy which Annibal led from Spain into Italy should always, in the ones exceptional wars, were step by step shaped to the exact discipline of a status navy. The Romans, in the meantime, though they'd not been altogether at peace, yet they had not, for the duration of this period, been engaged in any war of very brilliant outcome; and their military area,

it's far commonly stated, was a good buy comfy. The Roman armies which Annibal encountered at Trebi, Thrasymenus, and Cannae, were military opposed to a status military. This situation, it's miles in all likelihood, contributed greater than every other to determine the destiny of these battles.

The standing navy which Annibal left in the back of him in Spain had the like superiority over the armed forces which the Romans despatched to oppose it; and, in some years, underneath the command of his brother, the more youthful Asdrubal, expelled them nearly completely from that united states.

Annibal turned into sick furnished from home. The Roman defense force, being usually inside the field, have become, within the development of the struggle, a well disciplined and well exercised standing army; and the superiority of Annibal grew every day much less and much less. Asdrubal judged it necessary to guide the whole, or almost the whole, of the status navy which he commanded in Spain, to the assistance of his brother in Italy. In this march, he's stated to have been misled by way of his courses; and in a country which he did no longer recognise, became surprised and attacked, through any other standing military, in each admire equal or advanced to his personal, and become entirely defeated.

When Asdrubal had left Spain, the first-rate Scipio located nothing to oppose him however a defense force inferior to his own. He conquered and subdued that militia, and, inside the course of the war, his own armed forces necessarily became a well disciplined and properly exercised status army. That status military become afterwards carried to Africa, in which it located nothing however a armed forces to oppose it. In order to guard Carthage, it have become important to recal the status army of Annibal. The disheartened and regularly defeated African militia joined it, and, on the war of Zama, composed the more a part of the troops of Annibal. The occasion of that day determined the fate of the two rival republics.

From the quit of the second Carthaginian battle till the autumn of the Roman republic, the armies of Rome had been in every respect standing armies. The standing navy of Macedon made some resistance to their palms. In the height of their grandeur, it value them two brilliant wars, and

3 top notch battles, to subdue that little state, of which the conquest could likely have been nonetheless more difficult, had it now not been for the cowardice of its closing king. The militias of all the civilized nations of the historic international, of Greece, of Syria, and of Egypt, made however a feeble resistance to the status armies of Rome. The militias of some barbarous nations defended themselves an awful lot better. The Scythian or Tartar armed forces, which Mithridates drew from the nations north of the Euxine and Caspian seas, have been the maximum bold enemies whom the Romans had to come upon after the second one Carthaginian battle. The Parthian and German militias, too, have been constantly decent, and upon numerous activities, won very giant advantages over the Roman armies. In preferred, however, and while the Roman armies were well commanded, they appear to were very lots advanced; and if the Romans did not pursue the final conquest either of Parthia or Germany, it turned into in all likelihood because they judged that it turned into now not really worth whilst to feature those barbarous countries to an empire which was already too large. The historic Parthians appear to had been a state of Scythian or Tartar extraction, and to have continually retained a good buy of the manners of their ancestors. The ancient Germans had been, just like the Scythians or Tartars, a country of wandering shepherds, who went to warfare underneath the equal chiefs whom they had been acquainted with follow in peace. 'Their militia turned into precisely of the identical kind with that of the Scythians or Tartars, from whom, too, they have been in all likelihood descended.

Many unique causes contributed to relax the subject of the Roman armies. Its excessive severity become, possibly, one of those reasons. In the times in their grandeur, when no enemy appeared able to opposing them, their heavy armour changed into laid aside as unnecessarily burdensome, their exhausting sporting activities were neglected, as unnecessarily toilsome. Under the Roman emperors, except, the status armies of Rome, the ones in particular which guarded the German and Pannonian frontiers, have become dangerous to their masters, towards whom they used often to installation their very own generals. In order to render them much less ambitious, according to a few authors, Dioclesian, in keeping with others, Constantine, first withdrew them from the frontier, wherein they'd constantly earlier than

been encamped in super bodies, generally of 2 or 3 legions each, and dispersed them in small bodies through the distinct provincial towns, from whence they had been scarce ever eliminated, but when it became vital to repel an invasion. Small bodies of infantrymen, quartered in trading and manufacturing cities, and infrequently eliminated from the ones quarters, became themselves trades guys, artificers, and producers. The civil got here to predominate over the navy character; and the standing armies of Rome step by step degenerated right into a corrupt, ignored, and undisciplined militia, incapable of resisting the attack of the German and Scythian militias, which soon afterwards invaded the western empire. It changed into most effective by hiring the defense force of a number of those nations to oppose to that of others, that the emperors have been for a while capable of protect themselves. The fall of the western empire is the 1/3 outstanding revolution inside the affairs of mankind, of which ancient history has preserved any wonderful or circumstantial account. It was delivered about by the impossible to resist superiority which the defense force of a barbarous has over that of a civilized state; which the armed forces of a kingdom of shepherds has over that of a kingdom of husbandmen, artificers, and manufacturers. The victories that have been received by militias have generally been, no longer over status armies, however over other militias, in exercise and subject not as good as themselves. Such were the victories which the Greek defense force received over that of the Persian empire; and such, too, had been the ones which, in later instances, the Swiss defense force won over that of the Austrians and Burgundians.

The navy pressure of the German and Scythian nations, who established themselves upon ruins of the western empire, continued for some time to be of the identical kind of their new settlements, because it had been of their authentic usa. It was a defense force of shepherds and husbandmen, which, in time of battle, took the sphere under the command of the identical chieftains whom it changed into conversant in obey in peace. It changed into, therefore, tolerably properly exercised, and tolerably properly disciplined. As arts and industry advanced, but, the authority of the chieftains regularly decayed, and the exquisite body of the people had less time to spare for navy sports. Both the area and the exercising of the feudal military, consequently, went regularly to spoil, and status armies were

regularly introduced to supply the region of it. When the expedient of a status military, besides, had once been followed by using one civilized country, it became essential that all its neighbours should follow the example. They quickly located that their protection depended upon their doing so, and that their own military became altogether incapable of resisting the attack of such an army.

The squaddies of a status navy, although they may never have visible an enemy, but have regularly seemed to possess all of the braveness of veteran troops, and, the very moment that they took the sector, to had been in shape to stand the hardest and maximum skilled veterans. In 1756, while the Russian navy marched into Poland, the valour of the Russian soldiers did no longer appear not as good as that of the Prussians, at that point alleged to be the hardest and most skilled veterans in Europe. The Russian empire, but, had loved a profound peace for close to 20 years before, and could at that point have only a few squaddies who had ever visible an enemy. When the Spanish conflict broke out in 1739, England had loved a profound peace for approximately 8-and-two decades. The valour of her infantrymen, but, a ways from being corrupted by means of that lengthy peace, changed into in no way more distinguished than within the try upon Carthagera, the primary unfortunate exploit of that unfortunate warfare. In an extended peace, the generals, possibly, may occasionally neglect their talent; however wherein a properly regulated standing military has been saved up, the infantrymen appear never to forget their valour.

When a civilized state relies upon for its defence upon a militia, it's miles at all times uncovered to be conquered by using any barbarous nation which happens to be in its neighbourhood. The common conquests of all the civilized nations in Asia by using the Tartars, sufficiently demonstrates the herbal superiority which the military of a barbarous has over that of a civilized country. A properly regulated status military is advanced to every defense force. Such an military, as it can best be maintained by an opulent and civilized state, so it is able to alone protect this type of country against the invasion of a negative and barbarous neighbour. It is handiest by means of a status navy, therefore, that the civilization of any country can be perpetuated, or even preserved, for any sizeable time.

As it is best via a nicely regulated standing military, that a civilized u . S . A . Can be defended, so it is best with the aid of it that a barbarous united states of america can be abruptly and tolerably civilized. A status navy establishes, with an impossible to resist pressure, the regulation of the sovereign thru the remotest provinces of the empire, and keeps a few degree of regular authorities in nations which could not otherwise admit of any. Whoever examines with interest, the upgrades which Peter the Great brought into the Russian empire, will locate that they nearly all remedy themselves into the status quo of a nicely regulated standing navy. It is the instrument which executes and maintains all his different policies. That degree of order and inner peace, which that empire has ever on account that loved, is altogether thanks to the have an effect on of that navy.

Men of republican standards have been jealous of a status navy, as risky to liberty. It clearly is so, wherever the interest of the general, and that of the most important officials, are not always linked with the support of the charter of the kingdom. The status military of Caesar destroyed the Roman republic. The status military of Cromwell became the lengthy parliament outside. But wherein the sovereign is himself the general, and the predominant nobility and gentry of the us of a the leader officials of the army; wherein the military force is positioned below the command of those who've the best interest inside the assist of the civil authority, because they've themselves the best proportion of that authority, a standing military can in no way be risky to liberty. On the contrary, it may, in some cases, be beneficial to liberty. The safety which it offers to the sovereign renders needless that difficult jealousy, which, in some current republics, seems to observe over the minutest actions, and to be at all times geared up to disturb the peace of each citizen. Where the security of the magistrate, even though supported via the most important human beings of the us of a, is endangered by using every famous discontent; in which a small tumult is able to bringing approximately in some hours a top notch revolution, the whole authority of presidency ought to be employed to suppress and punish every murmur and grievance in opposition to it. To a sovereign, on the contrary, who feels himself supported, now not handiest via the natural aristocracy of the u . S ., but through a nicely regulated status military, the rudest, the maximum groundless, and the maximum licentious

remonstrances, can give little disturbance. He can safely pardon or forget about them, and his attention of his very own superiority clearly disposes him to accomplish that. That degree of liberty which techniques to licentiousness, may be tolerated handiest in nations in which the sovereign is secured by means of a nicely regulated standing military. It is in such international locations simplest, that the general public safety does now not require that the sovereign should be relied on with any discretionary electricity, for suppressing even the impertinent wantonness of this licentious liberty.

The first obligation of the sovereign, therefore, that of protecting the society from the violence and injustice of different independent societies, grows step by step more and more costly, as the society advances in civilization. The army pressure of the society, which at first price the sovereign no rate, either in time of peace, or in time of warfare, have to, in the development of development, first be maintained by using him in time of struggle, and afterwards even in time of peace.

The extremely good alternate introduced into the artwork of battle through the invention of fire-arms, has enhanced nonetheless in addition both the rate of exercise and disciplining any particular number of infantrymen in time of peace, and that of employing them in time of struggle. Both their hands and their ammunition are grow to be more high priced. A musket is a extra pricey machine than a javelin or a bow and arrows; a cannon or a mortar, than a balista or a catapulta. The powder that's spent in a contemporary evaluation is lost irrecoverably, and occasions a completely huge cost. The javelins and arrows which had been thrown or shot in an historic one, may want to easily be picked up again, and were, except, of very little cost. The cannon and the mortar are not best a great deal dearer, but a whole lot heavier machines than the balista or catapulta; and require a extra price, not only to prepare them for the field, but to carry them to it. As the superiority of the present day artillery, too, over that of the ancients, could be very superb; it has grow to be a good deal extra difficult, and consequently a great deal more costly, to reinforce a town, to be able to face up to, even for some weeks, the assault of that superior artillery. In modern times, many unique reasons make a contribution to render the defence of the society extra pricey. The unavoidable outcomes of the herbal progress of

improvement have, on this recognize, been a good buy superior with the aid of a excellent revolution inside the art of battle, to which an insignificant accident, the discovery of gunpowder, appears to have given occasion.

In modern-day war, the remarkable expense of firearms gives an evident advantage to the state that could exceptional afford that price; and, therefore, to an opulent and civilized, over a bad and barbarous state. In ancient times, the opulent and civilized located it difficult to protect themselves in opposition to the terrible and barbarous countries. In modern-day instances, the bad and barbarous discover it hard to guard themselves in opposition to the opulent and civilized. The invention of fire-hands, an invention which in the beginning sight seems to be so pernicious, is really beneficial, each to the permanency and to the extension of civilization.

PART II. Of the Expense of Justice

The second responsibility of the sovereign, that of protective, as far as feasible, each member of the society from the injustice or oppression of each other member of it, or the responsibility of setting up an precise administration of justice, calls for very different ranges of expense within the exceptional periods of society.

Among nations of hunters, as there's scarce any assets, or at the least none that exceeds the cost of or three days labour; so there's seldom any set up magistrate, or any regular administration of justice. Men who've no assets, can injure one another most effective in their humans or reputations. But while one guy kills, wounds, beats, or defames any other, although he to whom the injury is performed suffers, he who does it gets no gain. It is in any other case with the injuries to assets. The benefit of the person who does the injury is often equal to the loss of him who suffers it. Envy, malice, or resentment, are the simplest passions that may activate one guy to injure another in his individual or popularity. But the extra a part of men aren't very frequently underneath the influence of these passions; and the very worst guys are so most effective occasionally. As their gratification, too, how agreeable soever it may be to sure characters, is not attended with any actual or everlasting gain, it's miles, within the greater part of guys, normally limited by using prudential considerations. Men might also stay

collectively in society with a few tolerable degree of protection, even though there's no civil Justice of the Peace to shield them from the injustice of those passions. But avarice and ambition inside the rich, inside the poor the hatred of labour and the love of present ease and leisure, are the passions which set off to invade assets; passions tons greater steady in their operation, and much extra normal in their affect. Wherever there's a remarkable property, there is exquisite inequality. For one very wealthy guy, there ought to be at the least 5 hundred negative, and the affluence of the few supposes the indigence of the numerous. The affluence of the rich excites the indignation of the terrible, who're often both driven by need, and caused by means of envy to invade his possessions. It is simplest below the safe haven of the civil Justice of the Peace, that the proprietor of that precious assets, that's obtained by using the labour of many years, or perhaps of many successive generations, can sleep a single night time in safety. He is at all times surrounded via unknown enemies, whom, though he never provoked, he can in no way appease, and from whose injustice he can be protected best by using the effective arm of the civil Justice of the Peace, continually held up to chastise it. The acquisition of treasured and sizable belongings, therefore, always calls for the established order of civil authorities. Where there is no property, or as a minimum none that exceeds the fee of or three days labour, civil authorities is not so necessary.

Civil authorities supposes a certain subordination. But as the need of civil government step by step grows up with the acquisition of valuable belongings; so the fundamental causes, which clearly introduce subordination, gradually develop up with the growth of that treasured property.

The causes or circumstances which clearly introduce subordination, or which certainly and antecedent to any civil organization, provide some guys some superiority over the extra a part of their brethren, seem to be four in number.

The first of these causes or occasions, is the prevalence of private qualifications, of power, splendor, and agility of body; of information and virtue; of prudence, justice, fortitude, and moderation of mind. The qualifications of the body, until supported by way of the ones of the mind,

can give little authority in any duration of society. He is a completely strong man, who, by means of mere electricity of frame, can pressure two vulnerable ones to obey him. The qualifications of the mind can alone supply very first-rate authority. They are but, invisible features; usually disputable, and typically disputed. No society, whether barbarous or civilized, has ever located it handy to settle the guidelines of precedency of rank and subordination, in step with those invisible characteristics; however in keeping with something that is greater undeniable and palpable.

The 2nd of those reasons or instances, is the prevalence of age. An antique guy, supplied his age isn't always thus far superior as to give suspicion of dotage, is everywhere more respected than a young man of same rank, fortune, and competencies. Among countries of hunters, inclusive of the native tribes of North America, age is the only foundation of rank and precedency. Among them, father is the appellation of a advanced; brother, of an same; and son, of an inferior. In the most opulent and civilized nations, age regulates rank amongst those who are in every different appreciate equal; and amongst whom, therefore, there may be nothing else to adjust it. Among brothers and amongst sisters, the eldest always takes vicinity; and inside the succession of the paternal estate, every component which can not be divided, however ought to go whole to one person, together with a title of honour, is in most cases given to the eldest. Age is a undeniable and palpable first-class, which admits of no dispute.

The third of these reasons or occasions, is the prevalence of fortune. The authority of riches, however, though superb in each age of society, is, perhaps, greatest within the rudest a while of society, which admits of any widespread inequality of fortune. A Tartar leader, the boom of whose flocks and herds is sufficient to hold 1000 men, cannot well rent that boom in every other manner than in keeping 1000 guys. The impolite country of his society does no longer manage to pay for him any synthetic produce any trinkets or baubles of any kind, for which he can change that part of his rude produce which is over and above his personal intake. The thousand men whom he thus maintains, relying completely upon him for his or her subsistence, have to each obey his orders in war, and post to his jurisdiction in peace. He is necessarily both their general and their choose, and his chieftainship is the important effect of the superiority of his fortune. In an

expensive and civilized society, a man may additionally possess a much more fortune, and yet now not be capable of command a dozen of human beings. Though the produce of his estate can be enough to keep, and may, perhaps, definitely maintain, more than a thousand human beings, yet, as the ones people pay for each thing which they get from him, as he gives scarce any thing to any frame however in alternate for an equal, there is scarce everybody who considers himself as totally established upon him, and his authority extends most effective over some menial servants. The authority of fortune, but, is very incredible, even in an opulent and civilized society. That it's far an awful lot more than that both of age or of personal qualities, has been the constant complaint of every length of society which admitted of any significant inequality of fortune. The first period of society, that of hunters, admits of no such inequality. Universal poverty establishes their accepted equality; and the prevalence, either of age or of private characteristics, are the feeble, but the sole foundations of authority and subordination. There is, therefore, little or no authority or subordination in this era of society. The 2d duration of society, that of shepherds, admits of very superb inequalities of fortune, and there may be no length in which the prevalence of fortune gives so terrific authority to folks who own it. There is no period, consequently, in which authority and subordination are more flawlessly established. The authority of an Arabian scherif is very superb; that of a Tartar khan altogether despotical.

The fourth of these causes or situations, is the superiority of delivery. Superiority of birth supposes an historic superiority of fortune in the own family of the person that claims it. All families are equally historic; and the ancestors of the prince, even though they will be higher recognised, can not properly be more severa than the ones of the beggar. Antiquity of own family method anywhere the antiquity either of wealth, or of that greatness that's usually both based upon wealth, or followed with it. Upstart greatness is everywhere less reputable than historical greatness. The hatred of usurpers, the love of the own family of an historical monarch, are in a outstanding degree founded upon the contempt which men naturally have for the former, and upon their veneration for the latter. As a military officer submits, without reluctance, to the authority of a advanced by means of whom he has usually been commanded, but cannot bear that his inferior

should be set over his head; so men effortlessly post to a circle of relatives to whom they and their ancestors have usually submitted; however are fired with indignation when some other circle of relatives, in whom that they had never acknowledged this sort of superiority, assumes a dominion over them.

The distinction of birth, being subsequent to the inequality of fortune, can don't have any region in nations of hunters, amongst whom all men, being equal in fortune, ought to likewise be very nearly same in beginning. The son of a sensible and courageous guy may additionally, certainly, even amongst them, be fairly greater reputable than a man of equal merit, who has the misfortune to be the son of a idiot or a coward. The distinction, but will not be very incredible; and there in no way was, I accept as true with, a exquisite family in the international, whose illustration become completely derived from the inheritance of wisdom and virtue.

The difference of beginning now not most effective may, but always does, take place among countries of shepherds. Such nations are constantly strangers to every form of luxurious, and notable wealth can scarce ever be dissipated among them with the aid of improvident large quantity. There aren't any countries, as a result, who abound more in families revered and honoured resulting from their descent from a long race of great and illustrious ancestors; due to the fact there aren't any nations amongst whom wealth is probable to hold longer inside the equal households.

Birth and fortune are certainly the 2 instances which basically set one guy above some other. They are the 2 first-rate sources of private difference, and are, consequently, the primary reasons which evidently set up authority and subordination amongst guys. Among nations of shepherds, each those reasons function with their full pressure. The incredible shepherd or herdsman, respected due to his terrific wealth, and of the brilliant wide variety of people who rely upon him for subsistence, and revered because of the nobleness of his beginning, and of the immemorial antiquity or his illustrious circle of relatives, has a natural authority over all the inferior shepherds or herdsmen of his horde or clan. He can command the united pressure of a greater quantity of people than any of them. His army energy is extra than that of any of them. In time of war, they may be all of them obviously disposed to muster themselves beneath his banner, as opposed to

underneath that of any other man or woman; and his beginning and fortune as a result evidently procure to him a few sort of executive strength. By commanding, too, the united pressure of a more range of humans than any of them, he's quality capable of compel someone of them, who may have injured another, to compensate the wrong. He is the man or woman, consequently, to whom all folks that are too vulnerable to shield themselves certainly look up for safety. It is to him that they obviously bitch of the injuries which they imagine have been done to them; and his interposition, in such instances, is greater effortlessly submitted to, even by way of the character complained of, than that of any other person could be. His delivery and fortune as a result certainly procure him a few kind of judicial authority.

It is in the age of shepherds, in the 2nd duration of society, that the inequality of fortune first starts offevolved to take place, and introduces amongst guys a diploma of authority and subordination, which couldn't in all likelihood exist before. It thereby introduces some diploma of that civil government that is indispensably necessary for its own upkeep; and it seems to try this certainly, or even unbiased of the attention of that necessity. The attention of that necessity comes, no doubt, afterwards, to contribute very a great deal to maintain and comfortable that authority and subordination. The wealthy, mainly, are always interested to assist that order of things, which could on my own relaxed them inside the ownership of their personal blessings. Men of inferior wealth integrate to shield those of advanced wealth in the possession in their assets, just so guys of advanced wealth may additionally combine to guard them inside the possession of theirs. All the inferior shepherds and herdsmen sense, that the security of their personal herds and flocks depends upon the security of these of the great shepherd or herdsman; that the maintenance of their lesser authority relies upon upon that of his greater authority; and that upon their subordination to him depends his strength of preserving their inferiors in subordination to them. They represent a type of little nobility, who experience themselves involved to guard the property, and to help the authority, in their very own little sovereign, in order that he can be capable of protect their belongings, and to aid their authority. Civil government, so far as it's miles instituted for the security of assets, is, in truth, instituted for the defence of the rich

towards the bad, or of those who have some belongings towards the ones who have none at all.

The judicial authority of this kind of sovereign, but, a ways from being a purpose of price, became, for a long term, a supply of sales to him. The humans who implemented to him for justice had been constantly willing to pay for it, and a present in no way didn't accompany a petition. After the authority of the sovereign, too, turned into very well mounted, the individual located responsible, over and above the pride which he became obliged to make to the birthday party, became like-wise forced to pay an amercement to the sovereign. He had given hassle, he had disturbed, he had broke the peace of his lord the king, and for the ones offences an amercement became concept due. In the Tartar governments of Asia, in the governments of Europe which were founded with the aid of the German and Scythian nations who overturned the Roman empire, the management of justice was a giant supply of sales, both to the sovereign, and to all the lesser chiefs or lords who exercised underneath him any specific jurisdiction, either over some particular tribe or clan, or over a few specific territory or district. Originally, each the sovereign and the inferior chiefs used to exercising this jurisdiction of their personal folks. Afterwards, they universally located it convenient to delegate it to a few alternative, bailiff, or judge. This alternative, but, changed into nevertheless obliged to account to his most important or constituent for the profits of the jurisdiction. Whoever reads the instructions (They are to be found in Tyrol's History of England) which have been given to the judges of the circuit in the time of Henry II will see sincerely that those judges had been a sort of itinerant factors, despatched spherical the u . S . A . For the cause of levying certain branches of the king's sales. In the ones days, the management of justice no longer best afforded a positive revenue to the sovereign, however, you acquire this sales, seems to had been one of the fundamental benefits which he proposed to attain via the management of justice.

This scheme of making the management of justice subservient to the purposes of revenue, could scarce fail to be efficient of several very gross abuses. The person who carried out for justice with a huge present in his hand, became probably to get something more than justice; whilst he who implemented for it with a small one became in all likelihood to get

something much less. Justice, too, might frequently be not on time, simply so this gift is probably repeated. The amercement, except, of the character complained of, might regularly suggest a completely robust cause for locating him within the wrong, even if he had now not in reality been so. That such abuses were a ways from being unusual, the historical history of each united states in Europe bears witness.

When the sovereign or chief physical activities his judicial authority in his very own man or woman, how plenty soever he might abuse it, it should had been scarce viable to get any redress; due to the fact there may want to seldom be any frame powerful sufficient to name him to account. When he exercised it by using a bailiff, indeed, redress may now and again be had. If it become for his very own advantage only, that the bailiff had been guilty of an act of injustice, the sovereign himself may not always be unwilling to punish him, or to oblige him to repair the wrong. But if it become for the gain of his sovereign; if it changed into to be able to make courtroom to the individual that appointed him, and who might choose him, that he had committed any act of oppression; redress could, upon most events, be as impossible as though the sovereign had committed it himself. In all barbarous governments, as a result, in all the ones historical governments of Europe specially, which had been founded upon the ruins of the Roman empire, the administration of justice seems for a long term to were extraordinarily corrupt; far from being quite identical and impartial, even beneath the exceptional monarchs, and altogether profligate below the worst.

Among nations of shepherds, wherein the sovereign or leader is best the greatest shepherd or herdsman of the horde or extended family, he's maintained within the equal way as any of his vassals or topics, by way of the growth of his own herds or flocks. Among those nations of husbandmen, who are however just come out of the shepherd kingdom, and who are not a lot superior past that kingdom, such as the Greek tribes appear to have been about the time of the Trojan conflict, and our German and Scythian ancestors, once they first settled upon the ruins of the western empire; the sovereign or leader is, in the same way, simplest the best landlord of the united states, and is maintained in the equal manner as any other landlord, by a revenue derived from his personal private estate, or

from what, in present day Europe, was referred to as the demesne of the crown. His subjects, upon everyday occasions, contribute not anything to his guide, besides when, so that it will defend them from the oppression of a number of their fellow-subjects, they stand in want of his authority. The offers which they make him upon such events constitute the complete normal revenue, the whole of the emoluments which, except, possibly, upon some very incredible emergencies, he derives from his dominion over them. When Agamemnon, in Homer, offers to Achilles, for his friendship, the sovereignty of 7 Greek towns, the sole benefit which he mentions as probable to be derived from it turned into, that the humans could honour him with offers. As long as such presents, as long as the emoluments of justice, or what can be known as the charges of court, constituted, on this way, the whole normal sales which the sovereign derived from his sovereignty, it could not nicely be anticipated, it couldn't even decently be proposed, that he should give them up altogether. It would possibly, and it regularly become proposed, that he need to alter and ascertain them. But once they have been so regulated and ascertained, the way to preclude someone who changed into all-effective from extending them beyond the ones policies, became nonetheless very tough, not to mention impossible. During the continuance of this nation of factors, therefore, the corruption of justice, evidently on account of the arbitrary and uncertain nature of those gives, scarce admitted of any successful treatment.

But while, from distinct causes, chiefly from the constantly growing price of defending the state towards the invasion of different international locations, the personal estate of the sovereign had turn out to be altogether insufficient for defraying the fee of the sovereignty; and whilst it had grow to be essential that the people need to, for his or her personal protection, make a contribution toward this rate by taxes of various types; it seems to have been very typically stipulated, that no present for the management of justice ought to, below any pretence, be usual either through the sovereign, or by his bailiffs and substitutes, the judges. Those provides, it appears to have been intended, could greater without difficulty be abolished altogether, than successfully regulated and ascertained. Fixed salaries were appointed to the judges, which had been alleged to compensate to them the lack of something could have been their proportion of the historic emoluments of

justice; because the taxes greater than compensated to the sovereign the loss of his. Justice changed into then stated to be administered gratis.

Justice, but, by no means turned into in reality administered free of charge in any country. Lawyers and lawyers, as a minimum, must constantly be paid through the events; and in the event that they have been no longer, they might carry out their responsibility nevertheless worse than they genuinely carry out it. The charges annually paid to lawyers and lawyers, quantity, in each court, to a far greater sum than the salaries of the judges. The condition of those salaries being paid by means of the crown, can nowhere tons lessen the important cost of a regulation-match. But it was now not so much to diminish the cost, as to prevent the corruption of justice, that the judges have been prohibited from receiving my present or price from the events.

The office of choose is in itself so very honourable, that guys are willing to simply accept of it, even though followed with very small emoluments. The inferior workplace of justice of peace, though attended with a good buy of hassle, and in most instances without a emoluments at all, is an item of ambition to the extra part of our u . S . Gentlemen. The salaries of all of the special judges, excessive and low, collectively with the entire cost of the management and execution of justice, even where it is not managed with very good financial system, makes, in any civilized united states of america, but a very inconsiderable part of the entire cost of presidency.

The whole price of justice, too, might easily be defrayed by the prices of court; and, with out exposing the management of justice to any real danger of corruption, the public sales may as a result be entirely discharged from a sure, even though perhaps but a small incumbrance. It is tough to regulate the prices of court docket efficiently, wherein a person so effective because the sovereign is to proportion in them and to derive any considerable part of his revenue from them. It is very easy, in which the decide is the foremost person who can acquire any gain from them. The law can very without problems oblige the choose to respect the regulation although it may not constantly be able to make the sovereign recognize it. Where the charges of court are exactly regulated and ascertained where they're paid unexpectedly, at a certain duration of every procedure, into the hands of a cashier or

receiver, to be by way of him distributed in sure acknowledged proportions some of the different judges after the method is determined and not until it's miles decided; there seems to be no greater danger of corruption than while such expenses are prohibited altogether. Those charges, without occasioning any considerable growth within the price of a regulation-match, might be rendered fully sufficient for defraying the complete expense of justice. But now not being paid to the judges until the system turned into decided, they might be some incitement to the diligence of the court in inspecting and determining it. In courts which consisted of a considerable wide variety of judges, by using proportioning the proportion of each choose to the range of hours and days which he had hired in examining the process, both in the court, or in a committee, by means of order of the court, the ones prices would possibly give a few encouragement to the diligence of every precise judge. Public offerings are by no means higher performed, than while their reward comes handiest in consequence of their being done, and is proportioned to the diligence hired in appearing them. In the exclusive parliaments of France, the fees of court docket (known as epices and vacations) constitute the some distance greater a part of the emoluments of the judges. After all deductions are made, the neat income paid by the crown to a counsellor or judge in the parliament of Thoulouse, in rank and dignity the second parliament of the kingdom, amounts best to a hundred and fifty livres, approximately £6:11s. Sterling a-12 months. About seven years in the past, that sum turned into in the identical area the ordinary yearly wages of a commonplace footman. The distribution of these epices, too, is in keeping with the diligence of the judges. A diligent decide profits a relaxed, although moderate revenue, by using his workplace; an idle one gets little greater than his salary. Those parliaments are, perhaps, in lots of respects, now not very convenient courts of justice; but they've never been accused; they appear never even to were suspected of corruption.

The prices of court seem originally to had been the foremost help of the distinctive courts of justice in England. Each court docket endeavoured to attract to itself as an awful lot business as it is able to, and changed into, upon that account, willing to take recognition of many suits which had been now not initially supposed to fall underneath its jurisdiction. The court of king's bench, instituted for the trial of crook reasons simplest, took

cognizance of civil suits; the plaintiff pretending that the defendant, in now not doing him justice, have been responsible of some trespass or misdemeanour. The court of exchequer, instituted for the levying of the king's revenue, and for implementing the payment of such debts simplest as were because of the king, took focus of all different settlement money owed; the plaintiff alleging that he couldn't pay the king, due to the fact the defendant would no longer pay him. In result of such fictions, it got here, in many cases, to rely altogether upon the events, before what courtroom they could pick to have their cause attempted, and each court docket endeavoured, by means of superior dispatch and impartiality, to draw to itself as many reasons as it may. The present admirable constitution of the courts of justice in England changed into, perhaps, at the beginning, in a superb degree, fashioned via this emulation, which anciently came about between their respective judges: every choose endeavouring to provide, in his own court docket, the speediest and maximum helpful treatment which the regulation might admit, for each type of injustice. Originally, the courts of law gave damages handiest for breach of agreement. The courtroom of chancery, as a court of conscience, first took upon it to implement the specific overall performance of agreements. When the breach of settlement consisted in the non-charge of money, the harm sustained could be compensated in no other way than via ordering payment, which became equivalent to a particular overall performance of the settlement. In such instances, therefore, the remedy of the courts of regulation turned into enough. It become now not so in others. When the tenant sued his lord for having unjustly outed him of his rent, the damages which he recovered had been in no way equal to the ownership of the land. Such causes, therefore, for some time, went all to the courtroom of chancery, to the no small lack of the courts of regulation. It was to draw back such causes to themselves, that the courts of law are said to have invented the artificial and fictitious writ of ejectment, the most powerful treatment for an unjust outer or dispossession of land.

A stamp-obligation upon the law court cases of each precise court, to be levied by means of that court docket, and carried out in the direction of the maintenance of the judges, and different officers belonging to it, might within the equal manner, come up with the money for a sales sufficient for

defraying the price of the administration of justice, without bringing any burden upon the overall sales of the society. The judges, indeed, might in this example, be under the temptation of multiplying unnecessarily the complaints upon each cause, in an effort to boom, as plenty as possible, the produce of this sort of stamp-responsibility. It has been the custom in contemporary Europe to regulate, upon most activities, the fee of the lawyers and clerks of courtroom consistent with the wide variety of pages which that they had event to write down; the court docket, but, requiring that each web page have to contain so many strains, and every line such a lot of phrases. In order to increase their payment, the lawyers and clerks have contrived to multiply phrases past all necessity, to the corruption of the regulation language of, I trust, each courtroom of justice in Europe. A like temptation might, possibly, occasion a like corruption inside the form of law complaints.

But whether the administration of justice be so contrived as to defray its personal cost, or whether or not the judges be maintained with the aid of constant salaries paid to them from some different fund, it does no longer seem essential that the person or folks entrusted with the govt energy have to be charged with the management of that fund, or with the price of these salaries. That fund may rise up from the rent of landed estates, the control of each estate being entrusted to the specific court which was to be maintained by way of it. That fund might arise even from the hobby of a amount of money, the lending out of which might, within the same way, be entrusted to the court which was to be maintained by way of it. A element, although indeed but a small part of the income of the judges of the court of session in Scotland, arises from the interest of a amount of money. The vital instability of this kind of fund seems, however, to render it an flawed one for the protection of an organization which ought to remaining for ever.

The separation of the judicial from the executive power, seems initially to have arisen from the growing enterprise of the society, in result of its growing improvement. The management of justice have become so arduous and so complicated a duty, as to require the undivided attention of the character to whom it turned into entrusted. The individual entrusted with the government electricity, no longer having leisure to take care of the decision of private reasons himself, a deputy changed into appointed to

decide them in his stead. In the progress of the Roman greatness, the consul turned into too much desirous about the political views of the country, to take care of the management of justice. A praetor, therefore, become appointed to administer it in his stead. In the development of the European monarchies, which were founded upon the ruins of the Roman empire, the sovereigns and the splendid lords came universally to don't forget the administration of justice as an workplace both too laborious and too ignoble for them to execute in their very own humans. They universally, therefore, discharged themselves of it, with the aid of appointing a deputy, bailiff or decide.

When the judicial is united to the government strength, it's far scarce feasible that justice have to not frequently be sacrificed to what is vulgarly called politics. The men and women entrusted with the fantastic pastimes of the state may additionally even without any corrupt views, sometimes imagine it vital to sacrifice to those pastimes the rights of a personal man. But upon the independent management of justice depends the liberty of each character, the feel which he has of his own safety. In order to make each man or woman sense himself perfectly cozy in the possession of every proper which belongs to him, it isn't always most effective important that the judicial must be separated from the executive strength, but that it ought to be rendered as an awful lot as possible independent of that power. The choose should now not be liable to be eliminated from his workplace in line with the caprice of that strength. The ordinary price of his income ought to no longer depend upon the coolest will, or maybe upon the good financial system of that electricity.

PART III. Of the Expense of public Works and public Institutions.

The third and remaining responsibility of the sovereign or commonwealth, is that of erecting and maintaining those public establishments and people public works, which though they will be in the highest degree tremendous to a great society, are, but, of this kind of nature, that the earnings ought to in no way repay the price to any character, or small range of people; and

which it, therefore, can not be anticipated that any person, or small number of individuals, need to erect or preserve. The overall performance of this responsibility calls for, too, very distinctive ranges of rate within the different intervals of society.

After the general public institutions and public works important for the defence of the society, and for the administration of justice, each of that have already been mentioned, the opposite works and institutions of this type are mainly for facilitating the trade of the society, and those for promoting the coaching of the people. The establishments for preparation are of two kinds: the ones for the education of the adolescents, and people for the training of people of all ages. The attention of the way in which the expense of those exclusive types of public works and institutions may be most nicely defrayed will divide this 1/3 part of the existing chapter into three unique articles.

ARTICLE I.—Of the general public Works and Institutions for facilitating the Commerce of the Society.

And, first, of those which are important for facilitating Commerce in wellknown.

That the erection and renovation of the public works which facilitate the commerce of any country, including correct roads, bridges, navigable canals, harbours, and so on. Have to require very unique levels of cost in the special durations of society, is evident with none proof. The fee of creating and retaining the general public roads of any u . S . A . Must naturally increase with the once a year produce of the land and labour of that usa, or with the quantity and weight of the goods which it becomes important to fetch and deliver upon the ones roads. The power of a bridge must be perfect to the range and weight of the carriages which can be probable to pass over it. The intensity and the deliver of water for a navigable canal must be proportioned to the range and tonnage of the lighters which might be probably to carry goods upon it; the quantity of a harbour, to the quantity of the transport which can be likely to take refuge in it.

It does not appear necessary that the cost of those public works should be defrayed from that public sales, as it is normally known as, of which the gathering and alertness are in maximum international locations, assigned to the executive energy. The extra part of such public works might also without difficulty be so controlled, as to have the funds for a specific sales, enough for defraying their personal rate with out bringing any burden upon the general revenue of the society.

A toll road, a bridge, a navigable canal, for instance, may also, in maximum cases, be both made upload maintained by a small toll upon the carriages which make use of them; a harbour, with the aid of a slight port-duty upon the tonnage of the transport which load or sell off in it. The coinage, another group for facilitating commerce, in many countries, not simplest defrays its own expense, however provides a small sales or a seignorage to the sovereign. The submit-office, any other institution for the identical purpose, over and above defraying its personal rate, offers, in almost all countries, a very vast sales to the sovereign.

When the carriages which bypass over a dual carriageway or a bridge, and the lighters which sail upon a navigable canal, pay toll in share to their weight or their tonnage, they pay for the upkeep of these public works exactly in proportion to the wear and tear which they event of them. It appears scarce possible to invent a more equitable manner of retaining such works. This tax or toll, too, although it's far superior by way of the carrier, is in the end paid by way of the client, to whom it need to usually be charged inside the fee of the goods. As the cost of carriage, however, may be very an awful lot decreased with the aid of such public works, the products, however the toll, come cheaper to the patron than they may otherwise have accomplished, their rate now not being so much raised by using the toll, as it's far decreased by way of the cheapness of the carriage. The character who finally pays this tax, consequently, gains via the utility extra than he loses by using the fee of it. His price is precisely in share to his gain. It is, in reality, no extra than part of that benefit which he is obliged to surrender, with a purpose to get the rest. It appears not possible to imagine a greater equitable approach of raising a tax. When the toll upon carriages of luxurious, upon coaches, submit-chaises, and so forth. Is made really better in percentage to their weight, than upon carriages of necessary

use, which includes carts, waggons, and many others. The indolence and arrogance of the rich is made to make a contribution, in a totally smooth manner, to the relaxation of the negative, through rendering less expensive the transportation of heavy goods to all of the distinct elements of the u . S

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When high-roads, bridges, canals, etc. Are on this way made and supported via the commerce that is carried on through them, they may be made most effective in which that trade requires them, and, therefore, where it's miles right to lead them to. Their cost, too, their grandeur and magnificence, ought to be applicable to what that trade can have enough money to pay. They must be made, consequently, as it is right to cause them to. A surprising high-road can't be made through a wilderness u . S ., where there may be little or no commerce, or simply because it happens to lead to the us of a villa of the intendant of the province, or to that of a few tremendous lord, to whom the intendant unearths it handy to make his courtroom. A extraordinary bridge cannot be thrown over a river at an area where no one passes, or simply to decorate the view from the windows of a neighbouring palace; things which every so often show up in countries, where works of this type are carried on by way of another sales than that which they themselves are able to affording.

In several distinctive components of Europe, the toll or lock-obligation upon a canal is the assets of private people, whose personal interest obliges them to maintain up the canal. If it is not stored in tolerable order, the navigation always ceases altogether, and, together with it, the whole earnings which they can make by using the tolls. If those tolls had been positioned under the management of commissioners, who had themselves no hobby in them, they is probably less conscious of the preservation of the works which produced them. The canal of Languedoc fee the king of France and the province upwards of 13 millions of livres, which (at twenty-eight livres the mark of silver, the cost of French money in the end of the closing century) amounted to upwards of 9 hundred thousand pounds sterling. When that great paintings become finished, the maximum in all likelihood approach, it changed into determined, of maintaining it in regular restore, changed into to make a present of the tolls to Riquet, the engineer who deliberate and conducted the paintings. Those tolls constitute, at gift, a

very massive property to the exclusive branches of the circle of relatives of that gentleman, who have, therefore, a wonderful hobby to keep the paintings in consistent repair. But had those tolls been put underneath the control of commissioners, who had no such hobby, they may possibly, had been dissipated in decorative and pointless costs, whilst the most vital parts of the works had been allowed to visit destroy.

The tolls for the protection of a highroad can not, with any safety, be made the property of private people. A high-street, though entirely not noted, does now not grow to be altogether impassable, though a canal does. The proprietors of the tolls upon a high-avenue, consequently, would possibly neglect altogether the repair of the road, and but preserve to levy very nearly the identical tolls. It is proper, therefore, that the tolls for the protection of any such work must be placed under the control of commissioners or trustees.

In Great Britain, the abuses which the trustees have devoted within the management of those tolls, have, in many instances, been very justly complained of. At many turnpikes, it's been said, the cash levied is more than double of what is vital for executing, inside the completest way, the paintings, which is regularly accomplished in a completely slovenly manner, and every now and then no longer accomplished at all. The system of repairing the high-roads by using tolls of this type, it must be located, isn't always of very lengthy standing. We ought to now not wonder, therefore, if it has now not yet been added to that degree of perfection of which it appears capable. If imply and fallacious humans are frequently appointed trustees; and if right courts of inspection and account have not but been installed for controlling their conduct, and for decreasing the tolls to what's slightly enough for executing the paintings to be done by using them; the recency of the organization each debts and apologizes for the ones defects, of which, through the knowledge of parliament, the greater part may additionally, in due time, be step by step remedied.

The money levied at the extraordinary turnpikes in Great Britain, is supposed to exceed a lot what is essential for repairing the roads, that the financial savings which, with right economic system, might be made from it, were considered, even via a few ministers, as a completely exceptional

aid, which might, at a while or some other, be implemented to the exigencies of the state. Government, it has been said, via taking the management of the turnpikes into its own arms, and via using the infantrymen, who would paintings for a completely small addition to their pay, ought to hold the roads in properly order, at a much much less expense than it can be accomplished by using trustees, who have no different workmen to hire, however inclusive of derive their entire subsistence from their wages. A extremely good sales, half one million, perhaps Since publishing the two first editions of this ebook, I even have were given correct motives to trust that each one the turnpike tolls levied in Great Britain do now not produce a neat sales that amounts to half of 1,000,000; a sum which, under the management of government, might now not be enough to preserve, in repair 5 of the essential roads in the state, it has been pretended, might in this manner be won, without laying any new burden upon the humans; and the turnpike roads is probably made to contribute to the overall price of the state, inside the identical manner because the put up-workplace does at present.

That a big revenue is probably gained in this way, I haven't any doubt, although likely not close to so much as the projectors of this plan have supposed. The plan itself, but, appears prone to several very crucial objections.

First, If the tolls which are levied on the turnpikes should ever be considered as one of the sources for offering the exigencies of the state, they might clearly be augmented as those exigencies had been imagined to require. According to the policy of Great Britain, therefore, they could in all likelihood he augmented very speedy. The facility with which a first rate sales can be drawn from them, could likely inspire administration to recur very often te this aid. Though it is able to, possibly, be extra than dubious whether half one million may want to by any financial system be stored out of the existing tolls, it can scarcely be doubted, however that one million is probably stored out of them, if they have been doubled; and possibly millions, if they had been tripled I even have now appropriate purpose to believe that all these conjectural sums are by using plenty too huge.. This excellent sales, too, might be levied with out the appointment of a single new officer to acquire and receive it. But the turnpike tolls, being usually

augmented on this way, rather than facilitating the inland trade of the united states, as at gift, might soon turn out to be a totally great incumbrance upon it. The expense of transporting all heavy goods from one part of the us of a to any other, could quickly be a lot expanded, the marketplace for all such items, therefore, could quickly be so much narrowed, that their production might be in a extraordinary degree discouraged, and the maximum important branches of the home enterprise of the country annihilated altogether.

Secondly, A tax upon carriages, in percentage to their weight, even though a completely identical tax when applied to the sole motive of repairing the roads, is a very unequal one whilst applied to some other purpose, or to deliver the commonplace exigencies of the kingdom. When it's far applied to the only cause above mentioned, every carriage is supposed to pay exactly for the wear and tear and tear which that carriage events of the roads. But while it's far carried out to every other purpose, each carriage is supposed to pay for extra than that put on and tear, and contributes to the supply of a few other exigency of the country. But as the turnpike toll raises the rate of goods in proportion to their weight and no longer to their cost, it is chiefly paid by using the purchasers of coarse and bulky, no longer by those of valuable and light commodities. Whatever exigency of the kingdom, consequently, this tax might be intended to supply, that exigency might be mainly provided at the expense of the bad, no longer of the wealthy; at the cost of folks that are least capable of supply it, now not of folks that are most able.

Thirdly, If authorities need to at any time overlook the reparation of the high-roads, it'd be still more hard, than it's miles at present, to compel the proper application of any part of the turnpike tolls. A big revenue would possibly consequently be levied upon the humans, with none a part of it being applied to the simplest cause to which a revenue levied in this way ought ever to be applied. If the meanness and poverty of the trustees of turnpike roads render it now and again difficult, at present, to oblige them to repair their incorrect; their wealth and greatness would render it ten times more so within the case that is right here supposed.

In France, the finances destined for the reparation of the high-roads are beneath the instantaneous path of the govt electricity. Those finances consist, in part in a positive wide variety of days labour, which the usa human beings are in maximum components of Europe obliged to offer to the reparation of the highways; and partly in this sort of portion of the overall sales of the state because the king chooses to spare from his different prices.

By the historical regulation of France, in addition to by using that of maximum other components of Europe, the labour of the country humans changed into underneath the route of a nearby or provincial magistracy, which had no immediate dependency upon the king's council. But, by way of the existing exercise, both the labour of the u . S . A . Human beings, and something different fund the king might also pick out to assign for the reparation of the high-roads in any specific province or generality, are completely under the management of the intendant; an officer who is appointed and removed by means of the king's council who receives his orders from it, and is in consistent correspondence with it. In the progress of despotism, the authority of the executive strength regularly absorbs that of each different power inside the nation, and assumes to itself the control of every department of revenue that is destined for any public cause. In France, however, the great put up-roads, the roads which make the conversation among the predominant towns of the kingdom, are in wellknown kept in proper order; and, in some provinces, are even a good deal superior to the greater part of the turnpike roads of England. But what we call the go roads, that is, the a ways more part of the roads in the united states of america, are entirely neglected, and are in lots of locations really impassable for any heavy carriage. In some places it's miles even risky to travel on horseback, and mules are the best conveyance that may correctly be trusted. The proud minister of an ostentatious court, may also often take pride in executing a piece of splendour and magnificence, such as a amazing motorway, which is regularly visible through the fundamental nobility, whose applauses now not only flatter his conceitedness, but even make a contribution to aid his interest at court docket. But to execute a top notch quantity of little works, wherein not anything that can be done can make any incredible look, or excite the smallest degree of admiration in any

traveler, and which, in quick, have nothing to suggest them however their severe application, is a commercial enterprise which seems, in each respect, too imply and paltry to advantage the eye of so extremely good a magistrate. Under such an administration therefore, such works are almost usually entirely unnoticed.

In China, and in numerous other governments of Asia, the government energy charges itself both with the reparation of the high-roads, and with the maintenance of the navigable canals. In the instructions that are given to the governor of each province, the ones items, it is stated, are continuously recommended to him, and the judgment which the courtroom varieties of his behavior could be very a lot regulated with the aid of the eye which he appears to have paid to this a part of his instructions. This branch of public police, as a consequence, is said to be very tons attended to in all the ones nations, but especially in China, in which the high-roads, and nevertheless greater the navigable canals, it's far pretended, exceed very a lot each component of the identical kind which is known in Europe. The money owed of those works, but, which have been transmitted to Europe, have normally been drawn up through weak and wondering guests; frequently by using stupid and mendacity missionaries. If they had been tested by means of extra wise eyes, and if the accounts of them had been suggested by using extra faithful witnesses, they might not, perhaps, seem like so splendid. The account which Bernier gives of a few works of this type in Indostan, falls very quick of what have been mentioned of them by different travellers, more disposed to the marvellous than he became. It may also too, possibly, be in those countries, as it is in France, in which the notable roads, the wonderful communications, which are in all likelihood to be the subjects of communique on the court docket and in the capital, are attended to, and all the rest disregarded. In China, except, in Indostan, and in numerous other governments of Asia, the sales of the sovereign arises almost altogether from a land tax or land hire, which rises or falls with the upward thrust and fall of the yearly produce of the land. The incredible hobby of the sovereign, consequently, his revenue, is in such international locations necessarily and without delay connected with the cultivation of the land, with the greatness of its produce, and with the value of its produce. But to be able to render that produce each as tremendous and as precious as viable,

it's far important you got to it as vast a marketplace as viable, and therefore to establish the freest, the perfect, and the least high priced communique between all the special components of the usa; which can be finished best by means of the best roads and the best navigable canals. But the sales of the sovereign does no longer, in any part of Europe, stand up chiefly from a land tax or land rent. In all the first rate kingdoms of Europe, perhaps, the more part of it could ultimately rely upon the produce of the land: however that dependency is neither so instantaneous nor so glaring. In Europe, consequently, the sovereign does now not experience himself so at once known as upon to sell the growth, each in amount and value of the produce of the land, or, by way of preserving desirable roads and canals, to offer the maximum tremendous market for that produce. Though it ought to be real, consequently, what I recognize isn't a little doubtful, that during a few components of Asia this department of the public police is very well managed with the aid of the executive power, there isn't the least opportunity that, in the course of the present state of things, it can be tolerably managed by using that electricity in any part of Europe.

Even those public works, which are of this type of nature that they can't have the funds for any sales for maintaining themselves, but of which the conveniency is almost limited to some specific location or district, are always higher maintained by way of a neighborhood or provincial sales, under the control of a neighborhood and provincial management, than via the general revenue of the nation, of which the executive power should usually have the management. Were the streets of London to be lighted and paved at the cost of the treasury, is there any possibility that they would be so nicely lighted and paved as they're at gift, or maybe at so small an cost? The rate, besides, as opposed to being raised by way of a local tax upon the inhabitants of every particular road, parish, or district in London, could, in this example, be defrayed out of the overall sales of the nation, and would therefore be raised by way of a tax upon all the inhabitants of the kingdom, of whom the extra part derive no sort of benefit from the lighting and paving of the streets of London.

The abuses which once in a while creep into the neighborhood and provincial administration of a local and provincial revenue, how great soever they may appear, are in reality, however, almost constantly very

trifling in assessment of these which commonly take area inside the administration and expenditure of the revenue of a excellent empire. They are, except, lots more effortlessly corrected. Under the neighborhood or provincial administration of the justices of the peace in Great Britain, the six days labour which the u . S . Human beings are obliged to give to the reparation of the highways, is not usually, perhaps, very judiciously applied, however it is scarce ever exacted with any circumstance of cruelty or oppression. In France, underneath the administration of the intendants, the utility isn't usually extra judicious, and the exaction is frequently the most merciless and oppressive. Such corvees, as they're referred to as, make one of the most important contraptions of tyranny through which those officers chastise any parish or communeaute, which has had the misfortune to fall below their displeasure.

Of the general public Works and Institution that are vital for facilitating precise Branches of Commerce.

The object of the public works and institutions above stated, is to facilitate commerce in wellknown. But a good way to facilitate some specific branches of it, precise establishments are necessary, which again require a specific and notable rate.

Some particular branches of trade which might be carried on with barbarous and uncivilized countries, require excellent safety. An ordinary save or counting-residence could deliver little security to the products of the merchants who trade to the western coast of Africa. To defend them from the barbarous natives, it's miles vital that the region where they're deposited have to be in some degree fortified. The disorders inside the authorities of Indostan have been presupposed to render a like precaution necessary, even amongst that moderate and mild humans; and it was under pretence of securing their men and women and belongings from violence, that each the English and French East India businesses had been allowed to erect the primary forts which they possessed in that country. Among other international locations, whose vigorous government will go through no strangers to possess any fortified area within their territory, it could be necessary to maintain some ambassador, minister, or consul, who may both determine, according to their very own customs, the variations arising

among his own countrymen, and, of their disputes with the natives, might also by way of his public character, intervene with extra authority and come up with the money for them a greater powerful safety than they might expect from any personal man. The interests of trade have regularly made it necessary to hold ministers in foreign countries, wherein the purposes both of battle or alliance might no longer have required any. The commerce of the Turkey enterprise first occasioned the establishment of an ordinary ambassador at Constantinople. The first English embassies to Russia arose altogether from business pursuits. The regular interference with those pursuits, necessarily occasioned among the subjects of the unique states of Europe, has likely introduced the custom of maintaining, in all neighbouring nations, ambassadors or ministers constantly resident, even within the time of peace. This custom, unknown to ancient times, appears not to be older than the quit of the 15th, or starting of the 16th century; that is, than the time while trade first began to extend itself to the greater a part of the international locations of Europe, and once they first began to take care of its pursuits.

It appears now not unreasonable, that the high-quality cost which the protection of any unique department of commerce may event, should be defrayed by means of a moderate tax upon that specific department; through a moderate quality, as an instance, to be paid by means of the traders after they first enter into it; or, what's extra equal, by means of a particular responsibility of a lot consistent with cent. Upon the products which they either import into, or export out of, the particular countries with which it's far carried on. The safety of trade, in preferred, from pirates and freebooters, is said to have given event to the first institution of the obligations of customs. But, if it was idea affordable to lay a standard tax upon trade, so that you can defray the rate of shielding trade in widespread, it need to seem equally affordable to put a particular tax upon a specific branch of change, which will defray the extremely good price of protecting that branch.

The safety of alternate, in wellknown, has constantly been considered as crucial to the defence of the commonwealth, and, upon that account, a vital a part of the responsibility of the govt electricity. The series and application of the overall duties of customs, consequently, have usually been left to that

power. But the safety of any precise branch of trade is a part of the overall protection of alternate; a component, therefore, of the obligation of that strength; and if countries constantly acted constantly, the unique obligations levied for the purposes of such unique safety, must always were left similarly to its disposal. But in this appreciate, in addition to in many others, international locations have not usually acted continuously; and within the greater part of the commercial states of Europe, precise companies of merchants have had the deal with to persuade the legislature to entrust to them the overall performance of this part of the responsibility of the sovereign, collectively with all the powers that are necessarily linked with it.

These businesses, though they'll, possibly, have been beneficial for the primary introduction of a few branches of trade, via making, at their personal rate, an test which the kingdom might not suppose it prudent to make, have within the lengthy-run proved, universally, either burdensome or useless, and feature either mismanaged or limited the change.

When those companies do not change upon a joint stock, however are obliged to confess any character, well certified, upon paying a positive fine, and agreeing to publish to the policies of the employer, each member buying and selling upon his personal stock, and at his very own danger, they are referred to as regulated businesses. When they exchange upon a joint stock, each member sharing inside the not unusual income or loss, in share to his percentage on this stock, they're known as joint-stock companies. Such companies, whether or not regulated or joint-stock, sometimes have, and now and again have no longer, exclusive privileges.

Regulated businesses resemble, in each respect, the employer of trades, so commonplace in the cities and towns of all the one-of-a-kind nations of Europe; and are a sort of enlarged monopolies of the equal kind. As no inhabitant of a metropolis can workout an incorporated trade, with out first obtaining his freedom in the incorporation, so, in most cases, no subject of the state can lawfully keep on any branch of overseas trade, for which a regulated employer is set up, without first turning into a member of that agency. The monopoly is greater or less strict, according as the terms of admission are greater or less hard, and according as the directors of the

organization have extra or much less authority, or have it more or less in their electricity to manage in any such manner as to confine the extra part of the trade to themselves and their particular pals. In the maximum ancient regulated organizations, the privileges of apprenticeship had been the same as in other agencies, and entitled the person who had served his time to a member of the employer, to end up himself a member, both without paying any satisfactory, or upon paying a far smaller one than what became exacted of different humans. The usual company spirit, wherever the law does not restrain it, prevails in all regulated businesses. When they have been allowed to act in step with their natural genius, they have got continually, that allows you to confine the opposition to as small a number of humans as feasible, endeavoured to issue the change to many burdensome policies. When the law has confined them from doing this, they've come to be altogether vain and insignificant.

The regulated organizations for overseas trade which at gift subsist in Great Britain, are the historic merchant-adventurers company, now generally known as the Hamburgh agency, the Russia agency, the Eastland employer, the Turkey enterprise, and the African enterprise.

The phrases of admission into the Hamburgh company are actually stated to be quite smooth; and the directors either have it no longer of their power to situation the exchange to any tough restraint or rules, or, at the least, have no longer of overdue exercised that strength. It has now not constantly been so. About the middle of the remaining century, the exceptional for admission become fifty, and at one time one hundred kilos, and the behavior of the organization became stated to be extraordinarily oppressive. In 1643, in 1645, and in 1661, the clothiers and unfastened traders of the west of England complained of them to parliament, as of monopolists, who confined the change, and oppressed the manufactures of the country. Though the ones court cases produced no act of parliament, they had in all likelihood intimidated the business enterprise to date, as to oblige them to reform their conduct. Since that time, at least, there had been no proceedings towards them. By the tenth and eleventh of William III. C.6, the satisfactory for admission into the Russia organisation changed into reduced to five pounds; and by means of the twenty fifth of Charles II. C.7, that for admission into the Eastland enterprise to forty shillings; while, on

the equal time, Sweden, Denmark, and Norway, all of the countries on the north aspect of the Baltic, had been exempted from their one of a kind constitution. The behavior of these companies had likely given occasion to the ones two acts of parliament. Before that point, Sir Josiah Child had represented each those and the Hamburg agency as extremely oppressive, and imputed to their awful management the low country of the trade, which we at that time carried on to the international locations comprehended inside their respective charters. But though such groups might not, in the present times, be very oppressive, they're truly altogether vain. To be simply useless, certainly, is perhaps, the best eulogy which could ever justly be bestowed upon a regulated organisation; and all the three agencies above mentioned seem, of their present state, to deserve this eulogy.

The fine for admission into the Turkey agency became previously twenty-five pounds for all people below twenty-six years of age, and fifty pounds for all humans above that age. Nobody however mere merchants could be admitted; a restriction which excluded all keep-keepers and outlets. By a bye-law, no British manufactures could be exported to Turkey however within the standard ships of the employer; and as the ones ships sailed always from the port of London, this restrict confined the trade to that pricey port, and the buyers to those who lived in London and in its neighbourhood. By any other bye-law, no character residing within twenty miles of London, and no longer free of the city, could be admitted a member; some other restrict which, joined to the foregoing, always excluded all but the freemen of London. As the time for the loading and crusing of those fashionable ships depended altogether upon the directors, they might easily fill them with their very own goods, and those of their particular pals, to the exclusion of others, who, they may faux, had made their proposals too late. In this nation of things, consequently, this organisation was, in each appreciate, a strict and oppressive monopoly. Those abuses gave occasion to the act of the twenty sixth of George II. C. 18, lowering the first-rate for admission to 20 kilos for all individuals, with none difference of a while, or any limit, both to mere traders, or to the freemen of London; and granting to all such humans the freedom of exporting, from all of the ports of Great Britain, to any port in Turkey, all

British goods, of which the exportation changed into now not prohibited, upon paying both the overall duties of customs, and the precise obligations assessed for defraying the vital costs of the business enterprise; and filing, at the same time, to the lawful authority of the British ambassador and consuls resident in Turkey, and to the bye-legal guidelines of the agency duly enacted. To save you any oppression with the aid of those bye-laws, it became via the equal act ordained, that if any seven members of the organization conceived themselves aggrieved by using any bye-regulation which must be enacted after the passing of this act, they may attraction to the board of trade and plantations (to the authority of which a committee of the privy council has now succeeded), provided such enchantment become delivered within 12 months after the bye-regulation changed into enacted; and that, if any seven members conceived themselves aggrieved by way of any bye-law which were enacted earlier than the passing of this act, they might carry a like enchantment, furnished it changed into inside three hundred and sixty five days after the day on which this act became to take location. The revel in of one year, however, might not continually be sufficient to discover to all the members of a notable employer the pernicious tendency of a selected bye-law; and if numerous of them must afterwards find out it, neither the board of alternate, nor the committee of council, can afford them any redress. The item, besides, of the greater part of the bye-legal guidelines of all regulated corporations, as well as of all other agencies, is not so much to oppress those who are already contributors, as to discourage others from turning into so; which may be completed, not only by a high exceptional, however by way of many other contrivances. The regular view of such corporations is constantly to elevate the charge in their very own income as excessive as they could; to hold the marketplace, each for the products which they export, and for the ones which they import, as a good deal understocked as they are able to; which may be executed best by using restraining the opposition, or with the aid of discouraging new adventurers from stepping into the change. A quality, even of twenty pounds, except, although it may no longer, perhaps, be sufficient to discourage any guy from entering into the Turkey change, with an aim to hold in it, may be sufficient to discourage a speculative merchant from hazarding a single adventure in it. In all trades, the everyday installed buyers, even though now not included, certainly integrate to raise earnings,

which might be noway so likely to be kept, always, right down to their proper stage, as by means of the occasional competition of speculative adventurers. The Turkey change, even though in some degree laid open by this act of parliament, is still taken into consideration through many humans as very a long way from being altogether loose. The Turkey business enterprise make contributions to maintain an ambassador and two or three consuls, who, like different public ministers, should be maintained altogether with the aid of the kingdom, and the change laid open to all his majesty's subjects. The exclusive taxes levied via the agency, for this and different agency purposes, would possibly find the money for a sales a great deal extra than enough to allow a kingdom to hold such ministers.

Regulated companies, it became observed by using Sir Josiah Child, even though they had frequently supported public ministers, had in no way maintained any forts or garrisons within the countries to which they traded; while joint-inventory corporations often had. And, in reality, the previous appear to be an awful lot more undeserving for this kind of carrier than the latter. First, the administrators of a regulated enterprise have no unique interest inside the prosperity of the general change of the organisation, for the sake of which such forts and garrisons are maintained. The decay of that preferred alternate may additionally even often make a contribution to the advantage in their personal private change; as, by way of diminishing the wide variety of their competition, it can enable them each to shop for inexpensive, and to sell dearer. The directors of a joint-inventory corporation, at the contrary, having handiest their percentage inside the profits which might be made upon the common stock dedicated to their management, haven't any non-public change of their very own, of which the hobby may be separated from that of the overall alternate of the corporation. Their non-public interest is attached with the prosperity of the overall alternate of the organisation, and with the maintenance of the forts and garrisons that are vital for its defence. They are more likely, therefore, to have that continual and cautious interest which that renovation necessarily calls for. Secondly, The directors of a joint-inventory enterprise have always the control of a big capital, the joint inventory of the organisation, part of which they will regularly hire, with propriety, in constructing, repairing, and maintaining such necessary forts and garrisons.

But the administrators of a regulated business enterprise, having the control of no common capital, have no other fund to hire in this manner, however the casual sales arising from the admission fines, and from the corporation obligations imposed upon the exchange of the enterprise. Though that they had the identical interest, consequently, to attend to the maintenance of such forts and garrisons, they can seldom have the identical capacity to render that interest valuable. The protection of a public minister, requiring scarce any interest, and but a mild and limited fee, is a commercial enterprise tons extra appropriate both to the mood and competencies of a regulated enterprise.

Long after the time of Sir Josiah Child, however, in 1750, a regulated organisation changed into set up, the existing organisation of traders buying and selling to Africa; which changed into expressly charged in the beginning with the protection of all of the British forts and garrisons that lie between Cape Blanc and the Cape of Good Hope, and afterwards with that of those handiest which lie among Cape Rouge and the Cape of Good Hope. The act which establishes this agency (the 23rd of George II. C. Fifty one), seems to have had distinct gadgets in view; first, to restrain effectively the oppressive and monopolizing spirit that is natural to the administrators of a regulated organization; and, secondly, to force them, as tons as possible, to give an attention, which isn't herbal to them, closer to the renovation of forts and garrisons.

For the primary of these functions, the satisfactory for admission is restrained to 40 shillings. The organization is unlawful from trading in their corporate capability, or upon a joint stock; from borrowing cash upon not unusual seal, or from laying any restraints upon the change, which can be carried on freely from all places, and via all people being British subjects, and paying the satisfactory. The government is in a committee of 9 folks, who meet at London, but who are selected yearly by using the freemen of the organisation at London, Bristol, and Liverpool; three from every vicinity. No committeeman may be endured in office for more than three years together. Any committee-man might be eliminated via the board of trade and plantations, now through a committee of council, after being heard in his very own defence. The committee are forbid to export negroes from Africa, or to import any African items into Great Britain. But as they

may be charged with the protection of forts and garrisons, they'll, for that cause export from Great Britain to Africa goods and stores of various sorts. Out of the moneys which they shall acquire from the enterprise, they're allowed a sum, now not exceeding 8 hundred kilos, for the salaries of their clerks and marketers at London, Bristol, and Liverpool, the house-hire in their offices at London, and all different prices of management, fee, and company, in England. What remains of this sum, after defraying these extraordinary fees, they may divide among themselves, as reimbursement for their hassle, in what way they think proper. By this charter, it'd had been predicted, that the spirit of monopoly could were efficiently confined, and the primary of those functions sufficiently answered. It would seem, but, that it had no longer. Though by way of the 4th of George III. C.20, the fort of Senegal, with all its dependencies, have been invested inside the employer of merchants buying and selling to Africa, but, within the yr following (by means of the fifth of George III. C.44), not only Senegal and its dependencies, however the complete coast, from the port of Sallee, in South Barbary, to Cape Rouge, turned into exempted from the jurisdiction of that organisation, became vested within the crown, and the change to it declared loose to all his majesty's topics. The organisation have been suspected of restraining the exchange and of organising some sort of improper monopoly. It isn't always, but, very smooth to conceive how, underneath the guidelines of the 23d George II. They could do so. In the printed debates of the residence of commons, no longer always the most true records of fact, I take a look at, however, that they've been accused of this. The contributors of the committee of nine being all merchants, and the governors and factors in their different forts and settlements being all established upon them, it isn't always not likely that the latter might have given odd interest to the consignments and commissions of the previous, which would set up a real monopoly.

For the second one of these functions, the preservation of the forts and garrisons, an annual sum has been allocated to them via parliament, typically approximately £13,000. For the right utility of this sum, the committee is obliged to account annually to the cursitor baron of exchequer; which account is afterwards to be laid before parliament. But parliament, which offers so little attention to the application of hundreds of thousands,

isn't probably to provide much to that of £thirteen,000 a-yr; and the cursitor baron of exchequer, from his career and education, isn't always in all likelihood to be profoundly professional within the proper price of forts and garrisons. The captains of his majesty's navy, certainly, or another commissioned officials, appointed through the board of admiralty, can also inquire into the circumstance of the forts and garrisons, and document their observations to that board. But that board appears to have no direct jurisdiction over the committee, nor any authority to accurate those whose behavior it may consequently inquire into; and the captains of his majesty's navy, except, are not alleged to be constantly deeply found out in the technological know-how of fortification. Removal from an office, which can be enjoyed only for the time period of three years, and of which the lawful emoluments, even during that term, are so very small, seems to be the maximum punishment to which any committee-guy is in charge, for any fault, besides direct malversation, or embezzlement, either of the general public money, or of that of the organisation; and the concern of the punishment can by no means be a reason of sufficient weight to force a persistent and careful attention to a enterprise to which he has no other hobby to attend. The committee are accused of getting sent out bricks and stones from England for the reparation of Cape Coast Castle, on the coast of Guinea; a enterprise for which parliament had numerous instances granted an incredible amount of money. These bricks and stones, too, which had accordingly been sent upon so long a voyage, have been said to were of so terrible a pleasant, that it became vital to rebuild, from the foundation, the partitions which were repaired with them. The forts and garrisons which lie north of Cape Rouge, are not most effective maintained on the cost of the nation, but are beneath the immediately authorities of the govt electricity; and why the ones which lie south of that cape, and which, too, are, in component at the least, maintained at the fee of the nation, should be under a one-of-a-kind authorities, it seems now not very smooth even to assume an amazing cause. The safety of the Mediterranean trade became the authentic reason or pretence of the garrisons of Gibraltar and Minorca; and the protection and authorities of these garrisons have usually been, very well, dedicated, not to the Turkey organization, however to the government strength. In the quantity of its dominion consists, in a exceptional degree, the pride and dignity of that energy; and it isn't always very in all likelihood

to fail in interest to what is important for the defence of that dominion. The garrisons at Gibraltar and Minorca, as a consequence, have in no way been disregarded. Though Minorca has been two times taken, and is now probable lost for ever, that disaster has by no means been imputed to any forget within the executive strength. I could not, however, be understood to insinuate, that either of these expensive garrisons changed into ever, even within the smallest degree, vital for the purpose for which they had been firstly dismembered from the Spanish monarchy. That dismemberment, perhaps, in no way served some other real cause than to alienate from England her herbal ally the king of Spain, and to unite the 2 fundamental branches of the residence of Bourbon in a far stricter and extra permanent alliance than the binds of blood may want to ever have united them.

Joint-stock agencies, set up both through royal constitution, or by way of act of parliament, are one-of-a-kind in numerous respects, not most effective from regulated businesses, but from private copartneries.

First, In a private copartnery, no associate without the consent of the organisation, can switch his proportion to every other individual, or introduce a new member into the corporation. Each member, however, may additionally, upon proper warning, withdraw from the copartnery, and demand payment from them of his share of the commonplace stock. In a joint-stock corporation, at the opposite, no member can call for payment of his proportion from the employer; but each member can, without their consent, transfer his percentage to another person, and thereby introduce a new member. The value of a share in a joint inventory is always the charge which it will carry inside the market; and this will be both extra or less in any percentage, than the sum which its owner stands credited for in the inventory of the corporation.

Secondly, In a personal copartnery, every companion is sure for the debts gotten smaller by the enterprise, to the whole volume of his fortune. In a joint-inventory organization, at the opposite, every accomplice is bound simplest to the quantity of his percentage.

The change of a joint-stock agency is continually managed by means of a court docket of administrators. This court docket, indeed, is often concern, in lots of respects, to the control of a popular court docket of owners. But

the extra part of these owners seldom pretend to apprehend any aspect of the commercial enterprise of the corporation; and while the spirit of faction occurs now not to be successful amongst them, deliver themselves no problem about it, but acquire contentedly such halfyearly or every year dividend because the administrators think proper to make to them. This general exemption the front trouble and the front threat, beyond a restrained sum, encourages many human beings to emerge as adventurers in joint-inventory businesses, who would, upon no account, hazard their fortunes in any non-public copartnery. Such organizations, therefore, normally draw to themselves plenty more shares, than any personal copartnery can boast of. The buying and selling inventory of the South Sea enterprise at one time amounted to upwards of thirty-three millions eight hundred thousand pounds. The divided capital of the Bank of England amounts, at gift, to ten millions 700 and eighty thousand kilos. The administrators of such agencies, however, being the managers alternatively of other humans's cash than in their own, it cannot properly be anticipated that they must watch over it with the identical irritating vigilance with which the partners in a private copartnery regularly watch over their own. Like the stewards of a rich guy, they may be apt to don't forget attention to small subjects as now not for their master's honour, and very easily provide themselves a dispensation from having it. Negligence and great quantity, therefore, should continually prevail, greater or much less, in the control of the affairs of such a company. It is upon this account, that joint-stock agencies for foreign exchange have seldom been able to hold the competition towards non-public adventurers. They have, thus, very seldom succeeded without an extraordinary privilege; and frequently have not succeeded with one. Without an one-of-a-kind privilege, they have typically mismanaged the alternate. With an one of a kind privilege, they have each mismanaged and restrained it.

The Royal African agency, the predecessors of the existing African employer, had an exclusive privilege with the aid of constitution; but as that charter had no longer been showed by using act of parliament, the trade, in outcome of the announcement of rights, turned into, quickly after the Revolution, laid open to all his majesty's subjects. The Hudson's Bay business enterprise are, as to their prison rights, within the same state of

affairs as the Royal African employer. Their distinctive constitution has not been confirmed by using act of parliament. The South Sea employer, so long as they persevered to be a trading company, had an different privilege confirmed via act of parliament; as have likewise the existing united corporation of merchants trading to the East Indies.

The Royal African company soon found that they couldn't preserve the competition towards personal adventurers, whom, notwithstanding the assertion of rights, they endured for some time to call interlopers, and to persecute as such. In 1698, but, the non-public adventurers had been subjected to a obligation of ten in keeping with cent. Upon almost all the special branches of their alternate, to be hired through the business enterprise inside the maintenance in their forts and garrisons. But, notwithstanding this heavy tax, the enterprise have been nevertheless not able to hold the competition. Their inventory and credit score progressively declined. In 1712, their debts had grow to be so amazing, that a selected act of parliament changed into idea vital, each for his or her security and for that of their creditors. It was enacted, that the resolution of two-thirds of those creditors in number and cost ought to bind the rust, each in regards to the time which should be allowed to the agency for the payment in their money owed, and with reference to every other settlement which it is probably notion proper to make with them regarding those money owed. In 1730, their affairs had been in so wonderful ailment, that they were altogether incapable of maintaining their forts and garrisons, the sole motive and pretext of their institution. From that year until their final dissolution, the parliament judged it vital to permit the annual sum of £10,000 for that purpose. In 1732, after having been for decades losers via the exchange of sporting negroes to the West Indies, they at ultimate resolved to give it up altogether; to sell to the non-public investors to America the negroes which they bought upon the coast; awl to appoint their servants in a alternate to the inland elements of Africa for gold dirt, elephants enamel, dyeing capsules, and so forth. But their success in this more restrained exchange turned into now not greater than of their former huge one. Their affairs continued to move steadily to say no, until at remaining, being in every admire a bankrupt organization, they had been dissolved by act of parliament, and their forts and garrisons vested inside

the gift regulated agency of traders trading to Africa. Before the erection of the Royal African enterprise, there had been three different joint-stock agencies successively installed, one after any other, for the African exchange. They have been all similarly unsuccessful. They all, however, had unique charters, which, although now not showed with the aid of act of parliament, have been in the ones days imagined to carry a real special privilege.

The Hudson's Bay agency, earlier than their misfortunes in the overdue conflict, had been an awful lot extra fortunate than the Royal African agency. Their essential fee is plenty smaller. The entire number of human beings whom they maintain of their special settlements and habitations, which they've honoured with the call of forts, is stated not to exceed 100 and twenty people. This wide variety, however, is enough to prepare ahead the cargo of furs and different items important for loading their ships, which, as a consequence of the ice, can seldom continue to be above six or 8 weeks in those seas. This advantage of having a cargo prepared organized, couldn't, for numerous years, be obtained by way of personal adventurers; and without it there seems to be no opportunity of buying and selling to Hudson's Bay. The moderate capital of the business enterprise, which, it is said, does not exceed a hundred and 10000 pounds, may, besides, be sufficient to enable them to engross the complete, or nearly the entire alternate and surplus produce, of the miserable although massive united states of america comprehended within their charter. No non-public adventurers, as a consequence, have ever attempted to trade to that u . S . In competition with them. This business enterprise, therefore, have continually enjoyed an specific change, in truth, even though they'll have no proper to it in law. Over and primarily this, the mild capital of this organization is stated to be divided among a completely small variety of owners. But a joint-inventory corporation, such as a small variety of proprietors, with a slight capital, techniques very nearly to the character of a non-public copartnery, and can be able to nearly the equal diploma of vigilance and interest. It is not to be questioned at, therefore, if, in result of those distinctive blessings, the Hudson's Bay employer had, earlier than the late battle, been capable of carry on their trade with a significant degree of achievement. It does no longer appear probable, however, that their income ever approached to what

the past due Mr Dobbs imagined them. A much more sober and really apt writer, Mr Anderson, author of the Historical and Chronological Deduction of Commerce, very justly observes, that upon inspecting the accounts which Mr Dobbs himself has given for several years collectively, of their exports and imports, and upon making proper allowances for their incredible danger and rate, it does now not seem that their profits need to be envied, or that they could a whole lot, if at all, exceed the regular income of exchange.

The South Sea company by no means had any forts or garrisons to keep, and consequently had been entirely exempted from one exquisite expense, to which different joint-stock corporations for foreign alternate are concern; however they'd a giant capital divided among an immense number of owners. It changed into naturally to be predicted, consequently, that folly, negligence, and large quantity, have to be triumphant within the complete control of their affairs. The knavery and extravagance of their stock-jobbing initiatives are sufficiently acknowledged, and the explication of them might be foreign to the prevailing difficulty. Their mercantile projects had been now not a whole lot higher performed. The first trade which they engaged in, become that of offering the Spanish West Indies with negroes, of which (in result of what was called the Assiento Contract granted them via the treaty of Utrecht) that they had the exclusive privilege. But because it changed into not predicted that an awful lot profit will be made by this change, each the Portuguese and French groups, who had enjoyed it upon the equal phrases before them, having been ruined by means of it, they have been allowed, as compensation, to ship yearly a deliver of a certain burden, to alternate without delay to the Spanish West Indies. Of the ten voyages which this annual deliver was allowed to make, they're said to have received appreciably by way of one, that of the Royal Caroline, in 1731; and to were losers, more or much less, by nearly all the relaxation. Their unwell success became imputed, by way of their elements and marketers, to the extortion and oppression of the Spanish authorities; but was, perhaps, mainly because of the profusion and depredations of these very factors and marketers; some of whom are stated to have acquired super fortunes, even in twelve months. In 1734, the business enterprise petitioned the king, that they is probably allowed to do away with the trade and tonnage of their

annual deliver, due to the little profit which they made by means of it, and to just accept of such equal as they could obtain from the king of Spain.

In 1724, this organisation had undertaken the whale fishery. Of this, indeed, they had no monopoly; but as long as they carried it on, no different British subjects seem to have engaged in it. Of the eight voyages which their ships made to Greenland, they have been gainers by means of one, and losers with the aid of all of the relaxation. After their 8th and closing voyage, once they had sold their ships, stores, and utensils, they located that their complete loss upon this branch, capital and hobby protected, amounted to upwards of £237,000.

In 1722, this business enterprise petitioned the parliament to be allowed to divide their immense capital of extra than thirty-3 thousands and thousands eight hundred thousand kilos, the complete of which were lent to authorities, into two same parts; the one 1/2, or upwards of £16,900,000, to be placed upon the same footing with different government annuities, and now not to be concern to the money owed contracted, or losses incurred, via the directors of the organisation, in the prosecution in their mercantile initiatives; the alternative half to stay as before, a buying and selling inventory, and to be subject to the ones money owed and losses. The petition was too reasonable no longer to be granted. In 1733, they again petitioned the parliament, that 3-fourths of their trading stock might be changed into annuity stock, and only one-fourth remain as buying and selling stock, or uncovered to the risks bobbing up from the horrific control of their administrators. Both their annuity and buying and selling shares had, by means of this time, been reduced greater than two tens of millions every, by means of numerous distinctive bills from government; so that this fourth amounted best to £3,662,784:eight:6. In 1748, all of the demands of the employer upon the king of Spain, in effect of the assiento agreement, had been, via the treaty of Aix-l. A.-Chapelle, given up for what became meant an equivalent. An cease became placed to their exchange with the Spanish West Indies; the remainder of their buying and selling inventory changed into become an annuity stock; and the agency ceased, in each appreciate, to be a buying and selling business enterprise.

It must be found, that in the exchange which the South Sea agency carried on through their annual ship, the best trade via which it ever turned into predicted that they could make any massive earnings, they were now not with out competition, either inside the foreign or within the domestic marketplace. At Carthagen, Porto Bello, and La Vera Cruz, they had to come upon the opposition of the Spanish traders, who added from Cadiz to the ones markets European goods, of the same kind with the outward shipment of their deliver; and in England they had to stumble upon that of the English traders, who imported from Cadiz items of the Spanish West Indies, of the identical kind with the inward shipment. The items, both of the Spanish and English traders, indeed, had been, perhaps, concern to better responsibilities. But the loss occasioned with the aid of the negligence, great quantity, and malversation of the servants of the corporation, had probably been a tax much heavier than all those duties. That a joint-inventory corporation ought to be capable of keep on efficiently any branch of foreign change, whilst private adventurers can come into any type of open and truthful opposition with them, seems contrary to all experience.

The old English East India enterprise became established in 1600, through a constitution from Queen Elizabeth. In the primary twelve voyages which they outfitted out for India, they appear to have traded as a regulated business enterprise, with separate stocks, although handiest within the trendy ships of the employer. In 1612, they united into a joint inventory. Their constitution turned into unique, and, although no longer confirmed by way of act of parliament, turned into in those days presupposed to carry a actual exclusive privilege. For many years, consequently, they were no longer an awful lot disturbed via interlopers. Their capital, which never passed £744,000, and of which £50 was a proportion, become not so exorbitant, nor their dealings so sizable, as to have the funds for both a pretext for gross negligence and large quantity, or a cowl to gross malversation. Notwithstanding some tremendous losses, occasioned partly by way of the malice of the Dutch East India corporation, and in part through other injuries, they carried on for many years a a success trade. But in system of time, while the principles of liberty had been better understood, it have become each day increasingly doubtful, how far a royal

constitution, now not confirmed by means of act of parliament, could deliver an specific privilege. Upon this question the choices of the courts of justice have been no longer uniform, but varied with the authority of government, and the humours of the times. Interlopers elevated upon them; and towards the give up of the reign of Charles II., via the entire of that of James II., and at some point of a part of that of William III., decreased them to brilliant misery. In 1698, a proposal become made to parliament, of advancing two millions to government, at eight per cent. Provided the subscribers have been erected into a brand new East India organisation, with distinctive privileges. The antique East India business enterprise supplied seven hundred thousand pounds, almost the amount of their capital, at four per cent. Upon the same situations. But such changed into at that time the state of public credit score, that it became extra handy for government to borrow two tens of millions at eight according to cent. Than seven hundred thousand pounds at 4. The suggestion of the brand new subscribers turned into accepted, and a brand new East India employer mounted in consequence. The vintage East India organisation, but, had a right to maintain their trade till 1701. They had, on the identical time, inside the call in their treasurer, subscribed very artfully three hundred and fifteen thousand kilos into the stock of the brand new. By a negligence within the expression of the act of parliament, which vested the East India change inside the subscribers to this loan of hundreds of thousands, it did now not seem evident that they were all obliged to unite into a joint stock. A few private traders, whose subscriptions amounted best to seven thousand hundred kilos, insisted upon the privilege of buying and selling one by one upon their own shares, and at their personal dangers. The old East India company had a right to a separate exchange upon their very own stock till 1701; and they had likewise, each earlier than and after that length, a right, like that or different non-public traders, to a separate change upon the £315,000, which they had subscribed into the inventory of the new organisation. The opposition of the 2 organizations with the personal investors, and with each other, is said to have nicely nigh ruined both. Upon a subsequent event, in 1750, when a suggestion turned into made to parliament for placing the exchange beneath the control of a regulated agency, and thereby laying it in some measure open, the East India organization, in competition to this idea, represented, in very robust terms,

what have been, at this time, the depressing outcomes, as they thought them, of this competition. In India, they said, it raised the price of goods so excessive, that they have been now not really worth the shopping for; and in England, through overstocking the market, it sunk their price so low, that no earnings could be made by way of them. That through a extra abundant supply, to the extraordinary advantage and conveniency of the public, it should have decreased very lots the rate of India items within the English market, can't properly be doubted; however that it ought to have raised very a great deal their price in the Indian market, appears now not very probably, as all of the high-quality call for which that opposition ought to event ought to were but as a drop of water within the big ocean of Indian commerce. The growth of demand, except, although in the starting it may occasionally improve the rate of products, by no means fails to lower it in the lengthy-run. It encourages production, and thereby increases the competition of the manufacturers, who, a good way to undersell one another, have recourse to new divisions or labour and new upgrades of art, which may in no way in any other case were notion of. The miserable outcomes of which the organisation complained, have been the cheapness of intake, and the encouragement given to production; exactly the two results which it's miles the remarkable enterprise of political economy to promote. The opposition, however, of which they gave this doleful account, had now not been allowed to be of long continuance. In 1702, the 2 organizations have been, in some degree, united by using an indenture tripartite, to which the queen turned into the 0.33 birthday party; and in 1708, they had been by way of act of parliament, flawlessly consolidated into one agency, through their present name of the United Company of Merchants buying and selling to the East Indies. Into this act it became concept worth at the same time as to insert a clause, allowing the separate investors to hold their change until Michaelmas 1711; however on the same time empowering the administrators, upon 3 years word, to redeem their little capital of 7 thousand two hundred kilos, and thereby to convert the complete stock of the organization right into a joint stock. By the identical act, the capital of the corporation, in result of a new mortgage to government, changed into augmented from two millions to 3 hundreds of thousands hundred thousand pounds. In 1743, the organization advanced every other million to government. But this million being raised, not by using a call upon the

proprietors, but by using selling annuities and contracting bond-money owed, it did no longer augment the inventory upon which the owners could claim a dividend. It augmented, however, their trading stock, it being equally accountable with the alternative 3 hundreds of thousands hundred thousand kilos, to the losses sustained, and money owed reduced in size via the employer in prosecution in their mercantile projects. From 1708, or at the least from 1711, this enterprise, being introduced from all competitors, and fully established inside the monopoly of the English commerce to the East Indies, carried on a a hit exchange, and from their income, made yearly a moderate dividend to their proprietors. During the French war, which commenced in 1741, the ambition of Mr. Dupleix, the French governor of Pondicherry, worried them within the wars of the Carnatic, and within the politics of the Indian princes. After many signal successes, and equally signal losses, they at ultimate misplaced Madras, at that time their main settlement in India. It became restored to them by using the treaty of Aix-l. A.-Chapelle; and, approximately this time the spirit of warfare and conquest appears to have taken possession in their servants in India, and never when you consider that to have left them. During the French struggle, which started in 1755, their palms partook of the overall true fortune of those of Great Britain. They defended Madras, took Pondicherry, recovered Calcutta, and purchased the revenues of a rich and vast territory, amounting, it become then said, to upwards of three millions a-year. They remained for numerous years in quiet possession of this sales; but in 1767, administration laid declare to their territorial acquisitions, and the revenue bobbing up from them, as of proper belonging to the crown; and the organization, in compensation for this declare, agreed to pay to authorities £four hundred,000 a-yr. They had, before this, steadily augmented their dividend from approximately six to ten in line with cent.; this is, upon their capital of 3 hundreds of thousands hundred thousand pounds, they had multiplied it via £128,000, or had raised it from 100 and ninety- thousand to three hundred and twenty thousand pounds a-yr. They have been trying approximately this time to elevate it nevertheless similarly, to 12 and a-half of according to cent., which would have made their annual payments to their owners identical to what they had agreed to pay annually to government, or to £400,000 a-12 months. But all through the 2 years in which their agreement with authorities become to take vicinity, they were

limited from any in addition boom of dividend via successive acts of parliament, of which the object became to enable them to make a quicker development within the price in their money owed, which have been presently estimated at upwards of six or seven millions sterling. In 1769, they renewed their agreement with government for 5 years greater, and stipulated, that in the path of that duration, they have to be allowed gradually to boom their dividend to 12 and a-half of in step with cent; by no means growing it, however, more than one in step with cent. In 12 months. This increase of dividend, therefore, when it had risen to its utmost peak, should increase their annual payments, to their proprietors and government together, however by using £680,000, beyond what they were earlier than their late territorial acquisitions. What the gross revenue of those territorial acquisitions was alleged to quantity to, has already been stated; and by using an account added by using the Cruttenden East Indiaman in 1769, the neat sales, clear of all deductions and military costs, became said at two hundreds of thousands forty-eight thousand seven hundred and forty-seven kilos. They have been stated, on the equal time, to own another revenue, arising partially from lands, but chiefly from the customs established at their distinctive settlements, amounting to £439,000. The earnings in their trade, too, in step with the proof in their chairman before the residence of commons, amounted, right now, to as a minimum £400,000 a-yr; according to that of their accountant, to at least £500,000; in keeping with the bottom account, as a minimum same to the very best dividend that changed into to be paid to their owners. So terrific a sales would possibly clearly have afforded an augmentation of £680,000 in their annual payments; and, at the equal time, have left a huge sinking fund, enough for the fast reduction of their debt. In 1773, however, their debts, in place of being decreased, have been augmented through an arrear to the treasury in the fee of the 4 hundred thousand kilos; via some other to the custom-house for responsibilities unpaid; through a big debt to the financial institution, for money borrowed; and by using a fourth, for bills drawn upon them from India, and wantonly general, to the quantity of upwards of twelve hundred thousand kilos. The misery which these gathered claims added upon them, obliged them not most effective to reduce all at once their dividend to 6 in keeping with cent. However to throw themselves upon the mercy of government, and to supplicate, first, a release from the further payment of the stipulated

£400,000 a-12 months; and, secondly, a mortgage of fourteen hundred thousand, to save them from immediate financial disaster. The remarkable increase of their fortune had, it seems, simplest served to provide their servants with a pretext for greater profusion, and a cover for greater malversation, than in percentage even to that increase of fortune. The conduct in their servants in India, and the overall nation in their affairs both in India and in Europe, became the challenge of a parliamentary inquiry: in outcome of which, several very vital alterations have been made inside the constitution in their authorities, each at domestic and abroad. In India, their fundamental settlements or Madras, Bombay, and Calcutta, which had before been altogether impartial of one another, had been subjected to a governor-trendy, assisted via a council of four assessors, parliament assuming to itself the primary nomination of this governor and council, who were to reside at Calcutta; that city having now emerge as, what Madras changed into before, the maximum vital of the English settlements in India. The court of the Mayor of Calcutta, firstly instituted for the trial of mercantile causes, which arose in the metropolis and neighbourhood, had gradually prolonged its jurisdiction with the extension of the empire. It became now decreased and restrained to the unique motive of its group. Instead of it, a brand new very best court docket of judicature become established, which includes a primary justice and 3 judges, to be appointed with the aid of the crown. In Europe, the qualification necessary to entitle a proprietor to vote at their wellknown courts changed into raised, from five hundred kilos, the original charge of a percentage in the stock of the company, to one thousand pounds. In order to vote upon this qualification, too, it become declared vital, that he need to have possessed it, if obtained with the aid of his very own purchase, and not by using inheritance, for as a minimum 365 days, in preference to six months, the term considered necessary before. The court docket of twenty-four administrators had earlier than been chosen annually; however it changed into now enacted, that every director should, for the destiny, be selected for 4 years; six of them, but, to exit of office with the aid of rotation every year, and no longer be capable of being re-selected on the election of the six new directors for the ensuing 12 months. In consequence of those alterations, the courts, both of the owners and directors, it changed into expected, would be probable to behave with greater dignity and stability than they had normally performed

earlier than. But it appears impossible, by any alterations, to render those courts, in any respect, match to manipulate, or even to share inside the government of a first rate empire; because the extra a part of their individuals should continually have too little hobby inside the prosperity of that empire, to provide any severe attention to what may additionally sell it. Frequently a person of first rate, now and again even a man of small fortune, is willing to buy one thousand pounds percentage in India stock, merely for the have an effect on which he expects to acquire via a vote inside the court docket of owners. It offers him a share, though now not within the plunder, but inside the appointment of the plunderers of India; the court of directors, although they make that appointment, being always extra or less beneath the influence of the proprietors, who now not most effective elect those administrators, but once in a while over-rule the appointments in their servants in India. Provided he can revel in this have an effect on for some years, and thereby provide for a sure number of his buddies, he frequently cares little about the dividend, or maybe about the value of the inventory upon which his vote is based. About the prosperity of the excellent empire, within the government of which that vote gives him a share, he seldom cares at all. No other sovereigns ever had been, or, from the nature of things, ever can be, so flawlessly detached approximately the happiness or distress in their topics, the improvement or waste in their dominions, the respect or shame of their management, as, from irresistible moral reasons, the extra part of the proprietors of the sort of mercantile organization are, and necessarily ought to be. This indifference, too, become much more likely to be increased than diminished with the aid of some of the new rules which were made in consequence of the parliamentary inquiry. By a resolution of the residence of commons, for instance, it turned into declared, that after the £1, four hundred, 000 lent to the company via authorities, ought to be paid, and their bond-money owed be reduced to £1, 500, 000, they could then, and no longer till then, divide eight per cent. Upon their capital; and that anything remained of their sales and neat income at home must be divided into 4 components; three of them to be paid into the exchequer for using the public, and the fourth to be reserved as a fund, either for the similarly reduction of their bond-debts, or for the discharge of other contingent exigencies which the corporation would possibly labour under. But if the employer were bad stewards and awful

sovereigns, while the whole in their neat revenue and income belonged to themselves, and were at their personal disposal, they were surely not probable to be higher while 3-fourths of them were to belong to other humans, and the opposite fourth, although to be laid out for the benefit of the organization, yet to be so below the inspection and with the approbation of other people.

It is probably more agreeable to the organization, that their very own servants and dependants should have both the delight of losing, or the income of embezzling, something surplus would possibly stay, after paying the proposed dividend of 8 per cent. Than that it ought to come into the hands of a hard and fast of people with whom those resolutions may want to scarce fail to set them in some degree at variance. The interest of these servants and dependants would possibly up to now predominate inside the courtroom of owners, as once in a while to dispose it to aid the authors of depredations which had been dedicated in direct violation of its own authority. With most people of owners, the help even of the authority of their personal courtroom may every so often be a rely of less outcome than the support of folks who had set that authority at defiance.

The rules of 1773, consequently, did not positioned an stop to the disease of the enterprise's government in India. Notwithstanding that, at some stage in a momentary fit of precise behavior, they had at one time collected into the treasury of Calcutta greater than £3,000,000 sterling; however that they had afterwards prolonged both their dominion or their depredations over a huge accession of some of the richest and maximum fertile nations in India, all was wasted and destroyed. They located themselves altogether unprepared to stop or resist the incursion of Hyder Ali; and in effect of these disorders, the agency is now (1784) in more misery than ever; and, to be able to prevent instantaneous bankruptcy, is yet again reduced to supplicate the assistance of government. Different plans have been proposed by way of the one of a kind parties in parliament for the higher control of its affairs; and all those plans appear to agree in supposing, what changed into indeed usually abundantly glaring, that it's miles altogether not worthy to control its territorial possessions. Even the business enterprise itself appears to be satisfied of its own disability to date, and seems, upon that account willing to provide them up to authorities.

With the right of possessing forts and garrisons in remote and barbarous international locations is necessarily connected the proper of making peace and warfare in the ones nations. The joint-inventory agencies, which have had the one right, have constantly exercised the opposite, and have often had it expressly conferred upon them. How unjustly, how capriciously, how cruelly, they have usually exercised it, is just too widely known from recent enjoy.

When a business enterprise of merchants undertake, at their very own chance and expense, to establish a brand new exchange with some far flung and barbarous country, it may now not be unreasonable to incorporate them right into a joint-stock business enterprise, and to supply them, in case of their fulfillment, a monopoly of the exchange for a sure range of years. It is the easiest and maximum herbal manner wherein the country can recompense them for hazarding a risky and luxurious experiment, of which the general public is afterwards to gain the gain. A brief monopoly of this type may be vindicated, upon the same concepts upon which a like monopoly of a brand new gadget is granted to its inventor, and that of a brand new e book to its writer. But upon the expiration of the time period, the monopoly ought honestly to decide; the forts and garrisons, if it turned into determined important to set up any, to be taken into the arms of presidency, their fee to be paid to the company, and the change to be laid open to all of the subjects of the kingdom. By a perpetual monopoly, all of the different subjects of the country are taxed very absurdly in distinctive methods: first, through the excessive fee of goods, which, in the case of a unfastened alternate, they might buy much less expensive; and, secondly, by using their general exclusion from a branch of enterprise which it might be each convenient and profitable for a lot of them to hold on. It is for the maximum nugatory of all functions, too, that they're taxed in this manner. It is merely to permit the business enterprise to guide the negligence, profusion, and malversation in their very own servants, whose disorderly conduct seldom lets in the dividend of the organization to exceed the normal fee of income in trades which might be altogether loose, and really regularly makes a fall even a good deal brief of that rate. Without a monopoly, however, a joint-inventory agency, it would appear from experience, can't lengthy carry on any department of overseas exchange. To

buy in one market, so one can promote with profit in another, whilst there are numerous competition in both; to observe over, no longer simplest the occasional variations in the demand, however the lots greater and more common versions inside the competition, or in the deliver which that call for is probably to get from other human beings; and to suit with dexterity and judgment both the amount and excellent of each collection of products to some of these occasions, is a species of conflict, of which the operations are continually changing, and that may scarce ever be carried out efficaciously, with out such an unremitting exertion of vigilance and interest as can not long be predicted from the administrators of a joint-stock organisation. The East India corporation, upon the redemption in their funds, and the expiration of their exclusive privilege, have a proper, with the aid of act of parliament, to hold a business enterprise with a joint stock, and to change in their corporate potential to the East Indies, in common with the relaxation of their fellow topics. But in this case, the advanced vigilance and attention of a non-public adventurer could, in all possibility, soon lead them to weary of the exchange.

An eminent French creator, of first-rate expertise in topics of political economy, the Abbe Morellet, offers a list of fifty-five joint-inventory businesses for foreign trade, which have been mounted in one-of-a-kind parts of Europe for the reason that 12 months 1600, and which, consistent with him, have all failed from mismanagement, notwithstanding they had different privileges. He has been misinformed with regard to the records of two or 3 of them, which have been not joint-inventory corporations and feature not failed. But, in compensation, there were numerous joint-inventory agencies which have failed, and which he has omitted.

The only trades which it seems possible for a joint-inventory organization to carry on correctly, with out an extraordinary privilege, are those, of which all of the operations are able to being reduced to what is called a habitual, or to such a uniformity of approach as admits of very little version. Of this type is, first, the banking exchange; secondly, the exchange of insurance from fire and from sea danger, and seize in time of conflict; thirdly, the exchange of creating and maintaining a navigable cut or canal; and, fourthly, the similar trade of bringing water for the deliver of a fantastic city.

Though the standards of the banking trade can also seem really abstruse, the exercise is capable of being reduced to strict guidelines. To depart upon any occasion from those regulations, in result of some flattering speculation of incredible advantage, is almost constantly extraordinarily dangerous and frequently deadly to the banking company which tries it. But the charter of joint-inventory businesses renders them in trendy, more tenacious of established policies than any private copartnery. Such companies, consequently, appear extremely properly geared up for this exchange. The important banking organizations in Europe, as a result, are joint-inventory groups, many of which manipulate their change very efficaciously with none special privilege. The bank of England has no other special privilege, besides that no different banking corporation in England shall encompass extra than six humans. The two banks of Edinburgh are joint-stock businesses, with none distinct privilege.

The fee of the threat, either from hearth, or from loss through sea, or by way of seize, even though it can't, possibly, be calculated very precisely, admits, however, of such a gross estimation, as renders it, in a few diploma, reducible to strict rule and technique. The exchange of coverage, consequently, may be carried on correctly via a joint-stock employer, without any distinct privilege. Neither the London Assurance, nor the Royal Exchange Assurance groups have this kind of privilege.

When a navigable cut or canal has been as soon as made, the management of it turns into quite easy and clean, and it's far reducible to strict rule and technique. Even the making of it's so, as it is able to be reduced in size for with undertakers, at a lot a mile, and a lot a lock. The same component can be stated of a canal, an aqueduct, or a awesome pipe for bringing water to deliver a outstanding town. Such beneath-takings, consequently, can be, and therefore often are, very successfully controlled by way of joint-inventory groups, without any distinctive privilege.

To establish a joint-inventory organization, but, for any venture, merely because such a corporation might be able to managing it correctly; or, to exempt a specific set of sellers from a number of the overall laws which take location with regard to all their neighbours, simply because they might be capable of thriving, in the event that they had such an exemption, would

simply no longer be reasonable. To render such an established order perfectly reasonable, with the circumstance of being reducible to strict rule and approach, two different occasions ought to concur. First, it have to appear with the clearest proof, that the task is of extra and extra wellknown software than the greater part of common trades; and, secondly, that it calls for a more capital than can without problems be amassed right into a personal copartnery. If a moderate capital had been sufficient, the remarkable software of the venture might not be a enough cause for establishing a joint-inventory enterprise; because, in this situation, the demand for what it turned into to provide, could quite simply and without difficulty be furnished by means of private adventurers. In the four trades above stated, each those instances concur.

The splendid and wellknown software of the banking exchange, while prudently managed, has been absolutely explained within the second book of this Inquiry. But a public bank, that is to aid public credit, and, upon particular emergencies, to boost to government the entire produce of a tax, to the quantity, possibly, of numerous millions, a yr or earlier than it is available in, requires a more capital than can without difficulty be gathered into any personal copartnery.

The alternate of insurance gives extremely good security to the fortunes of private human beings, and, by means of dividing amongst a super many who loss which would wreck an person, makes it fall mild and clean upon the entire society. In order to present this security, but, it's miles necessary that the insurers have to have a completely huge capital. Before the establishment of the 2 joint-stock businesses for coverage in London, a listing, it's far stated, became laid earlier than the attorney-widespread, of one hundred and fifty personal usurers, who had failed inside the direction of some years.

That navigable cuts and canals, and the works which can be every now and then vital for supplying a remarkable town with water, are of wonderful and general utility, at the same time as, on the same time, they often require a extra price than suits the fortunes of private humans, is sufficiently obvious.

Except the four trades above noted, I actually have not been able to keep in mind every other, wherein all the 3 instances needful for rendering

reasonable the status quo of a joint-stock corporation concur. The English copper business enterprise of London, the lead-smelting organization, the glass-grinding organisation, have now not even the pretext of any tremendous or singular utility inside the item which they pursue; nor does the pursuit of that item appear to require any cost unsuitable to the fortunes of many private guys. Whether the alternate which those groups keep on, is reducible to such strict rule and method as to render it healthy for the management of a joint-inventory organisation, or whether they've any motive to boast in their excellent income, I do now not pretend to recognize. The mine-adventurers corporation has been lengthy ago bankrupt. A percentage in the stock of the British Linen business enterprise of Edinburgh sells, at gift, very tons under par, even though less so than it did a few years in the past. The joint-inventory businesses, which can be set up for the general public-lively motive of promoting some specific manufacture, over and above handling their own affairs sick, to the diminution of the overall stock of the society, can, in different respects, scarce ever fail to do extra harm than precise. Notwithstanding the most upright intentions, the unavoidable partiality in their directors to unique branches of the manufacture, of which the undertakers misinform and impose upon them, is a actual discouragement to the relaxation, and necessarily breaks, extra or less, that herbal percentage which could otherwise establish itself between judicious industry and profit, and which, to the general enterprise of the country, is of all encouragements the best and the maximum effectual.

ART. II.—Of the Expense of the Institution for the Education of Youth.

The establishments for the education of the children may additionally, within the identical manner, supply a revenue sufficient for defraying their own price. The rate or honorary, which the pupil will pay to the master, clearly constitutes a sales of this type.

Even where the praise of the master does no longer rise up altogether from this herbal revenue, it still isn't essential that it ought to be derived from that standard sales of the society, of which the gathering and application are, in most international locations, assigned to the government power. Through the greater a part of Europe, as a result, the endowment of faculties and

faculties makes either no price upon that wellknown sales, or however a completely small one. It everywhere arises mainly from a few neighborhood or provincial revenue, from the lease of a few landed property, or from the interest of a few amount of cash, allocated and positioned below the management of trustees for this precise cause, once in a while by using the sovereign himself, and from time to time by a few private donor.

Have the ones public endowments contributed in general, to sell the quit in their group? Have they contributed to inspire the diligence, and to enhance the capabilities, of the lecturers? Have they directed the route of education in the direction of items more beneficial, both to the person and to the general public, than the ones to which it would obviously have long past of its very own accord? It have to no longer seem very tough to give at least a likely answer to each of these questions.

In each career, the exertion of the greater part of people who exercise it, is usually in percentage to the need they are underneath of creating that exertion. This necessity is best with the ones to whom the emoluments of their profession are the simplest supply from which they expect their fortune, or maybe their ordinary revenue and subsistence. In order to collect this fortune, or even to get this subsistence, they must, in the course of a 12 months, execute a positive quantity of work of a acknowledged price; and, wherein the opposition is loose, the rivalship of competitors, who're all endeavouring to juggle each other out of employment, obliges each guy to endeavour to execute his paintings with a positive diploma of exactness. The greatness of the items which can be to be received via achievement in some particular professions may additionally, no doubt, occasionally animate the hard work of a few men of splendid spirit and ambition. Great objects, but, are obviously not important, in order to occasion the finest hard work. Rivalship and emulation render excellency, even in imply professions, an object of ambition, and regularly event the very best exertions. Great items, on the opposite, alone and unsupported by means of the need of software, have seldom been sufficient to occasion any widespread exertion. In England, achievement in the career of the law ends in some very first-rate gadgets of ambition; and yet how few men, born to easy fortunes, have ever on this u . S . A . Been eminent in that profession?

The endowments of schools and colleges have necessarily diminished, greater or much less, the need of utility inside the instructors. Their subsistence, to date as it arises from their salaries, is naturally derived from a fund, altogether unbiased in their fulfillment and reputation of their precise professions.

In a few universities, the salary makes however a component, and frequently however a small part, of the emoluments of the instructor, of which the more element arises from the honoraries or expenses of his scholars. The necessity of software, even though always more or much less dwindled, is not, in this situation, completely taken away. Reputation in his career is still of some significance to him, and he still has some dependency upon the love, gratitude, and beneficial file of these who have attended upon his commands; and those beneficial sentiments he's probable to benefit in no way so nicely as with the aid of deserving them, that is, via the capabilities and diligence with which he discharges every part of his responsibility.

In different universities, the trainer is illegal from receiving any honorary or fee from his students, and his earnings constitutes the whole of the sales which he derives from his workplace. His interest is, in this case, set as at once in competition to his obligation as it's far possible to set it. It is the hobby of each man to stay as a good deal at his ease as he can; and if his emoluments are to be exactly the equal, whether he does or does no longer perform a few very onerous responsibility, it's miles certainly his hobby, as a minimum as hobby is vulgarly understood, both to neglect it altogether, or, if he is difficulty to some authority so as to now not suffer him to try this, to perform it in as careless and slovenly a way as that authority will permit. If he's certainly lively and a lover of labour, it's miles his hobby to employ that hobby in any manner from which he can derive a few benefit, as opposed to inside the overall performance of his responsibility, from which he can derive none.

If the authority to which he's concern is living in the body corporate, the university, or college, of which he himself is a member, and wherein the more a part of the other contributors are, like himself, people who both are, or have to be teachers, they're likely to make a common cause, to be all very

indulgent to one another, and every man to consent that his neighbour may additionally overlook his duty, furnished he himself is authorized to overlook his personal. In the university of Oxford, the extra part of the general public professors have, for these many years, given up altogether even the pretence of coaching.

If the authority to which he is problem resides, not so much within the frame corporate, of which he's a member, as in a few other extraneous humans, within the bishop of the diocese, as an instance, in the governor of the province, or, perhaps, in a few minister of country, it is not, certainly, in this case, very likely that he could be suffered to forget about his responsibility altogether. All that such superiors, however, can pressure him to do, is to attend upon his pupils a certain quantity of hours, this is, to provide a positive range of lectures in the week, or in the year. What those lectures will be, need to still rely upon the diligence of the trainer; and that diligence is possibly to be proportioned to the reasons which he has for exerting it. An extraneous jurisdiction of this type, besides, is susceptible to be exercised each ignorantly and capriciously. In its nature, it's far arbitrary and discretionary; and the folks who workout it, neither attending upon the lectures of the teacher themselves, nor possibly knowledge the sciences which it is his commercial enterprise to educate, are seldom capable of exercising it with judgment. From the insolence of workplace, too, they may be frequently indifferent how they workout it, and are very apt to censure or deprive him of his workplace wantonly and without any simply cause. The character difficulty to such jurisdiction is always degraded with the aid of it, and, in preference to being one of the maximum first rate, is rendered one of the meanest and maximum contemptible individuals inside the society. It is by way of effective safety only, that he can successfully shield himself against the awful utilization to which he is at all times exposed; and this safety he's maximum probably to gain, now not by ability or diligence in his career, but by using obsequiousness to the will of his superiors, and with the aid of being geared up, at all times, to sacrifice to so as to the rights, the hobby, and the respect of the frame company, of which he's a member. Whoever has attended for any widespread time to the administration of a French college, need to have had occasion to statement

the results which obviously result from an arbitrary and extraneous jurisdiction of this type.

Whatever forces a sure range of students to any university or university, impartial of the merit or popularity of the teachers, tends extra or much less to diminish the necessity of that advantage or popularity.

The privileges of graduates in arts, in regulation, physic, and divinity, after they can be obtained simplest with the aid of living a sure wide variety of years in positive universities, necessarily pressure a positive quantity of students to such universities, independent of the merit or popularity of the academics. The privileges of graduates are a form of statutes of apprenticeship, that have contributed to the improvement of education just as the other statutes of apprenticeship have to that of arts and manufactures.

The charitable foundations of scholarships, exhibitions, bursaries, etc. Always connect a positive number of college students to sure colleges, unbiased altogether of the benefit of those unique schools. Were the scholars upon such charitable foundations left unfastened to pick out what university they appreciated satisfactory, such liberty may perhaps make a contribution to excite a few emulation amongst distinct faculties. A law, at the opposite, which prohibited even the unbiased individuals of each unique university from leaving it, and going to some other, with out go away first requested and received of that which they intended to abandon, might generally tend very tons to extinguish that emulation.

If in every college, the train or trainer, who become to train each scholar in all arts and sciences, ought to now not be voluntarily selected by using the scholar, but appointed via the top of the university; and if, in case of neglect, incapability, or terrible utilization, the pupil need to not be allowed to exchange him for every other, without leave first asked and obtained; one of these regulation could now not best have a tendency very tons to extinguish all emulation many of the one-of-a-kind tutors of the identical university, however to decrease very a lot, in they all, the need of diligence and of attention to their respective scholars. Such instructors, even though very well paid by way of their college students, might be as much disposed to overlook them, as individuals who aren't paid by using them in any respect or who've no other recompense but their revenue.

If the trainer occurs to be a man of sense, it have to be an ugly component to him to be conscious, at the same time as he's lecturing to his students, that he's both talking or reading nonsense, or what is very little higher than nonsense. It need to, too, be unpleasant to him to study, that the greater a part of his college students desolate tract his lectures; or possibly, attend upon them with undeniable sufficient marks of overlook, contempt, and derision. If he is obliged, consequently, to provide a positive range of lectures, these reasons alone, without any other interest, may dispose him to take some pains to offer tolerably proper ones. Several one-of-a-kind expedients, but, can be fallen upon, so that it will efficaciously blunt the brink of all the ones incitements to diligence. The teacher, in preference to explaining to his scholars himself the technology in which he proposes to instruct them, can also examine a few e book upon it; and if this e-book is written in a foreign and lifeless language, via interpreting it to them into their personal, or, what might supply him nevertheless less trouble, by making them interpret it to him, and by way of now and then making an occasional commentary upon it, he may additionally flatter himself that he is giving a lecture. The slightest diploma of understanding and application will enable him to do this, without exposing himself to contempt or derision, by means of pronouncing any aspect that is definitely silly, absurd, or ridiculous. The field of the college, on the identical time, may enable him to pressure all his students to the most normal attendance upon his sham lecture, and to preserve the maximum first rate and respectful behaviour for the duration of the complete time of the overall performance.

The area of colleges and universities is in standard contrived, no longer for the benefit of the students, however for the hobby, or, extra nicely speaking, for the benefit of the masters. Its object is, in all cases, to keep the authority of the master, and, whether or not he neglects or performs his duty, to oblige the scholars in all cases to act to him as though he done it with the greatest diligence and capacity. It appears to presume perfect know-how and distinctive feature in the one order, and the greatest weak spot and folly in the different. Where the masters, but, in reality perform their duty, there aren't any examples, I trust, that the greater a part of the scholars ever neglect theirs. No field is ever needful to force attendance upon lectures that are clearly really worth the attending, as is widely recognized anywhere this

type of lectures are given. Force and discretion can also, no question, be in some degree requisite, which will oblige youngsters, or very younger boys, to take care of the ones components of education, which it is idea vital for them to acquire during that early length of lifestyles; however after twelve or 13 years of age, provided the master does his obligation, force or restraint can scarce ever be essential to carry on any part of education. Such is the generosity of the greater a part of younger men, that to this point from being disposed to forget about or despise the instructions in their master, supplied he shews a few extreme aim of being of use to them, they are commonly willing to pardon a remarkable deal of incorrectness inside the performance of his obligation, and on occasion even to hide from the general public a bargain of gross negligence.

Those components of schooling, it's far to be observed, for the teaching of which there are no public institutions, are commonly the first-rate taught. When a young man goes to a fencing or a dancing faculty, he does now not, certainly, usually discover ways to fence or to bounce very well; however he seldom fails of getting to know to fence or to bop. The true results of the riding faculty aren't normally so glaring. The price of a using school is so exquisite, that in most places it is a public institution. The 3 most vital parts of literary training, to examine, write, and account, it nevertheless continues to be greater commonplace to accumulate in non-public than in public colleges; and it very seldom occurs, that every body fails of obtaining them to the degree in which it's miles essential to accumulate them.

In England, the public schools are much much less corrupted than the colleges. In the schools, the youth are taught, or as a minimum can be taught, Greek and Latin; this is, the entirety which the masters faux to teach, or which it's far anticipated they ought to educate. In the colleges, the adolescents neither are taught, nor always can discover any proper means of being taught the sciences, which it is the business of those included bodies to teach. The praise of the schoolmaster, in most instances, depends principally, in some cases nearly totally, upon the costs or honoraries of his pupils. Schools don't have any exceptional privileges. In order to gain the honours of graduation, it isn't always important that a person must convey a certificates of his having studied a positive variety of years at a public

school. If, upon examination, he seems to understand what's taught there, no questions are asked about the region where he learnt it.

The parts of schooling which can be normally taught in universities, it may perhaps be stated, aren't very well taught. But had it now not been for the ones establishments, they might not have been usually taught in any respect; and both the individual and the general public might have suffered a good buy from the want of these essential components of schooling.

The present universities of Europe had been initially, the extra a part of them, ecclesiastical companies, instituted for the training of churchmen. They have been based by means of the authority of the pope; and were so entirely beneath his on the spot safety, that their members, whether or not masters or college students, had all of them what was then called the advantage of clergy, this is, had been exempted from the civil jurisdiction of the nations wherein their respective universities had been situated, and had been amenable best to the ecclesiastical tribunals. What was taught in the greater part of those universities turned into suitable to the cease in their organization, both theology, or something that become merely preparatory to theology.

When Christianity was first established by using law, a corrupted Latin had come to be the commonplace language of all of the western elements of Europe. The provider of the church, for that reason, and the translation of the Bible which have been study in churches, have been both in that corrupted Latin; this is, inside the commonplace language of the u . S . , After the irruption of the barbarous countries who overturned the Roman empire, Latin progressively ceased to be the language of any part of Europe. But the reverence of the human beings obviously preserves the installed bureaucracy and ceremonies of faith lengthy after the instances which first brought and rendered them reasonable, are no greater. Though Latin, therefore, was not understood everywhere by way of the notable body of the humans, the complete service of the church nonetheless continued to be accomplished in that language. Two distinct languages have been thus established in Europe, inside the identical way as in ancient Egypt: a language of the monks, and a language of the people; a sacred and a profane, a learned and an unlearned language. But it become necessary

that the priests need to recognize something of that sacred and found out language wherein they were to officiate; and the take a look at of the Latin language therefore made, from the beginning, an essential a part of college schooling.

It became no longer so with that either of the Greek or of the Hebrew language. The infallible decrees of the church had said the Latin translation of the Bible, generally referred to as the Latin Vulgate, to had been equally dictated via divine concept, and consequently of identical authority with the Greek and Hebrew originals. The knowledge of those two languages, consequently, no longer being indispensably considered necessary to a churchman, the study of them did no longer for alongside time make a important part of the commonplace direction of college education. There are a few Spanish universities, I am assured, wherein the observe of the Greek language has by no means but made any part of that course. The first reformers located the Greek textual content of the New Testament, or even the Hebrew textual content of the Old, greater favourable to their critiques than the vulgate translation, which, as would possibly certainly be intended, had been gradually accommodated to assist the doctrines of the Catholic Church. They set themselves, therefore, to reveal the various mistakes of that translation, which the Roman catholic clergy were consequently put below the need of protecting or explaining. But this can no longer nicely be executed without a few expertise of the unique languages, of which the look at became therefore gradually added into the greater a part of universities; each of these which embraced, and of those which rejected, the doctrines of the reformation. The Greek language turned into connected with each part of that classical mastering, which, although in the beginning mainly cultivated by way of catholics and Italians, came about to return into style much about the identical time that the doctrines of the reformation were set taking walks. In the extra a part of universities, consequently, that language changed into taught previous to the take a look at of philosophy, and as soon because the pupil had made some progress inside the Latin. The Hebrew language having no reference to classical learning, and, except the Holy Scriptures, being the language of not a unmarried book in any esteem the examine of it did not normally commence till after that of philosophy, and whilst the pupil had entered upon the observe of theology.

Originally, the first rudiments, each of the Greek and Latin languages, had been taught in universities; and in a few universities they still continue to be so. In others, it is predicted that the scholar have to have previously obtained, at the least, the rudiments of 1 or each of those languages, of which the examine continues to make everywhere a very considerable a part of university education.

The historical Greek philosophy changed into divided into three extraordinary branches; physics, or herbal philosophy; ethics, or ethical philosophy; and logic. This wellknown division appears perfectly agreeable to the character of factors.

The fantastic phenomena of nature, the revolutions of the heavenly our bodies, eclipses, comets; thunder and lightning, and different superb meteors; the technology, the life, boom, and dissolution of plants and animals; are objects which, as they necessarily excite the wonder, so they naturally call forth the curiosity of mankind to inquire into their reasons. Superstition first attempted to satisfy this interest, through referring all the ones exquisite appearances to the instantaneous organization of the gods. Philosophy afterwards endeavoured to account for them from extra familiar reasons, or from which include mankind had been better acquainted with, than the employer of the gods. As those top notch phenomena are the primary gadgets of human curiosity, so the technological know-how which pretends to give an explanation for them have to evidently were the first branch of philosophy that become cultivated. The first philosophers, for this reason, of whom records has preserved any account, seem to have been natural philosophers.

In each age and u . S . A . Of the arena, guys have to have attended to the characters, designs, and moves of one another; and plenty of legit policies and maxims for the behavior of human existence should had been laid down and authorized of through not unusual consent. As soon as writing got here into fashion, wise guys, or folks who fancied themselves such, could certainly endeavour to growth the variety of these installed and respected maxims, and to specific their very own sense of what changed into both proper or unsuitable behavior, occasionally in the greater artificial form of apologues, like what are known as the fables of Aesop; and occasionally

within the more easily considered one of apophthegms or sensible sayings, like the proverbs of Solomon, the verses of Theognis and Phocylides, and a few part of the works of Hesiod. They would possibly keep in this way, for a long term, simply to multiply the quantity of these maxims of prudence and morality, without even trying to arrange them in any very distinct or methodical order, plenty much less to connect them together by using one or greater trendy principles, from which they had been all deducible, like consequences from their natural reasons. The splendor of a systematical association of different observations, linked by a few not unusual concepts, changed into first seen within the rude essays of these ancient instances in the direction of a gadget of herbal philosophy. Something of the same type became afterwards tried in morals. The maxims of commonplace lifestyles have been organized in some methodical order, and connected together with the aid of some commonplace standards, inside the identical way as they'd tried to arrange and connect the phenomena of nature. The technological know-how which pretends to analyze and explain the ones connecting ideas, is what's well called Moral Philosophy.

Different authors gave distinctive structures, both of natural and ethical philosophy. But the arguments via which they supported those unique structures, a ways from being continually demonstrations, were frequently at exceptional but very slim probabilities, and from time to time mere sophisms, which had no other basis but the inaccuracy and ambiguity of common language. Speculative structures, have, in every age of the sector, been followed for reasons too frivolous to have determined the judgment of any guy of common sense, in a matter of the smallest pecuniary interest. Gross sophistry has scarce ever had any have an impact on upon the evaluations of mankind, besides in matters of philosophy and speculation; and in those it has often had the greatest. The shoppers of each gadget of natural and ethical philosophy, obviously endeavoured to reveal the weakness of the arguments adduced to guide the systems which had been contrary to their personal. In analyzing the ones arguments, they have been necessarily caused bear in mind the difference among a likely and a demonstrative argument, between a incorrect and a conclusive one; and logic, or the technology of the overall principles of accurate and horrific reasoning, necessarily arose out of the observations which a scrutiny of this

type gave occasion to; though, in its beginning, posterior each to physics and to ethics, it became normally taught, not certainly in all, however inside the greater a part of the historical schools of philosophy, previously to either of these sciences. The student, it seems to have been notion, should apprehend properly the distinction between properly and terrible reasoning, before he become caused cause upon topics of so brilliant importance.

This historic department of philosophy into three elements was, in the extra part of the colleges of Europe, changed for another into five.

In the ancient philosophy, whatever was taught regarding the character both of the human mind or of the Deity, made part of the machine of physics. Those beings, in something their essence might be speculated to consist, had been components of the outstanding gadget of the universe, and parts, too, efficient of the maximum essential consequences. Whatever human cause ought to either conclude or conjecture regarding them, made, because it have been, two chapters, even though absolute confidence two very essential ones, of the technology which pretended to provide an account of the beginning and revolutions of the brilliant device of the universe. But within the universities of Europe, wherein philosophy become taught simplest as subservient to theology, it was natural to stay longer upon these chapters than upon any other of the technological know-how. They have been regularly an increasing number of prolonged, and had been divided into many inferior chapters; till at ultimate the doctrine of spirits, of which so little may be regarded, got here to take in as an awful lot room in the device of philosophy as the doctrine of our bodies, of which so much can be recognized. The doctrines regarding the ones subjects had been considered as making awesome sciences. What are referred to as metaphysics, or pneumatics, have been set in opposition to physics, and have been cultivated no longer only because the greater chic, however, for the functions of a particular career, as the more beneficial technological know-how of the 2. The right challenge of test and commentary, a topic wherein a cautious attention is able to making so many beneficial discoveries, changed into almost absolutely left out. The problem wherein, after a completely few easy and nearly obvious truths, the most careful interest can discover not anything however obscurity and uncertainty, and may therefore

produce not anything however subtleties and sophisms, was greatly cultivated.

When the ones two sciences had thus been set in competition to one another, the contrast among them evidently gave delivery to a third, to what was referred to as ontology, or the science which handled of the characteristics and attributes which were commonplace to both the topics of the opposite sciences. But if subtleties and sophisms composed the more part of the metaphysics or pneumatics of the colleges, they composed the complete of this cobweb technology of ontology, which become likewise now and again called metaphysics.

Wherein consisted the happiness and perfection of a man, considered not most effective as an man or woman, however because the member of a circle of relatives, of a state, and of the splendid society of mankind, became the object which the historic ethical philosophy proposed to investigate. In that philosophy, the duties of human existence have been dealt with of as subservient to the happiness and perfection of human existence, But while moral, in addition to herbal philosophy, came to be trained handiest as subservient to theology, the duties of human lifestyles were dealt with of as chiefly subservient to the happiness of a life to come. In the ancient philosophy, the perfection of distinctive feature was represented as necessarily productive, to the person who possessed it, of the maximum ideal happiness in this life. In the modern-day philosophy, it was often represented as commonly, or as an alternative as almost constantly, inconsistent with any diploma of happiness in this existence; and heaven became to be earned simplest by means of penance and mortification, through the austerities and abasement of a monk, now not by means of the liberal, generous, and lively behavior of a man. Casuistry, and an ascetic morality, made up, in maximum instances, the more a part of the moral philosophy of the schools. By a ways the maximum essential of all of the extraordinary branches of philosophy became on this way by means of a ways the maximum corrupted.

Such, consequently, turned into the common direction of philosophical training inside the extra a part of the colleges in Europe. Logic became taught first; ontology got here in the 2nd vicinity; pneumatology,

comprehending the doctrine concerning the nature of the human soul and of the Deity, within the third; in the fourth observed a debased system of ethical philosophy, which become considered as immediately related with the doctrines of pneumatology, with the immortality of the human soul, and with the rewards and punishments which, from the justice of the Deity, had been to be anticipated in a lifestyles to come: a short and superficial system of physics generally concluded the direction.

The alterations which the universities of Europe as a consequence brought into the historic path of philosophy were all meant for the education of ecclesiastics, and to render it a extra right creation to the have a look at of theology. But the additional quantity of subtlety and sophistry, the casuistry and ascetic morality which the ones alterations introduced into it, genuinely did not render it more for the education of gents or men of the sector, or much more likely both to improve the understanding or to mend the heart.

This path of philosophy is what still keeps to gain knowledge of within the more part of the universities of Europe, with greater or much less diligence, in accordance because the constitution of every particular university takes place to render diligence extra or less important to the teachers. In some of the richest and pleasant endowed universities, the tutors content material themselves with coaching some unconnected shreds and parcels of this corrupted direction; or even those they typically teach very negligently and superficially.

The improvements which, nowa days had been made in numerous extraordinary branches of philosophy, have now not, the extra a part of them, been made in universities, although a few, absolute confidence, have. The greater a part of universities have not even been very ahead to adopt those improvements once they had been made; and several of those discovered societies have selected to stay, for a long time, the sanctuaries in which exploded structures and out of date prejudices determined safe haven and safety, after they were hunted out of every different nook of the world. In standard, the richest and best endowed universities had been slowest in adopting those improvements, and the maximum averse to allow any considerable alternate inside the established plan of training. Those upgrades have been greater effortlessly brought into some of the poorer

universities, in which the teachers, depending upon their recognition for the more part of their subsistence, have been obliged to pay more interest to the modern-day critiques of the world.

But though the public schools and universities of Europe had been in the beginning intended most effective for the schooling of a particular profession, that of churchmen; and though they were now not usually very diligent in teaching their students, even within the sciences which had been meant essential for that career; but they steadily drew to themselves the schooling of virtually all other people, especially of just about all gentlemen and guys of fortune. No higher approach, it appears, could be fallen upon, of spending, with any gain, the lengthy c program languageperiod between infancy and that duration of existence at which men start to follow in excellent earnest to the real enterprise of the world, the business that's to rent them during the the rest in their days. The more part of what is taught in schools and universities, but, does not appear to be the maximum right practise for that business.

In England, it becomes each day more and more the custom to send younger people to journey in foreign countries right now upon their leaving school, and without sending them to any university. Our younger people, it is said, normally go back domestic an awful lot progressed through their travels. A younger man, who is going abroad at seventeen or eighteen, and returns home at one-and-twenty, returns three or 4 years older than he was whilst he went abroad; and at that age it's far very hard no longer to enhance a good deal in three or four years. In the direction of his travels, he generally acquires some understanding of 1 or two foreign languages; a expertise, however, that is seldom sufficient to permit him either to speak or write them with propriety. In different respects, he generally returns home more conceited, extra unprincipled, more dissipated, and greater incapable of my critical utility, either to observe or to commercial enterprise, than he may want to properly have turn out to be in so quick a time had he lived at home. By traveling so very younger, by way of spending in the most frivolous dissipation the most previous years of his life, at a distance from the inspection and manage of his mother and father and family members, every useful habit, which the earlier parts of his schooling would possibly have had a few tendency to shape in him, as opposed to being riveted and

confirmed, is almost necessarily both weakened or effaced. Nothing but the discredit into which the colleges are permitting themselves to fall, may want to ever have introduced into fame so very absurd a exercise as that of travelling at this early length of lifestyles. By sending his son abroad, a father can provide himself, as a minimum for some time, from so disagreeable an object as that of a son unemployed, unnoticed, and going to smash earlier than his eyes.

Such had been the outcomes of some of the current institutions for education.

Different plans and special establishments for schooling seem to have taken location in other ages and countries.

In the republics of ancient Greece, every free citizen become advised, beneath the direction of the general public Justice of the Peace, in gymnastic sporting activities and in song. By gymnastic sports, it was meant to harden his body, to sharpen his braveness, and to put together him for the fatigues and risks of warfare; and because the Greek defense force became, by all debts, one of the fine that ever was within the world, this a part of their public training have to have responded completely the purpose for which it was meant. By the alternative component, tune, it become proposed, at least with the aid of the philosophers and historians, who have given us an account of these institutions, to humanize the mind, to soften the temper, and to dispose it for performing all of the social and ethical duties of public and personal lifestyles.

In historical Rome, the sports of the Campus Martius replied the same cause as those of the Gymnasium in historic Greece, and that they seem to have spoke back it similarly well. But most of the Romans there has been not anything which corresponded to the musical training of the Greeks. The morals of the Romans, however, both in personal and public existence, appear to have been, not handiest equal, however, upon the entire, a bargain advanced to the ones of the Greeks. That they were advanced in personal life, we have the explicit testimony of Polybius, and of Dionysius of Halicarnassus, two authors nicely acquainted with both international locations; and the complete tenor of the Greek and Roman history bears witness to the prevalence of the public morals of the Romans. The excellent

temper and moderation of contending factions seem to be the most essential situations inside the public morals of a free human beings. But the factions of the Greeks had been almost always violent and sanguinary; while, till the time of the Gracchi, no blood had ever been shed in any Roman faction; and from the time of the Gracchi, the Roman republic may be taken into consideration as in truth dissolved. Notwithstanding, therefore, the very decent authority of Plato, Aristotle, and Polybius, and however the very creative motives by using which Mr. Montesquieu endeavours to support that authority, it seems in all likelihood that the musical training of the Greeks had no wonderful impact in mending their morals, given that, without this kind of training, the ones of the Romans had been, upon the complete, superior. The respect of these historical sages for the institutions in their ancestors had likely disposed them to discover much political expertise in what become, possibly, simply an historic custom, endured, without interruption, from the earliest duration of those societies, to the times in which they'd arrived at a giant degree of refinement. Music and dancing are the awesome amusements of almost all barbarous nations, and the excellent accomplishments which are presupposed to in shape any man for unique his society. It is so at this day a few of the negroes on the coast of Africa. It turned into so many of the ancient Celtes, the various historic Scandinavians, and, as we can also research from Homer, the various historical Greeks, inside the instances preceding the Trojan conflict. When the Greek tribes had formed themselves into little republics, it become herbal that the examine of these accomplishments ought to for a long time make a part of the public and not unusual training of the people.

The masters who informed the younger human beings, both in song or in army exercises, do not appear to had been paid, or maybe appointed by the kingdom, either in Rome or even at Athens, the Greek republic of whose laws and customs we're the exceptional knowledgeable. The nation required that every unfastened citizen ought to suit himself for protecting it in struggle, and have to upon that account, examine his navy sporting activities. But it left him to examine them of such masters as he could locate; and it appears to have superior nothing for this reason, however a public field or location of workout, wherein he ought to coaching and perform them.

In the early a long time, each of the Greek and Roman republics, the alternative components of training seem to have consisted in learning to read, write, and account, according to the arithmetic of the times. These accomplishments the richer citizens appear regularly to have acquired at home, by means of the help of some home pedagogue, who was, usually, either a slave or a freedman; and the poorer residents in the colleges of such masters as made a alternate of teaching for rent. Such elements of training, however, had been deserted altogether to the care of the parents or guardians of each person. It does not seem that the country ever assumed any inspection or direction of them. By a regulation of Solon, certainly, the children were acquitted from preserving those dad and mom who had ignored to educate them in some profitable alternate or commercial enterprise.

In the progress of refinement, while philosophy and rhetoric came into style, the better form of people used to send their youngsters to the colleges of philosophers and rhetoricians, with the intention to be advised in these elegant sciences. But the ones colleges have been now not supported by using the general public. They had been, for a long time, slightly tolerated with the aid of it. The demand for philosophy and rhetoric changed into, for a long term, so small, that the primary professed instructors of both could not discover steady employment in anyone city, however have been obliged to tour about from region to vicinity. In this way lived Zeno of Elea, Protagoras, Gorgias, Hippias, and plenty of others. As the demand improved, the school, each of philosophy and rhetoric, have become stationary, first in Athens, and afterwards in several different towns. The state, however, seems by no means to have advocated them further, than with the aid of assigning to a number of them a specific region to train in, which become from time to time done, too, via private donors. The kingdom appears to have assigned the Academy to Plato, the Lyceum to Aristotle, and the Portico to Zeno of Citta, the founding father of the Stoics. But Epicurus bequeathed his gardens to his very own faculty. Till approximately the time of Marcus Antoninus, however, no instructor seems to have had any profits from the public, or to have had another emoluments, however what arose from the honorarius or fees of his pupils. The bounty which that philosophical emperor, as we analyze from Lucian, bestowed

upon certainly one of the teachers of philosophy, probably lasted no longer than his personal life. There became nothing equivalent to the privileges of graduation; and to have attended any of those schools turned into now not essential, which will be accepted to preparation any specific change or career. If the opinion of their very own utility could not draw pupils to them, the regulation neither compelled everyone to visit them, nor rewarded all people for having gone to them. The teachers had no jurisdiction over their pupils, nor every other authority besides that natural authority which advanced virtue and abilities never fail you got from young humans closer to folks who are entrusted with any part of their training.

At Rome, the examine of the civil law made part of the schooling, no longer of the more a part of the residents, however of some specific families. The young human beings, but, who wanted to collect understanding within the law, had no public college to visit, and had no different technique of reading it, than by frequenting the organisation of such in their members of the family and pals as had been imagined to understand it. It is, perhaps, well worth while to observation, that though the legal guidelines of the twelve tables have been a lot of them copied from those of a few ancient Greek republics, but regulation never seems to have grown up to be a technological know-how in any republic of historic Greece. In Rome it have become a technology very early, and gave a great diploma of illustration to those citizens who had the popularity of information it. In the republics of historical Greece, especially in Athens, the ordinary courts of justice consisted of numerous, and therefore disorderly, bodies of people, who frequently determined nearly at random, or as clamour, faction, and party-spirit, occurred to decide. The ignominy of an unjust choice, while it turned into to be divided among five hundred, 1000, or fifteen hundred humans (for some of their courts were so very numerous), could not fall very heavy upon any man or woman. At Rome, on the contrary, the foremost courts of justice consisted either of a unmarried judge, or of a small number of judges, whose characters, specifically as they deliberated usually in public, couldn't fail to be very a great deal suffering from any rash or unjust decision. In dubious cases such courts, from their tension to avoid blame, might naturally endeavour to refuge themselves below the example or precedent of the judges who had sat before them, either within the identical

or in a few different court docket. This attention to exercise and precedent, necessarily shaped the Roman regulation into that ordinary and orderly machine wherein it's been added right down to us; and the like interest has had the like consequences upon the laws of every other usa wherein such attention has taken location. The superiority of character inside the Romans over that of the Greeks, so much remarked by way of Polybius and Dionysius of Halicarnassus, turned into possibly more due to the better constitution in their courts of justice, than to any of the situations to which those authors ascribe it. The Romans are stated to were especially prominent for their superior appreciate to an oath. But the people who have been accustomed to make oath handiest earlier than a few diligent and nicely informed court of justice, might naturally be a good deal extra responsive to what they swore, than they who have been accustomed to do the identical component earlier than mobbish and disorderly assemblies.

The capabilities, each civil and army, of the Greeks and Romans, will easily be allowed to have been at the least equal to the ones of any current state. Our prejudice is possibly alternatively to overrate them. But except in what related to navy sporting activities, the nation appears to were at no pains to shape those extraordinary abilities; for I can not be triggered to believe that the musical education of the Greeks might be of a whole lot consequence in forming them. Masters, but, have been located, it seems, for educating the higher sort of humans among those nations, in each art and science wherein the circumstances in their society rendered it necessary or handy for them to be told. The call for for such guidance produced, what it constantly produces, the expertise for giving it; and the emulation which an unrestrained competition in no way fails to excite, appears to have introduced that skills to a very excessive degree of perfection. In the attention which the historic philosophers excited, inside the empire which they received over the reviews and standards in their auditors, inside the school which they possessed of giving a sure tone and man or woman to the conduct and communicate of these auditors, they seem to had been a lot superior to any modern-day teachers. In modern times, the diligence of public teachers is greater or less corrupted with the aid of the occasions which render them more or less impartial in their fulfillment and popularity in their precise professions. Their salaries, too, positioned the personal

instructor, who would pretend to come into competition with them, within the identical state with a merchant who attempts to alternate with out a bounty, in opposition with those who change with a enormous one. If he sells his items at almost the equal rate, he can not have the same profit; and poverty and beggary as a minimum, if not bankruptcy and spoil, will infallibly be his lot. If he attempts to promote them a lot costlier, he's probably to have so few customers, that his situations will now not be an awful lot mended. The privileges of graduation, except, are in many countries necessary, or as a minimum extraordinarily handy, to most men of found out professions, this is, to the a long way extra part of the ones who have occasion for a learned training. But those privileges may be acquired handiest by using attending the lectures of the public teachers. The maximum cautious attendance upon the ablest instructions of any non-public instructor can't usually supply any identify to demand them. It is from those special causes that the private trainer of any of the sciences, which can be normally taught in universities, is, nowa days, normally considered as in the very lowest order of men of letters. A man of actual capabilities can scarce find out a extra humiliating or a more unprofitable employment to turn them to. The endowments of faculties and colleges have on this manner now not only corrupted the diligence of public teachers, but have rendered it almost impossible to have any proper private ones.

Were there no public institutions for training, no system, no science, would gain knowledge of, for which there has been not some call for, or which the situations of the times did no longer render it either important or handy, or at least elegant to research. A private teacher ought to by no means locate his account in coaching either an exploded and antiquated device of a science stated to be useful, or a technology universally believed to be a trifling vain and pedantic heap of sophistry and nonsense. Such structures, such sciences, can subsist nowhere but in those included societies for training, whose prosperity and sales are in a awesome measure unbiased of their industry. Were there no public establishments for training, a gentleman, after going thru, with utility and abilities, the most entire route of training which the instances of the times had been imagined to come up with the money for, couldn't come into the world absolutely blind to the

whole lot which is the common problem of conversation among gents and guys of the world.

There are not any public establishments for the schooling of ladies, and there's thus nothing vain, absurd, or fantastical, in the not unusual direction in their education. They are taught what their mother and father or guardians choose it important or beneficial for them to analyze, and they are taught nothing else. Every a part of their schooling has a tendency naturally to a few useful cause; either to improve the natural points of interest of their individual, or to shape their mind to order, to modesty, to chastity, and to economic system; to render them each probable to became the mistresses of a family, and to act well after they have come to be such. In every a part of her existence, a girl feels a few conveniency or gain from every a part of her training. It seldom occurs that a person, in any a part of his lifestyles, derives any conveniency or gain from some of the most exhausting and tough components of his education.

Ought the general public, therefore, to offer no interest, it can be asked, to the schooling of the human beings? Or, if it ought to provide any, what are the exclusive components of education which it ought to take care of within the specific orders of the humans? And in what way ought it to attend to them?

In some instances, the country of society always places the greater part of individuals in such conditions as obviously shape in them, with none attention of presidency, almost all of the competencies and virtues which that nation calls for, or possibly can admit of. In different cases, the state of the society does not region the more a part of individuals in such conditions; and some interest of presidency is necessary, so that it will save you the nearly whole corruption and degeneracy of the exceptional body of the humans.

In the development of the division of labour, the employment of the a ways greater a part of people who stay by using labour, that is, of the amazing frame of the human beings, involves be constrained to 3 quite simple operations; frequently to one or . But the understandings of the greater part of men are necessarily shaped by using their normal employments. The man whose entire existence is spent in appearing some easy operations, of which

the consequences, too, are possibly continually the identical, or very nearly the identical, has no event to exert his understanding, or to exercising his invention, in finding out expedients for getting rid of problems which in no way arise. He obviously loses, therefore, the addiction of such exertion, and normally turns into as silly and ignorant as it is possible for a human creature to become. The torpor of his thoughts renders him no longer simplest incapable of relishing or bearing a component in any rational communique, but of conceiving any beneficent, noble, or soft sentiment, and therefore of forming any just judgment concerning many even of the regular responsibilities of personal life. Of the notable and considerable pastimes of his country he is altogether incapable of judging; and unless very specific pains were taken to render him in any other case, he is similarly incapable of defending his u . S . In war. The uniformity of his stationary life obviously corrupts the courage of his mind, and makes him regard, with abhorrence, the abnormal, uncertain, and adventurous lifestyles of a soldier. It corrupts even the interest of his body, and renders him incapable of exerting his electricity with power and perseverance in any other employment, than that to which he has been bred. His dexterity at his very own specific alternate appears, on this manner, to be acquired on the cost of his highbrow, social, and martial virtues. But in each progressed and civilized society, this is the country into which the labouring poor, that is, the terrific frame of the people, must always fall, until authorities takes some pains to prevent it.

It is otherwise in the barbarous societies, as they may be usually referred to as, of hunters, of shepherds, and even of husbandmen in that impolite kingdom of husbandry which precedes the improvement of manufactures, and the extension of overseas commerce. In such societies, the various occupations of every man oblige every guy to exert his capacity, and to invent expedients for removing problems which might be usually going on. Invention is stored alive, and the mind is not suffered to fall into that drowsy stupidity, which, in a civilized society, appears to benumb the information of almost all the inferior ranks of people. In the ones barbarous societies, as they're known as, every guy, it has already been discovered, is a warrior. Every man, too, is in a few measure a statesman, and might shape a tolerable judgment regarding the hobby of the society, and the behavior of

individuals who govern it. How far their chiefs are exact judges in peace, or precise leaders in battle, is plain to the statement of just about every single guy among them. In one of these society, certainly, no guy can properly gather that stepped forward and refined knowledge which a few men occasionally own in a extra civilized nation. Though in a rude society there is a good deal of range within the occupations of each person, there isn't always a amazing deal in those of the whole society. Every man does, or is able to doing, nearly every thing which another man does, or is able to being. Every guy has a big degree of expertise, ingenuity, and invention however scarce any guy has a fantastic degree. The degree, but, that is normally possessed, is typically enough for carrying out the entire easy enterprise of the society. In a civilized nation, at the contrary, even though there may be little range in the occupations of the extra part of individuals, there may be an nearly infinite variety in the ones of the complete society. These varied occupations present an almost limitless sort of gadgets to the contemplation of those few, who, being connected to no unique occupation themselves, have leisure and inclination to examine the occupations of different people. The contemplation of so brilliant a spread of objects necessarily sporting events their minds in infinite comparisons and mixtures, and renders their understandings, in an notable degree, both acute anti comprehensive. Unless those few, however, occur to be positioned in a few very unique conditions, their brilliant skills, although honourable to themselves, can also make a contribution very little to the best authorities or happiness of their society. Notwithstanding the awesome abilities of those few, all the nobler elements of the human man or woman may be, in a brilliant degree, obliterated and extinguished inside the fantastic frame of the humans.

The schooling of the common people requires, possibly, in a civilized and business society, the eye of the general public, more than that of human beings of a few rank and fortune. People of some rank and fortune are usually eighteen or nineteen years of age before they enter upon that particular business, career, or trade, by way of which they propose to differentiate themselves within the world. They have, earlier than that, complete time to acquire, or as a minimum to fit themselves for afterwards acquiring, every accomplishment which could suggest them to the public

esteem, or render them worth of it. Their parents or guardians are commonly sufficiently worrying that they have to be so performed, and are in maximum instances, inclined enough to lay out the expense which is vital for that cause. If they're no longer constantly well educated, it is seldom from the want of price laid out upon their education, but from the incorrect utility of that cost. It is seldom from the need of masters, however from the negligence and disability of the masters who're to be had, and from the difficulty, or as a substitute from the impossibility, which there's, within the present kingdom of factors, of locating any higher. The employments, too, in which human beings of a few rank or fortune spend the greater part of their lives, aren't, like the ones of the not unusual people, simple and uniform. They are almost all of them extraordinarily complicated, and such as exercise the pinnacle extra than the palms. The understandings of folks that are engaged in such employments, can seldom grow lethargic for want of exercising. The employments of human beings of a few rank and fortune, except, are seldom including harass them from morning to night time. They commonly have a good deal of entertainment, throughout which they may ideal themselves in each branch, either of beneficial or decorative understanding, of which they'll have laid the foundation, or for which they may have obtained a few taste in the sooner part of life.

It is otherwise with the common people. They have little time to spare for training. Their mother and father can scarce have the funds for to preserve them, even in infancy. As quickly as they may be able to paintings, they should practice to some trade, by using which they can earn their subsistence. That trade, too, is generally so easy and uniform, as to give little workout to the knowledge; even as, on the same time, their labour is both so steady and so extreme, that it leaves them little amusement and much less inclination to apply to, or even to consider any element else.

But although the commonplace humans cannot, in any civilized society, be so nicely instructed as humans of some rank and fortune; the maximum important elements of education, however, to examine, write, and account, can be acquired at so early a duration of existence, that the more part, even of people who are to be bred to the lowest occupations, have time to accumulate them before they can be employed in those occupations. For a very small price, the general public can facilitate, can inspire and may even

impose upon nearly the complete body of the humans, the necessity of acquiring those most important parts of education.

The public can facilitate this acquisition, by organising in every parish or district a bit faculty, wherein children maybe taught for a praise so mild, that even a common labourer may also find the money for it; the grasp being in part, however no longer completely, paid by way of the general public; because, if he changed into absolutely, or even mainly, paid via it, he would soon discover ways to neglect his business. In Scotland, the status quo of such parish colleges has taught nearly the entire not unusual human beings to examine, and a very first-rate share of them to write down and account. In England, the establishment of charity schools has had an impact of the same kind, although no longer so universally, because the establishment isn't so frequent. If, in those little schools, the books via which the youngsters are taught to read, were a bit more instructive than they usually are; and if, in place of a bit smattering in Latin, which the youngsters of the not unusual people are every so often taught there, and that may scarce ever be of any use to them, they were told inside the elementary elements of geometry and mechanics; the literary education of this rank of human beings might, perhaps, be as whole as can be. There is scarce a commonplace change, which does not afford some possibilities of making use of to it the principles of geometry and mechanics, and which would not, consequently, gradually workout and enhance the common humans in those standards, the vital introduction to the maximum sublime, in addition to to the most useful sciences.

The public can inspire the purchase of those most important elements of education, with the aid of giving small charges, and little badges of difference, to the kids of the not unusual people who excel in them.

The public can impose upon nearly the complete body of the human beings the necessity of obtaining the most critical components of education, by way of obliging every guy to undergo an examination or probation in them, earlier than he can achieve the freedom in any business enterprise, or be allowed to set up any alternate, both in a village or town company.

It was in this manner, by means of facilitating the purchase of their army and gymnastic physical games, by way of encouraging it, or even through

imposing upon the complete frame of the people the necessity of learning the ones physical activities, that the Greek and Roman republics maintained the martial spirit in their respective citizens. They facilitated the acquisition of these sporting events, by using appointing a sure area for studying and practising them, and by way of granting to sure masters the privilege of coaching in that vicinity. Those masters do not appear to have had both salaries or one-of-a-kind privileges of any type. Their reward consisted altogether in what they were given from their scholars; and a citizen, who had learnt his sporting activities inside the public gymnasia, had no kind of criminal gain over one that had learnt them privately, supplied the latter had learned them equally well. Those republics encouraged the purchase of those sports, by bestowing little charges and badges of difference upon folks that excelled in them. To have won a prize within the Olympic, Isthmian, or Nemeaean games, gave instance, no longer handiest to the person that gained it, however to his entire circle of relatives and kindred. The responsibility which every citizen was underneath, to serve a positive number of years, if referred to as upon, within the armies of the republic, sufficiently imposed the need of learning the ones sports, with out which he couldn't be in shape for that provider.

That in the progress of improvement, the practice of military physical activities, except authorities takes proper pains to assist it, is going gradually to decay, and, collectively with it, the martial spirit of the exceptional frame of the people, the instance of cutting-edge Europe sufficiently demonstrates. But the security of every society should constantly depend, more or much less, upon the martial spirit of the brilliant frame of the humans. In the existing instances, certainly, that martial spirit alone, and unsupported through a nicely-disciplined standing military, might now not, perhaps, be enough for the defence and safety of any society. But wherein each citizen had the spirit of a soldier, a smaller status army might actually be considered necessary. That spirit, besides, would always decrease very a great deal the risks to liberty, whether or not actual or imaginary, which might be commonly apprehended from a standing navy. As it might very much facilitate the operations of that military in opposition to a foreign invader; so it would hinder them as a good deal, if

unluckily they must ever be directed in opposition to the constitution of the kingdom.

The historical establishments of Greece and Rome seem to were plenty greater successful for maintaining the martial spirit of the exquisite frame of the people, than the establishment of what are called the militias of current instances. They were a lot extra simple. When they had been once installed, they finished themselves, and it required little or no interest from authorities to preserve them in the maximum best vigour. Whereas to preserve, even in tolerable execution, the complicated guidelines of any contemporary defense force, calls for the continual and painful interest of presidency, without which they're constantly falling into total forget about and disuse. The have an effect on, except, of the historical establishments, changed into a great deal extra normal. By manner of them, the whole frame of the people became absolutely advised in the use of palms; while it is but a very small part of them who can ever be so told with the aid of the regulations of any contemporary military, besides, perhaps, that of Switzerland. But a coward, a person incapable either of shielding or of revenging himself, obviously needs one of the maximum important parts of the person of a person. He is as much mutilated and deformed in his thoughts as another is in his body, who's both disadvantaged of some of its most vital individuals, or has lost using them. He is clearly the greater wretched and miserable of the 2; because happiness and distress, which reside altogether within the mind, need to always depend more upon the wholesome or unhealthful, the mutilated or entire kingdom of the thoughts, than upon that of the frame. Even although the martial spirit of the humans have been of no use closer to the defence of the society, yet, to prevent that type of intellectual mutilation, deformity, and wretchedness, which cowardice always includes in it, from spreading themselves via the superb body of the humans, could nonetheless deserve the maximum severe interest of presidency; within the identical manner as it would deserve its most critical attention to prevent a leprosy, or any other loathsome and offensive disease, though neither mortal nor risky, from spreading itself amongst them; although, possibly, no other public proper might result from such interest, besides the prevention of so remarkable a public evil.

The same issue may be stated of the gross ignorance and stupidity which, in a civilized society, seem so frequently to benumb the understandings of all the inferior ranks of human beings. A man without the right use of the intellectual faculties of a person, is, if possible, extra contemptible than even a coward, and seems to be mutilated and deformed in a nevertheless extra important part of the character of human nature. Though the country became to derive no gain from the coaching of the inferior ranks of human beings, it might still deserve its attention that they have to no longer be altogether uninstructed. The kingdom, however, derives no inconsiderable gain from their practise. The extra they're instructed, the much less accountable they're to the delusions of enthusiasm and superstition, which, among ignorant international locations often event the most dreadful problems. An informed and smart human beings, except, are constantly greater respectable and orderly than an ignorant and silly one. They sense themselves, each individually, extra respectable, and much more likely to attain the honour of their lawful superiors, and they're, therefore, more disposed to recognize those superiors. They are greater disposed to examine, and greater able to seeing through, the fascinated complaints of faction and sedition; and they're, upon that account, less apt to be misled into any wanton or useless opposition to the measures of presidency. In unfastened countries, wherein the protection of government depends very lots upon the beneficial judgment which the humans might also shape of its conduct, it need to sincerely be of the very best significance, that they need to no longer be disposed to judge rashly or capriciously regarding it.

Art. III.—Of the Expense of the Institutions for the Instruction of People of all Ages.

The establishments for the practise of people of every age, are mainly the ones for spiritual coaching. This is a species of guidance, of which the object isn't a lot to render the people excellent residents on this international, as to put together them for every other and a better international inside the life to return. The teachers of the doctrine which incorporates this practise, in the same way as other teachers, may additionally either rely altogether for their subsistence upon the voluntary contributions of their hearers; or they will derive it from some different fund, to which the regulation in their united states of america may

additionally entitle them; together with a landed property, a tythe or land tax, an established earnings or stipend. Their exertion, their zeal and enterprise, are possibly to be an awful lot more in the former scenario than within the latter. In this respect, the lecturers of a new religion have always had a enormous benefit in attacking those historical and set up systems, of which the clergy, reposing themselves upon their benefices, had neglected to hold up the zeal of faith and devotion inside the splendid body of the humans; and having given themselves up to indolence, have been become altogether incapable of creating any vigorous exertion in defence even in their personal status quo. The clergy of a longtime and well endowed faith regularly come to be men of studying and elegance, who possess all the virtues of gents, or which can suggest them to the esteem of gents; however they're apt steadily to lose the characteristics, both exact and awful, which gave them authority and have an impact on with the inferior ranks of humans, and which had perhaps been the unique reasons of the success and establishment in their religion. Such a clergy, whilst attacked with the aid of a set of popular and bold, though perhaps stupid and ignorant enthusiasts, sense themselves as flawlessly defenceless as the indolent, effeminate, and full fed countries of the southern components of Asia, once they had been invaded by the lively, hardy, and hungry Tartars of the north. Such a clergy, upon such an emergency, have usually no other useful resource than to name upon the civil Justice of the Peace to persecute, ruin, or pressure out their adversaries, as disturbers of the general public peace. It turned into for that reason that the Roman catholic clergy referred to as upon the civil Justice of the Peace to persecute the protestants, and the church of England to persecute the dissenters; and that during standard every religious sect, when it has as soon as enjoyed, for a century or two, the safety of a legal status quo, has determined itself incapable of creating any vigorous defence against any new sect which chose to attack its doctrine or area. Upon such events, the benefit, in factor of getting to know and true writing, might also now and again be at the facet of the mounted church. But the humanities of reputation, all the arts of gaining proselytes, are continuously at the facet of its adversaries. In England, those arts had been long unnoticed with the aid of the well endowed clergy of the installed church, and are at present mainly cultivated by means of the dissenters and by means of the methodists. The unbiased provisions, however, which in many locations

have been made for dissenting teachers, by voluntary subscriptions, of trust rights, and different evasions of the regulation, seem very much to have abated the keenness and pastime of these teachers. They have many of them grow to be very discovered, inventive, and respectable men; but they have in general ceased to be very famous preachers. The methodists, without 1/2 the studying of the dissenters, are a whole lot greater in vogue.

In the church of Rome the enterprise and zeal of the inferior clergy are saved extra alive by way of the effective reason of self-hobby, than perhaps in any mounted protestant church. The parochial clergy derive a lot of them, a totally sizeable a part of their subsistence from the voluntary oblations of the people; a supply of sales, which confession gives them many possibilities of enhancing. The mendicant orders derive their entire subsistence from such oblations. It is with them as with the hussars and light infantry of some armies; no plunder, no pay. The parochial clergy are like the ones teachers whose praise depends in part upon their profits, and partly upon the fees or honoraries which they get from their scholars; and those need to usually depend, extra or less, upon their industry and popularity. The mendicant orders are like those instructors whose subsistence relies upon altogether upon their enterprise. They are obliged, therefore, to use every art that can animate the devotion of the common people. The status quo of the two notable mendicant orders of St Dominic and St. Francis, it is observed by means of Machiavel, revived, in the thirteenth and fourteenth centuries, the languishing faith and devotion of the catholic church. In Roman catholic international locations, the spirit of devotion is supported altogether by means of the monks, and by using the poorer parochial clergy. The super dignitaries of the church, with all the accomplishments of gents and guys of the arena, and once in a while with the ones of fellows of studying, are cautious to preserve the important field over their inferiors, but seldom supply themselves any hassle about the practise of the humans.

“Most of the arts and professions in a kingdom,” says by using a ways the maximum illustrious philosopher and historian of the existing age, “are of one of these nature, that, while they sell the interests of the society, they are additionally useful or agreeable to some people; and, if so, the consistent rule of the magistrate, besides, perhaps, on the first introduction of any art,

is, to go away the profession to itself, and consider its encouragement to the folks that acquire the advantage of it. The artizans, finding their earnings to upward thrust by way of the favour in their clients, growth, as lots as possible, their talent and industry; and as topics aren't disturbed with the aid of any injudicious tampering, the commodity is usually positive to be always nearly proportioned to the demand.

“But there also are a few callings which, though useful or even necessary in a nation, bring no advantage or pride to any character; and the perfect strength is obliged to regulate its conduct in regards to the retainers of these professions. It have to deliver them public encouragement on the way to their subsistence; and it have to offer towards that negligence to which they'll obviously be situation, either by annexing precise honours to career, via setting up an extended subordination of ranks, and a strict dependence, or via a few different expedient. The men and women employed within the finances, fleets, and magistracy, are instances of this order of men.

“It might also obviously be concept, at first sight, that the ecclesiastics belong to the primary magnificence, and that their encouragement, in addition to that of lawyers and physicians, may accurately be entrusted to the liberality of people, who are connected to their doctrines, and who locate advantage or comfort from their spiritual ministry and assistance. Their enterprise and vigilance will, no question, be whetted by using such an additional purpose; and their skill in the career, in addition to their address in governing the minds of the human beings, have to acquire each day growth, from their growing practice, observe, and interest.

“But if we bear in mind the matter greater closely, we shall find that this interested diligence of the clergy is what every wise legislator will examine to prevent; due to the fact, in each faith except the true, it's miles fairly pernicious, and it has even a natural tendency to pervert the reality, with the aid of infusing into it a sturdy aggregate of superstition, folly, and fable. Each ghostly practitioner, with a purpose to render himself greater valuable and sacred inside the eyes of his retainers, will inspire them with the maximum violent abhorrence of all other sects, and usually endeavour, by way of a few novelty, to excite the languid devotion of his target market. No regard may be paid to truth, morals, or decency, in the doctrines inculcated.

Every guiding principle could be adopted that great suits the disorderly affections of the human body. Customers can be interested in each conventicle through new enterprise and deal with, in working towards on the passions and credulity of the populace. And, in the end, the civil Justice of the Peace will find that he has dearly paid for his meant frugality, in saving a set establishment for the clergymen; and that, in reality, the most respectable and high-quality composition, which he can make with the spiritual guides, is to bribe their indolence, by means of assigning stated salaries to their career, and rendering it superfluous for them to be farther active, than simply to save you their flock from straying in quest of latest pastors. And on this way ecclesiastical institutions, though normally they arose at first from spiritual perspectives, prove in the long run superb to the political interests of society.”

But whatever may additionally have been the best or horrific effects of the impartial provision of the clergy, it has, possibly, been very seldom bestowed upon them from any view to the ones outcomes. Times of violent religious controversy have commonly been times of equally violent political faction. Upon such activities, each political party has both located it, or imagined it, for his interest, to league itself with a few one or other of the contending spiritual sects. But this will be performed handiest through adopting, or, at the least, by means of favouring the tenets of that precise sect. The sect which had the good fortune to be leagued with the conquering birthday party always shared in the victory of its best friend, by way of whose favour and safety it was quickly enabled, in a few degree, to silence and subdue all its adversaries. Those adversaries had typically leagued themselves with the enemies of the conquering birthday celebration, and have been, therefore the enemies of that party. The clergy of this particular sect having consequently turn out to be whole masters of the sphere, and their affect and authority with the brilliant body of the people being in its highest vigor, they were powerful enough to overawe the chiefs and leaders in their very own birthday celebration, and to oblige the civil magistrate to admire their opinions and inclinations. Their first call for became usually that he ought to silence and subdue all their adversaries; and their second, that he should bestow an unbiased provision on themselves. As they had normally contributed a bargain to the victory, it appeared no longer

unreasonable that they need to have a few share in the break. They have been weary, besides, of humouring the human beings, and of relying upon their caprice for a subsistence. In making this demand, therefore, they consulted their personal ease and luxury, with out troubling themselves about the effect which it'd have, in future times, upon the influence and authority in their order. The civil magistrate, who could observe their demand most effective by means of giving them something which he could have chosen an awful lot as an alternative to take, or to hold to himself, changed into seldom very forward to supply it. Necessity, however, continually pressured him to submit at remaining, though regularly now not till after many delays, evasions, and affected excuses.

But if politics had by no means known as inside the useful resource of religion, had the conquering party never adopted the tenets of 1 sect greater than those of any other, when it had gained the victory, it would possibly have dealt equally and impartially with all of the special sects, and feature allowed every man to choose his personal priest, and his very own religion, as he concept right. There might, and, in this case, absolute confidence, had been, a first-rate multitude of religious sects. Almost every exceptional congregation may possibly have had a bit sect by itself, or have entertained a few extraordinary tenets of its own. Each instructor, could, no question, have felt himself under the need of creating the utmost exertion, and of the use of every art, both to hold and to increase the number of his disciples. But as each other trainer could have felt himself below the identical necessity, the success of no one trainer, or sect of teachers, might have been very brilliant. The interested and energetic zeal of non secular teachers can be dangerous and tough simplest in which there's both however one sect tolerated inside the society, or where the whole of a large society is split into or 3 high-quality sects; the academics of each performing via live performance, and below a normal discipline and subordination. But that passion have to be altogether innocent, in which the society is divided into two or 3 hundred, or, possibly, into as many thousand small sects, of which no one will be substantial sufficient to disturb the general public tranquillity. The teachers of every sect, seeing themselves surrounded on all aspects with extra adversaries than friends, would be obliged to learn that candour and moderation that are so seldom to be found the various

instructors of these high-quality sects, whose tenets, being supported by means of the civil Justice of the Peace, are held in veneration with the aid of almost all of the inhabitants of great kingdoms and empires, and who, consequently, see nothing spherical them but followers, disciples, and humble admirers. The teachers of each little sect, finding themselves almost on my own, would be obliged to recognize those of just about every other sect; and the concessions which they could at the same time find in each handy and agreeable to make one to some other, may in time, probably lessen the doctrine of the more part of them to that natural and rational faith, unfastened from every mixture of absurdity, imposture, or fanaticism, inclusive of wise men have, in all ages of the arena, needed to see mounted; but inclusive of advantageous law has, possibly, never yet set up, and probable never will establish in any united states; due to the fact, with regard to religion, tremendous law usually has been, and likely usually can be, extra or much less stimulated by famous superstition and enthusiasm. This plan of ecclesiastical government, or, more properly, of no ecclesiastical authorities, turned into what the sect known as Independents (a sect, no question, of very wild fans), proposed to establish in England in the direction of the stop of the civil battle. If it were established, even though of a completely unphilosophical origin, it'd possibly, with the aid of this time, had been efficient of the most philosophical correct temper and moderation with regard to each sort of non secular precept. It has been set up in Pennsylvania, where, although the quakers happen to be the maximum severa, the regulation, in truth, favours no one sect extra than another; and it's miles there stated to had been effective of this philosophical right mood and moderation.

But although this equality of remedy have to not be effective of this true mood and moderation in all, or even within the more a part of the non secular sects of a particular us of a; but, supplied those sects had been sufficiently numerous, and every of them consequently too small to disturb the general public tranquillity, the excessive zeal of every for its precise tenets couldn't properly be effective of any very hurtful results, but, on the opposite, of several proper ones; and if the government turned into flawlessly decided, each to allow them all alone, and to oblige them all to let alone one another, there is little threat that they might now not of their

personal accord, subdivide themselves fast sufficient, in order quickly to emerge as sufficiently numerous.

In every civilized society, in every society wherein the difference of ranks has once been completely mounted, there have been constantly two special schemes or systems of morality current at the identical time; of which the one may be referred to as the strict or austere; the opposite the liberal, or, if you may, the loose gadget. The former is usually prominent and revered by means of the not unusual people; the latter is usually more esteemed and followed by means of what are called the people of fashion. The diploma of disapprobation with which we must mark the vices of levity, the vices which might be apt to stand up from exquisite prosperity, and from the excess of gaiety and properly humour, seems to represent the essential distinction among those two opposite schemes or systems. In the liberal or unfastened gadget, luxurious, wanton, or even disorderly mirth, the pursuit of pride to some degree of intemperance, the breach of chastity, as a minimum in one of the two sexes, and many others. Furnished they're now not followed with gross indecency, and do not result in falsehood and injustice, are typically handled with a good deal of indulgence, and are easily both excused or pardoned altogether. In the austere machine, at the opposite, the ones excesses are appeared with the maximum abhorrence and detestation. The vices of levity are usually ruinous to the common humans, and a unmarried week's thoughtlessness and dissipation is frequently enough to undo a terrible workman for ever, and to pressure him, thru depression, upon committing the most big crimes. The wiser and higher type of the common people, consequently, have constantly the utmost abhorrence and detestation of such excesses, which their revel in tells them are so right away fatal to people in their circumstance. The disease and extravagance of several years, on the opposite, will now not constantly wreck a person of favor; and people of that rank are very apt to take into account the strength of indulging in a few diploma of extra, as one of the advantages in their fortune; and the freedom of doing so without censure or reproach, as one of the privileges which belong to their station. In human beings of their own station, therefore, they regard such excesses with but a small diploma of disapprobation, and censure them both very barely or under no circumstances.

Almost all spiritual sects have began a number of the not unusual humans, from whom they have usually drawn their earliest, as well as their maximum numerous proselytes. The austere gadget of morality has, thus, been adopted by using those sects almost continuously, or with only a few exceptions; for there have been a few. It changed into the gadget by which they may quality propose themselves to that order of people, to whom they first proposed their plan of reformation upon what had been before hooked up. Many of them, possibly the more part of them, have even endeavoured to benefit credit score through refining upon this austere machine, and by using sporting it to some diploma of folly and extravagance; and this immoderate rigour has frequently encouraged them, greater than any component else, to the honor and veneration of the common humans.

A guy of rank and fortune is, by way of his station, the prominent member of a first rate society, who attend to each a part of his conduct, and who thereby oblige him to take care of every a part of it himself. His authority and attention depend very plenty upon the honor which this society bears to him. He dares not do some thing which might shame or discredit him in it; and he is obliged to a completely strict statement of that species of morals, whether liberal or austere, which the overall consent of this society prescribes to men and women of his rank and fortune. A man of low condition, on the opposite, is a long way from being a outstanding member of any amazing society. While he remains in a rustic village, his behavior can be attended to, and he may be obliged to take care of it himself. In this situation, and in this case most effective, he may additionally have what's referred to as a person to lose. But as quickly as he comes right into a awesome city, he's sunk in obscurity and darkness. His behavior is found and attended to with the aid of no person; and he is, therefore, very in all likelihood to neglect it himself, and to abandon himself to every sort of low profligacy and vice. He in no way emerges so efficiently from this obscurity, his behavior in no way excites a lot the attention of any respectable society, as via his becoming the member of a small religious sect. He from that moment acquires a diploma of attention which he by no means had earlier than. All his brother sectaries are, for the credit of the sect, fascinated to study his conduct; and, if he gives occasion to any scandal, if he deviates very a whole lot from those austere morals which

they almost always require of one another, to punish him via what is usually a totally intense punishment, even wherein no evil results attend it, expulsion or excommunication from the sect. In little spiritual sects, as a result, the morals of the commonplace humans had been nearly usually remarkably ordinary and orderly; normally a great deal extra so than in the established church. The morals of those little sects, indeed, have often been as an alternative disagreeably rigorous and unsocial.

There are two very smooth and efficient remedies, but, by means of whose joint operation the kingdom might, with out violence, accurate something become unsocial or disagreeably rigorous in the morals of all the little sects into which the united states of america turned into divided.

The first of those remedies is the observe of technological know-how and philosophy, which the nation would possibly render nearly well-known amongst all and sundry of middling or extra than middling rank and fortune; not with the aid of giving salaries to instructors with the intention to cause them to negligent and idle, however by instituting some form of probation, even inside the higher and extra hard sciences, to be passed through by way of all of us before he changed into accepted to exercise any liberal profession, or before he might be received as a candidate for any honourable office, of accept as true with or income. If the state imposed upon this order of fellows the need of studying, it would haven't any occasion to give itself any trouble approximately providing them with right teachers. They might soon find higher teachers for themselves, than any whom the kingdom may want to provide for them. Science is the extraordinary antidote to the poison of enthusiasm and superstition; and wherein all the superior ranks of people have been secured from it, the inferior ranks could not be a good deal uncovered to it.

The 2d of those treatments is the frequency and gaiety of public diversions. The nation, by way of encouraging, this is, by way of giving entire liberty to all those who, from their personal interest, would attempt, with out scandal or indecency, to amuse and divert the human beings through painting, poetry, tune, dancing; by all forms of dramatic representations and exhibitions; might effortlessly expend, within the more a part of them, that melancholy and gloomy humour which is nearly constantly the nurse of

famous superstition and enthusiasm. Public diversions have always been the objects of dread and hatred to all of the fanatical promoters of those famous frenzies. The gaiety and accurate humour which those diversions inspire, have been altogether inconsistent with that temper of thoughts which became fittest for their cause, or which they might satisfactory work upon. Dramatic representations, except, regularly exposing their artifices to public ridicule, and once in a while even to public execration, were, upon that account, extra than all different diversions, the objects in their bizarre abhorrence.

In a rustic where the regulation favoured the lecturers of no person faith greater than those of another, it'd not be important that any of them have to have any particular or immediately dependency upon the sovereign or government strength; or that he ought to have whatever to do either in appointing or in disregarding them from their offices. In such a scenario, he would don't have any event to give himself any challenge approximately them, similarly than to preserve the peace amongst them, inside the equal way as the various rest of his subjects, that is, to hinder them from persecuting, abusing, or oppressing one another. But it's far quite in any other case in international locations where there is an established or governing religion. The sovereign can in this situation in no way be relaxed, unless he has the method of influencing in a big degree the more part of the academics of that religion.

The clergy of every installed church constitute a super incorporation. They can act in live performance, and pursue their hobby upon one plan, and with one spirit as plenty as though they have been below the route of 1 guy; and they're regularly, too, beneath such route. Their interest as an integrated body is by no means the identical with that of the sovereign, and is every so often directly contrary to it. Their extremely good interest is to maintain their authority with the human beings, and this authority depends upon the meant reality and importance of the whole doctrine which they inculcate, and upon the intended necessity of adopting every part of it with the maximum implicit faith, so one can keep away from eternal misery. Should the sovereign have the imprudence to appear either to deride, or doubt himself of the maximum trifling a part of their doctrine, or from humanity, try and defend those who did both the only or the alternative, the

punctilious honour of a clergy, who have no kind of dependency upon him, is right away provoked to proscribe him as a profane man or woman, and to employ all of the terrors of faith, with a purpose to oblige the people to transfer their allegiance to a few more orthodox and obedient prince. Should he oppose any in their pretensions or usurpations, the hazard is similarly first rate. The princes who have dared in this manner to insurrection in opposition to the church, over and above this crime of rebellion, have normally been charged, too, with the additional crime of heresy, however their solemn protestations in their religion, and humble submission to each guiding principle which she thought right to prescribe to them. But the authority of faith is superior to every different authority. The fears which it indicates conquer all different fears. When the authorized teachers of religion propagate thru the incredible frame of the human beings, doctrines subversive of the authority of the sovereign, it is via violence best, or by using the force of a standing navy, that he can hold his authority. Even a standing military can not in this situation deliver him any lasting safety; because if the infantrymen aren't foreigners, which could seldom be the case, however drawn from the outstanding frame of the humans, which need to almost always be the case, they're probable to be soon corrupted by way of those very doctrines. The revolutions which the turbulence of the Greek clergy was usually occasioning at Constantinople, so long as the jap empire subsisted; the convulsions which, all through the course of numerous centuries, the turbulence of the Roman clergy become continually occasioning in each part of Europe, sufficiently show how precarious and insecure need to continually be the situation of the sovereign, who has no right method of influencing the clergy of the hooked up and governing religion of his u . S . A ..

Articles of religion, in addition to all different non secular topics, it's miles evident enough, aren't within the right branch of a temporal sovereign, who, although he can be very well qualified for shielding, is seldom speculated to be so for educating the humans. With regard to such subjects, consequently, his authority can seldom be sufficient to counterbalance the united authority of the clergy of the set up church. The public tranquillity, however, and his very own security, might also regularly depend on the doctrines which they may assume proper to propagate concerning such topics. As he can seldom

at once oppose their choice, consequently, with right weight and authority, it is vital that he have to be able to influence it; and he can impact it most effective by way of the fears and expectancies which he might also excite inside the extra a part of the individuals of the order. Those fears and expectations may also consist inside the worry of deprivation or other punishment, and within the expectation of similarly preferment.

In all Christian churches, the benefices of the clergy are a type of freeholds, which they revel in, no longer for the duration of satisfaction, but at some point of lifestyles or accurate behaviour. If they held them with the aid of a extra precarious tenure, and had been prone to be became out upon every mild disobligation either of the sovereign or of his ministers, it might perhaps be not possible for them to preserve their authority with the people, who could then recollect them as mercenary dependents upon the courtroom, inside the sincerity of whose instructions they may now not have any self assurance. But have to the sovereign strive irregularly, and by violence, to deprive any quantity of monks of their freeholds, on account, possibly, in their having propagated, with extra than regular zeal, a few factious or seditious doctrine, he would simplest render, via such persecution, each them and their doctrine ten times greater famous, and therefore ten times extra tough and perilous, than they had been earlier than. Fear is in nearly all instances a wretched instrument of government, and ought especially never to be hired against any order of men who have the smallest pretensions to independency. To attempt to terrify them, serves only to annoy their awful humour, and to confirm them in an opposition, which extra gentle utilization, possibly, might without difficulty set off them either to soften, or to lay aside altogether. The violence which the French authorities generally employed so that it will oblige all their parliaments, or sovereign courts of justice, to enregister any unpopular edict, very seldom succeeded. The way generally hired, however, the imprisonment of all of the refractory participants, one would assume, had been forcible sufficient. The princes of the house of Stuart every so often hired the like approach so as to influence a number of the participants of the parliament of England, and that they usually observed them equally intractable. The parliament of England is now controlled in another way; and a totally small experiment, which the duke of Choiseul made, about

twelve years ago, upon the parliament of Paris, tested sufficiently that each one the parliaments of France might have been controlled still extra without difficulty inside the equal way. That test turned into no longer pursued. For though control and persuasion are constantly the perfect and most secure instruments of government as pressure and violence are the worst and the maximum dangerous; yet such, it appears, is the herbal insolence of guy, that he nearly usually disdains to apply the best instrument, except when he can't or dare not use the awful one. The French authorities may want to and durst use force, and therefore disdained to apply control and persuasion. But there's no order of guys, it appears I agree with, from the revel in of all ages, upon whom it's so risky or alternatively so flawlessly ruinous, to appoint force and violence, as upon the respected clergy of an established church. The rights, the privileges, the personal liberty of each character ecclesiastic, who is upon desirable phrases with his personal order, are, even in the maximum despotic governments, greater respected than the ones of every other individual of nearly identical rank and fortune. It is so in each gradation of despotism, from that of the mild and slight government of Paris, to that of the violent and livid government of Constantinople. But even though this order of guys can scarce ever be compelled, they will be controlled as effortlessly as every other; and the safety of the sovereign, in addition to the public tranquillity, appears to depend very a great deal upon the manner which he has of dealing with them; and people way appear to consist altogether within the preferment which he has to bestow upon them.

In the historical charter of the Christian church, the bishop of each diocese turned into elected with the aid of the joint votes of the clergy and of the people of the episcopal metropolis. The human beings did no longer long maintain their proper of election; and at the same time as they did preserve it, they almost constantly acted underneath the have an effect on of the clergy, who, in such religious matters, appeared to be their herbal guides. The clergy, but, quickly grew weary of the problem of dealing with them, and observed it easier to select their own bishops themselves. The abbot, within the same manner, turned into elected via the clergymen of the monastery, as a minimum in the extra a part of abbacies. All the inferior ecclesiastical benefices comprehended within the diocese had been collated via the bishop, who bestowed them upon such ecclesiastics as he thought

proper. All church preferments have been on this manner inside the disposal of the church. The sovereign, although he may have some indirect have an effect on in those elections, and even though it was every now and then common to ask each his consent to pick, and his approbation of the election, yet had no direct or enough way of coping with the clergy. The ambition of each clergyman obviously led him to pay court, now not a lot to his sovereign as to his personal order, from which only he ought to anticipate preferment.

Through the extra part of Europe, the pope steadily drew to himself, first the collation of just about all bishoprics and abbeys, or of what had been known as consistorial benefices, and afterwards, by way of various machinations and pretences, of the more part of inferior benefices comprehended within every diocese, little extra being left to the bishop than what changed into slightly vital to give him a decent authority with his personal clergy. By this association the condition of the sovereign become nonetheless worse than it have been before. The clergy of all the one-of-a-kind nations of Europe had been as a consequence fashioned into a type of non secular army, dispersed in one of a kind quarters certainly, however of which all the actions and operations ought to now be directed by way of one head, and carried out upon one uniform plan. The clergy of every precise united states might be taken into consideration as a specific detachment of that navy, of which the operations could without problems be supported and seconded by all of the other detachments quartered inside the special nations spherical approximately. Each detachment changed into not best impartial of the sovereign of the usa wherein it changed into quartered, and through which it turned into maintained, but based upon a overseas sovereign, who ought to at any time flip its palms towards the sovereign of that particular usa, and support them through the arms of all the different detachments.

Those fingers had been the maximum ambitious that could well be imagined. In the historic state of Europe, before the establishment of arts and manufactures, the wealth of the clergy gave them the equal sort of have an effect on over the common human beings which that of the first-rate barons gave them over their respective vassals, tenants, and retainers. In the wonderful landed estates, which the wrong piety each of princes and

personal persons had bestowed upon the church, jurisdictions have been installed, of the same type with the ones of the wonderful barons, and for the same cause. In the ones notable landed estates, the clergy, or their bailiffs, may want to without difficulty keep the peace, without the help or help both of the king or of every other character; and neither the king nor any other man or woman may want to hold the peace there with out the assist and assistance of the clergy. The jurisdictions of the clergy, consequently, in their specific baronies or manors, have been equally impartial, and similarly exceptional of the authority of the king's courts, as the ones of the outstanding temporal lords. The tenants of the clergy were, like the ones of the amazing barons, nearly all tenants at will, totally based upon their on the spot lords, and, therefore, liable to be called out at pleasure, to be able to combat in any quarrel in which the clergy might suppose proper to have interaction them. Over and above the rents of those estates, the clergy possessed in the tithes a totally big part of the rents of all of the other estates in each state of Europe. The revenues arising from both those species of rents have been, the more a part of them, paid in type, in corn, wine, livestock, chicken, etc. The amount exceeded greatly what the clergy ought to themselves devour; and there were neither arts nor manufactures, for the produce of which they may trade the surplus. The clergy ought to derive gain from this huge surplus in no different way than with the aid of employing it, because the top notch barons employed the like surplus of their sales, in the maximum profuse hospitality, and inside the most enormous charity. Both the hospitality and the charity of the ancient clergy, as a result, are said to were very wonderful. They now not most effective maintained almost the complete terrible of every kingdom, however many knights and gentlemen had often no other manner of subsistence than by way of traveling about from monastery to monastery, beneath pretence of devotion, however in truth to enjoy the hospitality of the clergy. The retainers of a few precise prelates have been often as severa as those of the best lay-lords; and the retainers of all the clergy taken together have been, perhaps, more severa than those of all of the lay-lords. There turned into always a whole lot more union some of the clergy than a number of the lay-lords. The former had been beneath a normal field and subordination to the papal authority. The latter were under no everyday field or subordination, however almost continually equally jealous of each other,

and of the king. Though the tenants and retainers of the clergy, therefore, had both together been less numerous than the ones of the fantastic lay-lords, and their tenants were probable tons less numerous, yet their union might have rendered them more bold. The hospitality and charity of the clergy, too, now not most effective gave them the command of a awesome temporal pressure, but accelerated very a good deal the load in their non secular weapons. Those virtues procured them the very best appreciate and veneration amongst all the inferior ranks of humans, of whom many have been constantly, and almost all sometimes, fed with the aid of them. Everything belonging or related to so famous an order, its possessions, its privileges, its doctrines, necessarily seemed sacred within the eyes of the commonplace humans; and every violation of them, whether actual or pretended, the best act of sacrilegious wickedness and profaneness. In this kingdom of things, if the sovereign often discovered it hard to withstand the confederacy of the various fantastic nobility, we can't wonder that he ought to find it nevertheless more so to withstand the united force of the clergy of his very own dominions, supported through that of the clergy of all the neighbouring dominions. In such circumstances, the wonder is, no longer that he became sometimes obliged to yield, however that he ever changed into able to face up to.

The privileges of the clergy in those historic times (which to us, who live within the gift instances, seem the most absurd), their total exemption from the secular jurisdiction, as an example, or what in England was called the advantage of clergy, have been the natural, or alternatively the necessary, results of this state of factors. How dangerous need to it have been for the sovereign to try to punish a priest for any crime whatever, if his order were disposed to protect him, and to symbolize both the evidence as inadequate for convicting so holy a man, or the punishment as too excessive to be inflicted upon one whose character had been rendered sacred with the aid of faith? The sovereign should, in such instances, do no better than depart him to be attempted by the ecclesiastical courts, who, for the honour in their very own order, were fascinated to restrain, as a good deal as feasible, every member of it from committing giant crimes, or maybe from giving event to such gross scandal as might disgust the minds of the humans.

In the country wherein matters had been, through the more part of Europe, at some stage in the tenth, 11th, 12th, and 13th centuries, and for some time both before and after that period, the charter of the church of Rome may be considered because the most bold combination that ever became formed against the authority and security of civil authorities, in addition to in opposition to the freedom, reason, and happiness of mankind, that may flourish handiest wherein civil government is able to shield them. In that charter, the grossest delusions of superstition had been supported in the sort of manner by means of the private pursuits of so remarkable some of human beings, as positioned them out of all danger from any attack of human purpose; because, although human purpose might, perhaps, had been able to unveil, even to the eyes of the common people, some of the delusions of superstition, it could by no means have dissolved the ties of personal hobby. Had this charter been attacked by no different enemies but the feeble efforts of human cause, it ought to have continued for ever. But that enormous and well-built material, which all of the know-how and virtue of man may want to by no means have shaken, tons less have overturned, changed into, by means of the natural path of things, first weakened, and afterwards in element destroyed; and is now probable, in the course of some centuries extra, perhaps, to crumble into ruins altogether.

The gradual improvements of arts, manufactures, and commerce, the identical causes which destroyed the strength of the notable barons, destroyed, inside the equal manner, via the extra part of Europe, the whole temporal manufactures, and commerce, the clergy, like the terrific barons, determined some thing for which they could exchange their rude produce, and thereby determined the manner of spending their whole revenues upon their personal humans, without giving any huge share of them to other people. Their charity have become gradually much less substantial, their hospitality less liberal, or less profuse. Their retainers became therefore much less numerous, and, by using ranges, dwindled away altogether. The clergy, too, like the high-quality barons, wanted to get a higher lease from their landed estates, in order to spend it, inside the same way, upon the gratification of their own personal arrogance and folly. But this increase of lease can be got best by granting rentals to their tenants, who thereby became, in a splendid degree, independent of them. The ties of interest,

which bound the inferior ranks of people to the clergy, had been on this manner steadily broken and dissolved. They had been even broken and dissolved earlier than those which certain the equal ranks of human beings to the brilliant barons; because the benefices of the church being, the more part of them, a good deal smaller than the estates of the splendid barons, the possessor of each benefice was an awful lot quicker able to spend the whole of its sales upon his very own person. During the extra a part of the fourteenth and 15th centuries, the electricity of the incredible barons turned into, through the greater part of Europe, in complete power. But the temporal energy of the clergy, absolutely the command which they had once had over the exquisite body of the human beings changed into very an awful lot decayed. The strength of the church was, by way of that point, very nearly reduced, through the greater a part of Europe, to what arose from their religious authority; or even that non secular authority was a great deal weakened, while it ceased to be supported through the charity and hospitality of the clergy. The inferior ranks of people now not appeared upon that order as that they had executed earlier than; as the comforters in their distress, and the relievers of their indigence. On the opposite, they have been provoked and disgusted through the vanity, luxurious, and fee of the richer clergy, who regarded to spend upon their very own pleasures what had always before been regarded because the patrimony of the negative.

In this example of factors, the sovereigns inside the one-of-a-kind states of Europe endeavoured to get better the have an effect on which that they had once had within the disposal of the awesome benefices of the church; by way of shopping to the deans and chapters of every diocese the recovery of their historical proper of electing the bishop; and to the clergymen of each abbacy that of electing the abbot. The re-establishing this historical order become the object of numerous statutes enacted in England for the duration of the direction of the fourteenth century, in particular of what is referred to as the statute of provisors; and of the pragmatic sanction, hooked up in France in the fifteenth century. In order to render the election legitimate, it changed into necessary that the sovereign ought to each consent to it before hand, and afterwards approve of the character elected; and although the election changed into nonetheless purported to be loose, he had, however all

of the indirect manner which his state of affairs necessarily afforded him, of influencing the clergy in his own dominions. Other rules, of a similar tendency, had been installed in other parts of Europe. But the power of the pope, in the collation of the excellent benefices of the church, seems, before the reformation, to have been nowhere so effectually and so universally restricted as in France and England. The concordat afterwards, within the 16th century, gave to the kings of France the absolute right of providing to all of the extremely good, or what are known as the consistorial, benefices of the Gallican church.

Since the establishment of the pragmatic sanction and of the concordat, the clergy of France have in widespread shewn much less respect to the decrees of the papal court, than the clergy of every other catholic united states of america. In all of the disputes which their sovereign has had with the pope, they have almost continuously taken part with the former. This independency of the clergy of France upon the court docket of Rome appears to be basically based upon the pragmatic sanction and the concordat. In the earlier periods of the monarchy, the clergy of France seem to had been as a lot devoted to the pope as the ones of another usa. When Robert, the second prince of the Capetian race, turned into most unjustly excommunicated by the court of Rome, his personal servants, it's far stated, threw the victuals which got here from his table to the puppies, and refused to taste any component themselves which have been polluted via the touch of a person in his situation. They have been taught to accomplish that, it is able to very competently be presumed, through the clergy of his own dominions.

The claim of collating to the excellent benefices of the church, a declare in defence of which the court docket of Rome had often shaken, and on occasion overturned, the thrones of a number of the best sovereigns in Christendom, changed into in this manner either confined or changed, or given up altogether, in many unique elements of Europe, even before the time of the reformation. As the clergy had now much less have an effect on over the people, so the kingdom had more influence over the clergy. The clergy, consequently, had each much less power, and less inclination, to disturb the state.

The authority of the church of Rome become on this state of declension, when the disputes which gave delivery to the reformation commenced in Germany, and shortly spread themselves through every part of Europe. The new doctrines have been anywhere acquired with a excessive degree of famous favour. They have been propagated with all that enthusiastic zeal which usually animates the spirit of celebration, whilst it assaults hooked up authority. The teachers of these doctrines, although possibly, in different respects, now not extra discovered than a number of the divines who defended the mounted church, appear in widespread to had been higher familiar with ecclesiastical records, and with the foundation and development of that machine of evaluations upon which the authority of the church became established; and that they had thereby the gain in almost every dispute. The austerity of their manners gave them authority with the commonplace people, who contrasted the strict regularity in their behavior with the disorderly lives of the greater part of their very own clergy. They possessed, too, in a much better diploma than their adversaries, all of the arts of recognition and of gaining proselytes; arts which the lofty and dignified sons of the church had lengthy ignored, as being to them in a incredible measure useless. The reason of the brand new doctrines recommended them to some, their novelty to many; the hatred and contempt of the established clergy to a nonetheless extra quantity: but the zealous, passionate, and fanatical, even though often coarse and rustic eloquence, with which they were almost everywhere inculcated, advocated them to by some distance the finest range.

The success of the brand new doctrines became almost anywhere so wonderful, that the princes, who at that time occurred to be on terrible terms with the courtroom of Rome, were, by way of them, without problems enabled, of their personal dominions, to overturn the church, which having misplaced the honor and veneration of the inferior ranks of human beings, may want to make scarce any resistance. The court docket of Rome had disobliged a number of the smaller princes inside the northern parts of Germany, whom it had possibly taken into consideration as too insignificant to be well worth the managing. They universally, consequently, set up the reformation in their personal dominions. The tyranny of Christiern II., and of Troll archbishop of Upsal, enabled Gustavus Vasa to expel them both

from Sweden. The pope favoured the tyrant and the archbishop, and Gustavus Vasa located no difficulty in organising the reformation in Sweden. Christiern II. Was afterwards deposed from the throne of Denmark, wherein his conduct had rendered him as odious as in Sweden. The pope, however, turned into still disposed to favour him; and Frederic of Holstein, who had hooked up the throne in his stead, revenged himself, by means of following the example of Gustavus Vasa. The magistrates of Berne and Zurich, who had no unique quarrel with the pope, established with excellent ease the reformation of their respective cantons, where simply before a number of the clergy had, through an imposture incredibly grosser than regular, rendered the whole order both odious and contemptible.

In this essential state of affairs of its affairs the papal court docket became at sufficient pains to domesticate the friendship of the effective sovereigns of France and Spain, of whom the latter become at that time emperor of Germany. With their assistance, it changed into enabled, though no longer without brilliant issue, and lots bloodshed, both to suppress altogether, or to obstruct very plenty, the development of the reformation of their dominions. It became nicely enough willing, too, to be complaisant to the king of England. But from the instances of the instances, it could not be so without giving offence to a nevertheless more sovereign, Charles V., king of Spain and emperor of Germany. Henry VIII., accordingly, though he did no longer embody himself the more a part of the doctrines of the reformation, become but enabled, with the aid of their standard occurrence, to suppress all of the monasteries, and to abolish the authority of the church of Rome in his dominions. That he must cross thus far, even though he went no further, gave some pleasure to the shoppers of the reformation, who, having got possession of the government inside the reign of his son and successor finished, with none problem, the paintings which Henry VIII. Had all started.

In a few countries, as in Scotland, in which the government was vulnerable, unpopular, and now not very firmly installed, the reformation become sturdy sufficient to overturn, not handiest the church, however the kingdom likewise, for attempting to help the church.

Among the fans of the reformation, dispersed in all of the special countries of Europe, there was no popular tribunal, which, like that of the court of Rome, or an oecumenical council, ought to settle all disputes among them, and, with irresistible authority, prescribe to all of them the perfect limits of orthodoxy. When the followers of the reformation in one country, therefore, occurred to differ from their brethren in any other, as they had no commonplace judge to attraction to, the dispute could in no way be determined; and lots of such disputes arose among them. Those concerning the government of the church, and the proper of conferring ecclesiastical benefices, were perhaps the most interesting to the peace and welfare of civil society. They gave delivery, for that reason, to the two essential parties or sects a few of the followers of the reformation, the Lutheran and Calvinistic sects, the handiest sects among them, of which the doctrine and field have ever but been mounted through regulation in any part of Europe.

The fans of Luther, together with what is called the church of England, preserved extra or much less of the episcopal government, set up subordination the various clergy, gave the sovereign the disposal of all the bishoprics, and different consistorial benefices inside his dominions, and thereby rendered him the actual head of the church; and with out depriving the bishop of the right of collating to the smaller benefices within his diocese, they, even to those benefices, now not simplest admitted, but favoured the proper of presentation, both inside the sovereign and in all other lay buyers. This device of church authorities become, from the start, favourable to peace and suitable order, and to submission to the civil sovereign. It has never, as a result, been the event of any tumult or civil commotion in any united states of america wherein it has as soon as been established. The church of England, mainly, has constantly valued herself, with tremendous cause, upon the unexceptionable loyalty of her standards. Under any such authorities, the clergy certainly endeavour to advise themselves to the sovereign, to the court, and to the the Aristocracy and gentry of the usa, through whose have an impact on they mainly assume to reap preferment. They pay court docket to those shoppers, occasionally, no question, through the vilest flattery and assentation; however often, too, by cultivating all those arts which nice deserve, and which are consequently maximum likely to advantage them, the esteem of humans of rank and

fortune; by way of their expertise in all the distinctive branches of beneficial and decorative getting to know, by using the respectable liberality of their manners, via the social good humour of their conversation, and by their avowed contempt of these absurd and hypocritical austerities which fans inculcate and pretend to guidance, with a purpose to draw upon themselves the veneration, and upon the more part of guys of rank and fortune, who avow that they do no longer training them, the abhorrence of the not unusual human beings. Such a clergy, however, at the same time as they pay their court on this way to the higher ranks of lifestyles, are very apt to forget altogether the manner of keeping their affect and authority with the lower. They are listened to, esteemed, and respected through their superiors; but earlier than their inferiors they're frequently incapable of protecting, effectively, and to the conviction of such hearers, their own sober and moderate doctrines, towards the maximum ignorant fanatic who chooses to attack them.

The followers of Zuinglius, or extra well the ones of Calvin, at the opposite, bestowed upon the people of every parish, whenever the church have become vacant, the right of electing their personal pastor; and hooked up, on the same time, the most best equality among the clergy. The former part of this organization, as long because it remained in vigour, appears to have been efficient of nothing but disease and confusion, and to have tended equally to corrupt the morals each of the clergy and of the humans. The latter part seems in no way to have had any consequences but what have been perfectly agreeable.

As lengthy as the people of each parish preserved the right of electing their personal pastors, they acted almost continually below the have an impact on of the clergy, and commonly of the most factious and fanatical of the order. The clergy, with a view to hold their have an effect on in the ones famous elections, have become, or affected to grow to be, a lot of them, fanatics themselves, endorsed fanaticism the various humans, and gave the preference nearly constantly to the maximum fanatical candidate. So small a matter because the appointment of a parish priest, occasioned almost usually a violent contest, not handiest in one parish, however in all the neighbouring parishes who seldom failed to take part within the quarrel. When the parish happened to be situated in a amazing metropolis, it divided

all of the inhabitants into two parties; and whilst that town passed off, either to represent itself a little republic, or to be the pinnacle and capital of a touch republic, as inside the case with the various tremendous cities in Switzerland and Holland, each paltry dispute of this type, over and above exasperating the animosity of all their different factions, threatened to go away at the back of it, each a brand new schism within the church, and a new faction inside the state. In the ones small republics, therefore, the Justice of the Peace very quickly located it essential, for the sake of maintaining the public peace, to assume to himself the proper of offering to all vacant benefices. In Scotland, the most enormous usa in which this presbyterian form of church government has ever been established, the rights of patronage have been in effect abolished via the act which installed presbytery in the beginning of the reign of William III. That act, at least, positioned inside the power of certain training of human beings in each parish to purchase, for a completely small fee, the proper of electing their very own pastor. The charter which this act installed, was allowed to subsist for about two-and-20 years, however changed into abolished through the tenth of queen Anne, ch.12, as a result of the confusions and issues which this extra famous mode of election had nearly everywhere occasioned. In so significant a rustic as Scotland, however, a tumult in a far flung parish was no longer so probably to provide disturbance to government as in a smaller state. The tenth of queen Anne restored the rights of patronage. But even though, in Scotland, the regulation offers the benefice, with none exception to the character supplied via the purchaser; yet the church calls for every now and then (for she has now not in this appreciate been very uniform in her choices) a certain concurrence of the humans, earlier than she will confer upon the presentee what's known as the treatment of souls, or the ecclesiastical jurisdiction inside the parish. She sometimes, at least, from an affected challenge for the peace of the parish, delays the settlement until this concurrence may be procured. The non-public tampering of some of the neighbouring clergy, from time to time you purchased, however extra often to save you this concurrence, and the famous arts which they domesticate, so that it will enable them upon such activities to tamper more efficiently, are perhaps the reasons which mainly preserve up whatever remains of the old fanatical spirit, either in the clergy or in the humans of Scotland.

The equality which the presbyterian form of church authorities establishes many of the clergy, is composed, first, in the equality of authority or ecclesiastical jurisdiction; and, secondly, in the equality of benefice. In all presbyterian church buildings, the equality of authority is perfect; that of benefice is not so. The distinction, but, among one benefice and another, is seldom so sizeable, as commonly to tempt the possessor even of the small one to pay court docket to his consumer, by means of the vile arts of flattery and assentation, that allows you to get a higher. In all the presbyterian church buildings, in which the rights of patronage are very well established, it is by nobler and higher arts, that the installed clergy in fashionable endeavour to benefit the favour of their superiors; via their getting to know, by using the irreproachable regularity of their lifestyles, and by way of the devoted and diligent discharge in their duty. Their shoppers even frequently whinge of the independency of their spirit, which they're apt to construe into ingratitude for beyond favours, however which, at worse, possibly, is seldom anymore than that indifference which certainly arises from the focus that no similarly favours of the sort are ever to be expected. There is scarce, perhaps, to be found anywhere in Europe, a extra found out, respectable, independent, and first rate set of fellows, than the greater part of the presbyterian clergy of Holland, Geneva, Switzerland, and Scotland.

Where the church benefices are all nearly identical, none of them may be very super; and this mediocrity of benefice, even though it could be, no question, carried too some distance, has, however, some very agreeable results. Nothing but exemplary morals can deliver dignity to a person of small fortune. The vices of levity and arrogance always render him ridiculous, and are, except, almost as ruinous to him as they may be to the commonplace human beings. In his very own behavior, therefore, he's obliged to observe that gadget of morals which the commonplace people appreciate the most. He gains their esteem and affection, through that plan of lifestyles which his own interest and situation would lead him to comply with. The common humans look upon him with that kindness with which we obviously regard one that procedures somewhat to our own condition, but who, we suppose, must be in a better. Their kindness clearly provokes his kindness. He becomes careful to educate them, and aware of help and relieve them. He does no longer even despise the prejudices of folks that are

disposed to be so beneficial to him, and never treats them with the ones contemptuous and boastful airs, which we so often meet with within the proud dignitaries of opulent and well endowed church buildings. The presbyterian clergy, as a consequence, have greater have an impact on over the minds of the not unusual human beings, than perhaps the clergy of any other hooked up church. It is, for this reason, in presbyterian countries most effective, that we ever find the common human beings converted, without persecution absolutely, and nearly to a person, to the hooked up church.

In countries where church benefices are, the greater a part of them, very slight, a chair in a university is usually a better status quo than a church benefice. The universities have, in this situation, the selecting and chusing of their contributors from all of the churchmen of the u . S . A . , who, in each u . S . , represent by means of far the maximum numerous elegance of guys of letters. Where church benefices, on the opposite, are many of them very extensive, the church clearly draws from the colleges the more part of their eminent guys of letters; who typically discover some purchaser, who does himself honour by shopping them church preferment. In the former state of affairs, we're possibly to find the colleges filled with the maximum eminent guys of letters which are to be observed in the united states of america. In the latter, we are possibly to locate few eminent men among them, and those few a few of the youngest individuals of the society, who're probably, too, to be drained far from it, before they are able to have acquired enjoy and knowledge enough to be of a great deal use to it. It is located by Mr. De Voltaire, that father Porée, a jesuit of no high-quality eminence within the republic of letters, turned into the only professor they had ever had in France, whose works have been worth the analyzing. In a rustic which has produced such a lot of eminent guys of letters, it ought to seem relatively singular, that scarce considered one of them ought to were a professor in a university. The well-known Cassendi become, in the starting of his existence, a professor in the college of Aix. Upon the first dawning of his genius, it was represented to him, that by going into the church he may want to without difficulty locate a far extra quiet and comfy subsistence, in addition to a higher scenario for pursuing his studies; and he at once accompanied the recommendation. The remark of Mr. De Voltaire may be implemented, I consider, no longer only to France, but to all different

Roman Catholic countries. We very hardly ever discover in any of them an eminent guy of letters, who's a professor in a university, except, perhaps, within the professions of regulation and physic; professions from which the church isn't always so possibly to draw them. After the church of Rome, that of England is via a long way the richest and quality endowed church in Christendom. In England, for this reason, the church is constantly draining the universities of all their nice and ablest members; and an vintage university coach who's recognized and outstanding in Europe as an eminent man of letters, is as hardly ever to be located there as in any Roman catholic us of a, In Geneva, on the opposite, in the protestant cantons of Switzerland, inside the protestant international locations of Germany, in Holland, in Scotland, in Sweden, and Denmark, the maximum eminent men of letters whom the ones international locations have produced, have, now not all certainly, however the a long way greater part of them, been professors in universities. In those countries, the colleges are usually draining the church of all its most eminent men of letters.

It may, possibly, be well worth even as to observation, that, if we except the poets, some orators, and some historians, the a ways more a part of the alternative eminent guys of letters, each of Greece and Rome, appear to were either public or non-public teachers; generally either of philosophy or of rhetoric. This remark will be found to maintain actual, from the times of Lysias and Isocrates, of Plato and Aristotle, right down to the ones of Plutarch and Epictetus, Suetonius, and Quintilian. To impose upon any man the necessity of coaching, year after yr, in any unique branch of science seems in reality to be the most successful approach for rendering him completely master of it himself. By being obliged to head every year over the equal ground, if he is ideal for any element, he always turns into, in a few years, nicely acquainted with each part of it, and if, upon any unique point, he need to shape too hasty an opinion three hundred and sixty five days, when he comes, in the route of his lectures to rethink the same situation the yr thereafter, he is very possibly to correct it. As to be a trainer of science is absolutely the natural employment of an insignificant man of letters; so is it likewise, perhaps, the training that is most likely to render him a person of solid gaining knowledge of and expertise. The mediocrity of church benefices certainly has a tendency to draw the extra a part of men

of letters within the u . S . A . Wherein it takes place, to the employment wherein they can be the maximum beneficial to the public, and at the same time to present them the best education, possibly, they're capable of receiving. It tends to render their learning both as solid as feasible, and as beneficial as viable.

The revenue of each mounted church, such parts of it excepted as may get up from unique lands or manors, is a department, it have to be located, of the general sales of the country, that's accordingly diverted to a cause very unique from the defence of the kingdom. The tithe, for example, is a real land tax, which places it out of the electricity of the owners of land to contribute so largely closer to the defence of the nation as they otherwise might be able to do. The lease of land, but, is, in keeping with some, the sole fund; and, consistent with others, the predominant fund, from which, in all terrific monarchies, the exigencies of the state should be in the end supplied. The extra of this fund that is given to the church, the much less, it is obvious, can be spared to the country. It can be laid down as a certain maxim, that every one other things being supposed same, the richer the church, the poorer need to always be, either the sovereign on the only hand, or the people on the other; and, in all instances, the much less capable must the country be to defend itself. In numerous protestant international locations, particularly in all the protestant cantons of Switzerland, the sales which anciently belonged to the Roman catholic church, the tithes and church lands, has been found a fund sufficient, now not most effective to have enough money capable salaries to the mounted clergy, but to defray, with very little addition, all the different costs of the nation. The magistrates of the powerful canton of Berne, specially, have gathered, out of the financial savings from this fund, a totally large sum, purported to quantity to numerous millions; part or that is deposited in a public treasure, and component is located at interest in what are known as the public funds of the one-of-a-kind indebted countries of Europe; chiefly in those of France and Great Britain. What may be the amount of the complete fee which the church, both of Berne, or of any other protestant canton, prices the state, I do not pretend to recognize. By a totally specific account it seems, that, in 1755, the entire revenue of the clergy of the church of Scotland, which includes their glebe or church lands, and the rent of their manses or living-

houses, envisioned according to an inexpensive valuation, amounted handiest to £68,514:1:five 1/12d. This very moderate revenue presents a first rate subsistence to nine hundred and forty-4 ministers. The whole price of the church, which include what is on occasion laid out for the building and reparation of churches, and of the manses of ministers, can't properly be supposed to exceed 80 or 80-five thousand pounds a-year. The most opulent church in Christendom does not hold better the uniformity of faith, the keenness of devotion, the spirit of order, regularity, and austere morals, in the brilliant body of the people, than this very poorly endowed church of Scotland. All the good effects, both civil and spiritual, which a longtime church can be speculated to produce, are produced by using it as absolutely as with the aid of another. The extra a part of the protestant church buildings of Switzerland, which, in widespread, are not better endowed than the church of Scotland, produce the ones results in a nevertheless better degree. In the more part of the protestant cantons, there isn't always a single person to be determined, who does now not profess himself to be of the set up church. If he professes himself to be of some other, indeed, the law obliges him to go away the canton. But so severe, or, instead, certainly, so oppressive a law, could never have been accomplished in such loose nations, had not the diligence of the clergy beforehand transformed to the set up church the entire frame of the humans, excluding, perhaps, a few individuals only. In some elements of Switzerland, accordingly, where, from the unintentional union of a protestant and Roman catholic united states of america, the conversion has no longer been so whole, each religions are not best tolerated, but hooked up through law.

The proper performance of every service seems to require, that its pay or recompence have to be, as precisely as possible, proportioned to the nature of the carrier. If any service is very much underpaid, it is very apt to suffer through the meanness and incapacity of the greater part of those who are hired in it. If it's miles very lots overpaid, it's far apt to go through, possibly nonetheless more, via their negligence and idleness. A man of a huge sales, some thing can be his profession, thinks he should live like different guys of large revenues; and to spend a terrific a part of his time in joyful celebration, in conceitedness, and in dissipation. But in a clergyman, this train of existence not best consumes the time which ought to be employed

in the responsibilities of his function, but inside the eyes of the commonplace humans, destroys nearly absolutely that sanctity of individual, which can on my own enable him to perform the ones duties with proper weight and authority.

PART IV. Of the Expense of assisting the Dignity of the Sovereign.

Over and above the costs essential for allowing the sovereign to carry out his several obligations, a sure price is requisite for the assist of his dignity. This cost varies, both with the one-of-a-kind periods of development, and with the special varieties of authorities.

In a luxurious and stepped forward society, in which all the unique orders of people are developing every day extra costly of their homes, in their fixtures, of their tables, of their get dressed, and of their equipage; it cannot nicely be predicted that the sovereign must by myself keep out against the style. He evidently, consequently, or rather necessarily, becomes extra luxurious in all the ones special articles too. His dignity even appears to require that he must become so.

As, in factor of dignity, a monarch is greater raised above his topics than the chief magistrate of any republic is ever presupposed to be above his fellow-residents; so a extra expense is essential for supporting that higher dignity. We obviously anticipate more splendour inside the court docket of a king, than in the mansion-residence of a doge or burgo-master.

CONCLUSION.

The price of protecting the society, and that of helping the dignity of the chief magistrate, are each laid out for the general advantage of the whole society. It is cheap, therefore, that they ought to be defrayed by means of the overall contribution of the whole society; all the distinctive individuals contributing, as nearly as possible, in percentage to their respective abilities.

The fee of the management of justice, too, may no doubt be taken into consideration as laid out for the gain of the complete society. There is no impropriety, therefore, in its being defrayed by using the general

contribution of the complete society. The folks, however, who supply occasion to this fee, are individuals who, through their injustice in one manner or any other, make it necessary to be searching for redress or safety from the courts of justice. The persons, again, most without delay benefited with the aid of this rate, are the ones whom the courts of justice either restore to their rights, or hold in their rights. The rate of the administration of justice, therefore, may additionally very well be defrayed by means of the specific contribution of 1 or different, or each, of these two unique sets of people, according as specific activities may also require, that is, by the prices of courtroom. It can not be vital to have recourse to the general contribution of the complete society, besides for the conviction of these criminals who have no longer themselves any property or fund sufficient for paying the ones charges.

Those local or provincial prices, of which the advantage is neighborhood or provincial (what's laid out, as an instance, upon the police of a specific metropolis or district), have to be defrayed through a nearby or provincial sales, and ought to be no burden upon the general sales of the society. It is unjust that the entire society need to make contributions towards an rate, of which the advantage is constrained to a part of the society.

The fee of retaining exact roads and communications is, no question, useful to the entire society, and may, therefore, without any injustice, be defrayed by way of the general contributions of the whole society. This fee, however, is most right away and without delay beneficial to individuals who tour or carry items from one region to another, and to those who devour such items. The turnpike tolls in England, and the duties called peages in different countries, lay it altogether upon those two distinctive sets of human beings, and thereby discharge the overall revenue of the society from a very sizeable burden.

The fee of the establishments for education and spiritual instruction, is also, absolute confidence, useful to the whole society, and can, therefore, without injustice, be defrayed by using the general contribution of the whole society. This fee, but, may, possibly, with equal propriety, and even with some gain, be defrayed altogether with the aid of individuals who get hold of the on the spot gain of such schooling and education, or by the voluntary

contribution of people who suppose they have got occasion for both the only or the alternative.

When the institutions, or public works, that are beneficial to the entire society, both can't be maintained altogether, or are not maintained altogether, by means of the contribution of such unique members of the society as are maximum straight away benefited by means of them; the deficiency need to, in maximum cases, be made up via the overall contribution of the complete society. The wellknown revenue of the society, over and above defraying the fee of shielding the society, and of assisting the honor of the chief magistrate, have to make up for the deficiency of many particular branches of sales. The resources of this preferred or public revenue, I shall endeavour to provide an explanation for inside the following chapter.

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CHAPTER II.

OF THE SOURCES OF THE GENERAL OR PUBLIC REVENUE OF THE SOCIETY.

The sales which must defray, not only the fee of protecting the society and of supporting the honour of the chief magistrate, however all of the different vital prices of government, for which the constitution of the state has not furnished any unique sales can be drawn, either, first, from some fund which particularly belongs to the sovereign or commonwealth, and which is impartial of the revenue of the humans; or, secondly, from the sales of the human beings.

PART I. Of the Funds, or Sources, of Revenue, which can also exceptionally belong to the Sovereign or Commonwealth.

The funds, or sources, of revenue, which may additionally certainly belong to the sovereign or commonwealth, should consist, either in inventory, or in land.

The sovereign, like, some other owner of stock, may derive a sales from it, both by way of using it himself, or by way of lending it. His sales is, within the one case, profit, inside the different hobby.

The revenue of a Tartar or Arabian chief is composed in income. It arises basically from the milk and growth of his own herds and flocks, of which he himself superintends the management, and is the major shepherd or herdsman of his own horde or tribe. It is, however, in this earliest and rudest nation of civil authorities only, that earnings has ever made the major part of the general public revenue of a monarchical state.

Small republics have occasionally derived a significant sales from the profit of mercantile tasks. The republic of Hamburgh is stated to do so from the earnings of a public wine-cellar and apothecary's keep. See Memoires concernant les Droits et Impositions en Europe, tome i. Page seventy three. This work turned into compiled by using the order of the courtroom, for the usage of a commission employed for a few years beyond in thinking about the proper method for reforming the price range of France. The account of the French taxes, which takes up three volumes in quarto, may be appeared as perfectly proper. That of those of other European countries became compiled from such statistics as the French ministers on the exceptional courts should procure. It is plenty shorter, and in all likelihood no longer quite so precise as that of the French taxes. That state can not be very top notch, of which the sovereign has enjoyment to carry on the exchange of a wine-service provider or an apothecary. The income of a public financial institution has been a source of sales to more substantial states. It has been so, not simplest to Hamburgh, but to Venice and Amsterdam. A sales of this kind has even by means of a few people been idea no longer beneath the eye of so high-quality an empire as that of Great Britain. Reckoning the regular dividend of the bank of England at 5 and a-1/2 per cent., and its capital at ten thousands and thousands 700 and eighty thousand kilos, the neat annual profit, after paying the rate of management, have to amount, it's far stated, to 5 hundred and 90-two thousand nine hundred pounds. Government, it is pretended, ought to borrow this capital at 3 consistent with cent. Hobby, and, via taking the control of the financial institution into its personal fingers, might make a clean earnings of two hundred and sixty-9 thousand 5 hundred pounds a-year. The orderly, vigilant, and parsimonious administration of such aristocracies as the ones of Venice and Amsterdam, is extraordinarily proper, it appears from experience, for the management of a mercantile assignment of this kind. But whether or not any such government us that of England, which, something can be its virtues, has in no way been well-known for properly economic system; which, in time of peace, has usually carried out itself with the slothful and negligent profusion that is, possibly, natural to monarchies; and, in time of battle, has continuously acted with all the thoughtless extravagance that democracies are apt to fall into, can be competently trusted with the control of one of these mission, have to at the least be a bargain more dubious.

The submit-office is properly a mercantile task. The government advances the expense of establishing the extraordinary offices, and of buying or hiring the necessary horses or carriages, and is repaid, with a massive earnings, via the obligations upon what is carried. It is, perhaps, the most effective mercantile project which has been correctly controlled via, I trust, every sort of authorities. The capital to be superior isn't always very sizable. There isn't any thriller inside the enterprise. The returns aren't best sure but instantaneous.

Princes, however, have regularly engaged in lots of different mercantile initiatives, and have been willing, like private people, to fix their fortunes, via becoming adventurers inside the common branches of change. They have scarce ever succeeded. The great quantity with which the affairs of princes are always controlled, renders it almost impossible that they have to. The agents of a prince regard the wealth in their grasp as inexhaustible; are careless at what fee they buy, are careless at what price they sell, are careless at what rate they delivery his items from one vicinity to another. Those marketers frequently live with the large quantity of princes; and occasionally, too, regardless of that great quantity, and through a proper approach of making up their accounts, gather the fortunes of princes. It became accordingly, as we're informed through Machiavel, that the dealers of Lorenzo of Medicis, no longer a prince of mean talents, carried on his trade. The republic of Florence turned into numerous instances obliged to pay the debt into which their extravagance had concerned him. He determined it convenient, therefore to surrender the commercial enterprise of merchant, the enterprise to which his own family had initially owed their fortune, and, within the latter a part of his lifestyles, to appoint both what remained of that fortune, and the sales of the state, of which he had the disposal, in projects and fees more suitable to his station.

No characters appear extra inconsistent than the ones of dealer and sovereign. If the trading spirit of the English East India corporation renders them very horrific sovereigns, the spirit of sovereignty seems to have rendered them similarly awful investors. While they were investors most effective, they controlled their trade successfully, and have been capable of pay from their income a slight dividend to the owners of their stock. Since they have become sovereigns, with a sales which, it's miles stated, changed

into at first greater than 3 millions sterling, they have been obliged to beg the ordinary assistance of presidency, so that it will keep away from immediate financial ruin. In their former situation, their servants in India taken into consideration themselves because the clerks of merchants; in their present state of affairs, the ones servants recall themselves as the ministers of sovereigns.

A nation may additionally every so often derive some part of its public sales from the interest of cash, in addition to from the profits of inventory. If it has amassed a treasure, it is able to lend part of that treasure, either to foreign states, or to its own subjects.

The canton of Berne derives a full-size revenue by way of lending part of its treasure to foreign states, that is, by way of placing it in the public budget of the special indebted international locations of Europe, mainly in those of France and England. The protection of this revenue need to depend, first, upon the safety of the funds wherein it's miles placed, or upon the coolest faith of the government which has the management of them; and, secondly, upon the knowledge or opportunity of the continuance of peace with the debtor state. In the case of a warfare, the first actual act of hostility on the a part of the debtor state might be the forfeiture of the finances of its credit score. This policy of lending money to foreign states is, thus far as I realize strange to the canton of Berne.

The metropolis of Hamburg See Memoire concernant les Droites et Impositions en Europe tome i p. Seventy three. Has installed a type of public pawn-keep, which lends cash to the topics of the kingdom, upon pledges, at six according to cent. Interest. This pawn-shop, or lombard, as it's miles referred to as, presents a revenue, it's far pretended, to the country, of one hundred and fifty thousand crowns, which, at four and sixpence the crown, quantities to £33,750 sterling.

The authorities of Pennsylvania, without amassing any treasure, invented a way of lending, now not money, certainly, but what's equal to money, to its subjects. By advancing to personal humans, at hobby, and upon land security to double the price, paper payments of credit, to be redeemed fifteen years after their date; and, within the mean time, made transferable from hand handy, like banknotes, and declared through act of assembly to

be a prison tender in all bills from one inhabitant of the province to another, it raised a mild sales, which went a vast way toward defraying an annual price of about £four,500, the whole normal rate of that frugal and orderly authorities. The achievement of an expedient of this kind ought to have depended upon 3 distinct occasions: first, upon the call for for a few other instrument of commerce, except gold and silver cash, or upon the call for for this kind of quantity of consumable inventory as couldn't be had without sending abroad the extra part of their gold and silver cash, so that you can purchase it; secondly, upon the best credit of the government which made use of this expedient; and, thirdly, upon the moderation with which it became used, the entire value of the paper payments of credit in no way exceeding that of the gold and silver cash which would were important for sporting on their flow, had there been no paper bills of credit. The equal expedient become, upon extraordinary occasions, adopted by using numerous different American colonies; however, from need of this moderation, it produced, in the greater a part of them, plenty more sickness than conveniency.

The volatile and perishable nature of stock and credit score, but, renders them not worthy to be depended on to because the predominant budget of that certain, steady, and everlasting sales, that could on my own supply security and dignity to authorities. The authorities of no exquisite country, that became advanced past the shepherd state, seems ever to have derived the greater part of its public sales from such sources.

Land is a fund of extra stable and permanent nature; and the rent of public lands, for that reason, has been the most important source of the public revenue of many a notable country that changed into tons advanced past the shepherd country. From the produce or lease of the general public lands, the historical republics of Greece and Italy derived for an extended the the greater part of that sales which defrayed the necessary charges of the commonwealth. The rent of the crown lands constituted for a long time the greater a part of the revenue of the historical sovereigns of Europe.

War, and the education for war, are the 2 circumstances which, in modern times, event the extra part of the necessary rate or all fantastic states. But in the historical republics of Greece and Italy, each citizen changed into a

soldier, and each served, and prepared himself for provider, at his personal cost. Neither of those instances, therefore, should occasion any very significant price to the state. The hire of a totally slight landed property might be completely sufficient for defraying all the other necessary expenses of presidency.

In the historical monarchies of Europe, the manners and customs of the time sufficiently organized the superb body of the people for battle; and after they took the field, they were, via the circumstance in their feudal tenures, to be maintained both at their personal cost, or at that of their immediate lords, without bringing any new charge upon the sovereign. The different expenses of presidency were, the greater a part of them, very moderate. The management of justice, it has been shewn, in preference to being a cause of rate was a supply of sales. The labour of the united states of america people, for three days before, and for 3 days after, harvest, turned into thought a fund sufficient for making and keeping all of the bridges, highways, and other public works, which the commerce of the us of a changed into imagined to require. In those days the essential fee of the sovereign seems to have consisted within the maintenance of his circle of relatives and family. The officers of his family, thus, have been then the first-rate officials of state. The lord treasurer acquired his rents. The lord steward and lord chamberlain sorted the expense of his own family. The care of his stables changed into committed to the lord constable and the lord marshal. His homes were all constructed inside the shape of castles, and appear to were the fundamental fortresses which he possessed. The keepers of these houses or castles is probably considered as a sort of army governors. They appear to have been the only navy officers whom it turned into necessary to keep in time of peace. In these instances, the rent of a remarkable landed estate might, upon normal events, thoroughly defray all the necessary costs of presidency.

In the existing country of the extra part of the civilized monarchies of Europe, the rent of all of the lands within the u . S . A ., managed as they probable could be, if they all belonged to 1 proprietor, would scarce, possibly, amount to the regular revenue which they levy upon the human beings even in peaceable times. The normal revenue of Great Britain, for example, including not simplest what's necessary for defraying the modern-

day expense of the year, but for paying the interest of the general public money owed, and for sinking part of the capital of these debts, quantities to upwards of ten hundreds of thousands a-yr. But the land tax, at 4 shillings inside the pound, falls brief of two hundreds of thousands a-yr. This land tax, as it is called however, is meant to be one-fifth, not handiest of the rent of all the land, but of that of all of the homes, and of the hobby of all the capital stock of Great Britain, that part of it only excepted which is either lent to the general public, or hired as farming inventory in the cultivation of land. A very sizable a part of the produce of this tax arises from the lease of houses and the hobby of capital inventory. The land tax of the town of London, as an example, at 4 shillings in the pound, quantities to £123,399: 6: 7; that of the metropolis of Westminster to £sixty three,092: 1: 5; that of the palaces of Whitehall and St. James's, to £30,754: 6: three. A positive proportion of the land tax is, in the same way, assessed upon all of the different cities and cities corporate in the nation; and arises nearly altogether, either from the lease of homes, or from what is meant to be the hobby of trading and capital stock. According to the estimation, therefore, by means of which Great Britain is rated to the land tax, the complete mass of revenue arising from the hire of all of the lands, from that of all the homes, and from the hobby of all of the capital stock, that a part of it simplest excepted that is either lent to the public, or hired inside the cultivation of land, does no longer exceed ten hundreds of thousands sterling a-year, the regular revenue which authorities levies upon the people, even in peaceable times. The estimation via which Great Britain is rated to the land tax is, absolute confidence, taking the whole state at a median, very much below the real cost; even though in several precise counties and districts it's far said to be almost identical to that fee. The hire of the lands on my own, different of that of homes and of the hobby of stock, has by means of many people been expected at twenty thousands and thousands; an estimation made in a exceptional measure at random, and which, I apprehend, is as possibly to be above as underneath the truth. But if the lands of Great Britain, within the present nation in their cultivation, do not find the money for a rent of greater than twenty thousands and thousands a-year, they couldn't properly come up with the money for the 1/2, maximum probable now not the fourth a part of that lease, if they all belonged to a single proprietor, and have been positioned beneath the

negligent, highly-priced, and oppressive control of his factors and dealers. The crown lands of Great Britain do no longer at present manage to pay for the fourth part of the hire that could probable be drawn from them if they were the property of personal individuals. If the crown lands have been greater considerable, it's miles likely, they would be nonetheless worse controlled.

The revenue which the tremendous body of the human beings derives from land is, in proportion, no longer to the hire, but to the produce of the land. The whole annual produce of the land of each u . S . A ., if we besides what's reserved for seed, is either yearly ate up by means of the super body of the humans, or exchanged for some thing else this is fed on by using them. Whatever keeps down the produce of the land under what it would in any other case upward push to, keeps down the revenue of the extraordinary body of the humans, nonetheless extra than it does that of the owners of land. The lease of land, that part of the produce which belongs to the proprietors, is scarce anywhere in Great Britain supposed to be extra than a 3rd part of the complete produce. If the land which, in a single country of cultivation, offers a sales of ten hundreds of thousands sterling a-yr, might in every other afford a rent of twenty hundreds of thousands; the rent being, in each instances, intended a third part of the produce, the sales of the proprietors might be much less than it in any other case might be, via ten tens of millions a-12 months handiest; but the sales of the super hotly of the human beings would be much less than it otherwise is probably, by means of thirty hundreds of thousands a-year, deducting best what might be necessary for seed. The populace of the u . S . Might be much less with the aid of the number of people which thirty thousands and thousands a-12 months, deducting usually the seed, could hold, according to the precise mode of dwelling, and cost which might take location within the exceptional ranks of guys, amongst whom the the rest become dispensed.

Though there isn't always at present in Europe, any civilized country of any kind which derives the extra part of its public sales from the lease of lands that are the property of the country; yet, in all of the great monarchies of Europe, there are still many big tracts of land which belong to the crown. They are normally wooded area, and now and again forests where, after traveling numerous miles, you will scarce discover a single tree; a trifling

waste and lack of united states, in admire each of produce and population. In each exceptional monarchy of Europe, the sale of the crown lands might produce a very big amount of cash, which, if carried out to the payment of the general public money owed, would deliver from mortgage a far more revenue than any which the ones lands have even afforded to the crown. In nations wherein lands, progressed and cultivated very fairly, and yielding, on the time of sale, as extraordinary a rent as can easily be got from them, typically promote at thirty years purchase; the unimproved, uncultivated, and coffee-rented crown lands, may properly be expected to promote at forty, fifty, or sixty years buy. The crown might at once enjoy the revenue which this wonderful rate might redeem from loan. In the path of a few years, it'd possibly enjoy another revenue. When the crown lands had turn out to be private belongings, they could, within the direction of some years, end up nicely improved and properly cultivated. The growth in their produce might growth the populace of the usa, by using augmenting the revenue and intake of the people. But the sales which the crown derives from the duties or custom and excise, might necessarily growth with the revenue and consumption of the human beings.

The revenue which, in any civilized monarchy, the crown derives from the crown lands, even though it seems to cost not anything to individuals, in reality prices greater to the society than perhaps some other equal revenue which the crown enjoys. It would, in all cases, be for the interest of the society, to replace this revenue to the crown through some different equal sales, and to divide the lands among the people, which couldn't properly be executed better, perhaps, than through exposing them to auction.

Lands, for the purposes of delight and class, parks, gardens, public walks, and so on. Possessions which are anywhere considered as causes of price, not as resources of revenue, seem to be the most effective lands which, in a notable and civilized monarchy, should belong to the crown.

Public stock and public lands, consequently, the two assets of sales which may also certainly belong to the sovereign or commonwealth, being each wrong and inadequate funds for defraying the important fee of any remarkable and civilized nation; it stays that this cost must, the greater part of it, be defrayed by taxes of 1 kind or some other; the human beings

contributing a part of their very own non-public sales, so as to make up a public revenue to the sovereign or commonwealth.

PART II. Of Taxes.

The personal revenue of people, it has been proven in the first book of this Inquiry, arises, ultimately from three exceptional resources; hire, income, and wages. Every tax need to finally be paid from some one or other of those three exceptional resources of sales, or from all of them indifferently. I shall endeavour to present the high-quality account I can, first, of these taxes which, it is meant should fall upon lease; secondly, of those which, it is meant have to fall upon income; thirdly, of those which, it is meant must fall upon wages; and fourthly, of those which, it's far supposed should fall indifferently upon all those three exclusive resources of personal revenue. The precise consideration of each of those 4 exceptional forms of taxes will divide the second a part of the existing bankruptcy into four articles, three of so that it will require numerous other subdivisions. Many of these taxes, it'll seem from the following overview, are not finally paid from the fund, or supply of revenue, upon which it is meant they need to fall.

Before I input upon the examination of precise taxes, it's miles essential to premise the 4 following maximis with reference to taxes in trendy.

1. The topics of every state should make contributions in the direction of the assist of the authorities, as almost as feasible, in share to their respective competencies; that is, in percentage to the revenue which they respectively enjoy below the protection of the kingdom. The rate of presidency to the individuals of a excellent kingdom, is like the price of control to the joint tenants of a amazing estate, who are all obliged to make contributions in share to their respective pursuits in the property. In the statement or neglect of this maxim, is composed what's known as the equality or inequality of taxation. Every tax, it should be determined as soon as for all, which falls subsequently upon one only of the three sorts of revenue above cited, is always unequal, in so far as it does no longer have an effect on the alternative two. In the following examination of various taxes, I shall seldom take a whole lot farther word of this form of inequality; however shall, in maximum cases, confine my observations to that inequality that's

occasioned by way of a selected tax falling unequally upon that precise form of personal revenue that's suffering from it.

2. The tax which every person is certain to pay, should be certain and no longer arbitrary. The time of charge, the manner of charge, the amount to be paid, ought all to be clean and simple to the contributor, and to every other character. Where it is otherwise, each person subject to the tax is placed more or much less inside the strength of the tax-gatherer, who can either aggravate the tax upon any obnoxious contributor, or extort, via the phobia of such aggravation, a few gift or perquisite to himself. The uncertainty of taxation encourages the insolence, and favours the corruption, of an order of guys who are certainly unpopular, even where they're neither insolent nor corrupt. The certainty of what every individual have to pay is, in taxation, a be counted of so first-rate importance, that a very substantial degree of inequality, it seems, I believe, from the experience of all international locations, isn't close to so notable an evil as a totally small degree of uncertainty.

3. Every tax ought to be levied at the time, or inside the manner, in which it's miles maximum possibly to be convenient for the contributor to pay it. A tax upon the rent of land or of homes, payable at the same time period at which such rents are usually paid, is levied at the time while it is maximum probably to be handy for the contributor to pay; or whilst he is maximum in all likelihood to have wherewithall to pay. Taxes upon such consumable goods as are articles of luxurious, are all ultimately paid by means of the customer, and normally in a manner that is very convenient for him. He will pay them via little and little, as he has occasion to shop for the products. As he is at liberty too, either to buy or not to shop for, as he pleases, it must be his own fault if he ever suffers any extensive inconveniency from such taxes.

4. Every tax need to be so contrived, as both to take out and to hold out of the wallet of the human beings as low as viable, over and above what it brings into the general public treasury of the kingdom. A tax might also both take out or keep out of the pockets of the people a terrific deal more than it brings into the general public treasury, inside the four following methods. First, the levying of it could require a top notch variety of

officials, whose salaries may consume up the greater part of the produce of the tax, and whose perquisites might also impose another additional tax upon the humans. Secondly, it may hinder the enterprise of the humans, and discourage them from applying to sure branches of enterprise which would possibly give protection and employment to wonderful multitudes. While it obliges the humans to pay, it is able to as a result diminish, or possibly damage, a number of the funds which might enable them extra effortlessly to accomplish that. Thirdly, through the forfeitures and other consequences which those unlucky people incur, who attempt unsuccessfully to prevent the tax, it can regularly ruin them, and thereby put an cease to the benefit which the network may have received from the employment in their capitals. An injudicious tax offers a great temptation to smuggling. But the consequences of smuggling should rise up in share to the temptation. The regulation, contrary to all of the everyday concepts of justice, first creates the temptation, and then punishes folks who yield to it; and it typically enhances the punishment, too, in percentage to the very condition which ought clearly to relieve it, the temptation to dedicate the crime. See Sketches of the History of Man page 474, and Seq. Fourthly, by using subjecting the people to the frequent visits and the odious exam of the tax-gatherers, it is able to divulge them to a great deal needless problem, vexation, and oppression; and though vexation is not, strictly speakme, expense, it's miles honestly equivalent to the expense at which each man might be inclined to redeem himself from it. It is in a few one or other of these four different methods, that taxes are frequently so much more burdensome to the people than they may be beneficial to the sovereign.

The glaring justice and software of the foregoing maxims have recommended them, greater or less, to the attention of all international locations. All nations have endeavoured, to the exceptional of their judgment, to render their taxes as same as they could contrive; as positive, as convenient to the contributor, both the time and the mode of charge, and in share to the sales which they delivered to the prince, as little burdensome to the humans. The following quick evaluate of some of the essential taxes which have taken vicinity in unique ages and international locations, will display, that the endeavours of all nations have now not in this appreciate been equally a hit.

ARTICLE I.—Taxes upon Rent—Taxes upon the Rent of Land.

A tax upon the rent of land may both be imposed according to a positive canon, every district being valued at a certain hire, which valuation isn't afterwards to be altered; or it could be imposed in this type of way, as to vary with each variation in the actual lease of the land, and to upward push or fall with the improvement or declension of its cultivation.

A land tax which, like that of Great Britain, is classed upon each district in line with a certain invariable canon, although it have to be identical on the time of its first establishment, necessarily turns into unequal in method of time, in step with the unequal stages of improvement or forget within the cultivation of the one of a kind components of the united states of america. In England, the valuation, consistent with which the exceptional counties and parishes had been assessed to the land tax by the 4th of William and Mary, changed into very unequal even at its first established order. This tax, consequently, so far offends against the primary of the 4 maxims above stated. It is perfectly agreeable to the opposite 3. It is flawlessly sure. The time of payment for the tax, being the same as that for the hire, is as handy as it can be to the contributor. Though the landlord is, in all cases, the real contributor, the tax is typically advanced by means of the tenant, to whom the landlord is obliged to allow it inside the fee of the rent. This tax is levied with the aid of a much smaller wide variety of officials than every other which presents almost the identical revenue. As the tax upon each district does now not rise with the upward push of the hire, the sovereign does not share within the income of the landlord's enhancements. Those upgrades every now and then make a contribution, indeed, to the discharge of the opposite landlords of the district. But the aggravation of the tax, which this could on occasion event upon a selected property, is always so very small, that it in no way can discourage the ones enhancements, nor preserve down the produce of the land beneath what it'd otherwise upward push to. As it has no tendency to diminish the amount, it may have none to elevate the fee of that produce. It does now not impede the industry of the human beings; it topics the landlord to no different inconveniency besides the unavoidable certainly one of paying the tax. The gain, but, which the land-lord has derived from the invariable constancy of the valuation, by using which all of the lands of Great Britain are rated to the land-tax, has

been principally because of some instances altogether extraneous to the character of the tax.

It has been owing in component, to the terrific prosperity of virtually every a part of the country, the rents of almost all the estates of Great Britain having, for the reason that time while this valuation become first mounted, been constantly growing, and scarce any of them having fallen. The landlords, consequently, have almost all received the difference between the tax which they could have paid, according to the prevailing lease in their estates, and that which they really pay in line with the historic valuation. Had the kingdom of the u . S . A . Been one of a kind, had rents been steadily falling in effect of the declension of cultivation, the landlords might almost all have lost this difference. In the kingdom of factors which has came about to take place since the revolution, the fidelity of the valuation has been high quality to the landlord and hurtful to the sovereign. In a distinct state of things it'd have been fantastic to the sovereign and hurtful to the owner.

As the tax is made payable in cash, so the valuation of the land is expressed in money. Since the established order of this valuation, the value of silver has been quite uniform, and there was no alteration in the trendy of the coin, either as to weight or fineness. Had silver risen drastically in its value, as it seems to have carried out within the course of the 2 centuries which preceded the discovery of the mines of America, the fidelity of the valuation may have proved very oppressive to the owner. Had silver fallen considerably in its fee, as it surely did for approximately a century at the least after the discovery of those mines, the equal constancy of valuation could have decreased very a lot this branch of the revenue of the sovereign. Had any great alteration been made in the fashionable of the money, either via sinking the same quantity of silver to a decrease denomination, or via raising it to a higher; had an oz. Of silver, for example, rather than being coined into five shillings and pence, been coined either into portions which bore so low a denomination as shillings and seven pence, or into pieces which bore so excessive a one as ten shillings and 4 pence, it might, inside the one case, have harm the revenue of the proprietor, inside the other that of the sovereign.

In circumstances, therefore, fairly distinctive from the ones which have in reality taken place, this fidelity of valuation could have been a very amazing inconveniency, both to the contributors or to the commonwealth. In the course of ages, such occasions, but, must at a while or different occur. But even though empires, like all the other works of guys, have all hitherto proved mortal, yet every empire goals at immortality. Every charter, therefore, which it is meant need to be as everlasting as the empire itself, ought to be convenient, now not in positive situations best, but in all situations; or ought to be proper, not to the ones occasions which might be transitory, occasional, or unintended, however to those that are vital, and therefore always the same.

A tax upon the rent of land, which varies with each variant of the hire, or which rises and falls in line with the improvement or overlook of cultivation, is recommended by way of that sect of guys of letters in France, who name themselves the economists, as the most equitable of all taxes. All taxes, they fake, fall in the long run upon the hire of land, and ought, therefore, to be imposed equally upon the fund which need to sooner or later pay them. That all taxes ought to fall as similarly as viable upon the fund which should ultimately pay them, is definitely genuine. But without entering into the disagreeable dialogue of the metaphysical arguments by means of which they aid their very ingenious principle, it's going to sufficiently appear, from the following overview, what are the taxes which fall sooner or later upon the lease of the land, and what are the ones which fall ultimately upon some other fund.

In the Venetian territory, all of the arable lands which are given in hire to farmers are taxed at a 10th of the lease. *Memoires concernant les Droits*, p. 240, 241. The rentals are recorded in a public check in, which is kept by the officers of revenue in every province or district. When the proprietor cultivates his very own lands, they may be valued in line with an equitable estimation, and he's allowed a deduction of one-fifth of the tax; in order that for such land he will pay most effective 8 instead of ten in step with cent. Of the meant hire.

A land-tax of this kind is simply extra identical than the land-tax of England. It might not, perhaps, be altogether so sure, and the assessment of

the tax might regularly occasion a good deal more trouble to the landlord. It would possibly, too, be a good buy extra luxurious within the levying.

Such a device of administration, however, would possibly, possibly, be contrived, as would in a fantastic measure both save you this uncertainty, and slight this rate.

The landlord and tenant, as an instance, may at the same time be obliged to record their hire in a public check in. Proper consequences is probably enacted towards concealing or misrepresenting any of the situations; and if a part of those penalties have been to be paid to either of the 2 events who knowledgeable against and convicted the alternative of such concealment or misrepresentation, it'd efficaciously deter them from combining together that allows you to defraud the public revenue. All the situations of the rent is probably sufficiently known from such a record.

Some landlords, in preference to raising the rent, take a quality for the renewal of the lease. This practice is, in most instances, the expedient of a spendthrift, who, for a sum of prepared money sells a future revenue of a whole lot more fee. It is, in maximum instances, consequently, hurtful to the owner; it's far regularly hurtful to the tenant; and it is constantly hurtful to the community. It often takes from the tenant so top notch a part of his capital, and thereby diminishes a lot his potential to domesticate the land, that he reveals it extra hard to pay a small hire than it might otherwise were to pay a tremendous one. Whatever diminishes his capability to domesticate, necessarily maintains down, underneath what it'd in any other case have been, the most important a part of the revenue of the network. By rendering the tax upon such fines a good buy heavier than upon the everyday hire, this hurtful exercise is probably discouraged, to the no small benefit of all of the distinct parties involved, of the owner, of the tenant, of the sovereign, and of the whole network.

Some leases prescribe to the tenant a sure mode of cultivation, and a positive succession of plants, at some stage in the complete continuance of the hire. This condition, that's commonly the effect of the landlord's conceit of his very own superior understanding (a vanity in most instances very ill-based), ought always to be considered as an additional hire, as a hire in carrier, as opposed to a rent in cash. In order to deter the exercise, that's

usually a silly one, this species of lease is probably valued as a substitute excessive, and consequently taxed extremely better than commonplace money-rents.

Some landlords, in place of a rent in money, require a rent in type, in corn, livestock, hen, wine, oil, etc.; others, again, require a lease in provider. Such rents are usually greater hurtful to the tenant than useful to the landlord. They both take extra, or hold extra out of the pocket of the former, than they placed into that of the latter. In each usa wherein they take place, the tenants are bad and beggarly, quite a great deal in line with the diploma in which they take area. By valuing, within the equal way, such rents alternatively high, and therefore taxing them quite higher than commonplace cash-rents, a exercise that's hurtful to the entire network, may, possibly, be sufficiently discouraged.

When the owner chose to occupy himself a part of his personal lands, the lease might be valued in step with an equitable arbitration of the farmers and landlords inside the neighbourhood, and a mild abatement of the tax is probably granted to him, inside the equal way as in the Venetian territory, furnished the rent of the lands which he occupied did not exceed a certain sum. It is of significance that the owner ought to be advocated to cultivate part of his very own land. His capital is generally more than that of the tenant, and, with less talent, he can frequently improve a greater produce. The landlord can have the funds for to try experiments, and is commonly disposed to do so. His unsuccessful experiments event simplest a moderate loss to himself. His successful ones contribute to the development and better cultivation of the complete us of a. It is probably of importance, however, that the abatement of the tax should encourage him to cultivate to a certain volume simplest. If the landlords have to, the greater part of them, be tempted to farm the entire in their own lands, the u . S . A . (instead of sober and industrious tenants, who're sure through their own interest to cultivate in addition to their capital and skill will permit them) could be full of idle and profligate bailiffs, whose abusive control could soon degrade the cultivation, and decrease the once a year produce of the land, to the diminution, now not only of the sales in their masters, but of the most vital part of that of the complete society.

Such a device of management may, perhaps, free a tax of this kind from any diploma of uncertainty, that can event either oppression or inconveniency to the contributor; and might, on the identical time, serve to introduce into the commonplace control of land this kind of plan of coverage as may contribute a good deal to the overall improvement and proper cultivation of the country.

The cost of levying a land-tax, which numerous with every variation of the lease, might, absolute confidence, be extremely greater than that of levying one which become continually rated in step with a hard and fast valuation. Some extra expense might necessarily be incurred, both by means of the distinct register-offices which it'd be proper to set up in the exceptional districts of the us of a, and by using the one of a kind valuations which might every so often be made from the lands which the owner selected to occupy himself. The cost of all this, however, might be very slight, and plenty below what's incurred inside the levying of many other taxes, which manage to pay for a totally inconsiderable sales in comparison of what may easily be drawn from a tax of this kind.

The discouragement which a variable land-tax of this kind might provide to the development of land, seems to be the most critical objection which may be made to it. The landlord could virtually be much less disposed to improve, while the sovereign, who contributed nothing to the cost, changed into to percentage in the income of the development. Even this objection might, possibly, be obviated, by means of allowing the owner, before he started out his development, to ascertain, along side the officers of revenue, the actual fee of his lands, in line with the equitable arbitration of a certain range of landlords and farmers within the neighbourhood, equally chosen by using each parties: and via rating him, in line with this valuation, for such a number of years as is probably absolutely enough for his entire indemnification. To draw the attention of the sovereign in the direction of the improvement of the land, from a regard to the increase of his personal sales, is one or the foremost advantages proposed by this species of land-tax. The time period, therefore, allowed, for the indemnification of the landlord, ought no longer to be a super deal longer than what turned into vital for that motive, lest the remoteness of the hobby must discourage an excessive amount of this interest. It had better, however, be particularly too

long, than in any respect too short. No incitement to the eye of the sovereign can ever counterbalance the smallest discouragement to that of the owner. The attention of the sovereign may be, at satisfactory, however a very fashionable and indistinct consideration of what's possibly to make contributions to the higher cultivation of the greater part of his dominions. The attention of the landlord is a particular and minute attention of what is likely to be the most fantastic utility of every inch of ground upon his estate. The main interest of the sovereign have to be, to inspire, by means of every way in his power, the attention both of the owner and of the farmer, through permitting both to pursue their very own hobby of their personal manner, and in keeping with their own judgment; by using giving to each the maximum ideal security that they shall revel in the overall recompense in their very own industry; and through procuring to each the most massive market for every part of their produce, in result of organising the very best and safest communications, each by means of land and by way of water, thru every a part of his personal dominions, in addition to the most unbounded freedom of exportation to the dominions of all other princes.

If, by using one of these machine of management, a tax of this kind may be so managed as to provide, not simplest no discouragement, however, at the opposite, a few encouragement to the improvement or land, it does no longer appear probably to event some other inconveniency to the landlord, besides continually the unavoidable one of being obliged to pay the tax. In all the variations of the country of the society, in the development and in the declension of agriculture; in all of the variations inside the cost of silver, and in all the ones inside the popular of the coin, a tax of this type could, of its very own accord, and without any interest of government, without problems suit itself to the real scenario of things, and would be similarly simply and equitable in all the ones one-of-a-kind modifications. It could, consequently, be a whole lot extra proper to be mounted as a perpetual and unalterable law, or as what's referred to as a essential law of the commonwealth, than any tax which became constantly to be levied consistent with a positive valuation.

Some states, instead of the simple and apparent expedient of a sign up of rentals, have had recourse to the arduous and expensive one of an actual survey and valuation of all the lands within the country. They have

suspected, probably, that the lessor and lessee, if you want to defraud the public sales, may integrate to conceal the real terms of the hire. Doomsday-e-book appears to were the result of a very correct survey of this kind.

In the historic dominions of the king of Prussia, the land-tax is classified consistent with an actual survey and valuation, that is reviewed and altered on occasion. *Memoires concurrent les Droits*, and many others. Tom, i. P. 114, 115, 116, and many others. According to that valuation, the lay owners pay from twenty to twenty-five per cent. In their sales; ecclesiastics from 40 to 40-5 in keeping with cent. The survey and valuation of Silesia turned into made by using order of the existing king, it is said, with exceptional accuracy. According to that valuation, the lands belonging to the bishop of Breslaw are taxed at twenty-5 consistent with cent. Of their rent. The other sales of the ecclesiastics of both religions at fifty in keeping with cent. The commanderies of the Teutonic order, and of that of Malta, at 40 in step with cent. Lands held by a noble tenure, at thirty-eight and one-0.33 according to cent. Lands held by using a base tenure, at thirty-five and one-1/3 according to cent.

The survey and valuation of Bohemia is said to were the work of greater than a hundred years. It was not perfected until after the peace of 1748, by the orders of the prevailing empress queen. *Id.* Tom i. P.85, eighty four. The survey of the duchy of Milan, which became all started inside the time of Charles VI., become no longer perfected until after 1760 It is esteemed one of the most accurate that has ever been made. The survey of Savoy and Piedmont was carried out below the orders of the late king of Sardinia. *Id.* P. 280, and so on.; also p, 287. And so forth. To 316.

In the dominions of the king of Prussia, the revenue of the church is taxed lots higher than that of lay owners. The revenue of the church is, the extra a part of it, a burden upon the rent of land. It seldom occurs that any part of it is applied towards the development of land; or is so employed as to make a contribution, in any respect, closer to increasing the sales of the outstanding body of the people. His Prussian majesty had likely, upon that account, concept it reasonable that it need to make contributions a good buy extra toward relieving the exigencies of the country. In some international locations, the lands of the church are exempted from all taxes. In others,

they may be taxed more lightly than other lands. In the duchy of Milan, the lands which the church possessed earlier than 1575, are rated to the tax at a 3rd simplest or their price.

In Silesia, lands held via a noble tenure are taxed 3 in keeping with cent. Better than those held by using a base tenure. The honours and privileges of various types annexed to the previous, his Prussian majesty had likely imagined, could sufficiently compensate to the proprietor a small aggravation of the tax; at the same time as, at the equal time, the humiliating inferiority of the latter could be in a few degree alleviated, through being taxed truly more lightly. In other countries, the gadget of taxation, rather than alleviating, aggravates this inequality. In the dominions of the king of Sardinia, and in the ones provinces of France which can be issue to what is referred to as the actual or predial taille, the tax falls altogether upon the lands held by way of a base tenure. Those held by way of a noble one are exempted.

A land tax assessed in line with a wellknown survey and valuation, how identical soever it may be at first, need to, within the course of a very mild time frame, become unequal. To save you its turning into so might require the persistent and painful interest of government to all the variations in the country and bring of each distinctive farm inside the us of a. The governments of Prussia, of Bohemia, of Sardinia, and of the duchy of Milan, really exert an attention of this kind; an interest so flawed to the nature of presidency, that it is not in all likelihood to be of lengthy continuance, and which, if it's miles persisted, will probably, inside the long-run, event plenty more trouble and vexation than it may likely carry remedy to the participants.

In 1666, the generality of Montauban changed into assessed to the real or predial taille, according, it's miles said, to a completely specific survey and valuation. *Memoires concernant les Droits*, and so forth. Tom. Ii p. 139, etc. By 1727, this evaluation had grow to be altogether unequal. In order to remedy this inconveniency, government has determined no better expedient, than to impose upon the whole generality an extra tax of 100 and twenty thousand livres. This extra tax is rated upon all of the unique districts situation to the taille consistent with the antique evaluation. But it's miles

levied only upon the ones which, in the actual state of factors, are via that evaluation below-taxed; and it's miles applied to the relief of those which, by using the same evaluation, are over-taxed. Two districts, for example, considered one of which ought, within the actual country of things, to be taxed at nine hundred, the opposite at eleven hundred livres, are, by the vintage evaluation, each taxed at one thousand livres. Both these districts are, by using the additional tax, rated at eleven hundred livres each. But this extra tax is levied simplest upon the district under-charged, and it's miles implemented altogether to the relief of that overcharged, which therefore will pay only nine hundred livres. The authorities neither gains nor loses by means of the additional tax, that's implemented altogether to remedy the inequalities bobbing up from the vintage evaluation. The utility is pretty a good deal regulated according to the discretion of the intendant of the generality, and ought to, therefore, be in a first rate measure arbitrary.

Taxes that are proportioned, now not within the Rent, but to the Produce of Land.

Taxes upon the produce of land are, In truth, taxes upon the rent; and although they may be at the beginning advanced through the farmer, are in the end paid by using the owner. When a positive portion of the produce is to be paid away for a tax, the farmer computes in addition to he can, what the value of this component is, twelve months with any other, likely to amount to, and he makes a proportionable abatement inside the lease which he is of the same opinion to pay to the landlord. There isn't any farmer who does not compute in advance what the church tythe, that is a land tax of this kind, is, 12 months with some other, likely to amount to.

The tythe, and each different land tax of this kind, underneath the advent of ideal equality, are very unequal taxes; a certain part of the produce being in differrent conditions, equivalent to a totally special portion of the rent. In a few very rich lands, the produce is so fantastic, that the only half of it's miles fully sufficient to update to the farmer his capital employed in cultivation, together with the ordinary income of farming inventory inside the neighbourhood. The different 1/2, or, what involves the equal aspect, the cost of the other 1/2, he ought to afford to pay as hire to the owner, if there has been no tythe. But if a tenth of the produce is taken from him inside the

way of tythe, he must require an abatement of the fifth a part of his rent, in any other case he cannot get again his capital with the ordinary profit. In this example, the hire of the owner, rather than amounting to a 1/2, or five-tenths of the entire produce, will quantity best to four-tenths of it. In poorer lands, at the contrary, the produce is occasionally so small, and the expense of cultivation so extraordinary, that it requires four-fifths of the complete produce, to replace to the farmer his capital with the ordinary income. In this example, although there was no tythe, the rent of the landlord may want to amount to no multiple-fifth or -tenths of the entire produce. But if the farmer pays one-10th of the produce in the way of tythe, he need to require an equal abatement of the hire of the landlord, for you to as a result be decreased to one-10th only of the whole produce. Upon the hire of rich lands the tythe may additionally now and again be a tax of no multiple-5th component, or 4 shillings in the pound; whereas upon that of poorer lands, it may every so often be a tax of one half of, or of ten shillings in the pound.

The tythe, as it's miles frequently a very unequal tax upon the rent, so it's miles continually a splendid discouragement, both to the enhancements of the landlord, and to the cultivation of the farmer. The one cannot task to make the maximum crucial, which can be usually the most highly-priced improvements; nor the other to elevate the most precious, which might be typically, too, the maximum steeply-priced vegetation; whilst the church, which lays out no part of the expense, is to percentage so very in large part in the earnings. The cultivation of madder changed into, for a long term, restrained by way of the tythe to the United Provinces, which, being presbyterian nations, and upon that account exempted from this unfavourable tax, enjoyed a sort of monopoly of that useful dyeing drug towards the relaxation of Europe. The late attempts to introduce the lifestyle of this plant into England, were made best in consequence of the statute, which enacted that 5 shillings an acre should be received in lieu of all manner of tythe upon madder.

As via the greater a part of Europe, the church, so in many exclusive nations of Asia, the country, is basically supported through a land tax, proportioned no longer to the rent, however to the produce of the land. In China, the foremost sales of the sovereign consists in a tenth a part of the

produce of all the lands of the empire. This 10th component, however, is envisioned so very fairly, that, in lots of provinces, it's miles said now not to exceed a thirtieth a part of the normal produce. The land tax or land lease which used to be paid to the Mahometan government of Bengal, earlier than that united states fell into the palms of the English East India corporation, is said to have amounted to approximately a 5th part of the produce. The land tax of ancient Egypt is stated likewise to have amounted to a fifth part.

In Asia, this form of land tax is said to interest the sovereign within the improvement and cultivation of land. The sovereigns of China, the ones of Bengal at the same time as underneath the Mahometan government, and people of historic Egypt, are said, hence, to have been extraordinarily attentive to the making and maintaining of precise roads and navigable canals, so that it will boom, as an awful lot as feasible, both the quantity and price of every part of the produce of the land, via purchasing to every part of it the maximum giant marketplace which their own dominions should find the money for. The tythe of the church is divided into such small quantities that no one in all its proprietors will have any interest of this type. The parson of a parish may want to in no way discover his account, in making a avenue or canal to a far off part of the us of a, with a purpose to amplify the marketplace for the produce of his own specific parish. Such taxes, when destined for the preservation of the nation, have some advantages, which may serve in a few degree to stability their inconveniency. When destined for the protection of the church, they're attended with not anything but inconveniency.

Taxes upon the produce of land may be levied, both in type, or, in keeping with a sure valuation in cash.

The parson of a parish, or a gentleman of small fortune who lives upon his estate, may additionally occasionally, perhaps find a few gain in receiving, the one his tythe, and the alternative his rent, in type. The amount to be collected, and the district within which it's far to be amassed, are so small, that they each can oversee, with their personal eyes, the gathering and disposal of every part of what's due to them. A gentleman of first rate fortune, who lived in the capital, could be in risk of suffering plenty via the forget about, and extra by means of the fraud, of his factors and marketers,

if the rents of an property in a far off province have been to be paid to him in this manner. The lack of the sovereign, from the abuse and depredation of his tax-gatherers, could always be an awful lot greater. The servants of the most careless personal person are, perhaps, greater beneath the attention in their grasp than the ones of the maximum careful prince; and a public revenue, which changed into paid in type, would suffer so much from the mismanagement of the creditors, that a totally small a part of what changed into levied upon the humans might ever arrive at the treasury of the prince. Some a part of the general public revenue of China, however, is stated to be paid on this manner. The mandarins and different tax-gatherers will, no doubt, discover their gain in persevering with the exercise of a charge, that is a lot extra at risk of abuse than any fee in cash.

A tax upon the produce of land, that is levied in money, may be levied, both consistent with a valuation, which varies with all of the versions of the marketplace charge; or in step with a set valuation, a bushel of wheat, as an instance, being constantly worth one and the identical cash rate, something can be the country of the market. The produce of a tax levied inside the former manner will vary most effective according to the variations inside the actual produce of the land, in keeping with the improvement or overlook of cultivation. The produce of a tax levied in the latter way will vary, not simplest in step with the variations in the produce of the land, however in accordance each to the ones in the cost of the treasured metals, and those in the quantity of these metals which is at exclusive times contained in coin of the equal denomination. The produce of the previous will continually endure the same share to the value of the actual produce of the land. The produce of the latter may also, at exceptional instances, bear very distinctive proportions to that value.

When, as a substitute either of a positive portion of the produce of land, or of the rate of a certain component, a sure amount of cash is to be paid in complete repayment for all tax or tythe; the tax becomes, in this situation, precisely of the equal nature with the land tax of England. It neither rises nor falls with the lease of the land. It neither encourages nor discourages development. The tythe in the extra part of those parishes which pay what's called a modus, in lieu of all other tythe is a tax of this kind. During the Mahometan authorities of Bengal, instead of the payment in form of the

fifth a part of the produce, a modus, and, it is said, a totally slight one, turned into installed inside the more a part of the districts or zemindaries of the us of a. Some of the servants of the East India agency, under pretence of restoring the public revenue to its right value, have, in some provinces, exchanged this modus for a payment in kind. Under their control, this alteration is possibly each to discourage cultivation, and to present new opportunities for abuse in the series of the general public revenue, which has fallen very an awful lot under what it became said to had been whilst it first fell below the control of the enterprise. The servants of the company may additionally, perhaps, have profited through the alternate, but at the cost, it's miles in all likelihood, each in their masters and of the u . S ..

Taxes upon the Rent of Houses.

The rent of a residence can be distinguished into two components, of which the one may additionally very nicely be referred to as the constructing-lease; the other is normally called the floor-hire.

The building-lease is the interest or profit of the capital expended in constructing the residence. In order to put the alternate of a builder upon a level with different trades, it is vital that this rent should be enough, first, to pay him the identical interest which he could have got for his capital, if he had lent it upon properly protection; and, secondly, to maintain the house in regular repair, or, what involves the same component, to update, inside a certain term of years, the capital which have been hired in constructing it. The constructing-rent, or the regular profit of building, is, therefore, everywhere regulated through the ordinary interest of money. Where the market fee of interest is 4 in keeping with cent. The lease of a residence, which, over and above paying the ground-lease, provides six or six and a-half of according to cent. Upon the entire fee of constructing, may also, perhaps, afford a sufficient income to the builder. Where the marketplace price of interest is 5 according to cent. It is able to possibly require seven or seven and a half consistent with cent. If, in share to the hobby of cash, the change of the developers gives at any time plenty extra income than this, it'll soon draw so much capital from different trades as will reduce the income to its right degree. If it gives at any time lots much less than this,

other trades will quickly draw a lot capital from it as will once more boost that income.

Whatever part of the entire rent of a house is over and above what is enough for affording this affordable income, certainly goes to the ground-lease; and, wherein the proprietor of the ground and the proprietor of the constructing are different persons, is, in maximum instances, completely paid to the previous. This surplus lease is the price which the inhabitant of the residence can pay for some real or supposed gain of the situation. In united states of america houses, at a distance from any great city, wherein there may be masses of floor to chuse upon, the floor-hire is scarce whatever, or no more than what the ground which the house stands upon could pay, if hired in agriculture. In country villas, inside the neighbourhood of a few terrific town, it's miles once in a while a good deal higher; and the unusual conveniency or splendor of scenario is there regularly very well paid for. Ground-rents are normally maximum within the capital, and in the ones precise elements of it in which there happens to be the best demand for homes, something be the motive of that demand, whether or not for alternate and commercial enterprise, for pleasure and society, or for mere arrogance and style.

A tax upon house-rent, payable with the aid of the tenant, and proportioned to the whole lease of each house, could not, for any substantial time at least, affect the building-hire. If the builder did no longer get his affordable profit, he would be obliged to cease the change; which, with the aid of elevating the call for for building, might, in a short time, carry again his profit to its proper level with that of different trades. Neither could the sort of tax fall altogether upon the ground-lease; but it would divide itself in one of these manner, as to fall partly upon the inhabitant of the residence, and partially upon the owner of the ground.

Let us suppose, as an example, that a particular character judges that he can afford for residence-lease all rate of sixty kilos a-year; and let us suppose, too, that a tax of four shillings in the pound, or of 1-5th, payable through the inhabitant, is laid upon residence-lease. A residence of sixty pounds hire will, in that case, price him seventy-two pounds a-year, which is twelve kilos greater than he thinks he can have the funds for. He will,

consequently, content himself with a worse residence, or a residence of fifty pounds rent, which, with the extra ten pounds that he must pay for the tax, will make up the sum of sixty pounds a-12 months, the price which he judges he can find the money for, and, with the intention to pay the tax, he's going to surrender a part of the extra conveniency which he would possibly have had from a residence of ten kilos a-yr extra lease. He will give up, I say, a part of this extra conveniency; for he's going to seldom be obliged to give up the complete, but will, in outcome of the tax, get a better house for 50 pounds a-12 months, than he may want to have were given if there were no tax for as a tax of this type, via getting rid of this specific competitor, have to diminish the competition for houses of sixty pounds hire, so it need to likewise decrease it for those of 50 pounds lease, and within the equal way for those of all other rents, except the lowest rent, for which it'd for a while boom the opposition. But the rents of each magnificence of homes for which the competition turned into diminished, would necessarily be extra or less decreased. As no a part of this reduction, but, could for any substantial time as a minimum, affect the building-rent, the whole of it ought to, within the lengthy-run, necessarily fall upon the floor-lease. The final price of this tax, therefore, might fall in part upon the inhabitant of the residence, who, so that you can pay his share, might be obliged to give up a part of his conveniency; and in part upon the proprietor of the floor, who, on the way to pay his proportion, would be obliged to give up a part of his revenue. In what percentage this final fee might be divided between them, it is not, perhaps, very smooth to check. The department might in all likelihood be very exceptional in special occasions, and a tax of this type might, in line with those different instances, affect very unequally, each the inhabitant of the house and the proprietor of the floor.

The inequality with which a tax of this kind might fall upon the proprietors of various ground-rents, could rise up altogether from the unintentional inequality of this division. But the inequality with which it would fall upon the inhabitants of various homes, could arise, not simplest from this, but from any other reason. The proportion of the fee of residence-lease to the whole rate of dwelling, is unique in the specific stages of fortune. It is, possibly, highest in the highest degree, and it diminishes regularly through the inferior levels, so as in popular to be lowest inside the lowest diploma.

The necessities of lifestyles event the outstanding cost of the poor. They locate it tough to get meals, and the extra part of their little revenue is spent in getting it. The luxuries and vanities of existence event the essential rate of the wealthy; and a astonishing house ornaments and sets off to the fine advantage all the different luxuries and vanities which they own. A tax upon residence-rents, therefore, could in fashionable fall heaviest upon the rich; and in this form of inequality there could no longer, perhaps, be any aspect very unreasonable. It isn't very unreasonable that the wealthy need to contribute to the general public expense, now not handiest in percentage to their sales, but some thing more than in that share.

The hire of houses, even though it in a few respects resembles the rent of land, is in one admire basically extraordinary from it. The rent of land is paid for using a efficient difficulty. The land which will pay it produces it. The hire of homes is paid for the usage of an unproductive concern. Neither the house, nor the floor which it stands upon, produce anything. The character who pays the hire, consequently, have to draw it from some different source of revenue, distinct from and impartial of this difficulty. A tax upon the rent of houses, so far because it falls upon the inhabitants, must be drawn from the identical source as the rent itself, and ought to be paid from their sales, whether derived from the wages of labour, the income of inventory, or the rent of land. So a long way because it falls upon the population, it's far one of those taxes which fall, not upon one only, however indifferently upon all the three distinctive sources of revenue; and is, in every respect, of the identical nature as a tax upon another kind of consumable commodities. In popular, there isn't perhaps, any one article of expense or consumption through which the liberality or narrowness of a man's whole cost can be higher judged of than by means of his house-hire. A proportional tax upon this unique article of cost might, possibly, produce a greater great revenue than any which has hitherto been drawn from it in any part of Europe. If the tax, indeed, turned into very high, the extra a part of humans could endeavour to avoid it as much as they might, by contenting themselves with smaller houses, and via turning the more a part of their rate into some other channel.

The rent of houses may without problems be ascertained with enough accuracy, by way of a policy of the same kind with that which could be

necessary for ascertaining the regular lease of land. Houses not inhabited have to pay no tax. A tax upon them would fall altogether upon the owner, who might for that reason be taxed for a topic which afforded him neither conveniency nor revenue. Houses inhabited by using the owner should be rated, now not in keeping with the price which they could have cost in building, however in keeping with the rent which an equitable arbitration may choose them likely to convey if leased to a tenant. If rated in keeping with the expense which they could have cost in constructing, a tax of three or 4 shillings inside the pound, joined with other taxes, could ruin almost all of the rich and high-quality households of this, and, I consider, of each other civilized u . S . A .. Whoever will observe with interest the special metropolis and united states homes of a number of the richest and best families on this country, will locate that, on the rate of handiest six and a-half, or seven consistent with cent. Upon the unique rate of building, their house-hire is nearly identical to the whole neat hire in their estates. It is the amassed expense of numerous successive generations, laid out upon objects of exquisite splendor and elegance, indeed, but, in proportion to what they cost, of very small exchangeable fee. Since the first publication of this book, a tax nearly upon the above-mentioned ideas has been imposed.

Ground-rents are a nonetheless greater proper subject of taxation than the rent of houses. A tax upon floor-rents might no longer increase the lease of houses; it would fall altogether upon the owner of the ground-rent, who acts usually as a monopolist, and exacts the finest hire which can be got for the use of his floor. More or less can be got for it, according because the competitors happen to be richer or poorer, or can manage to pay for to gratify their fancy for a selected spot of ground at a extra or smaller fee. In every u . S . , the finest wide variety of wealthy competitors is in the capital, and it is there consequently that the highest floor-rents are continually to be determined. As the wealth of these competitors would in no admire be extended via a tax upon ground-rents, they might not possibly be disposed to pay greater for the usage of the ground. Whether the tax changed into to be superior through the inhabitant or with the aid of the proprietor of the ground, would be of little significance. The greater the inhabitant become obliged to pay for the tax, the less he might incline to pay for the floor; in order that the final payment of the tax would fall altogether upon the owner

of the floor-hire. The ground-rents of uninhabited houses should pay no tax. Both ground-rents, and the regular lease of land, are a species of sales which the owner, in many instances, enjoys without any care or interest of his personal. Though part of this sales must be taken from him in an effort to defray the charges of the country, no discouragement will thereby receive to any sort of enterprise. The annual produce of the land and labour of the society, the actual wealth and sales of the super frame of the human beings, might be the same after any such tax as before. Ground-rents, and the ordinary lease of land, are therefore, possibly, the species of revenue that may best undergo to have a unusual tax imposed upon them.

Ground-rents appear, in this respect, a more proper concern of peculiar taxation, than even the everyday rent of land. The ordinary lease of land is, in many instances, owing partly, as a minimum, to the eye and accurate management of the owner. A very heavy tax would possibly discourage, an excessive amount of, this attention and proper management. Ground-rents, to date as they exceed the everyday hire of land, are altogether owing to the coolest government of the sovereign, which, through protective the enterprise either of the entire humans or of the inhabitants of a few precise area, permits them to pay a lot greater than its real cost for the ground which they build their houses upon; or to make to its proprietor so much extra than reimbursement for the loss which he may sustain with the aid of this use of it. Nothing may be more reasonable, than that a fund, which owes its lifestyles to the coolest government of the nation, ought to be taxed particularly, or need to make contributions something greater than the extra part of other budget, towards the support of that authorities.

Though, in lots of distinctive countries of Europe, taxes have been imposed upon the hire of homes, I do no longer recognize of any wherein ground-rents have been taken into consideration as a separate subject of taxation. The contrivers of taxes have, possibly, located some difficulty in ascertaining what a part of the lease ought to be taken into consideration as floor-rent, and what part ought to be considered as constructing-rent. It ought to no longer, but, appear very difficult to differentiate the ones two components of the lease from one another.

In Great Britain the rent of homes is supposed to be taxed in the equal share because the rent of land, with the aid of what's called the once a year land tax. The valuation, in keeping with which every exclusive parish and district is assessed to this tax, is usually the same. It became at the beginning extremely unequal, and it nonetheless continues to be so. Through the extra a part of the dominion this tax falls still greater lightly upon the rent of houses than upon that of land. In a few few districts most effective, which have been firstly rated high, and wherein the rents of homes have fallen substantially, the land tax of three or four shillings inside the pound is stated to quantity to an same proportion of the real lease of homes. Untenanted homes, although with the aid of law subject to the tax, are, in most districts, exempted from it by using the favour of the assessors; and this exemption now and again occasions a few little variation in the rate of unique houses, though that of the district is constantly the same. Improvements of lease, by using new buildings, upkeep, and so forth. Go to the release of the district, which occasions nevertheless in addition variations within the price of unique houses.

In the province of Holland, *Memoires concernant les Droits*, and so on. P. 223. Every house is taxed at and a-half per cent. Of its value, without any regard, either to the rent which it honestly can pay, or to the situation of its being tenanted or untenanted. There appears to be a hassle in obliging the proprietor to pay a tax for an untenanted residence, from which he can derive no sales, in particular so very heavy a tax. In Holland, in which the marketplace fee of hobby does now not exceed three per cent., two and a-half in keeping with cent. Upon the complete value of the house should, in most cases, amount to greater than a 3rd of the constructing-rent, possibly of the whole lease. The valuation, certainly, in line with which the houses are rated, although very unequal, is said to be always below the real cost. When a residence is rebuilt, progressed, or enlarged, there is a new valuation, and the tax is rated as a consequence.

The contrivers of the several taxes which in England have, at special instances, been imposed upon houses, seem to have imagined that there was a few incredible difficulty in ascertaining, with tolerable exactness, what was the real rent of each house. They have regulated their taxes, consequently, in line with a few greater obvious circumstance, which

include that they had in all likelihood imagined might, in most instances, endure some proportion to the rent.

The first tax of this type was hearth-money; or a tax of two shillings upon every fire. In order to envision what number of hearths were in the residence, it changed into vital that the tax-gatherer ought to input each room in it. This odious go to rendered the tax odious. Soon after the Revolution, consequently, it was abolished as a badge of slavery.

The next tax of this kind was a tax of shillings upon every residing-residence inhabited. A house with ten windows to pay four shillings greater. A house with twenty home windows and upwards to pay 8 shillings. This tax changed into afterwards thus far altered, that houses with twenty home windows, and with much less than thirty, have been ordered to pay ten shillings, and those with thirty windows and upwards to pay twenty shillings. The quantity of home windows can, in maximum instances, remember from the out of doors, and, in all instances, without entering every room inside the residence. The go to of the tax-gatherer, consequently, become less offensive in this tax than within the fire-money.

This tax become afterwards repealed, and inside the room of it become installed the window-tax, which has undergone two several changes and augmentations. The window tax, because it stands at present (January 1775), over and above the responsibility of 3 shillings upon each residence in England, and of 1 shilling upon every house in Scotland, lays a obligation upon every window, which in England augments gradually from twopence, the bottom price upon homes with not extra than seven windows, to two shillings, the very best fee upon homes with twenty-five windows and upwards.

The important objection to all such taxes is their inequality; an inequality of the worst kind, as they must regularly fall a whole lot heavier upon the terrible than upon the wealthy. A house of ten kilos lease in a rustic town, may on occasion have extra windows than a residence of 5 hundred pounds hire in London; and even though the inhabitant of the previous is likely to be a miles poorer man than that of the latter, but, so far as his contribution is regulated by way of the window tax, he need to make a contribution more to the guide of the country. Such taxes are, therefore, directly opposite to

the first of the four maxims above referred to. They do no longer appear to offend a lot towards any of the other three.

The herbal tendency of the window tax, and of all different taxes upon houses, is to decrease rents. The more a person can pay for the tax, the much less, it is evident, he can come up with the money for to pay for the rent. Since the imposition of the window tax, but, the rents of houses have, upon the complete, risen more or much less, in almost every city and village of Great Britain, with which I am acquainted. Such has been, almost anywhere, the growth of the demand for houses, that it has raised the rents greater than the window tax may want to sink them; one of the many proofs of the great prosperity of the country, and of the growing revenue of its inhabitants. Had it now not been for the tax, rents would probably have risen nonetheless higher.

ARTICLE II.—Taxes upon Profit, or upon the Revenue springing up from Stock.

The revenue or profit arising from inventory evidently divides itself into two parts; that which will pay the interest, and which belongs to the owner of the inventory; and that surplus element which is over and above what is vital for paying the interest.

This latter part of earnings is clearly a topic not taxable without delay. It is the reimbursement, and, in most cases, it is no more than a completely mild repayment for the chance and problem of employing the stock. The enterprise have to have this repayment, otherwise he can not, consistently together with his personal interest, continue the employment. If he turned into taxed directly, consequently, in proportion to the entire earnings, he could be obliged both to raise the fee of his profit, or to rate the tax upon the hobby of money; this is, to pay much less interest. If he raised the fee of his profit in proportion to the tax, the complete tax, even though it might be superior by using him, would be subsequently paid by one or other of two one of a kind sets of people, consistent with the unique methods in which he might appoint the inventory of which he had the management. If he hired it as a farming inventory, within the cultivation of land, he could increase the charge of his income handiest by maintaining a extra element, or, what comes to the same aspect, the fee of a more component, of the produce of

the land; and as this can be done handiest by using a reduction of lease, the final price of the tax could fall upon the owner. If he hired it as a mercantile or manufacturing stock, he ought to improve the charge of his income handiest with the aid of elevating the price of his items; in which case, the very last charge of the tax could fall altogether upon the consumers of those items. If he did no longer enhance the charge of his income, he might be obliged to price the complete tax upon that a part of it which turned into allotted for the interest of cash. He may want to come up with the money for much less hobby for whatever stock he borrowed, and the complete weight of the tax might, in this case, fall in the end upon the interest of money. So far as he could not relieve himself from the tax within the one manner, he might be obliged to alleviate himself within the other.

The hobby of cash appears, at the beginning sight, a subject equally able to being taxed without delay as the hire of land. Like the lease of land, it's far a neat produce, which stays, after completely compensating the whole threat and problem of using the stock. As a tax upon the lease of land cannot increase rents, because the neat produce which remains, after replacing the inventory of the farmer, together with his affordable profit, can not be more after the tax than earlier than it, so, for the same purpose, a tax upon the interest of money could not increase the rate of interest; the quantity of stock or money in the united states of america, like the quantity of land, being intended to remain the identical after the tax as before it. The normal fee of income, it's been shewn, within the first ebook, is anywhere regulated by using the quantity of stock to be hired, in percentage to the quantity of the employment, or of the business which should be performed with the aid of it. But the amount of the employment, or of the enterprise to be finished by way of stock, ought to neither be expanded nor faded via any tax upon the interest of cash. If the amount of the stock to be employed, consequently, turned into neither accelerated nor dwindled by it, the everyday price of profit would necessarily stay the same. But the portion of this income, important for compensating the chance and problem of the enterprise, could likewise stay the equal; that risk and problem being in no appreciate altered. The residue, consequently, that portion which belongs to the owner of the stock, and which pays the hobby of money, might necessarily remain the identical too. At first sight, consequently, the interest

of cash appears to be a subject as fit to be taxed immediately because the hire of land.

There are, however, two one of a kind situations, which render the interest of cash a miles less proper challenge of direct taxation than the lease of land.

First, the amount and value of the land which any man possesses, can in no way be a secret, and can continually be ascertained with notable exactness. But the whole quantity of the capital stock which he possesses is sort of continually a mystery, and may scarce ever be ascertained with tolerable exactness. It is responsible, besides, to nearly chronic variations. A year seldom passes away, regularly now not a month, once in a while scarce a single day, wherein it does not upward push or fall extra or less. An inquisition into every man's personal occasions, and an inquisition which, a good way to accommodate the tax to them, watched over all of the fluctuations of his fortune, could be a supply of such continual and countless vexation as no character ought to aid.

Secondly, land is a subject which can not be removed; whereas inventory without difficulty may additionally. The proprietor of land is always a citizen of the unique country in which his property lies. The proprietor of inventory is properly a citizen of the world, and isn't always always connected to any particular u . S . A .. He might be apt to desert the country in which he was exposed to a vexatious inquisition, so that you can be assessed to a burdensome tax; and could get rid of his inventory to a few other us of a, wherein he should either keep on his enterprise, or revel in his fortune more at his ease. By eliminating his stock, he might placed an end to all the industry which it had maintained in the us of a which he left. Stock cultivates land; inventory employs labour. A tax which tended to pressure away stock from any specific united states, could to this point generally tend to dry up each supply of sales, both to the sovereign and to the society. Not only the earnings of stock, but the hire of land, and the wages of labour, might necessarily be extra or much less faded with the aid of its removal.

The international locations, as a result, who have tried to tax the revenue springing up from inventory, in preference to any intense inquisition of this

type, had been obliged to content themselves with some very loose, and, therefore, more or less arbitrary estimation. The excessive inequality and uncertainty of a tax assessed on this manner, can be compensated simplest through its extreme moderation; in effect of which, every guy finds himself rated so very tons under his real sales, that he offers himself little disturbance even though his neighbour must be rated fairly decrease.

By what is called the land tax in England, it became meant that the inventory need to be taxed inside the same percentage as land. When the tax upon land became at 4 shillings within the pound, or at one-5th of the supposed rent, it turned into intended that inventory have to be taxed at one-5th of the meant hobby. When the existing annual land tax was first imposed, the prison charge of interest changed into six consistent with cent. Every hundred kilos stock, therefore, turned into supposed to be taxed at twenty-4 shillings, the fifth a part of six pounds. Since the felony rate of hobby has been reduced to five according to cent. Every hundred pounds stock is supposed to be taxed at twenty shillings most effective. The sum to be raised, by what is called the land tax, turned into divided between the usa and the principal cities. The extra a part of it become laid upon the u . S . A .; and of what became laid upon the towns, the extra component become assessed upon the homes. What remained to be assessed upon the stock or alternate of the towns (for the inventory upon the land was now not intended to be taxed) turned into very a whole lot underneath the actual price of that inventory or change. Whatever inequalities, therefore, there is probably within the original evaluation, gave little disturbance. Every parish and district nevertheless is still rated for its land, its houses, and its inventory, consistent with the authentic assessment; and the almost popular prosperity of the united states of america, which, in maximum locations, has raised very tons the cost of a lot of these, has rendered those inequalities of nonetheless less significance now. The charge, too, upon each district, continuing constantly the identical, the uncertainty of this tax, so far as it might he assessed upon the stock of any person, has been very lots faded, as well as rendered of a whole lot less effect. If the more part of the lands of England are not rated to the land tax at half of their real value, the more a part of the stock of England is, perhaps, scarce rated at the 50th part of its actual cost. In a few cities, the complete land tax is classified upon houses;

as in Westminster, wherein stock and exchange are free. It is in any other case in London.

In all nations, an excessive inquisition into the situations of personal individuals has been carefully avoided.

At Hamburg, *Memoires concernant les Droits*, tom. I, p.74 every inhabitant is obliged to pay to the kingdom one fourth per cent. Of all that he possesses; and because the wealth of the humans of Hamburg consists mainly in stock, this tax perhaps considered as a tax upon stock. Every guy assesses himself, and, within the presence of the Justice of the Peace, puts annually into the public coffer a sure amount of cash, which he proclaims upon oath, to be one fourth in step with cent. Of all that he possesses, however without declaring what it amounts to, or being susceptible to any examination upon that problem. This tax is commonly speculated to be paid with excellent constancy. In a small republic, wherein the humans have entire confidence of their magistrates, are satisfied of the necessity of the tax for the help of the kingdom, and believe that it'll be faithfully carried out to that motive, such conscientious and voluntary fee may also on occasion be expected. It isn't always ordinary to the human beings of Hamburg.

The canton of Underwald, in Switzerland, is often ravaged through storms and inundations, and it is thereby uncovered to extremely good charges. Upon such occasions the humans bring together, and each one is said to declare with the greatest frankness what he is really worth, if you want to be taxed therefore. At Zurich, the regulation orders, that in cases of necessity, each one ought to be taxed in percentage to his revenue; the quantity of which he's obliged to declare upon oath. They don't have any suspicion, it's miles said, that any in their fellow residents will lie to them. At Basil, the predominant revenue of the kingdom arises from a small custom upon goods exported. All the citizens make oath, that they may pay every three months all the taxes imposed by using law. All traders, and even all resort-keepers, are trusted with retaining themselves the account of the goods which they promote, either inside or without the territory. At the quit of every 3 months, they send this account to the treasurer, with the amount of the tax computed at the lowest of it. It isn't always suspected that the sales

suffers with the aid of this confidence. *Memoires concernant les Droits*, tom. I p. 163, 167,171.

To oblige each citizen to declare publicly upon oath, the quantity of his fortune, should not, it appears, in those Swiss cantons, be reckoned a worry. At Hamburg it would be reckoned the best. Merchants engaged inside the dangerous initiatives of exchange, all tremble at the mind of being obliged, at all times, to expose the actual country of their occasions. The damage of their credit, and the miscarriage of their initiatives, they foresee, might too often be the effect. A sober and parsimonious human beings, who're strangers to all such initiatives, do no longer feel that they have got occasion for this sort of concealment.

In Holland, quickly after the exaltation of the late prince of Orange to the stadtholdership, a tax of two in step with cent. Or the fiftieth penny, because it was referred to as, was imposed upon the whole substance of each citizen. Every citizen assessed himself, and paid his tax, within the identical manner as at Hamburg, and it was in popular supposed to were paid with awesome constancy. The human beings had at that time the finest affection for his or her new government, which they had just mounted with the aid of a preferred riot. The tax became to be paid however once, for you to relieve the kingdom in a specific exigency. It become, indeed, too heavy to be permanent. In a rustic where the market rate of interest seldom exceeds 3 in keeping with cent., a tax of in line with cent. Amounts to 13 shillings and four pence in the pound, upon the very best neat sales that is commonly drawn from stock. It is a tax which only a few people may want to pay, without encroaching greater or less upon their capitals. In a specific exigency, the humans may additionally, from great public zeal, make a amazing attempt, and give up even part of their capital, for you to relieve the country. But it's far not possible that they have to preserve to accomplish that for any full-size time; and in the event that they did, the tax could soon smash them so completely, as to render them altogether incapable of helping the state.

The tax upon inventory, imposed via the land tax invoice in England, although it is proportioned to the capital, isn't always meant to diminish or, put off any part of that capital. It is supposed only to be a tax upon the

hobby of cash, proportioned to that upon the lease of land; so that when the latter is at 4 shillings in the pound, the former can be at four shillings in the pound too. The tax at Hamburg, and the nevertheless extra mild taxes of Underwald and Zurich, are intended, in the same way, to be taxes, now not upon the capital, but upon the hobby or neat sales of inventory. That of Holland turned into meant to be a tax upon the capital.

Taxes upon the Profit of precise Employments.

In a few countries, remarkable taxes are imposed upon the earnings of stock; every so often when hired in particular branches of alternate, and every now and then whilst employed in agriculture.

Of the previous kind, are in England, the tax upon hawkers and pedlars, that upon hackney-coaches and chairs, and that which the keepers of ale-homes pay for a licence to retail ale and spiritous liquors. During the late battle, any other tax of the same kind was proposed upon shops. The war having been undertaken, it changed into stated, in defence of the trade of the us of a, the merchants, who have been to profit by using it, have to contribute towards the assist of it.

A tax, however, upon the earnings of stock hired in any particular branch of change, can by no means fall finally upon the dealers (who should in all normal cases have their reasonable earnings, and, where the competition is free, can seldom have extra than that earnings), however continually upon the customers, who ought to be obliged to pay in the price of the products the tax which the supplier advances; and typically with some overcharge.

A tax of this kind, when it's miles proportioned to the alternate of the dealer, is subsequently paid by means of the purchaser, and activities no oppression to the provider. When it isn't always so proportioned, but is the equal upon all dealers, although in this case, too, it's miles subsequently paid through the consumer, but it favours the splendid, and activities some oppression to the small provider. The tax of five shillings a-week upon each hackney educate, and that of ten shillings a-12 months upon every hackney chair, to this point as it's miles advanced with the aid of the special keepers of such coaches and chairs, is precisely enough proportioned to the volume of their respective dealings. It neither favours the amazing, nor oppresses the

smaller supplier. The tax of twenty shillings a-year for a licence to sell ale; of 40 shillings for a licence to sell spiritous liquors; and of forty shillings extra for a licence to sell wine, being the identical upon all retailers, should necessarily give a few benefit to the wonderful, and event a few oppression to the small dealers. The former should locate it more smooth to get lower back the tax within the fee of their items than the latter. The moderation of the tax, however, renders this inequality of much less significance; and it is able to to many human beings seem no longer improper to provide a few discouragement to the multiplication of little ale-houses. The tax upon shops, it become supposed, have to be the identical upon all shops. It could not properly have been otherwise. It could have been impossible to percentage, with tolerable exactness, the tax upon a shop to the volume of the change carried on in it, with out such an inquisition as might were altogether intolerable in a loose u . S .. If the tax had been sizeable, it might have oppressed the small, and compelled nearly the entire retail trade into the hands of the fantastic sellers. The competition of the former being taken away, the latter could have loved a monopoly of the trade; and, like every different monopolists, might soon have combined to elevate their earnings an awful lot beyond what became important for the payment of the tax. The final payment, instead of falling upon the shop-keeper, might have fallen upon the customer, with a good sized overcharge to the income of the store-keeper. For these motives, the challenge of a tax upon stores become laid apart, and inside the room of it become substituted the subsidy, 1759.

What in France is referred to as the personal taille, is perhaps, the most vital tax upon the profits of inventory hired in agriculture, this is levied in any part of Europe.

In the disorderly state of Europe, in the course of the superiority of the feudal authorities, the sovereign turned into obliged to content himself with taxing folks who had been too vulnerable to refuse to pay taxes. The fantastic lords, though inclined to help him upon unique emergencies, refused to subject themselves to any steady tax, and he was not strong sufficient to pressure them. The occupiers of land all over Europe had been, the more part of them, firstly bond-men. Through the more part of Europe, they have been steadily emancipated. Some of them received the assets of landed estates, which they held by using a few base or ignoble tenure, from

time to time beneath the king, and once in a while below some other remarkable lord, just like the ancient copy-holders of England. Others, without obtaining the assets, received leases for phrases of years, of the lands which they occupied underneath their lord, and consequently have become less established upon him. The super lords seem to have beheld the degree of prosperity and independency, which this inferior order of fellows had for this reason come to enjoy, with a malignant and contemptuous indignation, and willingly consented that the sovereign ought to tax them. In some nations, this tax became restricted to the lands which were held in belongings through an ignoble tenure; and, in this situation, the taille become stated to be actual. The land tax established by way of the overdue king of Sardinia, and the taille within the provinces of Languedoc, Provence, Dauphine, and Brittany; in the generality of Montauban, and inside the elections of Agen and Condom, as well as in some other districts of France; are taxes upon lands held in property by using an ignoble tenure. In other countries, the tax become laid upon the supposed income of all people who held, in farm or lease, lands belonging to different humans, some thing is probably the tenure by means of which the proprietor held them; and in this situation, the taille become stated to be personal. In the more a part of those provinces of France, which can be called the international locations of elections, the taille is of this kind. The actual taille, as it's far imposed best upon part of the lands of the united states, is necessarily an unequal, but it is not continually an arbitrary tax, even though it is so upon a few activities. The personal taille, as it's miles intended to be proportioned to the earnings of a sure magnificence of people, which could handiest be guessed at, is necessarily both arbitrary and unequal.

In France, the non-public taille at present (1775) annually imposed upon the twenty generalities, referred to as the international locations of elections, amounts to 40,107,239 livres, 16 sous. *Memoires concernant les Droits, etc tom. Ii, p.17.* The share wherein this sum is assessed upon those specific provinces, varies from year to year, in keeping with the reports which can be made to the king's council regarding the goodness or badness of the plants, as well as other situations, which may either increase or diminish their respective capabilities to pay. Each generality is split into a positive

quantity of elections; and the share wherein the sum imposed upon the complete generality is split amongst those special elections, varies likewise from 12 months to 12 months, in keeping with the reviews made to the council concerning their respective skills. It seems not possible, that the council, with the nice intentions, can ever proportion, with tolerable exactness, either of those exams to the real skills of the province or district upon which they are respectively laid. Ignorance and misinformation must usually, more or much less, lie to the maximum upright council. The share which every parish have to support of what is classified upon the entire election, and that which every person should guide of what is classed upon his precise parish, are each in the identical way various from year to yr, according as occasions are alleged to require. These situations are judged of, in the one case, by way of the officers of the election, within the different, by using those of the parish; and both the only and the other are, greater or less, underneath the course and have an impact on of the intendant. Not most effective lack of knowledge and misinformation, but friendship, birthday celebration animosity, and private resentment, are said frequently to misinform such assessors. No guy challenge to any such tax, it's far obvious, can ever be positive, before he is classified, of what he's to pay. He cannot even be positive after he is classified. If any person has been taxed who should have been exempted, or if any man or woman has been taxed beyond his percentage, although each need to pay inside the mean time, but if they whinge, and make appropriate their lawsuits, the complete parish is reimposed next yr, in order to reimburse them. If any of the participants come to be bankrupt or insolvent, the collector is obliged to strengthen his tax; and the whole parish is reimposed next year, so one can reimburse the collector. If the collector himself have to turn out to be bankrupt, the parish which elects him ought to answer for his behavior to the receiver-wellknown of the election. But, as it is probably tough for the receiver to prosecute the entire parish, he is taking at his preference 5 or six of the richest individuals, and obliges them to make precise what had been misplaced via the insolvency of the collector. The parish is afterwards reimposed, for you to reimburse those five or six. Such reimpositions are constantly over and above the taille of the precise 12 months wherein they are laid on.

When a tax is imposed upon the profits of stock in a selected department of alternate, the buyers are all careful to deliver no extra items to marketplace than what they could sell at a charge enough to reimburse them from advancing the tax. Some of them withdraw part of their stocks from the change, and the market is more sparingly furnished than earlier than. The charge of the products rises, and the very last charge of the tax falls upon the patron. But while a tax is imposed upon the income of inventory hired in agriculture, it isn't always the hobby of the farmers to withdraw any part of their inventory from that employment. Each farmer occupies a positive amount of land, for which he pays hire. For the proper cultivation of this land, a sure amount of inventory is essential; and by using chickening out any a part of this vital quantity, the farmer isn't always possibly to be extra capable of pay both the lease or the tax. In order to pay the tax, it may in no way be his hobby to diminish the amount of his produce, nor therefore to supply the marketplace extra sparingly than before. The tax, consequently, will by no means permit him to raise the price of his produce, so as to reimburse himself, through throwing the very last price upon the client. The farmer, but, have to have his reasonable earnings as well as every other provider, otherwise he should give up the alternate. After the imposition of a tax of this type, he can get this affordable earnings simplest by paying less lease to the owner. The more he is obliged to pay within the manner of tax, the less he can have enough money to pay within the way of rent. A tax of this type, imposed for the duration of the forex of a rent, can also, no question, distress or ruin the farmer. Upon the renewal of the lease, it have to always fall upon the landlord.

In the nations where the non-public taille takes place, the farmer is generally assessed in proportion to the inventory which he appears to appoint in cultivation. He is, upon this account, often afraid to have a great team of horses or oxen, however endeavours to domesticate with the meanest and most wretched devices of husbandry that he can. Such is his distrust in the justice of his assessors, that he counterfeits poverty, and wishes to seem scarce able to pay some thing, for worry of being obliged to pay an excessive amount of. By this depressing coverage, he does no longer, possibly, usually seek advice from his own hobby within the maximum valuable manner; and he in all likelihood loses greater through

the diminution of his produce, than he saves by using that of his tax. Though, in result of this wretched cultivation, the market is, no question, quite worse furnished; yet the small upward thrust of fee which this may event, as it is not probably even to indemnify the farmer for the diminution of his produce, it is nonetheless much less in all likelihood to permit him to pay more hire to the landlord. The public, the farmer, the landlord, all suffer extra or less via this degraded cultivation. That the private taille tends, in lots of exclusive ways, to deter cultivation, and consequently to dry up the most important supply of the wealth of every tremendous us of a, I actually have already had event to examine inside the 0.33 e-book of this Inquiry.

What are called ballot -taxes inside the southern provinces of North America, and the West India islands, annual taxes of so much a-head upon every negro, are properly taxes upon the profits of a sure species of inventory hired in agriculture. As the planters, are the extra part of them, both farmers and landlords, the very last fee of the tax falls upon them in their exceptional of landlords, with none retribution.

Taxes of a lot a head upon the bondmen hired in cultivation, seem anciently to were commonplace throughout Europe. There subsists at present a tax of this type inside the empire of Russia. It might be upon this account that poll-taxes of a wide variety have frequently been represented as badges of slavery. Every tax, however, is, to the person who pays it, a badge, now not of slavery, however of liberty. It denotes that he's issue to authorities, certainly; but that, as he has a few belongings, he can not himself be the assets of a master. A ballot tax upon slaves is altogether distinctive from a ballot -tax upon freemen. The latter is paid by the folks upon whom it's miles imposed; the previous, by a distinct set of humans. The latter is both altogether arbitrary, or altogether unequal, and, in most cases, is each the one and the opposite; the previous, even though in some respects unequal, different slaves being of different values, is in no recognize arbitrary. Every master, who knows the range of his own slaves, is aware of precisely what he has to pay. Those specific taxes, but, being known as by using the equal call, were taken into consideration as of the identical nature.

The taxes which in Holland are imposed upon men and maid servants, are taxes, now not upon inventory, however upon rate; and to this point

resemble the taxes upon consumable commodities. The tax of a guinea a-head for each guy-servant, which has recently been imposed in Great Britain, is of the identical kind. It falls heaviest upon the middling rank. A man of two hundred a-yr may additionally maintain a unmarried guy-servant. A guy of ten thousand a-year will now not hold fifty. It does not have an effect on the bad.

Taxes upon the profits of stock, especially employments, can in no way affect the hobby of cash. Nobody will lend his money for less interest to individuals who exercising the taxed, than to people who exercise the untaxed employments. Taxes upon the revenue arising from inventory in all employments, wherein the authorities tries to levy them with any degree of exactness, will, in many cases, fall upon the hobby of cash. The vingtieme, or twentieth penny, in France, is a tax of the same kind with what is known as the land tax in England, and is classed, within the same way, upon the revenue arising upon land, homes, and stock. So a long way because it affects stock, it is assessed, though not with exquisite rigour, but with much extra exactness than that part of the land tax in England that is imposed upon the equal fund. It, in lots of cases, falls altogether upon the interest of cash. Money is frequently sunk in France, upon what are referred to as contracts for the charter of a hire; that is, perpetual annuities, redeemable at any time with the aid of the debtor, upon price of the sum at first superior, but of which this redemption isn't exigible through the creditor except particularly instances. The vingtieme appears no longer to have raised the fee of those annuities, though it's miles precisely levied upon all of them.

APPENDIX TO ARTICLES I. AND II.—Taxes upon the Capital Value of Lands, Houses, and Stock.

While property remains inside the possession of the equal character, whatever everlasting taxes may additionally had been imposed upon it, they've in no way been supposed to diminish or cast off any a part of its capital fee, however only a few part of the revenue bobbing up from it. But whilst assets modifications hands, while it's miles transmitted both from the lifeless to the living, or from the residing to the living, such taxes have often been imposed upon it as always get rid of some part of its capital fee.

The transference of all styles of belongings from the lifeless to the living, and that of immoveable property of land and houses from the living to the residing, are transactions which might be of their nature either public and infamous, or consisting of can not be lengthy hid. Such transactions, consequently, may be taxed immediately. The transference of inventory or portable belongings, from the living to the dwelling, with the aid of the lending of cash, is frequently a secret transaction, and can always be made so. It cannot effortlessly, therefore, be taxed directly. It has been taxed indirectly in two extraordinary approaches; first, by means of requiring that the deed, containing the responsibility to pay off, have to be written upon paper or parchment which had paid a sure stamp responsibility, otherwise no longer to be legitimate; secondly, with the aid of requiring, below the like penalty of invalidity, that it must be recorded either in a public or secret sign up, and by imposing sure responsibilities upon such registration. Stamp responsibilities, and responsibilities of registration, have regularly been imposed likewise upon the deeds moving belongings of all kinds from the dead to the dwelling, and upon those transferring immoveable belongings from the dwelling to the residing; transactions which would possibly without difficulty had been taxed immediately.

The vicesima hereditatum, or the 20th penny of inheritances, imposed by using Augustus upon the ancient Romans, became a tax upon the transference of assets from the lifeless to the residing. Dion Cassius, Lib. Fifty five. See also Burman. De Vectigalibus Pop. Rom. Cap. Xi. And Bouchaud de l'impot du vingtieme sur les successions. The author who writes regarding it the least indistinctly, says, that it become imposed upon all successions, legacies and donations, in case of death, besides upon those to the nearest family members, and to the negative.

Of the identical kind is the Dutch tax upon successions. See Memoires concernant les Droits, and many others. Tom i, p. 225. Collateral successions are taxed in line with the degree of relation, from 5 to thirty in line with cent. Upon the whole fee of the succession. Testamentary donations, or legacies to collaterals, are challenge to the like obligations. Those from husband to wife, or from spouse to husband, to the 50th penny. The luctuosa hereditas, the mournful succession of ascendants to descendants, to the 20th penny only. Direct successions, or the ones of

descendants to ascendants, pay no tax. The loss of life of a father, to such of his kids as stay in the identical house with him, is seldom attended with any growth, and regularly with a significant diminution of sales; by using the lack of his enterprise, of his workplace, or of a few existence-lease estate, of which he can also had been in ownership. That tax might be merciless and oppressive, which irritated their loss, by using taking from them any part of his succession. It can also, however, occasionally be otherwise with the ones youngsters, who, in the language of the Roman law, are stated to be emancipated; in that of the Scotch regulation, to be foris-familiated; that is, who have received their element, have got households of their personal, and are supported with the aid of budget separate and independent of these of their father. Whatever part of his succession may come to such youngsters, would be a actual addition to their fortune, and may, consequently, perhaps, without more inconveniency than what attends all duties of this kind, be prone to a few tax. The casualties of the feudal regulation were taxes upon the transference of land, each from the dead to the residing, and from the dwelling to the living. In historical instances, they constituted, in every a part of Europe, one of the foremost branches of the sales of the crown.

The inheritor of every on the spot vassal of the crown paid a sure duty, typically a year's hire, upon receiving the investiture of the estate. If the inheritor become a minor, the complete rents of the estate, during the continuance of the minority, devolved to the superior, with none other charge except the preservation of the minor, and the payment of the widow's dower, whilst there took place to be a dowager upon the land. When the minor came to de of age, some other tax, known as alleviation, changed into nevertheless because of the superior, which generally amounted likewise to a year's lease. A long minority, which, in the present instances, so often disburdens a incredible property of all its incumbrances, and restores the own family to their ancient splendour, ought to in the ones instances don't have any such impact. The waste, and no longer the disincumbrance of the property, was the common effect of a long minority.

By a feudal law, the vassal could not alienate without the consent of his superior, who normally extorted a excellent or composition on granting it. This high-quality, which changed into before everything arbitrary, got here,

in many nations, to be regulated at a certain part of the fee of the land. In some countries, wherein the more part of the opposite feudal customs have long past into disuse, this tax upon the alienation of land nonetheless keeps to make a totally sizeable department of the revenue of the sovereign. In the canton of Berne it's so high as a sixth part of the rate of all noble fiefs, and a 10th part of that of all ignoble ones. *Memoires concernant les Droits*, and many others, tom.I p.154 In the canton of Lucern, the tax upon the sale of land is not usual, and takes area simplest in sure districts. But if any man or woman sells his land with a purpose to eliminate out of the territory, he pays ten per cent. Upon the complete price of the sale. *Identity*. P.157. Taxes of the same type, upon the sale both of all lands, or of lands held with the aid of certain tenures, take region in many different international locations, and make a extra or less great department of the sales of the sovereign.

Such transactions can be taxed in a roundabout way, via method either of stamp obligations, or of obligations upon registration; and those responsibilities both may, or won't, be proportioned to the price of the situation that is transferred.

In Great Britain, the stamp responsibilities are better or decrease, now not a lot in line with the value of the property transferred (an eighteen-penny or half-crown stamp being sufficient upon a bond for the largest amount of money), as in step with the nature of the deed. The maximum do now not exceed six kilos upon each sheet of paper, or skin of parchment; and those high obligations fall chiefly upon presents from the crown, and upon positive law court cases, without any regard to the cost of the problem. There are, in Great Britain, no duties at the registration of deeds or writings, except the charges of the officials who preserve the check in; and those are seldom extra than an affordable recompence for his or her labour. The crown derives no sales from them.

In Holland *Memoires concernant les Droits*, etc. Tom. I. P 223, 224, 225. There are each stamp obligations and responsibilities upon registration; which in some cases are, and in a few are not, proportioned to the cost of the assets transferred. All testaments need to be written upon stamped paper, of which the rate is proportioned to the belongings disposed of; so that there are stamps which fee from 3 pence or three stivers a-sheet, to

three hundred florins, equal to approximately twenty-seven kilos ten shillings of our cash. If the stamp is of an inferior fee to what the testator need to have made use of, his succession is confiscated. This is over and in particular their different taxes on succession. Except bills of change, and a few different mercantile payments, all different deeds, bonds, and contracts, are subject to a stamp responsibility. This responsibility, but, does not upward push in share to the value of the subject. All income of land and of houses, and all mortgages upon both, ought to be registered, and, upon registration, pay a obligation to the nation of and a-half of in keeping with cent. Upon the quantity of the fee or of the loan. This duty is extended to the sale of all ships and vessels of more than heaps burden, whether or not decked or undecked. These, it seems, are considered as a form of homes upon the water. The sale of moveables, while it is ordered by a court docket of justice, is subject to the like obligation of and a-half consistent with cent.

In France, there are each stamp obligations and responsibilities upon registration. The former are considered as a department of the aids of excise, and, inside the provinces where the ones obligations take area, are levied with the aid of the excise officers. The latter are considered as a branch of the domain of the crown and are levied by way of a different set of officers.

Those modes of taxation by stamp duties and through responsibilities upon registration, are of very current invention. In the course of little extra than a century, however, stamp obligations have, in Europe, become nearly widespread, and duties upon registration extremely commonplace. There is no art which one government sooner learns of every other, than that of draining cash from the pockets of the human beings.

Taxes upon the transference of assets from the useless to the dwelling, fall ultimately, in addition to straight away, upon the individuals to whom the property is transferred. Taxes upon the sale of land fall altogether upon the seller. The dealer is almost continually underneath the need of promoting, and have to, therefore, take any such price as he can get. The client is scarce ever under the need of purchasing, and could, therefore, only provide this type of fee as he likes. He considers what the land will fee him, in tax and

rate collectively. The greater he is obliged to pay in the way of tax, the less he might be disposed to present in the manner of price. Such taxes, consequently, fall almost always upon a necessitous individual, and ought to, therefore, be regularly very cruel and oppressive. Taxes upon the sale of latest-built homes, where the building is offered with out the floor, fall commonly upon the customer, due to the fact the builder have to commonly have his profit; otherwise he should surrender the exchange. If he advances the tax, therefore, the buyer need to generally repay it to him. Taxes upon the sale of antique homes, for the equal purpose as those upon the sale of land, fall usually upon the seller; whom, in most cases, either conveniency or necessity obliges to promote. The number of recent-built houses which are annually brought to marketplace, is extra or much less regulated with the aid of the demand. Unless the demand is together with to have enough money the builder his profit, after paying all charges, he'll build no extra homes. The wide variety of old houses which occur at any time to return to market, is regulated by injuries, of which the extra element have no relation to the demand. Two or 3 high-quality bankruptcies in a mercantile town, will deliver many homes to sale, which have to be bought for what can be got for them. Taxes upon the sale of ground-rents fall altogether upon the vendor, for the identical reason as the ones upon the sale of lands. Stamp duties, and obligations upon the registration of bonds and contracts for borrowed money, fall altogether upon the borrower, and, in fact, are usually paid with the aid of him. Duties of the identical type upon law complaints fall upon the suitors. They lessen to each the capital cost of the difficulty in dispute. The extra it charges to collect any belongings, the less need to be the neat value of it while received.

All taxes upon the transference of belongings of every kind, so far as they decrease the capital price of that property, generally tend to decrease the budget destined for the renovation of effective labour. They are all more or much less unthrifty taxes that increase the revenue of the sovereign, which seldom maintains any but unproductive labourers, at the expense of the capital of the people, which keeps none but productive.

Such taxes, even when they're proportioned to the value of the belongings transferred, are still unequal; the frequency of transference now not being continually equal in assets of same value. When they are no longer

proportioned to this cost, that's the case with the more a part of the stamp obligations and obligations of registration, they are nevertheless extra so. They are in no recognize arbitrary, but are, or may be, in all instances, perfectly clean and sure. Though they every so often fall upon the person that isn't always very able to pay, the time of payment is, in maximum cases, sufficiently handy for him. When the fee will become due, he have to, in most instances, have the more to pay. They are levied at little or no expense, and in popular difficulty the participants to no other inconveniency, besides usually the unavoidable certainly one of paying the tax. In France, the stamp responsibilities are not tons complained of. Those of registration, which they call the Controle, are. They deliver occasion, it's miles pretended, to a whole lot extortion inside the officers of the farmers-wellknown who accumulate the tax, that is in a first rate degree arbitrary and unsure. In the extra part of the libels that have been written in opposition to the present device of price range in France, the abuses of the controle make a primary article. Uncertainty, but, does not seem to be necessarily inherent within the nature of such taxes. If the popular lawsuits are well based, the abuse ought to get up, no longer so much from the nature of the tax as from the want of precision and distinctness inside the words of the edicts or legal guidelines which impose it.

The registration of mortgages, and in fashionable of all rights upon immoveable assets, as it gives notable protection both to creditors and consumers, is extraordinarily fantastic to the public. That of the greater part of deeds of other types, is regularly inconvenient or even risky to people, with none advantage to the public. All registers which, it's miles acknowledged, need to be kept secret, ought actually never to exist. The credit of individuals ought absolutely in no way to rely on so very slender a protection, because the probity and faith of the inferior officials of sales. But where the charges of registration had been made a source of revenue to the sovereign, sign up-offices have usually been elevated without cease, both for the deeds which have to be registered, and for the ones which ought no longer. In France there are numerous one of a kind varieties of mystery registers. This abuse, although no longer possibly a vital, it need to be stated, is a totally herbal impact of such taxes.

Such stamp responsibilities as the ones in England upon playing cards and cube, upon newspapers and periodical pamphlets, and so on. Are properly taxes upon intake; the final price falls upon the people who use or devour such commodities. Such stamp responsibilities as those upon licences to retail ale, wine, and spiritous liquors, though meant, possibly, to fall upon the earnings of the stores, are likewise sooner or later paid through the customers of those liquors. Such taxes, though called via the same call, and levied by using the same officials, and in the same way with the stamp responsibilities above stated upon the transference of belongings, are, but, of a pretty distinct nature, and fall upon pretty one-of-a-kind funds.

ARTICLE III.—Taxes upon the Wages of Labour.

The wages of the inferior classes of labor guys, I even have endeavoured to show within the first e-book are everywhere necessarily regulated by two distinctive circumstances; the call for for labour, and the everyday or average charge of provisions. The demand for labour, in accordance because it occurs to be both increasing desk bound or declining; or to require an increasing, stationary, or declining population, regulates the subsistence of the labourer, and determines in what degree it shall be both liberal, mild, or scanty. The ordinary common price of provisions determines the amount of cash which should be paid to the workman, on the way to allow him, twelve months with every other, to buy this liberal, mild, or scanty subsistence. While the call for for the labour and the fee of provisions, therefore, remain the same, a direct tax upon the wages of labour can don't have any different impact, than to elevate them extremely higher than the tax. Let us think, as an example, that, in a specific region, the call for for labour and the charge of provisions had been inclusive of to render ten shillings a-week the everyday wages of labour; and that a tax of one-fifth, or 4 shillings inside the pound, was imposed upon wages. If the demand for labour and the price of provisions remained the same, it might still be important that the labourer need to, in that location, earn one of these subsistence as may be bought handiest for ten shillings a-week; so that, after paying the tax, he have to have ten shillings a-week unfastened wages. But, which will leave him such unfastened wages, after paying this kind of tax, the fee of labour must, in that vicinity, soon upward push, now not to 12 shillings per week best, but to 12 and sixpence; this is, on the way

to permit him to pay a tax of 1-fifth, his wages must necessarily soon rise, now not one-fifth component handiest, however one-fourth. Whatever changed into the proportion of the tax, the wages of labour should, in all cases upward push, now not most effective in that proportion, but in a higher proportion. If the tax as an instance, turned into one-10th, the wages of labour must always soon upward push, now not one-10th element simplest, but one-8th.

A direct tax upon the wages of labour, consequently, though the labourer might, perhaps, pay it out of his hand, couldn't nicely be stated to be even superior by him; at least if the call for for labour and the average price of provisions remained the identical after the tax as before it. In all such instances, not simplest the tax, but some thing extra than the tax, might in reality be superior by the person that at once hired him. The final payment might, in distinct cases, fall upon specific persons. The rise which this type of tax might occasion inside the wages of producing labour might be advanced through the grasp manufacturer, who might each be entitled and obliged to fee it, with a income, upon the fee of his items. The final fee of this upward thrust of wages, therefore, together with the additional earnings of the grasp producer would fall upon the consumer. The upward thrust which any such tax may occasion in the wages of u . S . Labour could be superior with the aid of the farmer, who, that allows you to hold the same number of labourers as earlier than, could be obliged to rent a greater capital. In order to get lower back this extra capital, collectively with the normal profits of stock, it might be vital that he ought to preserve a larger element, or, what comes to the equal component, the price of a bigger portion, of the produce of the land, and, therefore, that he ought to pay much less rent to the owner. The very last price of this rise of wages, consequently, could, in this case, fall upon the owner, collectively with the additional profit of the farmer who had advanced it. In all instances, an instantaneous tax upon the wages of labour have to, inside the lengthy-run, event both a more reduction inside the lease of land, and a greater rise in the fee of synthetic goods than might have followed from the right assessment of a sum identical to the produce of the tax, partially upon the lease of land, and partially upon consumable commodities.

If direct taxes upon the wages of labour have not always occasioned a proportionable upward push in the ones wages, it's far due to the fact they've generally occasioned a extensive fall inside the call for of labour. The declension of industry, the decrease of employment for the bad, the diminution of the once a year produce of the land and labour of the country, have normally been the outcomes of such taxes. In consequence of them, but, the rate of labour must continually be higher than it otherwise might have been inside the real nation of the demand; and this enhancement of charge, together with the income of folks that boost it, need to always be subsequently paid by using the landlords and purchasers.

A tax upon the wages of u . S . A . Labour does no longer enhance the fee of the rude produce of land in percentage to the tax; for the equal reason that a tax upon the farmer's profit does no longer increase that fee in that proportion.

Absurd and detrimental as such taxes are, however, they take place in many countries. In France, that a part of the taille which is charged upon the industry of workmen and day-labourers in united states of america villages, is nicely a tax of this kind. Their wages are computed in line with the not unusual rate of the district wherein they live; and, that they will be as little responsible as viable to any overcharge, their every year gains are envisioned at no more than hundred operating days inside the yr. *Memoires concernant les Droits*, and so forth. Tom. ii. P. 108. The tax of every individual is varied from 12 months to 12 months, according to special occasions, of which the collector or the commissary, whom intendant appoints to help him, are the judges. In Bohemia, in outcome of the alteration within the gadget of budget which changed into begun in 1748, a completely heavy tax is imposed upon the enterprise of artificers. They are divided into four classes. The highest magnificence pay 100 florins a year, which, at -and-twenty pence half penny a-florin, quantities to £9:7:6. The second magnificence are taxed at seventy; the third at fifty; and the fourth, comprehending artificers in villages, and the bottom class of these in towns, at twenty-5 florins. *Memoires concemant les Droits*, etc. Tom. iii. P. 87.

The recompence of innovative artists, and of fellows of liberal professions, I even have endeavoured to show inside the first ebook, always keeps a

positive proportion to the emoluments of inferior trades. A tax upon this recompence, consequently, could haven't any other effect than to elevate it quite higher than in percentage to the tax. If it did now not upward thrust on this way, the inventive arts and the liberal professions, being; now not upon a level with other trades, could be so much deserted, that they might quickly return to that level.

The emoluments of places of work aren't, like those of trades and professions, regulated by means of the unfastened opposition of the market, and do not, therefore, usually undergo a just share to what the character of the employment requires. They are, possibly, in maximum international locations, higher than it calls for; the humans who've the management of presidency being typically disposed to treat each themselves and their on the spot dependents, rather more than enough. The emoluments of offices, consequently, can, in maximum instances, thoroughly undergo to be taxed. The individuals, except, who revel in public offices, specially the more lucrative, are, in all international locations, the gadgets of widespread envy; and a tax upon their emoluments, although it have to be rather higher than upon every other sort of revenue, is continually a very popular tax. In England, for instance, whilst, by means of the land-tax, each other form of sales became speculated to be assessed at four shillings inside the pound, it became very famous to put a actual tax of 5 shillings and sixpence in the pound upon the salaries of workplaces which passed a hundred kilos a-year; the pensions of the younger branches of the royal family, the pay of the officials of the army and navy, and a few others less obnoxious to envy, excepted. There are in England no other direct taxes upon the wages of labour.

ARTICLE IV.—Taxes which it's miles intended must fall indifferently upon every exclusive Species of Revenue.

The taxes which it's miles intended ought to fall indifferently upon each special species of sales, are capitation taxes, and taxes upon consumable commodities. Those should be paid indifferently, from something revenue the contributors might also own; from the rent of their land, from the income of their inventory, or from the wages of their labour.

Capitation Taxes.

Capitation taxes, if it's miles tried to percentage them to the fortune or revenue of every contributor, emerge as altogether arbitrary. The state of a man's fortune varies from each day; and, without an inquisition, extra insupportable than any tax, and renewed at least once each yr, can best be guessed at. His evaluation, therefore, have to, in most instances, rely upon the coolest or terrible humour of his assessors, and need to, therefore, be altogether arbitrary and uncertain.

Capitation taxes, if they're proportioned, no longer to the intended fortune, however to the rank of each contributor, emerge as altogether unequal; the ranges of fortune being regularly unequal within the same degree of rank.

Such taxes, therefore, if it is tried to render them same, turn out to be altogether arbitrary and unsure; and if it's far attempted to render them positive and not arbitrary, come to be altogether unequal. Let the tax be light or heavy, uncertainty is usually a excellent grievance. In a mild tax, a great degree of inequality may be supported; in a heavy one, it is altogether intolerable.

In the exceptional ballot -taxes which passed off in England throughout the reign of William III. The members have been, the more a part of them, assessed in keeping with the diploma in their rank; as dukes, marquises, earls, viscounts, barons, esquires, gents, the eldest and youngest sons of friends, and many others. All store-keepers and tradesmen really worth extra than 3 hundred kilos, that is, the higher form of them, had been problem to the identical assessment, how incredible soever might be the difference in their fortunes. Their rank became greater taken into consideration than their fortune. Several of people who, within the first poll-tax, had been rated consistent with their supposed fortune had been afterwards rated in step with their rank. Serjeants, legal professionals, and proctors at law, who, inside the first poll-tax, had been assessed at 3 shillings inside the pound in their intended income, had been afterwards assessed as gents. In the evaluation of a tax which turned into no longer very heavy, a extensive degree of inequality have been discovered less insupportable than any degree of uncertainty.

In the capitation which has been levied in France, with out-any interruption, due to the fact that the beginning of the present century, the very best orders

of human beings are rated according to their rank, via an invariable tariff; the decrease orders of human beings, in line with what is meant to be their fortune, by an assessment which varies from year to year. The officers of the king's court docket, the judges, and other officers in the advanced courts of justice, the officials of the troops, etc are assessed inside the first way. The inferior ranks of human beings in the provinces are assessed inside the 2d. In France, the excellent without problems put up to a significant degree of inequality in a tax which, to date because it influences them, isn't a very heavy one; but couldn't brook the arbitrary evaluation of an intendant.

The inferior ranks of human beings ought to, in that country, go through patiently the utilization which their superiors suppose right to offer them.

In England, the unique ballot -taxes never produced the sum which were expected from them, or which it was intended they could have produced, had they been exactly levied. In France, the capitation continually produces the sum expected from it. The moderate government of England, while it assessed the special ranks of humans to the poll-tax, contented itself with what that evaluation befell to produce, and required no repayment for the loss which the country might sustain, either by people who could not pay, or with the aid of folks that might no longer pay (for there were many such), and who, by means of the indulgent execution of the law, were not forced to pay. The greater excessive authorities of France assesses upon every generality a positive sum, which the intendant need to locate as he can. If any province complains of being assessed too high, it could, within the evaluation of next year, achieve an abatement proportioned to the overcharge of the year before; however it need to pay inside the mean time. The intendant, to be able to make sure of finding the sum assessed upon his generality, turned into empowered to evaluate it in a larger sum, that the failure or incapability of some of the individuals might be compensated by using the overcharge of the rest; and until 1765, the fixation of this surplus evaluation changed into left altogether to his discretion. In that year, indeed, the council assumed this power to itself. In the capitation of the provinces, it's far located with the aid of the flawlessly nicely knowledgeable writer of the Memoirs upon the Impositions in France, the share which falls upon the nobility, and upon the ones whose privileges exempt them from the taille, is the least substantial. The largest falls upon the ones challenge to the taille,

who are assessed to the capitation at a lot a-pound of what they pay to that other tax. Capitation taxes, thus far as they are levied upon the decrease ranks of humans, are direct taxes upon the wages of labour, and are attended with all the inconveniencies of such taxes.

Capitation taxes are levied at little price; and, wherein they are fastidiously exacted, have enough money a completely certain sales to the state. It is upon this account that, in international locations wherein the case, consolation, and safety of the inferior ranks of humans are little attended to, capitation taxes are very common. It is in preferred, but, but a small part of the public revenue, which, in a tremendous empire, has ever been drawn from such taxes; and the finest sum which they have ever afforded, might always were discovered in some different way lots extra handy to the humans.

Taxes upon Consumable Commodities.

The impossibility of taxing the human beings, in percentage to their sales, through any capitation, appears to have given occasion to the invention of taxes upon consumable commodities. The country not knowing how to tax, directly and proportionably, the revenue of its subjects, endeavours to tax it not directly by taxing their price, which, it is meant, will, in most instances, be almost in share to their revenue. Their expense is taxed, by using taxing the consumable commodities upon which it's miles laid out.

Consumable commodities are both necessities or luxuries.

By necessities I apprehend, no longer best the commodities which are indispensibly important for the support of lifestyles, but whatever the custom of the u . S . A . Renders it indecent for creditable humans, even of the bottom order, to be with out. A linen blouse, for example, is, strictly talking, not a vital of life. The Greeks and Romans lived, I assume, very with no trouble, though they'd no linen. But inside the gift times, via the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the need of which might be meant to indicate that disgraceful degree of poverty, which, it's far presumed, nobody can properly fall into with out intense terrible behavior. Custom, in the same manner, has rendered leather-based footwear a important of life in

England. The poorest creditable man or woman, of either sex, could be ashamed to seem in public without them. In Scotland, custom has rendered them a necessary of lifestyles to the lowest order of men; however no longer to the same order of ladies, who may additionally, with none discredit, stroll approximately barefooted. In France, they are necessities neither to men nor to ladies; the lowest rank of both sexes acting there publicly, with none discredit, on occasion in timber shoes, and occasionally barefooted. Under necessities, therefore, I understand, not best those matters which nature, but the ones things which the installed guidelines of decency have rendered essential to the bottom rank of humans. All different things I call luxuries, with out meaning, by this appellation, to throw the smallest diploma of reproach upon the temperate use of them. Beer and ale, for instance, in Great Britain, and wine, even in the wine international locations, I name luxuries. A man of any rank can also, with none reproach, abstain definitely from tasting such liquors. Nature does not render them vital for the assist of existence; and custom nowhere renders it indecent to stay with out them.

As the wages of labour are everywhere regulated, in part by way of the demand for it, and in part by the common charge of the necessary articles of subsistence; something raises this average rate should necessarily increase those wages; in order that the labourer may also nonetheless be able to purchase that amount of those important articles which the nation of the call for for labour, whether growing, stationary, or declining, requires that he must have. See book i. Chap. 8 A tax upon the ones articles necessarily increases their fee really higher than the amount of the tax, due to the fact the provider, who advances the tax, ought to typically get it back, with a earnings. Such a tax must, consequently, event a upward thrust within the wages of labour, proportionable to this rise of price.

It is for this reason that a tax upon the necessities of existence operates precisely inside the identical manner as an instantaneous tax upon the wages of labour. The labourer, although he may additionally pay it out of his hand, can not, for any considerable time at least, be nicely stated even to advance it. It ought to usually, in the long-run, be advanced to him by using his instantaneous agency, within the advanced kingdom of wages. His organisation, if he's a manufacturer, will fee upon the fee of his goods the

rise of wages, collectively with a income, in order that the very last charge of the tax, together with this overcharge, will fall upon the consumer. If his enterprise is a farmer, the very last fee, collectively with a like overcharge, will fall upon the hire of the landlord.

It is otherwise with taxes upon what I name luxuries, even upon those of the negative. The upward push in the rate of the taxed commodities, will now not always occasion any upward push in the wages of labour. A tax upon tobacco, as an instance, even though a luxury of the terrible, as well as of the wealthy, will no longer boost wages. Though it's miles taxed in England at three instances, and in France at fifteen instances its original fee, the ones high obligations appear to don't have any effect upon the wages of labour. The same factor maybe stated of the taxes upon tea and sugar, which, in England and Holland, have grow to be luxuries of the lowest ranks of humans; and of these upon chocolate, which, in Spain, is stated to have become so.

The one-of-a-kind taxes which, in Great Britain, have, inside the course of the prevailing century, been imposed upon spiritous liquors, aren't imagined to have had any impact upon the wages of labour. The upward thrust inside the charge of porter, occasioned through an extra tax of three shillings upon the barrel of robust beer, has not raised the wages of not unusual labour in London. These have been approximately eighteen pence or twenty pence a-day earlier than the tax, and they're not extra now.

The excessive rate of such commodities does no longer always diminish the capability of the inferior ranks of human beings to convey up households. Upon the sober and industrious terrible, taxes upon such commodities act as sumptuary laws, and dispose them either to mild, or to refrain altogether from using superfluities which they could not easily manage to pay for. Their capacity to convey up households, in outcome of this compelled frugality, in preference to being dwindled, is regularly, possibly, multiplied via the tax. It is the sober and industrious bad who normally bring up the most numerous families, and who principally deliver the call for for beneficial labour. All the poor, indeed, aren't sober and industrious; and the dissolute and disorderly might retain to indulge themselves in the use of such commodities, after this upward push of fee, in the same way as before,

without concerning the distress which this indulgence may carry upon their families. Such disorderly folks, but, seldom rear up several households, their youngsters typically perishing from overlook, mismanagement, and the scantiness or unwholesomeness of their meals. If by means of the power in their charter, they live on the hardships to which the bad conduct in their dad and mom exposes them, but the example of that terrible behavior commonly corrupts their morals; so that, in place of being useful to society by using their industry, they turn out to be public nuisances by their vices and issues. Through the superior price of the luxuries of the bad, consequently, might growth rather the distress of such disorderly households, and thereby diminish particularly their capacity to carry up kids, it might no longer probable diminish an awful lot the useful populace of the united states.

Any rise inside the average charge of necessaries, except it's compensated by using a proportionable upward thrust within the wages of labour, must necessarily decrease, greater or much less, the ability of the negative to bring up several households, and, therefore, to deliver the call for for beneficial labour; something can be the country of that demand, whether or not increasing, desk bound, or declining; or along with calls for an increasing, desk bound, or declining population.

Taxes upon luxuries have no tendency to elevate the fee of every other commodities, besides that of the commodities taxed. Taxes upon necessaries, by means of elevating the wages of labour, always have a tendency to elevate the rate of all manufactures, and consequently to decrease the quantity of their sale and intake. Taxes upon luxuries are sooner or later paid via the consumers of the commodities taxed, without any retribution. They fall indifferently upon every species of revenue, the wages of labour, the earnings of stock, and the hire of land. Taxes upon necessaries, thus far as they have an effect on the labouring negative, are ultimately paid, in part through landlords, within the faded rent in their lands, and partly by means of rich purchasers, whether landlords or others, within the superior price of synthetic goods; and constantly with a considerable overcharge. The superior charge of such manufactures as are actual necessaries of life, and are destined for the intake of the negative, of coarse woollens, as an instance, have to be compensated to the bad by

means of a farther advancement of their wages. The middling and advanced ranks of human beings, if they understood their own hobby, ought constantly to oppose all taxes upon the necessaries of existence, as well as all taxes upon the wages of labour. The very last fee of each the only and the other falls altogether upon themselves, and usually with a significant overcharge. They fall heaviest upon the landlords, who constantly pay in a double capacity; in that of landlords, with the aid of the reduction, of their hire; and in that of rich clients, through the boom of their price. The observation of Sir Matthew Decker, that certain taxes are, inside the charge of positive goods, occasionally repeated and collected four or 5 instances, is perfectly simply with reference to taxes upon the necessaries of life. In the charge of leather-based, for example, you should pay now not most effective for the tax upon the leather of your personal footwear, however for part of that upon the ones of the shoemaker and the tanner. You should pay, too, for the tax upon the salt, upon the soap, and upon the candles which the ones workmen eat even as hired for your carrier; and for the tax upon the leather, which the saltmaker, the soap-maker, and the candle-maker devour, whilst hired of their provider.

In Great Britain, the most important taxes upon the necessaries of life, are those upon the 4 commodities simply now referred to, salt, leather-based, cleaning soap, and candles.

Salt is a totally ancient and a totally everyday challenge of taxation. It turned into taxed some of the Romans, and it's so at present in, I accept as true with, every a part of Europe. The quantity annually ate up through any person is so small, and may be purchased so gradually, that nobody, it seems to were notion, could feel very sensibly even a quite heavy tax upon it. It is in England taxed at 3 shillings and fourpence a bushel; approximately 3 times the unique charge of the commodity. In a few other nations, the tax remains higher. Leather is a actual vital of life. The use of linen renders cleaning soap such. In nations wherein the wintry weather nights are long, candles are a essential tool of exchange. Leather and cleaning soap are in Great Britain taxed at three halfpence a-pound; candles at a penny; taxes which, upon the authentic rate of leather-based, might also amount to approximately eight or ten in line with cent.; upon that of cleaning soap, to about twenty or 5-and-twenty in step with cent.; and upon

that of candles to approximately fourteen or fifteen consistent with cent.; taxes which, even though lighter than that upon salt, are nonetheless very heavy. As all those 4 commodities are real necessities of life, such heavy taxes upon them should boom somewhat the fee of the sober and industrious negative, and should consequently improve more or less the wages in their labour.

In a country wherein the winters are so cold as in Great Britain, gasoline is, in the course of that season, inside the strictest sense of the phrase, a important of existence, no longer handiest for the motive of dressing victuals, however for the relaxed subsistence of many one of a kind sorts of workmen who paintings inside doorways; and coals are the most inexpensive of all gas. The charge of fuel has so essential an influence upon that of labour, that every one over Great Britain, manufactures have restrained themselves principally to the coal counties; different parts of the country, because of the high fee of this essential article, not being able to paintings so reasonably-priced. In a few manufactures, besides, coal is a important tool of alternate; as in the ones of glass, iron, and all other metals. If a bounty may want to in any case be reasonable, it'd possibly be so upon the transportation of coals from the ones components of the u . S . A . In which they abound, to those in which they may be desired. But the legislature, as opposed to a bounty, has imposed a tax of three shillings and threepence a-ton upon coals carried coastways; which, upon maximum types of coal, is more than sixty in line with cent. Of the original rate at the coal pit. Coals carried, both via land or by using inland navigation, pay no responsibility. Where they are naturally cheap, they're consumed responsibility unfastened; where they're evidently dear, they may be loaded with a heavy obligation.

Such taxes, though they enhance the price of subsistence, and consequently the wages of labour, yet they find the money for a good sized sales to authorities, which it may not be clean to locate in every other manner. There may, consequently, be exact motives for persevering with them. The bounty upon the exportation of corn, thus far us it has a tendency, within the actual nation of tillage, to elevate the fee of that necessary article, produces all of the like terrible results; and in place of affording any revenue, often occasions a completely remarkable cost to authorities. The high

responsibilities upon the importation of foreign corn, which, in years of slight lots, amount to a prohibition; and the absolute prohibition of the importation, both of live farm animals, or of salt provisions, which takes place inside the regular nation of the law, and which, on account of the shortage, is at present suspended for a restrained time with regard to Ireland and the British plantations, have all had the horrific results of taxes upon the necessaries of existence, and bring no sales to government. Nothing seems important for the repeal of such rules, but to persuade the general public of the futility of that gadget in result of which they were established.

Taxes upon the necessaries of lifestyles are much better in many other nations than in Great Britain. Duties upon flour and meal whilst ground on the mill, and upon bread while baked on the oven, take location in many nations. In Holland the money-charge of the: bread ate up in cities is meant to be doubled by such taxes. In lieu of part of them, the those who live within the country, pay every year so much a-head, in keeping with the form of bread they are imagined to devour. Those who consume wheaten bread pay three guilders fifteen stivers; approximately six shillings and ninepence halfpenny. Those, and some other taxes of the same kind, through elevating the rate of labour, are said to have ruined the greater part of the manufactures of Holland *Memoires concernant les Droits*, and so forth. P. 210, 211.. Similar taxes, although no longer pretty so heavy, take place within the Milanese, in the states of Genoa, within the duchy of Modena, inside the duchies of Parma, Placentia, and Guastalla, and the Ecclesiastical kingdom. A French writer *Le Reformateur* of a few word, has proposed to reform the price range of his country, through substituting within the room of the greater a part of other taxes, this most ruinous of all taxes. There is nothing so absurd, says Cicero, which has not sometimes been asserted through a few philosophers.

Taxes upon butcher's meat are nevertheless extra not unusual than those upon bread. It may additionally indeed be doubted, whether butcher's meat is any where a vital of existence. Grain and different vegetables, with the assist of milk, cheese, and butter, or oil, where butter is not to be had, it is known from revel in, can, with none butcher's meat, come up with the money for the maximum plentiful, the maximum wholesome, the maximum nourishing, and the maximum invigorating diet. Decency nowhere calls for

that any guy must eat butcher's meat, because it in most locations requires that he must put on a linen shirt or a couple of leather footwear.

Consumable commodities, whether or not necessities or luxuries, may be taxed in distinctive ways. The client may additionally either pay an annual sum attributable to his the usage of or consuming goods of a certain type; or the products can be taxed at the same time as they remain inside the hands of the provider, and before they're delivered to the consumer. The consumable goods which remaining a tremendous time earlier than they're ate up altogether, are most nicely taxed inside the one manner; those of which the consumption is either immediately or greater speedy, within the other. The coach-tax and plate tax are examples of the previous technique of implementing; the extra a part of the alternative obligations of excise and customs, of the latter.

A instruct may, with desirable management, last ten or twelve years. It might be taxed, as soon as for all, before it comes out of the arms of the coach-maker. But it's miles in reality more handy for the consumer to pay 4 pounds a-12 months for the privilege of keeping a educate, than to pay all of sudden forty or forty-eight kilos additional charge to the coach-maker; or a sum equal to what the tax is probably to price him throughout the time he uses the equal train. A provider of plate within the equal manner, can also closing more than a century. It is surely-less difficult for the consumer to pay five shillings a-12 months for each hundred oz. Of plate, near one in step with cent. Of the fee, than to redeem this lengthy annuity at five-and-twenty or thirty years buy, which would beautify the charge at the least five-and-twenty or thirty in line with cent. The special taxes which affect homes, are clearly extra simply paid by way of mild annual payments, than by a heavy tax of equal fee upon the primary constructing or sale of the house.

It became the famous suggestion of Sir Matthew Decker, that each one commodities, even the ones of which the intake is either immediate or rapid, must be taxed on this manner; the supplier advancing not anything, however the patron paying a sure annual sum for the licence to eat positive goods. The item of his scheme turned into to sell all the one of a kind branches of foreign alternate, especially the carrying trade, by using taking away all obligations upon importation and exportation, and thereby

enabling the service provider to rent his entire capital and credit score in the acquisition of goods and the freight of ships, no part of either being diverted closer to the advancing of taxes, The mission, however, of taxing, on this way, goods of instant or fast consumption, seems vulnerable to the 4 following very vital objections. First, the tax could be more unequal, or now not so properly proportioned to the price and intake of the exceptional participants, as in the manner wherein it's far normally imposed. The taxes upon ale, wine, and spiritous liquors, that are superior with the aid of the sellers, are ultimately paid with the aid of the distinctive consumers, exactly in share to their respective intake. But if the tax were to be paid via buying a licence to drink those liquors, the sober might, in percentage to his intake, be taxed a great deal greater heavily than the drunken purchaser. A circle of relatives which exercised wonderful hospitality, would be taxed an awful lot more lightly than person who entertained fewer guests. Secondly, this mode of taxation, via deciding to buy an annual, half of-yearly, or quarterly licence to eat positive items, would diminish very much one of the important conveniences of taxes upon items of speedy intake; the piece-meal payment. In the price of threepence halfpenny, that is at gift paid for a pot of porter, the extraordinary taxes upon malt, hops, and beer, collectively with the incredible income which the brewer costs for having superior than, may additionally possibly amount to approximately three halfpence. If a workman can without problems spare those 3 halfpence, he buys a pot of porter. If he can not, he contents himself with a pint; and, as a penny saved is a penny got, he for this reason profits a farthing via his temperance. He pays the tax piece-meal, as he can have enough money to pay it, and when he can manage to pay for to pay it, and every act of price is perfectly voluntary, and what he can avoid if he chuses to achieve this. Thirdly, such taxes could function less as sumptuary legal guidelines. When the licence become as soon as purchased, whether or not the patron drunk lots or drunk little, his tax will be the same. Fourthly, if a workman were to pay suddenly, by means of yearly, 1/2-every year, or quarterly payments, a tax same to what he at present will pay, with little or no inconveniency, upon all the unique pots and pints of porter which he liquids in the sort of time period, the sum might regularly distress him very tons. This mode of taxation, therefore, it seems obtrusive, should in no way, with out the maximum grievous oppression, produce a revenue nearly identical to what is derived

from the prevailing mode with none oppression. In several nations, however, commodities of a direct or very fast intake are taxed on this way. In Holland, humans pay a lot a-head for a licence to drink tea. I have already cited a tax upon bread, which, so far as it's far consumed in farm homes and us of a villages, is there levied inside the same way.

The duties of excise are imposed chiefly upon items of home produce, destined for home intake. They are imposed best upon a few sorts of goods of the maximum fashionable use. There can never be any doubt, both concerning the products which can be situation to the ones duties, or concerning the unique responsibility which each species of goods is issue to. They fall almost altogether upon what I name luxuries, excepting usually the four duties above stated, upon salt, soap, leather, candles, and perhaps that upon inexperienced glass.

The responsibilities of customs are an awful lot more historic than the ones of excise. They seem to have been known as customs, as denoting commonplace bills, which have been in use for time immemorial. They seem to were at the beginning taken into consideration as taxes upon the profits of merchants. During the barbarous times of feudal anarchy, merchants, like all of the different population of burghs, have been taken into consideration as little higher than emancipated bondmen, whose persons have been despised, and whose profits had been envied. The exquisite nobility, who had consented that the king ought to tallage the profits of their own tenants, have been not unwilling that he should tallage likewise those of an order of guys whom it was much less their interest to protect. In the ones ignorant times, it was not understood, that the income of merchants are a subject now not taxable directly; or that the very last payment of all such taxes need to fall, with a vast overcharge, upon the purchasers.

The profits of alien merchants were seemed upon extra unfavourably than those of English merchants. It turned into herbal, therefore, that the ones of the former have to be taxed greater heavily than the ones of the latter. This distinction among the obligations upon extraterrestrial beings and people upon English merchants, which became begun from lack of expertise, has been continued the front the spirit of monopoly, or for you to deliver our

own merchants an advantage, both within the domestic and within the foreign marketplace.

With this difference, the ancient obligations of customs were imposed equally upon all kinds of items, necessities as well its luxuries, goods exported as well as goods imported. Why need to the dealers in one kind of goods, it seems to were thought, be greater favoured than those in some other? Or why need to the merchant exporter be extra favoured than the merchant importer?

The historic customs have been divided into 3 branches. The first, and, perhaps, the maximum historical of all those obligations, become that upon wool and leather. It seems to had been mainly or altogether an exportation responsibility. When the woollen manufacture came to be established in England, lest the king have to lose any a part of his customs upon wool via the exportation of woollen cloths, a like duty changed into imposed upon them. The different two branches were, first, a duty upon wine, which being imposed at a lot a-ton, turned into called a tonnage; and, secondly, a duty upon all different items, which being imposed at so much a-pound of their meant fee, became referred to as a poundage. In the forty-7th year of Edward III., a obligation of sixpence in the pound changed into imposed upon all items exported and imported, besides wools, wool-felts, leather, and wines which were situation to particular obligations. In the fourteenth of Richard II., this duty changed into raised to at least one shilling inside the pound; however, 3 years afterwards, it was again decreased to sixpence. It become raised to eightpence in the 2d 12 months of Henry IV.; and, inside the fourth of the same prince, to one shilling. From this time to the 9th year of William III., this duty persisted at one shilling in the pound. The obligations of tonnage and poundage were typically granted to the king by one and the same act of parliament, and have been known as the subsidy of tonnage and poundage. The subsidy of poundage having endured for so long a time at one shilling inside the pound, or at 5 per cent., a subsidy got here, in the language of the customs, to denote a wellknown duty of this form of 5 in step with cent. This subsidy, that is now called the antique subsidy, still continues to be levied, in keeping with the ebook of quotes installed with the aid of the twelfth of Charles II. The method of ascertaining, via a book of fees, the price of goods subject to this obligation,

is said to be older than the time of James I. The new subsidy, imposed through the ninth and tenth of William III., changed into a further five in keeping with cent. Upon the greater part of goods. The one-0.33 and the 2-1/3 subsidy made up among them any other 5 in step with cent. Of which they have been proportionable elements. The subsidy of 1747 made a fourth five per cent. Upon the more part of items; and that of 1759, a 5th upon a few precise sorts of goods. Besides those 5 subsidies, a terrific form of other responsibilities have once in a while been imposed upon specific sorts of goods, so as sometimes to relieve the exigencies of the nation, and every now and then to alter the exchange of the united states of america, in line with the principles of the mercantile system.

That system has come step by step an increasing number of into style. The old subsidy was imposed indifferently upon exportation, in addition to importation. The four subsequent subsidies, in addition to the opposite obligations that have on the grounds that been occasionally imposed upon unique varieties of goods, have, with some exceptions, been laid altogether upon importation. The greater a part of the historical obligations which had been imposed upon the exportation of the goods of home produce and manufacture, have both been lightened or taken away altogether. In maximum instances, they have been taken away. Bounties have even been given upon the exportation of some of them. Drawbacks, too, every so often of the complete, and, in most instances, of a part of the responsibilities which might be paid upon the importation of overseas goods, were granted upon their exportation. Only half of the responsibilities imposed by the antique subsidy upon importation, are drawn again upon exportation; but the complete of those imposed by the latter subsidies and other imposts are, upon the extra parts of the products, drawn lower back inside the same manner. This growing favour of exportation, and discouragement of importation, have suffered just a few exceptions, which chiefly subject the substances of some manufactures. These our traders and manufacturers are willing should come as reasonably-priced as possible to themselves, and as expensive as feasible to their opponents and competitors in other countries. Foreign materials are, upon this account, from time to time allowed to be imported obligation-unfastened; spanish wool, as an example, flax, and raw linen yarn. The exportation of the materials of home produce, and of these

that are the particular produce of our colonies, has every so often been prohibited, and every now and then subjected to better duties. The exportation of English wool has been prohibited. That of beaver skins, of beaver wool, and of gum-senega, has been subjected to better duties; Great Britain, by means of the conquests of Canada and Senegal, having were given almost the monopoly of these commodities.

That the mercantile machine has not been very beneficial to the revenue of the high-quality frame of the humans, to the once a year produce of the land and labour of the united states of america, I actually have endeavoured to expose inside the fourth ebook of this Inquiry. It appears not to had been greater beneficial to the sales of the sovereign; up to now, as a minimum, as that revenue relies upon upon the responsibilities of customs.

In effect of that system, the importation of several types of goods has been prohibited altogether. This prohibition has, in a few instances, entirely avoided, and in others has very tons faded, the importation of these commodities, through decreasing the importers to the necessity of smuggling. It has completely avoided the importation of overseas wollens; and it has very a great deal faded that of overseas silks and velvets, In each instances, it has absolutely annihilated the revenue of customs which could have been levied upon such importation.

The excessive responsibilities that have been imposed upon the importation of many exceptional forms of foreign items on the way to discourage their consumption in Great Britain, have, in lots of cases, served simplest to encourage smuggling, and, in all cases, have reduced the sales of the customs underneath what greater slight responsibilities might have afforded. The saying of Dr. Swift, that inside the arithmetic of the customs, two and two, as opposed to making 4, make every now and then handiest one, holds flawlessly authentic with reference to such heavy responsibilities, which by no means might have been imposed, had now not the mercantile system taught us, in many cases, to employ taxation as an device, not of sales, however of monopoly.

The bounties which might be once in a while given upon the exportation of domestic produce and manufactures, and the drawbacks that are paid upon the re-exportation of the greater a part of foreign items, have given occasion

to many frauds, and to a species of smuggling, extra detrimental of the general public revenue than every other. In order to acquire the bounty or disadvantage, the goods, it's miles widely known, are every now and then shipped, and sent to sea, however quickly afterwards clandestinely re-landed in some other part of the united states. The defalcation of the revenue of customs occasioned by bounties and downsides, of which a extraordinary element are received fraudulently, is very excellent. The gross produce of the customs, within the 12 months which ended on the 5th of January 1755, amounted to £5,068,000. The bounties which were paid out of this revenue, though in that year there was no bounty upon corn, amounted to £167,806. The drawbacks which have been paid upon debentures and certificates, to £2,156,800. Bounties and downsides together amounted to £2,324,six hundred. In outcome of those deductions, the revenue of the customs amounted most effective to £2,743, four hundred; from which deducting £287,900 for the cost of management, in salaries and different incidents, the neat revenue of the customs for that yr comes out to be £2,455,500. The fee of control, amounts, in this manner, to among 5 and six consistent with cent. Upon the gross sales of the customs; and to some thing more than ten per cent. Upon what remains of that sales, after deducting what is paid away in bounties and drawbacks.

Heavy obligations being imposed upon nearly all goods imported, our service provider importers smuggle as a great deal, and make entry of as low as they could. Our merchant exporters, at the opposite, make entry of extra than they export; on occasion out of arrogance, and to bypass for extraordinary sellers in goods which pay no responsibility advantage a bounty back. Our exports, in outcome of these distinct frauds, seem upon the custom-residence books substantially to overbalance our imports, to the unspeakable comfort of these politicians, who degree the countrywide prosperity by using what they call the stability of exchange.

All items imported, except particularly exempted, and such exemptions aren't very numerous, are vulnerable to some obligations of customs. If any goods are imported, now not mentioned in the e book of quotes, they are taxed at 4s:9¾d. For every twenty shillings price, in step with the oath of the importer, this is, nearly at 5 subsidies, or 5 poundage responsibilities. The e book of charges is extremely comprehensive, and enumerates a

exquisite sort of articles, lots of them little used, and, consequently, no longer widely known. It is, upon this account, frequently unsure underneath what article a specific kind of goods need to be classed, and, therefore what responsibility they need to pay. Mistakes in regards to this on occasion spoil the custom-residence officer, and frequently occasion plenty problem, rate, and vexation to the importer. In point of perspicuity, precision, and distinctness, consequently, the responsibilities of customs are an awful lot inferior to those of excise.

In order that the extra part of the members of any society have to make contributions to the general public revenue, in percentage to their respective expense, it does now not seem important that each single article of that rate ought to be taxed. The revenue that is levied by means of the obligations of excise is supposed to fall as equally upon the members as that that is levied by using the responsibilities of customs; and the duties of excise are imposed upon some articles simplest of the maximum general used and intake. It has been the opinion of many human beings, that, by using proper control, the obligations of customs might likewise, with none loss to the public sales, and with extraordinary benefit to overseas alternate, be restrained to a few articles most effective.

The overseas articles, of the maximum widespread use and intake in Great Britain, appear at gift to consist chiefly in foreign wines and brandies; in some of the productions of America and the West Indies, sugar, rum, tobacco, cocoa-nuts, and many others. And in some of those of the East Indies, tea, espresso, china-ware, spiceries of a wide variety, numerous varieties of piece-goods, etc. These one of a kind articles have enough money, the more part of the perhaps, at present, revenue that's drawn from the responsibilities of customs. The taxes which at gift subsist upon overseas manufactures, in case you besides those upon the few contained in the foregoing enumeration, have, the extra part of them, been imposed for the purpose, no longer of sales, however of monopoly, or to provide our own merchants a bonus within the home marketplace. By disposing of all prohibitions, and by way of subjecting all overseas manufactures to such mild taxes, because it became found from revel in, afforded upon each article the greatest sales to the public, our own workmen might still have a extensive benefit within the home marketplace; and lots of articles, some of

which at present manage to pay for no revenue to government, and others a totally inconsiderable one, may have the funds for a completely amazing one.

High taxes, once in a while by diminishing the intake of the taxed commodities, and every now and then by means of encouraging smuggling regularly manage to pay for a smaller revenue to government than what might be drawn from greater moderate taxes.

When the diminution of sales is the effect of the diminution of consumption, there can be however one treatment, and this is the decreasing of the tax. When the diminution of revenue is the effect of the encouragement given to smuggling, it may, possibly, be remedied in two ways; either by diminishing the temptation to smuggle, or by increasing the issue of smuggling. The temptation to smuggle may be faded handiest with the aid of the lowering of the tax; and the problem of smuggling can be extended simplest by using establishing that device of administration which is maximum proper for stopping it.

The excise laws, it seems, I agree with, from enjoy, impede and embarrass the operations of the smuggler a lot extra successfully than those of the customs. By introducing into the customs a machine of administration as much like that of the excise as the nature of the different duties will admit, the problem of smuggling is probably very tons improved. This alteration, it has been supposed via many people, may very without problems be brought approximately.

The importer of commodities liable to any duties of customs, it has been stated, may, at his choice, be allowed either to hold them to his very own non-public warehouse; or to resort them in a warehouse, furnished both at his personal cost or at that of the general public, but underneath the important thing of the custom-house officer, and never to be opened however in his presence. If the service provider carried them to his personal private warehouse, the obligations to be immediately paid, and in no way afterwards to be drawn lower back; and that warehouse to be at all times situation to the go to and exam of the custom-residence officer, for you to verify how some distance the amount contained in it corresponded with that for which the duty have been paid. If he carried them to the public

warehouse, no duty to be paid until they had been taken out for domestic consumption. If taken out for exportation, to be duty-unfastened; right protection being continually given that they ought to be so exported. The sellers in those unique commodities, either by way of wholesale or retail, to be at all times challenge to the go to and examination of the custom-residence officer; and to be obliged to justify, with the aid of proper certificate, the fee of the duty upon the entire amount contained of their shops or warehouses. What are known as the excise responsibilities upon rum imported, are at present levied in this way; and the identical system of administration might, possibly, be extended to all obligations upon goods imported; supplied usually that those duties have been, just like the responsibilities of excise, limited to three varieties of items of the maximum popular use and intake. If they have been prolonged to nearly all styles of items, as at present, public warehouses of sufficient volume couldn't without difficulty be supplied; and goods of a totally sensitive nature, or of which the protection required a lot care and interest, could not appropriately be trusted by using the service provider in any warehouse but his personal.

If, through one of these system of administration, smuggling to any enormous extent could be prevented, even under pretty high obligations; and if every responsibility became from time to time either heightened or decreased in accordance as it become maximum probably, either the one way or the other, to come up with the money for the finest sales to the kingdom; taxation being continually employed as an instrument of sales, and in no way of monopoly; it seems not fantastic that a sales, at least equal to the existing neat sales of the customs, is probably drawn from responsibilities upon the importation of only some kinds of items of the most widespread use and consumption; and that the obligations of customs may for this reason be delivered to the identical diploma of simplicity, truth, and precision, as those of excise. What the revenue at gift loses by way of drawbacks upon the re-exportation of foreign goods, which might be afterwards re-landed and consumed at home, would, under this machine, be stored altogether. If to this saving, which might alone be very extensive, had been delivered the abolition of all bounties upon the exportation of domestic produce; in all cases wherein the ones bounties were no longer in truth drawbacks of some obligations of excise which had before been

advanced; it can't properly be doubted, but that the neat revenue of customs may, after an alteration of this kind, be completely identical to what it had ever been before.

If, through this type of alternate of gadget, the public sales suffered no loss, the trade and manufactures of the country could truly gain a very huge benefit. The alternate inside the commodities not taxed, via far the best number would be flawlessly unfastened, and might be carried on to and from all components of the sector with each feasible advantage. Among the ones commodities might be comprehended all of the necessaries of life, and all of the materials of manufacture. So some distance as the unfastened importation of the necessaries of existence decreased their common money price in the domestic market, it'd reduce the money charge of labour, but without lowering the least bit its real recompence. The cost of cash is in percentage to the quantity of the necessaries of existence which it'll buy. That of the necessaries of life is altogether impartial of the amount of money which can be had for them. The discount inside the cash price of labour could always be attended with a proportionable one in that of all home manufactures, which could thereby gain a few benefit in all overseas markets. The charge of a few manufactures might be decreased, in a still more share, by way of the free importation of the uncooked materials. If raw silk can be imported from China and Indostan, obligation-loose, the silk producers in England should substantially undersell the ones of each France and Italy. There might be no event to limit the importation of overseas silks and velvets. The cheapness of their items would at ease to our personal workmen, no longer only the possession of a home, however a very splendid command of the foreign market. Even the trade within the commodities taxed, would be carried on with a great deal extra gain than at gift. If those commodities had been delivered out of the general public warehouse for foreign exportation, being in this case exempted from all taxes, the trade in them could be flawlessly unfastened. The wearing change, in all sorts of items, could, below this system, revel in each feasible benefit. If those commodities were delivered out for home intake, the importer now not being obliged to enhance the tax until he had an possibility of selling his items, both to a few supplier, or to a few purchaser, he may want to always afford to sell them inexpensive than if he were

obliged to enhance it in the interim of importation. Under the identical taxes, the foreign alternate of consumption, even in the taxed commodities, would possibly on this way be carried on with a great deal extra gain than it's miles at gift.

It was the item of the well-known excise scheme of Sir Robert Walpole, to set up, with reference to wine and tobacco, a machine no longer very in contrast to that that's here proposed. But although the bill which changed into then added into Parliament, comprehended those two commodities only, it turned into typically alleged to be intended as an creation to a greater vast scheme of the identical type. Faction, mixed with the interest of smuggling traders, raised so violent, though so unjust a clamour, towards that invoice, that the minister thought proper to drop it; and, from a dread of interesting a clamour of the identical type, none of his successors have dared to renew the challenge.

The obligations upon foreign luxuries, imported for domestic intake, though they sometimes fall upon the bad, fall mainly upon people of middling or greater than middling fortune. Such are, as an example, the obligations upon foreign wines, upon coffee, chocolate, tea, sugar, and so on.

The responsibilities upon the less expensive luxuries of domestic produce, destined for home consumption, fall pretty similarly upon humans of all ranks, in percentage to their respective price. The poor pay the duties upon malt, hops, beer, and ale, upon their very own intake; the wealthy, upon both their very own consumption and that in their servants.

The complete consumption of the inferior ranks of human beings, or of those underneath the middling rank, it should be found, is, in each u . S . A ., an awful lot more, no longer only in amount, however in value, than that of the middling, and of these above the middling rank. The complete fee of the inferior is lots greater titan that of the superior ranks. In the primary vicinity, almost the entire capital of each u . S . Is yearly distributed the various inferior ranks of people, as the wages of effective labour. Secondly, a top notch part of the sales, arising from both the rent of land and the earnings of stock, is yearly dispensed many of the equal rank, inside the wages and preservation of menial servants, and different unproductive labourers. Thirdly, a few part of the income of stock belongs to the identical

rank, as a sales arising from the employment of their small capitals. The quantity of the income yearly made via small shopkeepers, tradesmen, and outlets of all kinds, is everywhere very tremendous, and makes a totally big portion of the yearly produce. Fourthly and lastly, a few part even of the hire of land belongs to the identical rank; a enormous part to those who are incredibly beneath the middling rank, and a small component even to the lowest rank; commonplace labourers every so often owning in property an acre or two of land. Though the fee of these inferior ranks of people, therefore, taking them individually, may be very small, yet the complete mass of it, taking them together, amounts constantly to with the aid of much the biggest part of the complete fee of the society; what stays of the once a year produce of the land and labour of the usa, for the consumption of the advanced ranks, being continually an awful lot much less, not best in amount, but in fee. The taxes upon fee, therefore, which fall mainly upon that of the superior ranks of human beings, upon the smaller part of the once a year produce, are possibly to be an awful lot much less effective than either those which fall indifferently upon the cost of all ranks, or maybe the ones which fall mainly upon that of the inferior ranks, than either those which fall indifferently upon the whole annual produce, or those which fall chiefly upon the bigger portion of it. The excise upon the materials and manufacture of home-made fermented and spirituous liquors, is, consequently, of all the different taxes upon cost, by way of far the most effective; and this department of the excise falls very a whole lot, possibly principally, upon the expense of the commonplace human beings. In the 12 months which ended on the 5th of July 1775, the gross produce of this branch of the excise amounted to £3,341,837:9:nine.

It ought to constantly be remembered, however, that it is the luxuries, and not the essential rate of the inferior ranks of people, that ought ever to be taxed. The final price of any tax upon their necessary fee, might fall altogether upon the superior ranks of humans; upon the smaller portion of the once a year produce, and no longer upon the extra. Such a tax should, in all cases, either improve the wages of labour, or lessen the demand for it. It couldn't boost the wages of labour, without throwing the final charge of the tax upon the superior ranks of humans. It could not reduce the demand for labour, without lessening the yearly produce of the land and labour of the us

of a, the fund upon which all taxes have to be subsequently paid. Whatever might be the nation to which a tax of this type reduced the demand for labour, it should continually enhance wages higher than they in any other case would be in that country; and the final payment of this enhancement of wages should, in all instances, fall upon the superior ranks of human beings.

Fermented liquors brewed, and spiritous liquors distilled, no longer on the market, however for non-public use, are not in Great Britain prone to any obligations of excise. This exemption, of which the object is to shop private households from the odious go to and exam of the tax-gatherer, events the load of those duties to fall frequently much lighter upon the rich than upon the poor. It is not, certainly, very not unusual to distil for non-public use, even though it's far accomplished once in a while. But in the united states of america, many middling and almost all wealthy and first-rate families, brew their very own beer. Their sturdy beer, consequently, fees them 8 shillings a-barrel much less than it prices the common brewer, who must have his income upon the tax, in addition to upon all the different price which he advances. Such households, consequently, should drink their beer at the least nine or ten shillings a-barrel less expensive than any liquor of the identical fine may be drank with the aid of the not unusual people, to whom it's miles anywhere extra convenient to buy their beer, by using little and little, from the brewery or the ale-residence. Malt, inside the identical way, this is made for the usage of a private circle of relatives, is not liable to the visit or examination of the tax-gatherer but, in this example the own family ought to compound at seven shillings and sixpence a-head for the tax. Seven shillings and sixpence are equal to the excise upon ten bushels of malt; a amount fully identical to what all of the distinctive individuals of any sober own family, men, women, and kids, are, at a median, possibly to eat. But in wealthy and high-quality families, in which u . S . Hospitality is plenty practised, the malt liquors ate up by using the members of the circle of relatives make however a small part of the consmption of the house. Either attributable to this composition, but, or for different motives, it is not close to so common to malt as to brew for personal use. It is hard to imagine any equitable motive, why people who both brew or distil for personal use have to no longer be difficulty to a composition of the identical type.

A extra sales than what is at gift drawn from all the heavy taxes upon malt, beer, and ale, might be raised, it has regularly been stated, with the aid of a far lighter tax upon malt; the possibilities of defrauding the sales being much greater in a brewery than in a malt-residence; and people who brew for personal use being exempted from all duties or composition for duties, which isn't always the case with people who malt for personal use.

In the porter brewery of London, 1 / 4 of malt is generally brewed into more than two barrels and a-half of, once in a while into 3 barrels of porter. The exclusive taxes upon malt amount to six shillings a-zone; those upon sturdy ale and beer to 8 shillings a-barrel. In the porter brewery, consequently, the exceptional taxes upon malt, beer, and ale, amount to among twenty-six and thirty shillings upon the produce of a quarter of malt. In the u . S . Brewery for commonplace usa sale, a quarter of malt is seldom brewed into much less than two barrels of robust, and one barrel of small beer; often into barrels and a-half of of sturdy beer. The exceptional taxes upon small beer amount to 1 shilling and fourpence a-barrel. In the country brewery, therefore, the exclusive taxes upon malt, beer, and ale, seldom amount to less than twenty-3 shillings and fourpence, regularly to twenty-six shillings, upon the produce of a quarter of malt. Taking the entire kingdom at a median, consequently, the whole amount of the obligations upon malt, beer, and ale, can not be envisioned at much less than twenty-four or twenty-5 shillings upon the produce of 1 / 4 of malt. But by way of taking off all the distinctive obligations upon beer and ale, and by means of trebling the malt tax, or with the aid of elevating it from six to eighteen shillings upon the zone of malt, a greater revenue, it is stated, might be raised via this unmarried tax, than what's at gift drawn from all the ones heavier taxes.

In 1772, the old malt tax produced..... £722,023: 11: 11

The additional... £356,776: 7: 9¾

In 1775, the old tax produced..... £561,627: 3: 7½

The additional... £278,650: 15: 3¾

In 1774, the old tax produced £624,614: 17: 5¾

The additional....£310,745: 2: 8½

In 1775, the old tax produced£657,357: 0: 8¼

The additional....£323,785: 12: 6¼

£5,855,580: 12: 0¼

Average of these four years £958,895: 3: 0

In 1772, the country excise produced.....£1,243,120: 5: 3

The London brewery 408,260: 7: 2¾

In 1773, the country excise.....£1,245,808: 3: 3

The London brewery 405,406: 17: 10½

In 1774, the country excise.....£1,246,373: 14: 5½

The London brewery 320,601: 18: 0¼

In 1775, the country excise.....£1,214,583: 6: 1¼

The London brewery 463,670: 7: 0¼

4)£6,547,832: 19: 2¼

Average of these four years£1,636,958: 4: 9½

To which adding the average malt tax..... 958,895: 3: 0¼

The whole amount of those different

taxes comes out to be.....£2,595,835: 7: 10

But, by trebling the malt tax,

or by raising it from six to

eighteen shillings upon the quarter

of malt, that single tax would produce.....£2,876,685: 9: 0

A sum which exceeds the

foregoing by.... 280,832: 1: 3

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Under the antique malt tax, indeed, is comprehended a tax of four shillings upon the hogshead of cyder, and another of ten shillings upon the barrel of mum. In 1774, the tax upon cyder produced best £3,083:6:eight. It probably fell truly brief of its standard quantity; all of the specific taxes upon cyder, having, that year, produced less than regular. The tax upon mum, although an awful lot heavier, is still less effective, as a result of the smaller intake of that liquor. But to balance something can be the ordinary amount of those taxes, there may be comprehended underneath what is known as the country excise, first, the vintage excise of six shillings and eightpence upon the hogshead of cyder; secondly, a like tax of six shillings and eightpence upon the hogshead of verjuice; thirdly, some other of eight shillings and ninepence upon the hogshead of vinegar; and, lastly, a fourth

tax of elevenpence upon the gallon of mead or metheglin. The produce of those exclusive taxes will possibly lots more than counterbalance that of the duties imposed, with the aid of what is referred to as the yearly malt tax, upon cyder and mum.

Malt is ate up, not simplest in the brewery of beer and ale, however inside the manufacture of low wines and spirits. If the malt tax have been to be raised to eighteen shillings upon the quarter, it might be essential to make a few abatement within the unique excises that are imposed upon the ones specific kinds of low wines and spirits, of which malt makes any a part of the materials. In what are referred to as malt spirits, it makes typically but a 3rd part of the substances; the alternative -thirds being either uncooked barley, or one-third barley and one-1/3 wheat. In the distillery of malt spirits, both the possibility and the temptation to smuggle are lots more than either in a brewery or in a malt-house; the opportunity, as a result of the smaller bulk and more fee of the commodity, and the temptation, due to the superior peak of the obligations, which amounted to 3s. 10 2/3d. Upon the gallon of spirits. Though the responsibilities at once imposed upon proof spirits quantity simplest to 2s. 6d per gallon, these, added to the duties upon the low wines, from which they are distilled, amount to 3s 10 2/3d. Both low wines and evidence spirits are, to save you frauds, now rated in keeping with what they gauge in the wash.

By increasing the duties upon malt, and reducing the ones upon the distillery, each the possibilities and the temptation to smuggle would be faded, which might event a nevertheless similarly augmentation of revenue.

It has for some time beyond been the coverage of Great Britain to deter the intake of spiritous liquors, resulting from their meant tendency to damage the fitness and to deprave the morals of the not unusual human beings. According to this coverage, the abatement of the taxes upon the distillery ought no longer to be so super as to lessen, in any respect, the rate of these liquors. Spiritous liquors may continue to be as dear as ever; whilst, on the identical time, the healthful and invigorating liquors of beer and ale is probably extensively decreased of their price. The people may thus be in part relieved from one of the burdens of which they at present complain the most; at the same time as, at the equal time, the sales might be notably augmented.

The objections of Dr. Davenant to this transformation inside the present system of excise responsibilities, appear to be with out basis. Those

objections are, that the tax, in preference to dividing itself, as at present, quite similarly upon the earnings of the maltster, upon that of the brewer and upon that of the retailer, might to this point because it affected profit, fall altogether upon that of the maltster; that the maltster couldn't so effortlessly get returned the quantity of the tax in the superior rate of his malt, as the brewer and store inside the advanced rate in their liquor; and that so heavy a tax upon malt may lessen the lease and profit of barley land.

No tax can ever reduce, for any big time, the charge of profit in any unique trade, which need to always hold its level with different trades inside the neighbourhood. The gift obligations upon malt, beer, and ale, do not affect the income of the dealers in the ones commodities, who all get again the tax with an extra earnings, within the better fee in their items. A tax, indeed, may additionally render the goods upon which it's far imposed so dear, as to diminish the intake of them. But the intake of malt is in malt liquors; and a tax of eighteen shillings upon the sector of malt could not properly render those liquors costlier than the extraordinary taxes, amounting to 20-four or twenty-five shillings, do at gift. Those liquors, on the opposite, might probable emerge as inexpensive, and the intake of them might be much more likely to boom than to decrease.

It is not very clean to apprehend why it need to be more hard for the maltster to get again eighteen shillings inside the advanced price of his malt, than it is at present for the brewer to get back twenty-4 or twenty-five, on occasion thirty shillings, in that of his liquor. The maltster, certainly, in preference to a tax of six shillings, might be obliged to strengthen one of eighteen shilling upon each quarter of malt. But the brewer is at gift obliged to boost a tax of twenty-4 or twenty-5, once in a while thirty shillings, upon every quarter of malt which he brews. It couldn't be extra inconvenient for the maltster to boost a lighter tax, than it's miles at present for the brewer to develop a heavier one. The maltster does not constantly preserve in his granaries a inventory of malt, which it's going to require an extended time to eliminate than the inventory of beer and ale which the brewer frequently continues in his cellars. The former, consequently, may also regularly get the returns of his cash as soon because the latter. But whatever inconveniency might stand up to the maltster from being obliged to boost a heavier tax, it can effortlessly be remedied, by using granting him some months longer credit than is at present generally given to the brewer.

Nothing could lessen the hire and income of barley land, which did now not reduce the call for for barley. But a trade of system, which reduced the duties upon a quarter of malt brewed into beer and ale, from twentyfour and twenty-5 shillings to eighteen shillings, could be more likely to boom than diminish that demand. The lease and income of barley land, except, should continually be nearly equal to those of different similarly fertile and equally properly cultivated land. If they have been much less, some a part of the barley land could quickly be became to a few different purpose; and if they had been extra, greater land would quickly be turned to the elevating of barley. When the normal charge of any specific produce of land is at what can be referred to as a monopoly rate, a tax upon it always reduces the lease and earnings of the land which grows it. A tax upon the produce of these valuable vineyards, of which the wine falls a lot brief of the effectual demand, that its price is always above the natural share to that of the produce of other similarly fertile and equally nicely cultivated land, could always reduce the rent and earnings of those vineyards. The price of the wines being already the very best that could be got for the quantity commonly despatched to marketplace, it couldn't be raised better with out diminishing that amount; and the amount could not be faded with out still extra loss, because the lands couldn't be turned to another similarly treasured produce. The entire weight of the tax, therefore, might fall upon the rent and income; properly upon the hire of the winery. When it's been proposed to lay any new tax upon sugar, our sugar planters have frequently complained that the complete weight of such taxes fell now not upon the consumer, however upon the manufacturer; they by no means having been able to improve the price of their sugar after the tax better than it become before. The rate had, it appears, before the tax, been a monopoly price; and the arguments adduced to reveal that sugar become an improper concern of taxation, verified perhaps that it became a right one; the gains of monopolists, every time they can be come at, being really of all subjects the most proper. But the normal fee of barley has in no way been a monopoly fee; and the hire and profit of barley land have by no means been above their natural share to the ones of different similarly fertile and similarly well cultivated land. The exceptional taxes that have been imposed upon malt, beer, and ale, have by no means diminished the fee of barley; have in no way reduced the rent and earnings of barley land. The charge of malt to the brewer has constantly risen in percentage to the taxes imposed upon it; and

people taxes, together with the distinctive duties upon beer and ale, have constantly both raised the price, or, what involves the identical aspect, reduced the high-quality of these commodities to the customer. The very last charge of those taxes has fallen constantly upon the client, and not upon the manufacturer.

The best people possibly to go through by the change of device here proposed, are folks that brew for their own private use. But the exemption, which this superior rank of humans at gift experience, from very heavy taxes that are paid by way of the bad labourer and artificer, is clearly maximum unjust and unequal, and must be taken away, despite the fact that this variation become never to take area. It has in all likelihood been the interest of this advanced order of human beings, but, which has hitherto avoided a alternate of machine that couldn't nicely fail each to growth the sales and to alleviate the humans.

Besides such duties as the ones of custom and excise above referred to, there are several others which affect the price of goods greater unequally and more not directly. Of this kind are the duties, which, in French, are known as peages, which in antique Saxon instances have been referred to as the responsibilities of passage, and which seem to had been originally mounted for the identical motive as our turnpike tolls, or the tolls upon our canals and navigable rivers, for the upkeep of the street or of the navigation. Those obligations, whilst implemented to such purposes, are most well imposed in step with the majority or weight of the goods. As they had been initially neighborhood and provincial duties, relevant to neighborhood and provincial purposes, the management of them become, in maximum instances, entrusted to the precise city, parish, or lordship, in which they were levied; such communities being, in some manner or different, supposed to be chargeable for the utility. The sovereign, who is altogether unaccountable, has in many countries assumed to himself the administration of these duties; and though he has in maximum cases enhanced very an awful lot the obligation, he has in lots of completely overlooked the application. If the turnpike tolls of Great Britain ought to ever emerge as one of the sources of presidency, we may also learn, through the example of many other nations, what would in all likelihood be the consequence. Such tolls, no doubt, are subsequently paid with the aid of the client; however the patron is not taxed in percentage to his expense, whilst he pays, not according to the value, but in keeping with the bulk or weight of what he

consumes. When such obligations are imposed, not in line with the bulk or weight, however in keeping with the intended fee of the goods, they come to be well a sort of inland customs or excise, which hinder very a great deal the maximum critical of all branches of trade, the indoors commerce of the united states.

In some small states, duties similar to the ones passage obligations are imposed upon goods carried throughout the territory, both via land or via water, from one foreign us of a to any other. These are in a few countries referred to as transit-duties. Some of the little Italian states which might be situated upon the Po, and the rivers which run into it, derive some sales from obligations of this kind, which might be paid altogether via foreigners, and which, perhaps, are the only responsibilities that one country can impose upon the topics of another, without obstruction in any respect, the enterprise or commerce of its personal. The maximum crucial transit-duty in the global, is that levied by the king of Denmark upon all service provider ships which bypass through the Sound.

Such taxes upon luxuries, because the extra part of the obligations of customs and excise, although all of them fall indifferently upon each different species of sales, and are paid finally, or without any retribution, by way of whoever consumes the commodities upon which they are imposed; yet they do no longer constantly fall similarly or proportionally upon the sales of each character. As every man's humour regulates the diploma of his consumption, every man contributes alternatively in keeping with his humour, than percentage to his revenue: the profuse make a contribution extra, the parsimonious less, than their proper percentage. During the minority of a person of splendid fortune, he contributes usually little or no, through his intake, towards the support of that state from whose safety he derives a awesome sales. Those who live in another country, contribute nothing through their intake towards the help of the authorities of that us of a, in which is situated the supply of their revenue. If in this latter usa there have to be no land tax, nor any giant responsibility upon the transference either of moveable or immoveable belongings, as is the case in Ireland, such absentees can also derive a brilliant sales from the protection of a central authority, to the assist of which they do no longer make contributions a unmarried shilling. This inequality is probable to be greatest in a rustic of which the government is, in some respects, subordinate and dependant upon that of a few other. The those who own the most extensive

belongings inside the dependant, will, in this example, typically chuse to live within the governing us of a. Ireland is precisely in this example; and we can't consequently marvel, that the proposal of a tax upon absentees must be so very famous in that us of a. It would possibly, perhaps, be a touch tough to ascertain either what sort, or what diploma of absence, could problem a person to be taxed as an absentee, or at what unique time the tax must both start or cease. If you besides, however, this very ordinary situation, any inequality inside the contribution of people that could rise up from such taxes, is much greater than compensated by means of the very condition which occasions that inequality; the circumstance that each man's contribution is altogether voluntary; it being altogether in his electricity, either to consume, or not to devour, the commodity taxed. Where such taxes, consequently, are well assessed, and upon right commodities, they are paid with less grumbling than any other. When they're superior by the service provider or producer, the client, who in the end pays them, soon comes to confound them with the price of the commodities, and nearly forgets that he will pay any tax. Such taxes are, or may be, flawlessly sure; or can be assessed, which will go away no question concerning either what have to be paid, or while it must be paid; concerning either the quantity or the time of charge. What ever uncertainty there might also every so often be, either inside the obligations of customs in Great Britain, or in different obligations of the equal type in different nations, it can't rise up from the character of those duties, however from the inaccurate or unskilful manner in which the regulation that imposes them is expressed.

Taxes upon luxuries generally are, and always may be, paid piece-meal, or in percentage as the individuals have occasion to buy the goods upon which they are imposed. In the time and mode of payment, they may be, or may be, of all taxes the most convenient. Upon the entire, such taxes, consequently, are perhaps as agreeable to the three first of the 4 preferred maxims concerning taxation, as some other. They offend in every appreciate towards the fourth.

Such taxes, in percentage to what they convey into the general public treasury of the state, constantly take out, or keep out, of the pockets of the people, greater than almost another taxes. They seem to do this in all the four distinct approaches wherein it's far viable to do it.

First, the levying of such taxes, even if imposed in the maximum sensible manner, calls for a incredible range of custom-residence and excise officers,

whose salaries and perquisites are a actual tax upon the humans, which brings nothing into the treasury of the nation. This price, however, it ought to be stated, is extra moderate in Great Britain than in most different countries. In the 12 months which ended at the 5th of July, 1775, the gross produce of the one-of-a-kind duties, below the control of the commissioners of excise in England, amounted to £5,507,308:18:8¼, which became levied at an fee of little more than 5 and a-1/2 per cent. From this gross produce, however, there have to be deducted what changed into paid away in bounties and downsides upon the exportation of exciseable goods, with the intention to lessen the neat produce beneath five thousands and thousands. The neat produce of that 12 months, after deducting all expenses and allowances, amounted to £4,975,652:19:6. The levying of the salt responsibility, and excise duty, but below a exclusive control, is a great deal greater highly-priced. The neat sales of the customs does no longer quantity to two tens of millions and a-half of, that's levied at an rate of more than ten according to cent., in the salaries of officers and other incidents. But the perquisites of custom-house officials are everywhere a lot greater than their salaries; at some ports more than double or triple those salaries. If the salaries of officers, and different incidents, therefore, amount to more than ten in step with cent. Upon the neat sales of the customs, the entire cost of levying that sales may amount, in salaries and perquisites together, to more than twenty or thirty according to cent. The officers of excise receive few or no perquisites; and the management of that department of the sales being of more recent established order, is in widespread much less corrupted than that of the customs, into which period of time has brought and permitted many abuses. By charging upon malt the whole revenue which is at gift levied by using the different responsibilities upon malt and malt liquors, a saving, it is meant, of greater than £50,000, might be made in the annual cost of the excise. By confining the duties of customs to three forms of items, and by using levying those responsibilities according to the excise legal guidelines, a miles greater saving might probable be made inside the annual fee of the customs.

Secondly, such taxes always event some obstruction or discouragement to sure branches of industry. As they always raise the fee of the commodity taxed, they so far discourage its consumption, and therefore its production. If it's far a commodity of domestic growth or manufacture, less labour involves be employed in elevating and producing it. If it is a overseas

commodity of which the tax will increase in this way the charge, the commodities of the identical type which are made at home may additionally thereby, certainly, advantage some gain inside the domestic marketplace, and a greater quantity of home enterprise may additionally thereby be grew to become in the direction of preparing them. But although this upward push of price in a foreign commodity, might also encourage home industry in one unique department, it always discourages that industry in nearly every different. The dearer the Birmingham manufacturer buys his overseas wine, the inexpensive he always sells that part of his hardware with which, or, what involves the same element, with the fee of which, he buys it. That a part of his hardware, therefore, will become of much less fee to him, and he has less encouragement to paintings at it. The more expensive the consumers in one united states of america pay for the excess produce of another, the cheaper they always sell that a part of their personal surplus produce with which, or, what involves the equal element, with the fee of which, they buy it. That a part of their personal surplus produce turns into of much less fee to them, and that they have less encouragement to boom its amount. All taxes upon consumable commodities, consequently, have a tendency to lessen the quantity of efficient labour underneath what it in any other case would be, both in making ready the commodities taxed, if they're home commodities, or in making ready people with which they're bought, if they are overseas commodities. Such taxes, too, constantly adjust, greater or less, the herbal path of national industry, and turn it into a channel continually unique from, and normally much less fantastic, than that during which it might have run of its own accord.

Thirdly, the hope of evading such taxes by way of smuggling, gives common occasion to forfeitures and different consequences, which totally break the smuggler; a person who, though no doubt highly blameable for violating the legal guidelines of his united states, is often incapable of violating those of natural justice, and could had been, in each appreciate, an extraordinary citizen, had now not the laws of his u . S . Made that a crime which nature never meant to be so. In those corrupted governments, wherein there may be as a minimum a popular suspicion of an awful lot useless cost, and notable misapplication of the general public revenue, the legal guidelines which guard it are little reputable. Not many humans are scrupulous about smuggling, while, without perjury, they are able to discover an smooth and secure opportunity of doing so. To fake to have any

scruple about shopping for smuggled goods, though a happen encouragement to the violation of the sales laws, and to the perjury which nearly continually attends it, would, in maximum countries, be appeared as one of these pedantic pieces of hypocrisy which, as opposed to gaining credit score with every person, serve most effective to expose the person who impacts to training them to the suspicion of being a extra knave than maximum of his neighbours. By this indulgence of the general public, the smuggler is frequently endorsed to retain a trade, which he is as a result taught to don't forget as in some degree innocent; and while the severity of the revenue legal guidelines is prepared to fall upon him, he is frequently disposed to shield with violence, what he has been accustomed to regard as his simply assets. From being at the start, perhaps, rather imprudent than crook, he at closing too regularly becomes one of the hardest and most determined violators of the laws of society. By the wreck of the smuggler, his capital, which had before been hired in maintaining efficient labour, is absorbed both inside the revenue of the nation, or in that of the revenue officer; and is employed in preserving unproductive, to the diminution of the overall capital of the society, and of the useful industry which it would otherwise have maintained.

Fourthly, such taxes, with the aid of subjecting as a minimum the dealers in the taxed commodities, to the common visits and odious exam of the tax-gatherers, expose them sometimes, absolute confidence, to some degree of oppression, and constantly to an awful lot trouble and vexation; and even though vexation, as has already been stated, is not strictly talking rate, it's miles genuinely equivalent to the cost at which each man could be inclined to redeem himself from it. The laws of excise, although greater valuable for the purpose for which they were instituted, are, on this respect, greater vexatious than the ones of the customs. When a service provider has imported items concern to positive obligations of customs; when he has paid those obligations, and lodged the products in his warehouse; he isn't always, in most instances, at risk of any further hassle or vexation from the custom-house officer. It is otherwise with items problem to obligations of excise. The dealers haven't any respite from the persistent visits and exam of the excise officers. The obligations of excise are, upon this account, more unpopular than the ones of the customs; and so are the officials who levy them. Those officials, it's far pretended, though in standard, possibly, they do their obligation completely as well as those of the customs; but, as that

duty obliges them to be often very tough to some of their neighbours, usually settlement a sure hardness of individual, which the others frequently have not. This remark, however, can also very possibly be the mere inspiration of fraudulent dealers, whose smuggling is both avoided or detected by using their diligence.

The inconveniencies, but, that are, perhaps, in a few degree inseparable from taxes upon consumable goods, fall as light upon the human beings of Great Britain as upon the ones of every other country of which the authorities is nearly as highly-priced. Our nation isn't always perfect, and is probably mended; however it's miles as true, or higher, than that of most of our neighbours.

In consequence of the notion, that responsibilities upon consumable goods have been taxes upon the earnings of traders, the ones obligations have, in a few international locations, been repeated upon every successive sale of the products. If the earnings of the merchant-importer or merchant-manufacturer had been taxed, equality seemed to require that those of all of the center shoppers, who intervened between either of them and the patron, need to likewise be taxed. The famous alcavala of Spain seems to have been mounted upon this principle. It turned into at the start a tax of ten in step with cent. Afterwards of fourteen according to cent. And it's miles at gift best six in step with cent. Upon the sale of every kind of property whether or not transportable or immoveable; and it is repeated on every occasion the belongings is offered. *Memoires concernant les Droits*, and so forth. Tom. I, p. 15 The levying of this tax calls for a mess of revenue officials, sufficient to shield the transportation of goods, not handiest from one province to another, but from one store to any other. It subjects, now not handiest the sellers in a few varieties of goods, however those in every type, each farmer, each manufacturer, every merchant and shopkeeper, to the persistent visit and exam of the tax-gatherers. Through the greater part of the us of a wherein a tax of this type is installed, not anything may be produced for distant sale. The produce of every part of the us of a ought to be proportioned to the consumption of the neighbourhood. It is to the alcavala, for that reason, that Ustaritz imputes the spoil of the manufactures of Spain. He might have imputed to it, likewise, the declension of agriculture, it being imposed not most effective upon manufactures, but upon the impolite produce of the land.

In the kingdom of Naples, there is a similar tax of 3 consistent with cent. Upon the cost of all contracts, and consequently upon that of all contracts of sale. It is each lighter than the Spanish tax, and the extra a part of towns and parishes are allowed to pay a composition in lieu of it. They levy this composition in what manner they please, commonly in a way that offers no interruption to the indoors trade of the vicinity. The Neapolitan tax, therefore, isn't near so ruinous as the Spanish one.

The uniform machine of taxation, which, with some exception of no super outcome, takes vicinity in all the specific parts of the uk of Great Britain, leaves the indoors commerce of the us of a, the inland and coasting trade, nearly absolutely unfastened. The inland change is sort of perfectly unfastened; and the extra part of goods can be carried from one end of the dominion to the opposite, with out requiring any allow or let-pass, without being situation to impeach, visit or exam, from the sales officers. There are a few exceptions, however they're inclusive of can deliver no interruption to any critical branch of inland trade of the u . S . A .. Goods carried coastwise, certainly, require certificates or coast-cockets. If you besides coals, however, the relaxation are almost all responsibility-loose. This freedom of interior trade, the effect of the uniformity of the system of taxation, is possibly one of the predominant reasons of the prosperity of Great Britain; each high-quality us of a being necessarily the pleasant and most considerable marketplace for the more part of the productions of its personal industry. If the identical freedom in result of the identical uniformity, may be extended to Ireland and the plantations, each the grandeur of the nation, and the prosperity of every part of the empire, might probable be nevertheless extra than at present.

In France, the exceptional revenue laws which take vicinity in the unique provinces, require a mess of sales officials to surround, now not most effective the frontiers of the kingdom, but the ones of almost every precise province, in order both to save you the importation of certain items, or to concern it to the price of positive duties, to the no small interruption of the indoors trade of the u . S .. Some provinces are allowed to compound for the gabelle, or salt tax; others are exempted from it altogether. Some provinces are exempted from the extraordinary sale of tobacco, which the farmers-wellknown enjoy thru the extra part of the dominion. The aides, which correspond to the excise in England, are very extraordinary in one of a kind provinces. Some provinces are exempted from them, and pay a

composition or equal. In the ones wherein they take vicinity, and are in farm, there are many neighborhood duties which do no longer amplify beyond a specific town or district. The *traites*, which correspond to our customs, divide the kingdom into 3 incredible elements; first, the provinces concern to the tariff of 1664, which might be known as the provinces of the 5 extremely good farms, and below which might be comprehended Picardy, Normandy, and the more a part of the interior provinces of the dominion; secondly, the provinces situation to the tariff of 1667, which are known as the provinces reckoned foreign, and below which are comprehended the extra a part of the frontier provinces; and, thirdly, those provinces which are stated to be handled as foreign, or which, because they're allowed a unfastened commerce with foreign nations, are, of their commerce with the opposite provinces of France, subjected to the equal obligations as different foreign nations. These are Alsace, the three bishoprics of Mentz, Toul, and Verdun, and the 3 cities of Dunkirk, Bayonne, and Marseilles. Both inside the provinces of the five extremely good farms (known as so attributable to an historical department of the obligations of customs into 5 terrific branches, every of which become initially the problem of a specific farm, although they're now all united into one), and in the ones which might be said to be reckoned foreign, there are numerous neighborhood responsibilities which do not increase past a specific town or district. There are some such even within the provinces which are said to be dealt with as foreign, mainly within the town of Marseilles. It is unnecessary to observe how tons each the restraints upon the indoors trade of the united states of america, and the range of the sales officers, must be elevated, in order to shield the frontiers of those unique provinces and districts which are difficulty to such special systems of taxation.

Over and above the general restraints springing up from this complicated gadget of sales legal guidelines, the commerce of wine (after corn, possibly, the maximum essential production of France) is, within the extra part of the provinces, problem to specific restraints arising from the favour which has been shown to the vineyards of particular provinces and districts above the ones of others. The provinces maximum famous for his or her wines, it will likely be found, I trust, are the ones wherein the trade in that article is difficulty to the fewest restraints of this type. The sizeable market which such provinces revel in, encourages precise management each within the

cultivation of their vineyards, and within the next preparation of their wines.

Such numerous and complicated sales laws are not atypical to France. The little duchy of Milan is divided into six provinces, in each of which there may be a distinct system of taxation, in regards to numerous distinct sorts of consumable goods. The nevertheless smaller territories of the duke of Parma are divided into three or 4, each of which has, inside the equal way, a device of its personal. Under such absurd management, nothing however the high-quality fertility of the soil, and happiness of the weather, should maintain such countries from soon relapsing into the bottom country of poverty and barbarism.

Taxes upon consumable commodities may additionally either be levied through an management, of which the officials are appointed by government, and are immediately accountable to authorities, of which the revenue have to, in this situation, range from yr to 12 months, in step with the occasional variations in the produce of the tax; or they may be let in farm for a rent certain, the farmer being allowed to employ his personal officials, who, although obliged to levy the tax in the way directed via the law, are below his immediately inspection, and are right now accountable to him. The first-rate and maximum frugal way of levying a tax can never be by farm. Over and above what's essential for paying the stipulated hire, the salaries of the officers, and the entire price of management, the farmer must usually draw from the produce of the tax a certain income, proportioned at the least to the improvement which he makes, to the danger which he runs, to the hassle which he's at, and to the information and skill which it calls for to control so very complicated a situation. Government, by way of establishing an administration below their very own immediate inspection, of the same kind with that which the farmer establishes, may at least store this earnings, which is nearly continually exorbitant. To farm any massive branch of the public sales calls for either a incredible capital, or a remarkable credit score; situations which might on my own restrain the competition for such an assignment to a very small variety of people. Of the few who've this capital or credit score, a nevertheless smaller variety have the important expertise or experience; every other circumstance which restrains the opposition nonetheless in addition. The very few who're in condition to emerge as competitors, locate it greater for his or her interest to mix collectively; to end up copartners, in place of competition; and, when

the farm is set up to public sale, to offer no hire but what is a whole lot beneath the real fee. In nations in which the public revenues are in farm, the farmers are usually the most opulent people. Their wealth would on my own excite the general public indignation; and the conceitedness which almost usually accompanies such upstart fortunes, the silly ostentation with which they generally display that wealth, excite that indignation still extra.

The farmers of the public sales by no means discover the legal guidelines too extreme, which punish any try to steer clear of the price of a tax. They haven't any bowels for the contributors, who are not their topics, and whose prevalent bankruptcy, if it have to occur the day after the farm is expired, might not a lot affect their interest. In the best exigencies of the state, when the anxiety of the sovereign for the exact payment of his revenue is necessarily the finest, they seldom fail to whinge, that without legal guidelines greater rigorous than the ones which simply befell, it will likely be not possible for them to pay even the usual lease. In those moments of public misery, their instructions cannot be disputed. The revenue legal guidelines, therefore, come to be progressively increasingly severe. The maximum sanguinary are always to be located in nations in which the extra part of the public sales is in farm; the mildest, in nations in which it's far levied below the immediately inspection of the sovereign. Even a terrible sovereign feels extra compassion for his human beings than can ever be expected from the farmers of his sales. He is aware of that the permanent grandeur of his family relies upon upon the prosperity of his people, and he's going to never knowingly spoil that prosperity for the sake of any short-term hobby of his own. It is otherwise with the farmers of his sales, whose grandeur may also regularly be the impact of the damage, and not of the prosperity, of his people.

A tax is occasionally now not most effective farmed for a certain rent, however the farmer has, except, the monopoly of the commodity taxed. In France, the duties upon tobacco and salt are levied on this way. In such instances, the farmer, rather than one, levies exorbitant income upon the people; the income of the farmer, and the nonetheless greater exorbitant one of the monopolist. Tobacco being a luxury, every guy is allowed to buy or now not to buy as he chuses; however salt being a essential, every guy is obliged to buy of the farmer a sure quantity of it; due to the fact, if he did now not purchase this amount of the farmer, he might, it's far presumed, purchase it of some smuggler. The taxes upon each commodities are

exorbitant. The temptation to smuggle, therefore, is to many humans impossible to resist; even as, at the identical time, the rigour of the regulation, and the vigilance of the farmer's officers, render the yielding to the temptation almost in reality ruinous. The smuggling of salt and tobacco sends every year numerous hundred people to the galleys, except a totally full-size quantity whom it sends to the gibbet. Those taxes, levied on this way, yield a totally good sized revenue to authorities. In 1767, the farm of tobacco changed into permit for twenty-two thousands and thousands five hundred and forty-one thousand hundred and seventy-eight livres a-12 months; that of salt for thirty-six tens of millions four hundred and ninety-two thousand 4 hundred and four livres. The farm, in both instances, turned into to start in 1768, and to final for six years. Those who recollect the blood of the human beings as nothing, in assessment with the sales of the prince, may, possibly, approve of this method of levying taxes. Similar taxes and monopolies of salt and tobacco had been set up in lots of different countries, mainly within the Austrian and Prussian dominions, and within the greater part of the states of Italy.

In France, the extra part of the real revenue of the crown is derived from 8 distinct sources; the taille, the capitation, the 2 vingtiemes, the gabelles, the aides, the traites, the domaine, and the farm of tobacco. The live remaining are, within the extra part of the provinces, beneath farm. The three first are anywhere levied by way of an management, under the immediately inspection and course of government; and it is universally recounted, that during share to what they take out of the wallet of the human beings, they bring about extra into the treasury of the prince than the other 5, of which the management is much greater wasteful and highly-priced.

The finances of France appear, in their present nation, to admit of three very apparent reformations. First, through abolishing the taille and the capitation, and by using increasing the wide variety of the vingtiemes, for you to produce an extra revenue same to the quantity of those other taxes, the sales of the crown is probably preserved; the rate of series might be a whole lot faded; the vexation of the inferior ranks of human beings, which the taille and capitation occasion, might be absolutely avoided; and the superior ranks might not be greater pressured than the greater a part of them are at gift. The vingtieme, I have already observed, is a tax very almost of the equal kind with what's known as the land tax of England. The burden of

the taille, it's miles mentioned, falls subsequently upon the owners of land; and because the more a part of the capitation is classed upon folks who are subject to the taille, at so much a-pound of that other tax, the final fee of the more part of it need to likewise fall upon the same order of human beings. Though the variety of the vingtiemes, therefore, changed into increased, with the intention to produce an additional revenue same to the amount of each the ones taxes, the advanced ranks of humans may not be greater careworn than they are at gift; many individuals, absolute confidence, might, because of the amazing inequalities with which the taille is commonly assessed upon the estates and tenants of different people. The hobby and opposition of such favoured topics, are the limitations most probably to save you this, or another reformation of the equal type. Secondly, by means of rendering the gabelle, the aides, the traites, the taxes upon tobacco, all of the exceptional customs and excises, uniform in all of the one of a kind parts of the dominion, those taxes is probably levied at plenty less expense, and the indoors commerce of the dominion is probably rendered as loose as that of England. Thirdly, and finally, via subjecting all those taxes to an administration below the on the spot inspection and direction or authorities, the exorbitant profits of the farmers-preferred is probably delivered to the revenue of the country. The opposition springing up from the non-public hobby of people, is in all likelihood to be as valuable for preventing the two closing because the first-noted scheme of reformation.

The French device of taxation seems, in each recognize, inferior to the British. In Great Britain, ten millions sterling are yearly levied upon less than eight tens of millions of human beings, without its being feasible to say that any particular order is oppressed. From the Collections of the Abbé Expilly, and the observations of the writer of the Essay upon the Legislation and Commerce of Corn, it seems possibly that France, which include the provinces of Lorraine and Bar, consists of about twenty-3 or twenty-four thousands and thousands of humans; 3 instances the wide variety, possibly, contained in Great Britain. The soil and weather of France are better than the ones of Great Britain. The united states has been lots longer in a kingdom of improvement and cultivation, and is, upon that account, better stocked with all the ones matters which it calls for a long term to elevate up and acquire; together with fantastic cities, and convenient and nicely-built homes, both in town and usa. With these advantages, it might be expected,

that during France a sales of thirty thousands and thousands is probably levied for the aid of the nation, with as little inconvenience as a sales of ten millions is in Great Britain. In 1765 and 1766, the whole revenue paid into the treasury of France, according to the pleasant, though, I renowned, very imperfect money owed which I could get of it, generally run among 308 and 325 thousands and thousands of livres; that is, it did not quantity to fifteen tens of millions sterling; not the 1/2 of what might have been anticipated, had the human beings contributed within the equal share to their numbers because the human beings of Great Britain. The humans of France, however, it's miles usually mentioned, are a lot extra oppressed by means of taxes than the humans of Great Britain. France, but, is sincerely the wonderful empire in Europe, which, after that of Great Britain, enjoys the mildest and most indulgent authorities.

In Holland, the heavy taxes upon the necessaries of existence have ruined, it's far said, their primary manufacturers, and are probably to discourage, gradually, even their fisheries and their alternate in ship-constructing. The taxes upon the necessaries of lifestyles are inconsiderable in Great Britain, and no manufacture has hitherto been ruined by using them. The British taxes which undergo toughest on manufactures, are a few obligations upon the importation of uncooked materials, specially upon that of raw silk. The revenue of the States-General and of the special cities, but, is said to amount to extra than 5 tens of millions two hundred and fifty thousand pounds sterling; and because the population of the United Provinces can't nicely be speculated to quantity to more than a 3rd a part of the ones of Great Britain, they need to, in share to their wide variety, be a great deal more closely taxed.

After all the right subjects of taxation were exhausted, if the exigencies of the country still retain to require new taxes, they must be imposed upon improper ones. The taxes upon the necessaries of life, consequently, can be no impeachment of the knowledge of that republic, which, with a view to acquire and to maintain its independency, has, regardless of its meat frugality, been involved in such expensive wars as have obliged it to contract notable money owed. The singular international locations of Holland and Zealand, except, require a large expense even to maintain their lifestyles, or to save you their being swallowed up via the sea, which must have contributed to growth appreciably the weight of taxes in the ones provinces. The republican shape of presidency appears to be the

predominant assist of the existing grandeur of Holland. The proprietors of exquisite capitals, the fantastic mercantile families, have generally either some direct percentage, or some indirect impact, within the administration of that government. For the sake of the honour and authority which they derive from this example, they're willing to stay in a rustic wherein their capital, in the event that they hire it themselves, will bring them much less earnings, and in the event that they lend it to another, less hobby; and where the very mild sales which they could draw from it'll purchase much less of the necessaries and conveniencies of existence than in every other a part of Europe. The residence of such rich humans necessarily maintains alive, in spite of all disadvantages, a certain diploma of enterprise within the u . S .. Any public calamity which should damage the republican shape of government, which should throw the entire administration into the arms of nobles and of squaddies, which ought to annihilate altogether the importance of these wealthy traders, might soon render it unpleasant to them to stay in a country where they have been no longer likely to be a lot respected. They would get rid of each their house and their capital to a few other us of a, and the industry and commerce of Holland might soon observe the capitals which supported them.

CHAPTER III.

OF PUBLIC DEBTS.

In that rude country of society which precedes the extension of commerce and the improvement of manufactures; when the ones high priced luxuries, which commerce and manufactures can on my own introduce, are altogether unknown; the individual that possesses a massive sales, I actually have endeavoured to reveal within the 1/3 e book of this Inquiry, can spend or enjoy that sales in no other manner than with the aid of keeping nearly as many human beings as it is able to preserve. A large sales may additionally always be stated to consist within the command of a massive amount of the necessaries of existence. In that rude country of factors, it is generally paid in a big amount of these necessaries, inside the

substances of plain meals and coarse clothing, in corn and livestock, in wool and raw hides. When neither trade nor manufactures grant any element for which the owner can exchange the more a part of the ones materials which might be over and above his personal intake, he can do not anything with the excess, but feed and dress nearly as many people as it will feed and clothe. A hospitality in which there may be no luxurious, and a liberality wherein there is no ostentation, occasion, in this example of things, the fundamental charges of the wealthy and the tremendous. But these I even have likewise endeavoured to expose, within the identical ebook, are prices with the aid of which human beings are not very apt to break themselves. There is not, possibly, any selfish pride so frivolous, of which the pursuit has now not every now and then ruined even practical men. A passion for cock-combating has ruined many. But the instances, I trust, are not very severa, of human beings who have been ruined by a hospitality or liberality of this type; even though the hospitality of luxurious, and the liberality of ostentation have ruined many. Among our feudal ancestors, the long term at some point of which estates used to retain within the same family, sufficiently demonstrates the overall disposition of human beings to stay within their income. Though the rustic hospitality, continuously exercised by means of the amazing landholders, may not, to us inside the present times, seem steady with that order which we are apt to bear in mind as inseparably related with right economic system; but we should definitely allow them to had been at least thus far frugal, as not commonly to have spent their whole income. A a part of their wool and raw hides, that they had generally an possibility of promoting for money. Some a part of this money, possibly, they spent in buying the few items of vanity and luxury, with which the instances of the instances may want to furnish them; however some part of it they seem usually to have hoarded. They could not well, indeed, do any issue else however hoard something cash they saved. To trade, turned into disgraceful to a gentleman; and to lend money at interest, which at that time was taken into consideration as usury, and prohibited bylaw, might had been nonetheless greater so. In those instances of violence and disorder, besides, it changed into handy to have a hoard of cash at hand, that during case they need to be pushed from their personal domestic, they could have something of recognized cost to hold with them to some vicinity of protection. The same violence which made it handy to hoard, made it similarly handy to hide the hoard. The frequency of

treasure-trove, or of treasure observed, of which no proprietor become acknowledged, sufficiently demonstrates the frequency, in those instances, each of hoarding and of concealing the hoard. Treasure-trove changed into then taken into consideration as an critical department of the sales of the sovereign. All the treasure-trove of the kingdom would scarce, perhaps, in the gift instances, make an essential department of the revenue of a non-public gentleman of a very good property.

The same disposition, to keep and to hoard, prevailed inside the sovereign, in addition to inside the subjects. Among countries, to whom trade and manufacture are little recognised, the sovereign, it has already been observed in the Fourth ebook, is in a situation which evidently disposes him to the parsimony needful for accumulation. In that situation, the price, even of a sovereign, can not be directed through that vanity which delights in the gaudy finery of a court docket. The lack of understanding of the instances presents but few of the trinkets wherein that finery is composed. Standing armies aren't then necessary; so that the rate, even of a sovereign, like that of any other first-rate lord may be employed in scarce any component however bounty to his tenants, and hospitality to his retainers. But bounty and hospitality very seldom result in extravagance; even though conceitedness almost usually does. All the ancient sovereigns of Europe, therefore, it has already been observed, had treasures. Every Tartar leader, in the present instances, is said to have one.

In a commercial usa, abounding with every sort of high priced luxurious, the sovereign, inside the equal way as nearly all the exceptional owners in his dominions, naturally spends a remarkable part of his sales in purchasing those luxuries. His very own and the neighbouring nations deliver him abundantly with all of the high-priced trinkets which compose the wonderful, however insignificant, pageantry of a court. For the sake of an inferior pageantry of the equal kind, his nobles brush aside their retainers, make their tenants impartial, and come to be steadily themselves as insignificant as the extra part of the wealthy burghers in his dominions. The equal frivolous passions, which affect their conduct, impact his. How can or not it's intended that he have to be the most effective rich man in his dominions who is insensible to pleasures of this kind? If he does now not, what he is very in all likelihood to do, spend upon those pleasures so awesome part of his sales as to debilitate very an awful lot the protective energy of the kingdom, it can't properly be expected that he ought to no

longer spend upon them all that part of it that's over and above what is important for supporting that protective energy. His regular price becomes equal to his normal revenue, and it's far properly if it does now not regularly exceed it. The gathering of treasure can now not be expected; and whilst first rate exigencies require amazing expenses, he must always call upon his topics for an high-quality aid. The present and the overdue king of Prussia are the most effective exceptional princes of Europe, who, since the dying of Henry IV. Of France, in 1610, are speculated to have accrued any big treasure. The parsimony which results in accumulation has end up almost as rare in republican as in monarchical governments. The Italian republics, the United Provinces of the Netherlands, are all in debt. The canton of Berne is the unmarried republic in Europe which has gathered any large treasure. The other Swiss republics have now not. The flavor for a few form of pageantry, for outstanding buildings, at least, and different public adorns, regularly prevails as lots in the seemingly sober senate-residence of a bit republic, as within the dissipated court of the greatest king.

The need of parsimony, in time of peace, imposes the need of contracting debt in time of struggle. When battle comes, there is no money in the treasury, but what's essential for carrying at the regular price of the peace establishment. In struggle, an established order of 3 or four instances that rate will become necessary for the defence of the state; and consequently, a sales three or four times extra than the peace revenue. Supposing that the sovereign need to have, what he scarce ever has, the instantaneous means of augmenting his revenue in share to the augmentation of his fee; yet still the produce of the taxes, from which this increase of revenue should be drawn, will now not start to come into the treasury, till perhaps ten or 365 days after they're imposed. But the instant wherein conflict starts offevolved, or as an alternative the instant in which it appears probable to begin, the navy need to be augmented, the fleet ought to be fitted out, the garrisoned towns need to be positioned into a posture of defence; that navy, that fleet, those garrisoned cities, should be supplied with arms, ammunition, and provisions. An immediate and extraordinary price have to be incurred in that moment of on the spot threat, for you to not anticipate the slow and gradual returns of the brand new taxes. In this exigency, government can don't have any different resource but in borrowing.

The equal commercial state of society which, by using the operation of moral causes, brings authorities on this manner into the necessity of

borrowing, produces within the subjects each an ability and a bent to lend. If it generally brings in conjunction with it the necessity of borrowing, it likewise brings with it the ability of doing so.

A united states of america abounding with merchants and manufacturers, necessarily abounds with a hard and fast of human beings via whose arms, no longer handiest their personal capitals, however the capitals of all those who both lend them money, or trust them with goods, pass as often, or greater frequently, than the sales of a non-public man, who, with out exchange or business, lives upon his earnings, passes via his arms. The revenue of one of these guy can frequently skip through his hands only as soon as in a 12 months. But the whole quantity of the capital and credit of a service provider, who deals in a trade of which the returns are very brief, might also occasionally pass thru his arms two, 3, or four instances in a year. A country abounding with merchants and producers, consequently, always abounds with a hard and fast of people, who have it at all times in their strength to develop, if they chuse to accomplish that, a totally massive amount of cash to government. Hence the potential in the topics of a industrial country to lend.

Commerce and manufactures can seldom flourish long in any country which does no longer revel in a regular administration of justice; in which the people do now not sense themselves cozy inside the possession in their belongings; in which the religion of contracts is not supported through regulation; and in which the authority of the kingdom isn't always supposed to be regularly employed in imposing the charge of money owed from all individuals who are capable of pay. Commerce and manufactures, in brief, can seldom flourish in any kingdom, in which there isn't always a certain degree of confidence within the justice of presidency. The equal self belief which disposes amazing merchants and producers upon regular activities, to accept as true with their property to the protection of a particular government, disposes them, upon top notch events, to believe that authorities with using their assets. By lending cash to government, they do not even for a moment diminish their potential to hold on their alternate and manufactures; on the opposite, they usually augment it. The necessities of the country render government, upon most occasions willing to borrow upon phrases extremely fantastic to the lender. The protection which it grants to the original creditor, is made transferable to every other creditor; and from the familiar self belief in the justice of the kingdom, commonly

sells within the market for greater than was originally paid for it. The service provider or monied man makes money with the aid of lending cash to government, and as opposed to diminishing, increases his trading capital. He generally considers it as a favour, therefore, while the management admits him to a share within the first subscription for a brand new loan. Hence the inclination or willingness inside the subjects of a industrial state to lend.

The authorities of one of these state is very apt to repose itself upon this capability and willingness of its subjects to lend it their money on tremendous occasions. It foresees the power of borrowing, and consequently dispenses itself from the responsibility of saving.

In a rude state of society, there are not any wonderful mercantile or production capitals. The individuals, who hoard anything cash they can shop, and who conceal their hoard, accomplish that from a mistrust of the justice of presidency; from a worry, that if it became regarded that that they had a hoard, and in which that hoard became to be observed, they might quickly be plundered. In this sort of nation of things, few people might have the ability, and nobody would be willing to lend their cash to government on exceptional exigencies. The sovereign feels that he need to provide for such exigencies by saving, because he foresees absolutely the impossibility of borrowing. This foresight increases nevertheless in addition his herbal disposition to keep.

The progress of the widespread debts which at gift oppress, and could within the long-run in all likelihood spoil, all of the exquisite countries of Europe, has been pretty uniform. Nations, like private men, have typically started to borrow upon what may be referred to as non-public credit, without assigning or mortgaging any precise fund for the price of the debt; and whilst this resource has failed them, they have got gone on to borrow upon assignments or mortgages of specific budget.

What is known as the unfunded debt of Great Britain, is shrunk within the former of these approaches. It consists partly in a debt which bears, or is meant to bear, no interest, and which resembles the money owed that a personal guy contracts upon account; and partly in a debt which bears interest, and which resembles what a personal guy contracts upon his invoice or promissory-note. The money owed that are due, either for high-quality services, or for offerings either no longer furnished for, or no longer paid at the time while they're achieved; part of the extraordinaries of the

navy, military, and ordnance, the arrears of subsidies to overseas princes, the ones of seamen's wages, etc. Usually represent a debt of the primary type. Navy and exchequer bills, which might be issued on occasion in fee of part of such money owed, and now and again for other functions, represent a debt of the second one kind; exchequer payments bearing hobby from the day on which they're issued, and military bills six months after they're issued. The financial institution of England, either by way of voluntarily discounting the ones payments at their modern cost, or with the aid of agreeing with authorities for positive considerations to flow into exchequer payments, that is, to obtain them at par, paying the interest which happens to be due upon them, maintains up their fee, and enables their stream, and thereby often enables government to contract a completely massive debt of this type. In France, where there is no bank, the state payments (billets d'état See Examen des Reflections Politiques sur les Finances.) have sometimes bought at sixty and seventy per cent. Cut price. During the exceptional recoinage in king William's time, when the financial institution of England notion right to position a prevent to its normal transactions, exchequer payments and tallies are said to have sold from twenty-5 to sixty in keeping with cent. Discount; owing partially, no doubt, to the intended instability of the new authorities installed by way of the Revolution, but partly, too, to the need of the help of the bank of England.

When this useful resource is exhausted, and it turns into necessary, in an effort to enhance money, to assign or mortgage some specific branch of the public revenue for the price of the debt, authorities has, upon specific occasions, done this in two extraordinary ways. Sometimes it has made this undertaking or loan for a brief period of time simplest, a year, or a few years, for example; and every now and then for perpetuity. In the only case, the fund changed into meant enough to pay, within the constrained time, both most important and hobby of the money borrowed. In the alternative, it changed into supposed enough to pay the hobby best, or a perpetual annuity equal to the hobby, authorities being at liberty to redeem, at any time, this annuity, upon paying lower back the predominant sum borrowed. When money become raised in the one way, it changed into said to be raised by using anticipation; whilst within the different, through perpetual investment, or, greater shortly, by way of investment.

In Great Britain, the annual land and malt taxes are regularly anticipated each yr, by way of distinctive feature of a borrowing clause continuously

inserted into the acts which impose them. The financial institution of England usually advances at an interest, which, because the Revolution, has various from 8 to three according to cent., the sums of which those taxes are granted, and receives price as their produce regularly comes in. If there may be a deficiency, which there constantly is, it's miles provided for within the supplies of the ensuing year. The simplest massive branch of the general public sales which but remains unmortgaged, is as a result regularly spent earlier than it comes in. Like an improvident spendthrift, whose pressing occasions will no longer allow him to watch for the normal charge of his sales, the state is within the constant practice of borrowing of its personal elements and retailers, and of paying hobby for the usage of its own cash.

In the reign of king William, and during a first-rate part of that of queen Anne, before we had become so acquainted as we are now with the practice of perpetual funding, the extra part of the brand new taxes were imposed but for a short time period (for four, 5, six, or seven years only), and a exquisite a part of the offers of every year consisted in loans upon anticipations of the produce of those taxes. The produce being frequently insufficient for paying, inside the restricted term, the primary and interest of the money borrowed, deficiencies arose; to make desirable which, it have become vital to extend the time period.

In 1697, by means of the 8th of William III., c. 20, the deficiencies of numerous taxes had been charged upon what become then referred to as the first fashionable mortgage or fund, consisting of a prolongation to the primary of August 1706, of numerous exceptional taxes, which could have expired inside a shorter time period, and of which the produce became accrued into one trendy fund. The deficiencies charged upon this extended term amounted to £5,one hundred sixty,459: 14: 9½.

In 1701, the ones duties, with some others, were still in addition extended, for the like functions, till the primary of August 1710, and were known as the second one preferred mortgage or fund. The deficiencies charged upon it amounted to £2,0.5,999: 7: 11½.

In 1707, those responsibilities were nevertheless further extended, as a fund for new loans, to the primary of August 1712, and have been referred to as the third trendy mortgage or fund. The sum borrowed upon it changed into £983,254:11:9¼.

In 1708, those responsibilities were all (except the vintage subsidy of tonnage and poundage, of which one moiety only turned into made part of this fund, and a duty upon the importation of Scotch linen, which had been taken off by means of the articles of union) nevertheless in addition persisted, as a fund for brand new loans, to the first of August 1714, and have been called the fourth trendy mortgage or fund. The sum borrowed upon it became £925,176:nine:2¼.

In 1709, those duties were all (besides the antique subsidy of tonnage and poundage, which was now left out of this fund altogether) still further persevered, for the equal motive, to the first of August 1716, and have been referred to as the fifth general mortgage or fund. The sum borrowed upon it became £922,029:6s.

In 1710, the ones obligations were again prolonged to the first of August 1720, and have been referred to as the sixth fashionable loan or fund. The sum borrowed upon it changed into £1,296,552:nine:11¾.

In 1711, the identical obligations (which at this time had been thus concern to four special anticipations), together with numerous others, have been persisted for ever, and made a fund for paying the hobby of the capital of the South-sea organization, which had that yr superior to authorities, for paying debts, and making accurate deficiencies, the sum of £nine,177,967:15:4d, the greatest mortgage which at that time had ever been made.

Before this era, the important, to date as I were able to take a look at, the best taxes, which, so as to pay the hobby of a debt, have been imposed for perpetuity, had been those for paying the interest of the cash which had been advanced to authorities by the financial institution and East-India organisation, and of what it become anticipated might be advanced, however which became by no means advanced, by a projected land bank. The financial institution fund right now amounted to £3,375,027:17:10½, for which became paid an annuity or hobby of £206,501:15:5d. The East-India fund amounted to £three,two hundred,000, for which was paid an annuity or hobby of £a hundred and sixty,000; the financial institution fund being at six per cent., the East-India fund at five in keeping with cent. Hobby.

In 1715, by means of the primary of George I., c. 12, the distinct taxes which were mortgaged for paying the bank annuity, together with numerous

others, which, through this act, had been likewise rendered perpetual, were collected into one not unusual fund, called the mixture fund, which turned into charged not handiest with the fee of the financial institution annuity, however with several other annuities and burdens of different kinds. This fund was afterwards augmented through the 1/3 of George I., c.8., and by the fifth of George I., c. 3, and the one of a kind responsibilities which had been then added to it were likewise rendered perpetual.

In 1717, by way of the third of George I., c. 7, several other taxes were rendered perpetual, and accrued into any other not unusual fund, referred to as the general fund, for the price of sure annuities, amounting inside the entire to £724,849:6:10½.

In consequence of those unique acts, the more a part of the taxes, which earlier than were anticipated best for a quick time period of years had been rendered perpetual, as a fund for paying, no longer the capital, however the interest only, of the money which have been borrowed upon them with the aid of one-of-a-kind successive anticipations.

Had money in no way been raised however by using anticipation, the course of a few years could have liberated the general public sales, without any different attention of government besides that of now not overloading the fund, by charging it with greater debt than it is able to pay within the restricted term, and not of looking ahead to a 2d time earlier than the expiration of the first anticipation. But the more part of European governments had been incapable of those attentions. They have frequently overloaded the fund, even upon the first anticipation; and while this happened not to be the case, they have commonly taken care to overload it, by way of anticipating a 2nd and a 3rd time, before the expiration of the primary anticipation. The fund becoming on this manner altogether insufficient for paying each predominant and hobby of the money borrowed upon it, it became necessary to charge it with the hobby most effective, or a perpetual annuity equal to the interest; and such improvident anticipations always gave birth to the more ruinous exercise of perpetual investment. But although this practice always places off the liberation of the public revenue from a fixed duration, to one so indefinite that it is not very in all likelihood ever to reach; yet, as a extra sum can, in all cases, be raised by way of this new exercise than via the old considered one of anticipation, the previous, while men have once end up acquainted with it, has, within the exquisite exigencies of the nation, been universally desired to the latter. To relieve the

existing exigency, is continually the item which mainly pastimes those immediately worried within the administration of public affairs. The destiny liberation of the general public sales they depart to the care of posterity.

During the reign of queen Anne, the marketplace fee of hobby had fallen from six to five in keeping with cent.; and, inside the twelfth 12 months of her reign, 5 in step with cent. Became declared to be the very best charge that could lawfully be taken for cash borrowed upon private security. Soon after the extra part of the brief taxes of Great Britain had been rendered perpetual, and dispensed into the combination, South-sea, and wellknown budget, the lenders of the general public, like those of personal men and women, have been induced to accept of 5 according to cent. For the hobby in their money, which occasioned a saving of one consistent with cent. Upon the capital of the more part or the debts which were thus funded for perpetuity, or of one-6th of the more a part of the annuities which had been paid out of the 3 first rate budget above noted. This saving left a large surplus in the produce of the exclusive taxes which were accrued into those price range, over and above what turned into necessary for paying the annuities which have been now charged upon them, and laid the muse of what has due to the fact that been known as the sinking fund. In 1717, it amounted to £523,454:7:7½. In 1727, the interest of the greater part of the public money owed become still further decreased to four in keeping with cent.; and, in 1753 and 1757, to 3 and a-half, and 3 in line with cent., which reductions still in addition augmented the sinking fund.

A sinking fund, though instituted for the fee of vintage, allows very a good deal the contracting of new money owed. It is a subsidiary fund, constantly handy, to be mortgaged in aid of some other dubious fund, upon which cash is proposed to be raised in any exigency of the state. Whether the sinking fund of Great Britain has been greater regularly carried out to the only or to other of these two purposes, will sufficiently seem by way of and by way of.

Besides those strategies of borrowing, by using anticipations and with the aid of a perpetual funding, there are two other methods, which hold a kind of middle place between them; these are, that of borrowing upon annuities for phrases of years, and that of borrowing upon annuities for lives.

During the reigns of king William and queen Anne, big sums had been frequently borrowed upon annuities for terms of years, which have been

now and again longer and once in a while shorter. In 1695, an act become exceeded for borrowing one million upon an annuity of fourteen in line with cent., or £one hundred forty,000 a-12 months, for sixteen years. In 1691, an act become exceeded for borrowing one million upon annuities for lives, upon phrases which, inside the gift times, could seem very nice; but the subscription become not crammed up. In the following 12 months, the deficiency turned into made exact, by way of borrowing upon annuities for lives, at fourteen in keeping with cent. Or a little extra than seven years purchase. In 1695, the individuals who had bought those annuities were allowed to trade them for others of ninety-six years, upon paying into the exchequer sixty-3 pounds in the hundred; this is, the distinction between fourteen per cent. For existence, and fourteen in keeping with cent. For ninety-six years, was sold for sixty-three pounds, or for 4 and a-half years purchase. Such changed into the supposed instability of government, that even those terms procured few clients. In the reign of queen Anne, cash turned into, upon one of a kind activities, borrowed both upon annuities for lives, and upon annuities for terms of thirty-two, of 80-nine, of ninety-8, and of ninety-nine years. In 1719, the proprietors of the annuities for thirty-years had been brought about to accept, in lieu of them, South-sea stock to the quantity of 11 and a-half years purchase of the annuities, together with an extra quantity of inventory, same to the arrears which befell then to be due upon them. In 1720, the more part of the alternative annuities for terms of years, both long and quick, have been subscribed into the same fund. The lengthy annuities, at that time, amounted to £666,821: 8:3½ a-12 months. On the 5th of January 1775, the remainder of them, or what was not subscribed at that time, amounted most effective to £136,453:12:8d.

During the two wars which commenced in 1739 and in 1755, little money became borrowed, both upon annuities for phrases of years, or upon the ones for lives. An annuity for 90-eight or 90-nine years, however, is really worth almost as plenty as a perpetuity, and have to consequently, one would possibly assume, be a fund for borrowing almost as lots. But individuals who, a good way to make circle of relatives settlements, and to provide for far flung futurity, purchase into the general public stocks, might now not care to purchase into certainly one of which the cost became always diminishing; and such human beings make a completely sizable proportion, both of the owners and purchasers of inventory. An annuity for a long term of years, therefore, even though its intrinsic cost can be very nearly the

identical with that of a perpetual annuity, will now not find almost the identical number of customers. The subscribers to a new loan, who mean usually to promote their subscription as soon as possible, opt for substantially a perpetual annuity, redeemable via parliament, to an irredeemable annuity, for a long time of years, of handiest equal quantity. The value of the previous may be meant constantly the same, or very nearly the identical; and it makes, therefore, a greater convenient transferable stock than the latter.

During the 2 ultimate-cited wars, annuities, both for terms of years or for lives, had been seldom granted, however as premiums to the subscribers of a brand new mortgage, over and above the redeemable annuity or interest, upon the credit score of which the loan become imagined to be made. They have been granted, not because the right fund upon which the cash was borrowed, but as an extra encouragement to the lender.

Annuities for lives have every so often been granted in exceptional ways; either upon separate lives, or upon lots of lives, which, in French, are referred to as tontines, from the call of their inventor. When annuities are granted upon separate lives, the dying of each man or woman annuitant disburdens the general public sales, to this point because it turned into affected by his annuity. When annuities are granted upon tontines, the liberation of the general public revenue does now not start until the demise of all of the annuitants comprehended in a single lot, which may also now and again encompass twenty or thirty persons, of whom the survivors be triumphant to the annuities of all people who die before them; the ultimate survivor succeeding to the annuities of the whole thing. Upon the identical revenue, extra cash can always be raised by tontines than via annuities for separate lives. An annuity, with a right of survivorship, is actually well worth extra than an same annuity for a separate lifestyles; and, from the self assurance which every man obviously has in his own properly fortune, the principle upon that's based the achievement of all lotteries, such an annuity generally sells for something greater than it's miles worth. In countries where it's far common for government to elevate money by granting annuities, tontines are, upon this account, generally preferred to annuities for separate lives. The expedient with a purpose to improve most money, is almost always preferred to that that is in all likelihood to bring about, within the speediest manner, the liberation of the general public revenue.

In France, a miles extra percentage of the general public money owed is composed in annuities for lives than in England. According to a memoir presented by way of the parliament of Bourdeaux to the king, in 1764, the entire public debt of France is expected at twenty-four hundred millions of livres; of which the capital, for which annuities for lives were granted, is meant to amount to three hundred thousands and thousands, the eighth a part of the complete public debt. The annuities themselves are computed to quantity to thirty hundreds of thousands a-year, the fourth a part of a hundred and twenty tens of millions, the supposed interest of that complete debt. These estimations, I understand thoroughly, are not actual; however having been presented through so very decent a frame as approximations to the fact, they may, I understand, be considered as such. It isn't always the distinctive tiers of tension in the governments of France and England for the liberation of the general public sales, which occasions this difference of their respective modes of borrowing; it arises altogether from the unique perspectives and hobbies of the creditors.

In England, the seat of presidency being within the best mercantile town within the global, the merchants are normally the folks that enhance money to authorities. By advancing it, they do no longer suggest to diminish, however, on the opposite, to growth their mercantile capitals; and unless they predicted to sell, with a few income, their share within the subscription for a brand new mortgage, they never would subscribe. But if, with the aid of advancing their cash, they were to purchase, in preference to perpetual annuities, annuities for lives most effective, whether or not their personal or those of different human beings, they would no longer constantly be so in all likelihood to promote them with a profit. Annuities upon their personal lives they might usually sell with loss; due to the fact no man will give for an annuity upon the lifestyles of another, whose age and kingdom of fitness are nearly the same together with his very own, the same fee which he could give for one upon his own. An annuity upon the existence of a 3rd character, certainly, is, absolute confidence, of equal cost to the customer and the seller; but its real value starts offevolved to decrease from the moment it's far granted, and maintains to achieve this, more and more, as long because it subsists. It can in no way, consequently, make so convenient a transferable stock as a perpetual annuity, of which the real price can be supposed continually the identical, or very nearly the same.

In France, the seat of presidency now not being in a notable mercantile city, traders do no longer make so exquisite a share of the individuals who develop money to authorities. The humans concerned in the budget, the farmers-general, the receivers of the taxes which aren't in farm, the courtroom-bankers, and so forth. Make the greater part of folks who boost their money in all public exigencies. Such people are commonly men of imply delivery, however of excellent wealth, and frequently of extremely good pleasure. They are too proud to marry their equals, and women of great disdain to marry them. They often solve, therefore, to stay bachelors; and having neither any households in their personal, nor much regard for those of their relations, whom they're no longer constantly very fond of acknowledging, they choice simplest to stay in splendour throughout their very own time, and are not unwilling that their fortune need to give up with themselves. The number of rich people, besides, who're either averse to marry, or whose situation of lifestyles renders it either wrong or inconvenient for them to accomplish that, is a great deal extra in France than in England. To such humans, who've very little take care of posterity, not anything can be greater convenient than to exchange their capital for a sales, that's to final simply as lengthy, and no longer, than they desire it to do.

The ordinary price of the greater part of current governments, in time of peace, being equal, or nearly equal, to their normal sales, when battle comes, they're both unwilling and unable to increase their sales in percentage to the increase in their rate. They are unwilling, for fear of offending the people, who, by way of so remarkable and so sudden an boom of taxes, might quickly be disgusted with the battle; and they are not able, from not well understanding what taxes might be sufficient to provide the revenue wanted. The facility of borrowing supplies them from the embarrassment which this fear and incapacity would otherwise event. By way of borrowing, they are enabled, with a totally moderate growth of taxes, to raise, from 12 months to yr, money sufficient for sporting at the conflict; and through the exercise of perpetual investment, they may be enabled, with the smallest feasible growth of taxes, to elevate yearly the most important feasible amount of cash. In extraordinary empires, the those who live within the capital, and inside the provinces remote from the scene of movement, experience, lots of them, scarce any inconveniency from the struggle, but experience, at their ease, the entertainment of analyzing in the

newspapers the exploits in their own fleets and armies. To them this enjoyment compensates the small difference among the taxes which they pay attributable to the struggle, and those which they were accustomed to pay in time of peace. They are commonly dissatisfied with the return of peace, which puts an end to their amusement, and to a thousand visionary hopes of conquest and country wide glory, from an extended continuance of the conflict.

The go back of peace, indeed, seldom relieves them from the greater a part of the taxes imposed at some stage in the warfare. These are mortgaged for the hobby of the debt gotten smaller, so that you can convey it on. If, over and above paying the hobby of this debt, and defraying the ordinary expense of government, the vintage sales, together with the brand new taxes, produce some surplus revenue, it can, possibly, be transformed into a sinking fund for paying off the debt. But, within the first vicinity, this sinking fund, although it have to be carried out to no other motive, is typically altogether insufficient for paying, inside the path of any length for the duration of which it can reasonably be expected that peace need to preserve, the entire debt shrunk in the course of the battle; and, inside the 2d region, this fund is almost constantly applied to other functions.

The new taxes have been imposed for the only purpose of paying the hobby of the cash borrowed upon them. If they produce extra, it is typically something which turned into neither intended nor predicted, and is, consequently, seldom very extensive. Sinking funds have usually arisen, now not a lot from any surplus of the taxes which became over and above what was vital for paying the interest or annuity initially charged upon them, as from a next reduction of that interest; that of Holland in 1655, and that of the ecclesiastical kingdom in 1685, were both formed in this manner. Hence the usual insufficiency of such finances.

During the maximum profound peace, various activities arise, which require an exquisite fee; and authorities finds it usually extra handy to defray this price by misapplying the sinking fund, than by means of implementing a new tax. Every new tax is right now felt extra or much less with the aid of the human beings. It events always some murmur, and meets with some opposition. The more taxes can also had been increased, the higher they'll were raised upon each special difficulty of taxation; the extra loudly the human beings complain of each new tax, the more tough it will become, too, both to discover new subjects of taxation, or to raise a lot

higher the taxes already imposed upon the vintage. A temporary suspension of the charge of debt is not right now felt via the people, and activities neither murmur nor complaint. To borrow of the sinking fund is usually an apparent and smooth expedient for getting out of the present trouble. The greater the general public money owed may additionally were collected, the more necessary it could have come to be to examine to lessen them; the more risky, the more ruinous it could be to misapply any a part of the sinking fund; the less probable is the public debt to be reduced to any tremendous diploma, the much more likely, the more really, is the sinking fund to be misapplied closer to defraying all of the notable expenses which arise in time of peace. When a kingdom is already overburdened with taxes, not anything however the necessities of a new warfare, nothing but both the animosity of countrywide vengeance, or the tension for countrywide protection, can induce the humans to post, with tolerable staying power, to a brand new tax. Hence the standard misapplication of the sinking fund.

In Great Britain, from the time that we had first recourse to the ruinous expedient of perpetual funding, the discount of the general public debt, in time of peace, has never borne any proportion to its accumulation in time of war. It turned into in the warfare which began in 1668, and changed into concluded by way of the treaty of Ryswick, in 1697, that the muse of the present sizeable debt of Great Britain become first laid.

On the 31st of December 1697, the general public debts of Great Britain, funded and unfunded, amounted to £21,515,742:13:8½. A exceptional a part of the ones debts were shrunk upon short anticipations, and some part upon annuities for lives; in order that, before the 31st of December 1701, in less than four years, there had in part been paid off; and partly reverted to the general public, the sum of £5,121,041:12:0¾d; a extra reduction of the general public debt than has ever since been brought approximately in so quick a time frame. The final debt, therefore, amounted most effective to £16,394,701:1:7¼d.

In the struggle which began in 1702, and which changed into concluded by using the treaty of Utrecht, the general public debts have been nonetheless extra amassed. On the thirty first of December 1714, they amounted to £fifty three,681,076:5:6½. The subscription into the South-sea fund, of the short and long annuities, extended the capital of the general public debt; so that, on the thirty first of December 1722, it amounted to £55,282,978:1:3 5/6. The reduction of the debt started in 1723, and went on

so slowly, that, on the thirty first of December 1739, throughout seventeen years-of profound peace, the entire sum paid off became no greater than £8,328,554:17:eleven $\frac{3}{12}$, the capital of the public debt, at that time, amounting to £46,954,623:3:four $\frac{7}{12}$.

The Spanish warfare, which commenced in 1739, and the French conflict which quickly followed it, occasioned a further growth of the debt, which, at the 31st of December 1748, after the battle were concluded with the aid of the treaty of Aix-la-Chapelle, amounted to £seventy eight,293,313:1:10 $\frac{3}{4}$. The maximum profound peace, of 17 years continuance, had taken no more than £8,328,354, 17:11 $\frac{1}{4}$ from it. A battle, of less than nine years continuance, delivered £31,338,689:18: 6 $\frac{1}{6}$ to it. See James Postlethwaite's History of the Public Revenue.

During the management of Mr. Pelham, the hobby of the general public debt become reduced, or at least measures were taken for reducing it, from four to a few per cent.; the sinking fund changed into increased, and a few a part of the public debt become paid off. In 1755, before the breaking out of the late battle, the funded debt of Great Britain amounted to £seventy two,289,675. On the fifth of January 1763, at the belief of the peace, the funded debt amounted debt to £122,603,336:eight:2 $\frac{1}{4}$. The unfunded debt has been said at £thirteen,927,589:2:2. But the expense occasioned through the conflict did not give up with the belief of the peace; so that, although on the fifth of January 1764, the funded debt turned into accelerated (partly via a new loan, and partially through funding a part of the unfunded debt) to £129,586,789:10:1 $\frac{3}{4}$, there nonetheless remained (in keeping with the thoroughly knowledgeable creator of Considerations at the Trade and Finances of Great Britain) an unfunded debt, which changed into added to account in that and the following 12 months, of £nine,975,017: 12:2 $\frac{15}{44}$ d. In 1764, therefore, the public debt of Great Britain, funded and unfunded together, amounted, in step with this creator, to £139,561,807:2:four. The annuities for lives, too, which have been granted as premiums to the subscribers to the brand new loans in 1757, estimated at fourteen years purchase, were valued at £472,500; and the annuities for long terms of years, granted as charges likewise, in 1761 and 1762, predicted at twenty-seven and a-half of years purchase, have been valued at £6,826,875. During a peace of about seven years continuance, the prudent and actually patriotic administration of Mr. Pelham became no longer capable of pay off an

vintage debt of six tens of millions. During a warfare of almost the same continuance, a new debt of more than seventy-5 millions turned into shrunk.

On the fifth of January 1775, the funded debt of Great Britain amounted to £124,996,086, 1:6¼d. The unfunded, exceptional of a huge civil-list debt, to £four,150,236:3:11 7/8. Both together, to £129,146,322:five:6. According to this account, the complete debt paid off, during 11 years of profound peace, amounted handiest to £10,415,476:sixteen:nine 7/8. Even this small reduction of debt, however, has no longer been all made from the financial savings out of the everyday sales of the state. Several extraneous sums, altogether unbiased of that ordinary revenue, have contributed toward it. Amongst those we may reckon an additional shilling inside the pound land tax, for three years; the two tens of millions received from the East-India company, as indemnification for his or her territorial acquisitions; and the one hundred and ten thousand kilos obtained from the bank for the renewal of their constitution. To those must be brought numerous different sums, which, as they arose out of the late battle, ought possibly to be considered as deductions from the expenses of it. The principal are,

The produce of French prizes.....	£690,449: 18: nine
Composition for French prisoners.....	670,000: 0: 0

What has been received from the sale of the ceded islands.....	95,500: 0: zero
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Total,£1,455,949: 18: 9

If we upload to this sum the balance of the earl of Chatham's and Mr. Calcraft's bills, and different military financial savings of the equal kind, collectively with what has been obtained from the financial institution, the East-India business enterprise, and the extra shilling inside the pound land tax, the entire have to be a good buy greater than 5 millions. The debt, consequently, which, because the peace, has been paid out of the financial savings from the regular sales of the country, has now not, one year with every other, amounted to half a million a-yr. The sinking fund has, no doubt, been drastically augmented because the peace, through the debt which have been paid off, with the aid of the discount of the redeemable 4 according to cents to three per cents, and with the aid of the annuities for lives that have fallen in; and, if peace have been to keep, 1,000,000,

possibly, would possibly now be annually spared out of it in the direction of the release of the debt. Another million, for this reason, was paid in the course of final yr; however at the equal time, a huge civil-listing debt become left unpaid, and we're now concerned in a brand new battle, which, in its progress, might also show as steeply-priced as any of our former wars. It has proved extra highly-priced than someone of our former wars, and has worried us in an additional debt of a couple of hundred thousands and thousands. During a profound peace of eleven years, little extra than ten millions of debt became paid; at some point of a war of 7 years, a couple of hundred hundreds of thousands changed into shrunk. The new debt for you to in all likelihood be contracted before the quit of the next marketing campaign, may additionally, perhaps, be almost identical to all the old debt which has been paid off from the savings out of the everyday revenue of the state. It would be altogether chimerical, therefore, to count on that the general public debt should ever be completely discharged, by way of any financial savings which are in all likelihood to be made from that everyday sales because it stands at gift.

The public budget of the specific indebted countries of Europe, especially the ones of England, have, by way of one author, been represented as the buildup of a great capital, superadded to the alternative capital of the u . S ., by means of which its trade is extended, its manufactures are accelerated, and its lands cultivated and stepped forward, an awful lot beyond what they may had been by way of that different capital handiest. He does not recollect that the capital which the primary creditors of the public superior to government, changed into, from the moment in which he advanced it, a certain portion of the once a year produce, grew to become away from serving inside the characteristic of a capital, to serve in that of a sales; from maintaining productive labourers, to hold unproductive ones, and to be spent and wasted, generally in the direction of the yr, without even the wish of any future duplicate. In go back for the capital which they advanced, they acquired, certainly, an annuity of the general public price range, in maximum cases, of more than same cost. This annuity, no doubt, replaced to them their capital, and enabled them to carry on their alternate and enterprise to the same, or, perhaps, to a more volume than before; that is, they had been enabled, either to borrow of different human beings a new capital, upon the credit of this annuity or, via promoting it, to get from different human beings a new capital of their very own, equal, or superior,

to that which they had advanced to government. This new capital, but, which they on this manner both sold or borrowed of different humans, ought to have existed in the country earlier than, and have to were hired, as all capitals are, in maintaining effective labour. When it came into the fingers of folks that had superior their money to authorities, although it changed into, in a few respects, a brand new capital to them, it become no longer so that you can the united states, but became only a capital withdrawn from certain employments, which will be became in the direction of others. Though it replaced to them what they'd advanced to authorities, it did not replace it to the u . S . A .. Had they not superior this capital to authorities, there would were inside the united states of america two capitals, quantities of the yearly produce, in place of one, employed in keeping efficient labour.

When, for defraying the cost of government, a sales is raised inside the 12 months, from the produce of free or unmortgaged taxes, a certain portion of the revenue of personal human beings is only became far from preserving one species of unproductive labour, closer to maintaining every other. Some a part of what they pay in the ones taxes, might, absolute confidence, have been gathered into capital, and therefore hired in preserving effective labour; however the greater part could likely have been spent, and therefore hired in preserving unproductive labour. The public rate, however, while defrayed in this way, absolute confidence hinders, extra or much less, the further accumulation of recent capital; however it does not necessarily occasion the destruction of any actually-present capital.

When the public cost is defrayed by way of investment, it's far defrayed by means of the annual destruction of some capital which had before existed within the u . S . ; by way of the perversion of a few part of the yearly produce which had before been destined for the renovation of efficient labour, towards that of unproductive labour. As in this situation, however, the taxes are lighter than they would were, had a revenue sufficient for defraying the equal price been raised inside the yr; the personal sales of individuals is necessarily much less harassed, and consequently their capacity to store and gather some a part of that sales into capital, is a great deal much less impaired. If the technique of investment destroys more antique capital, it, at the same time, hinders much less the accumulation or acquisition of latest capital, than that of defraying the

general public fee by means of a sales raised within the yr. Under the system of funding, the frugality and enterprise of private people can greater without problems repair the breaches which the waste and extravagance of government can also every now and then make within the fashionable capital of the society.

It is most effective at some point of the continuance of warfare, but, that the system of funding has this gain over the other machine. Were the price of conflict to be defrayed constantly by using a revenue raised in the year, the taxes from which that amazing revenue was drawn could ultimate no longer than the struggle. The capacity of personal human beings to build up, although much less in the course of the battle, might have been greater at some stage in the peace, than underneath the system of funding. War could not always have occasioned the destruction of any antique capitals, and peace would have occasioned the accumulation of many more new. Wars might, in general, be extra swiftly concluded, and much less wantonly undertaken. The human beings feeling, throughout continuance of war, the entire burden of it, might quickly grow weary of it; and authorities, for you to humour them, would no longer be underneath the necessity of carrying it on longer than it become necessary to do so. The foresight of the heavy and unavoidable burdens of struggle might hinder the human beings from wantonly calling for it while there has been no real or solid hobby to fight for. The seasons all through which the capability of personal humans to build up was really impaired, could occur greater hardly ever, and be of shorter continuance. Those, at the contrary, during which that potential was in the maximum vigour would be of a great deal longer length than they are able to nicely be below the gadget of investment.

When investment, except, has made a sure progress, the multiplication of taxes which it brings in conjunction with it, every now and then impairs as tons the ability of personal humans to build up, even in time of peace, as the alternative system would in time of conflict. The peace revenue of Great Britain amounts at present to extra than ten tens of millions a-12 months. If loose and unmortgaged, it might be sufficient, with right control, and without contracting a shilling of recent debt, to carry at the most lively struggle. The non-public revenue of the inhabitants of Great Britain is at present as much incumbered in time of peace, their potential to build up is as an awful lot impaired, as it would were in the time of the maximum highly-priced

struggle, had the pernicious gadget of investment by no means been adopted.

In the fee of the interest of the general public debt, it's been stated, it's miles the right hand which can pay the left. The money does no longer exit of the united states of america. It is handiest a part of the sales of 1 set of the inhabitants that's transferred to some other; and the nation is not a farthing the poorer. This apology is based altogether inside the sophistry of the mercantile system; and, after the lengthy exam which I have already bestowed upon that machine, it is able to, possibly, be needless to say some thing further about it. It supposes, except, that the complete public debt is owing to the inhabitants of the usa, which happens now not to be actual; the Dutch, as well as several different foreign international locations, having a totally widespread share in our public finances. But although the whole debt had been thanks to the population of the u . S . A ., it would now not, upon that account, be less pernicious.

Land and capital inventory are the 2 original resources of all revenue, each non-public and public. Capital stock will pay the wages of effective labour, whether hired in agriculture, manufactures, or commerce. The management of these two unique sources of revenue belongs to two one-of-a-kind units of humans; the owners of land, and the proprietors or employers of capital stock.

The proprietor of land is interested, for the sake of his very own revenue, to hold his property in as accurate circumstance as he can, by using building and repairing his tenants homes, via making and keeping the necessary drains and inclosures, and all the ones different highly-priced upgrades which it nicely belongs to the owner to make and hold. But, with the aid of different land taxes, the sales of the landlord may be so much dwindled, and, via one-of-a-kind duties upon the necessities and conveniencies of existence, that faded sales can be rendered of so little actual price, that he may locate himself altogether unable to make or hold those costly enhancements. When the owner, however, ceases to do his part, it's miles altogether not possible that the tenant need to retain to do his. As the distress of the landlord increases, the agriculture of the usa ought to always decline.

When, through different taxes upon the necessities and conveniencies of lifestyles, the owners and employers of capital inventory find, that anything sales they derive from it, will not, in a selected us of a, buy the equal

quantity of these necessities and conveniencies which an same revenue might in nearly any other, they'll be disposed to cast off to a few different. And whilst, with a purpose to improve the ones taxes, all or the more a part of traders and producers, this is, all or the greater a part of the employers of wonderful capitals, come to be always uncovered to the mortifying and vexatious visits of the tax-gatherers, this disposition to take away will soon be changed into an real disposing of. The industry of the usa will necessarily fall with the elimination of the capital which supported it, and the wreck of alternate and manufactures will observe the declension of agriculture.

To switch from the owners of these two extraordinary sources of revenue, land, and capital stock, from the persons straight away inquisitive about the good condition of each specific portion of land, and within the right management of every unique part of capital stock, to every other set of individuals (the creditors of the general public, who've no such precise interest), the greater part of the revenue bobbing up from either, have to, within the lengthy-run, event both the neglect of land, and the waste or removal of capital stock. A creditor of the public has, no question, a widespread interest inside the prosperity of the agriculture, manufactures, and trade of the united states of america; and therefore within the desirable situation of its land, and inside the desirable management of its capital inventory. Should there be any wellknown failure or declension in any of these items, the produce of the one-of-a-kind taxes might no longer be sufficient to pay him the annuity or hobby that's due to him. But a creditor of the general public, considered merely as such, has no interest in the good condition of any particular part of land, or in the correct management of any specific portion of capital stock. As a creditor of the general public, he has no know-how of this kind of specific portion. He has no inspection of it. He can don't have any care about it. Its smash may additionally in a few instances be unknown to him, and can not immediately have an effect on him.

The practice of investment has gradually enfeebled every state which has adopted it. The Italian republics appear to have began it. Genoa and Venice, the simplest two closing that can faux to an independent life, have each been enfeebled via it. Spain appears to have learned the practice from the Italian republics, and (its taxes being possibly less sensible than theirs) it has, in percentage to its natural strength, been-nevertheless greater

enfeebled. The money owed of Spain are of very vintage status. It changed into deeply in debt before the give up of the sixteenth century, approximately 100 years earlier than England owed a shilling. France, notwithstanding all its natural resources, languishes underneath an oppressive load of the identical type. The republic of the United Provinces is as tons enfeebled with the aid of its money owed as both Genoa or Venice. Is it in all likelihood that, in Great Britain by myself, a practice, which has added either weak spot or dissolution into every different u . S . A ., need to show altogether harmless?

The device of taxation established in those different nations, it can be said, is not so good as that of England. I believe it's so. But it need to be remembered, that after the wisest government has exhausted all the right topics of taxation, it must, in cases of urgent necessity, have recourse to flawed ones. The sensible republic of Holland has, upon some activities, been obliged to have recourse to taxes as inconvenient as the more a part of the ones of Spain. Another struggle, begun earlier than any enormous liberation of the general public revenue had been delivered about, and developing in its progress as high priced because the closing warfare, may, from impossible to resist necessity, render the British device of taxation as oppressive as that of Holland, or at the same time as that of Spain. To the honor of our gift device of taxation, indeed, it has hitherto given so little embarrassment to enterprise, that, at some stage in the route even of the most high priced wars, the frugality and top behavior of individuals seem to have been able, via saving and accumulation, to restore all of the breaches which the waste and extravagance of government had made in the trendy capital of the society. At the belief of the past due struggle, the maximum pricey that Great Britain ever waged, her agriculture was as flourishing, her manufacturers as numerous and as completely employed, and her commerce as tremendous, as they had ever been earlier than. The capital, therefore, which supported all the ones exceptional branches of industry, have to had been equal to what it had ever been before. Since the peace, agriculture has been nonetheless in addition stepped forward; the rents of homes have risen in each city and village of the united states, a evidence of the increasing wealth and sales of the people; and the once a year quantity of the greater a part of the old taxes, of the essential branches of the excise and customs, particularly, has been constantly increasing, an equally clear evidence of an growing intake, and therefore of an growing produce, that

can on my own assist that consumption. Great Britain seems to support readily, a burden which, 1/2 a century in the past, no one believed her able to helping, Let us no longer, but, upon this account, rashly conclude that she is able to assisting any burden; nor also be too assured that she may want to support, without exquisite misery, a burden a touch greater than what has already been laid upon her.

When country wide debts have as soon as been amassed to a certain diploma, there is scarce, I believe, a unmarried example of their having been pretty and completely paid. The liberation of the public revenue, if it has ever been delivered approximately at all, has always been brought approximately with the aid of a bankruptcy; from time to time through an avowed one, even though regularly by a pretended charge.

The raising of the denomination of the coin has been the most ordinary expedient by which a actual public financial disaster has been disguised underneath the advent of a pretended fee. If a sixpence, for example, ought to, either by using act of parliament or royal proclamation, be raised to the denomination of a shilling, and twenty sixpences to that of a pound sterling; the person that, beneath the old denomination, had borrowed twenty shillings, or near 4 oz of silver, might, underneath the brand new, pay with twenty sixpences, or with some thing less than two oz. A national debt of about one hundred and twenty-8 tens of millions, close to the capital of the funded and unfunded debt of Great Britain, would possibly, in this way, be paid with about sixty-four tens of millions of our gift cash. It could, certainly, be a pretended price simplest, and the creditors of the general public would definitely be defrauded of ten shillings in the pound of what turned into due to them. The calamity, too, would expand a lot further than to the lenders of the general public, and people of every private individual might go through a proportionable loss; and this without any advantage, but in maximum instances with a top notch additional loss, to the creditors of the public. If the lenders of the public, certainly, were generally a great deal in debt to different human beings, they may in some degree compensate their loss by paying their creditors in the identical coin wherein the general public had paid them. But in maximum countries, the lenders of the general public are, the extra a part of them, wealthy human beings, who stand greater within the relation of lenders than in that of debtors, closer to the relaxation of their fellow residents. A pretended payment of this kind, therefore, rather than alleviating, aggravates, in maximum instances, the

lack of the creditors of the general public; and, without any benefit to the general public, extends the calamity to a extremely good range of other harmless people. It activities a popular and most pernicious subversion of the fortunes of personal human beings; enriching, in most instances, the idle and profuse debtor, at the fee of the industrious and frugal creditor; and transporting a exquisite a part of the countrywide capital from the hands which had been in all likelihood to increase and enhance it, to individuals who are possibly to burn up and break it. When it will become necessary for a state to declare itself bankrupt, inside the same manner as while it will become vital for an character to accomplish that, a honest, open, and avowed financial ruin, is usually the measure that is each least dishonourable to the debtor, and least hurtful to the creditor. The honour of a nation is simply very poorly furnished for, whilst, on the way to cover the shame of a actual financial ruin, it has recourse to a juggling trick of this kind, so without difficulty visible via, and on the same time so extremely pernicious.

Almost all states, but, historical as well as cutting-edge, while reduced to this necessity, have, upon a few activities, performed this very juggling trick. The Romans, at the stop of the primary Punic warfare, reduced the As, the coin or denomination by means of which they computed the cost of all their other cash, from containing twelve ounces of copper, to include only ounces; that is, they raised two ounces of copper to a denomination which had usually before expressed the fee of twelve oz.. The republic was, in this way, enabled to pay the high-quality debts which it had shrunk with the 6th part of what it truly owed. So surprising and so terrific a bankruptcy, we have to within the gift times be apt to imagine, should have occasioned a completely violent popular clamour. It does not seem to have occasioned any. The regulation which enacted it become, like several different laws relating to the coin, added and carried thru the assembly of the human beings by way of a tribune, and became probably a totally popular regulation. In Rome, as in all other ancient republics, the poor people have been continuously in debt to the wealthy and the tremendous, who, if you want to secure their votes on the annual elections, used to lend them money at exorbitant hobby, which, being by no means paid, quickly amassed into a sum too splendid both for the debtor to pay, or for any frame else to pay for him. The debtor, for fear of a completely intense execution, was obliged, with none further gratuity, to vote for the candidate whom the creditor

encouraged. In spite of all the legal guidelines against bribery and corruption, the bounty of the applicants, collectively with the occasional distributions of coin which had been ordered through the senate, had been the most important budget from which, at some stage in the latter instances of the Roman republic, the poorer residents derived their subsistence. To deliver themselves from this subjection to their lenders, the poorer citizens were continually calling out, either for an entire abolition of money owed, or for what they called new tables; that is, for a regulation which have to entitle them to a whole acquittance, upon paying only a positive proportion in their collected debts. The regulation which reduced the coin of all denominations to a 6th part of its former cost, as it enabled them to pay their debts with a sixth a part of what they sincerely owed, become equal to the maximum effective new tables. In order to meet the humans, the rich and the super have been, upon several distinctive occasions, obliged to consent to laws, each for abolishing debts, and for introducing new tables; and they probably have been induced to consent to this regulation, partly for the same cause, and in part that, by using liberating the general public revenue, they could repair vigour to that authorities, of which they themselves had the predominant course. An operation of this kind could right now reduce a debt of £128,000,000 to £21,333,333:6:eight. In the route of the second one Punic warfare, the As was nevertheless similarly reduced, first, from oz of copper to at least one ounce, and afterwards from one ounce to half of an oz.; this is, to the twenty-fourth part of its authentic cost. By combining the 3 Roman operations into one, a debt of a hundred and twenty-8 hundreds of thousands of our gift cash, may in this way be reduced to a debt of £five,333,333:6:eight. Even the big debt of Great Britain would possibly on this manner soon be paid.

By approach of such expedients, the coin of, I accept as true with, all international locations, has been step by step decreased increasingly more under its unique value, and the same nominal sum has been step by step added to comprise a smaller and a smaller amount of silver.

Nations have occasionally, for the equal motive, adulterated the usual of their coin; that is, have blended a extra amount of alloy in it. If within the pound weight of our silver coin, for instance, instead of eighteen penny-weight, in step with the existing general, there were combined 8 oz of alloy; a pound sterling, or twenty shillings of such coin, might be well worth little more than six shillings and eightpence of our gift money. The amount of

silver contained in six shillings and eightpence of our present money, might hence be raised very nearly to the denomination of a pound sterling. The adulteration of the same old has exactly the same impact with what the French call an augmentation, or an immediate elevating of the denomination of the coin.

An augmentation, or an instantaneous elevating of the denomination of the coin, constantly is, and from its nature must be, an open and avowed operation. By means of it, pieces of a smaller weight and bulk are called through the same name, which had before been given to pieces of a greater weight and bulk. The adulteration of the same old, at the opposite, has usually been a hid operation. By means of it, portions are issued from the mint, of the equal denomination, and, as nearly as could be contrived, of the identical weight, bulk, and look, with pieces which have been cutting-edge before of a lot more fee. When king John of France, See Du Cange Glossary, voce Moneta; the Benedictine Edition. With a view to pay his money owed, adulterated his coin, all the officials of his mint had been sworn to secrecy. Both operations are unjust. But a simple augmentation is an injustice of open violence; whereas an adulteration is an injustice of treacherous fraud. This latter operation, therefore, as quickly because it has been found, and it can in no way be hid very lengthy, has constantly excited a whole lot extra indignation than the previous. The coin, after any big augmentation, has very seldom been added lower back to its former weight; but after the best adulterations, it has almost always been brought again to its former fineness. It has scarce ever passed off, that the fury and indignation of the humans may want to otherwise be appeased.

In the give up of the reign of Henry VIII., and within the beginning of that of Edward VI., the English coin changed into now not best raised in its denomination, however adulterated in its fashionable. The like frauds had been practised in Scotland all through the minority of James VI. They have sometimes been practised in maximum other nations.

That the general public sales of Great Britain can never be completely liberated, or maybe that any widespread development can ever be made towards that liberation, even as the excess of that revenue, or what's over and above defraying the annual rate of the peace established order, is so very small, it seems altogether in useless to count on. That liberation, it's far obvious, can in no way be brought about, with out either a few very

enormous augmentation of the public sales, or a few similarly big reduction of the public expense.

A extra equal land tax, a extra same tax upon the lease of houses, and such alterations in the gift system of customs and excise as the ones that have been noted within the foregoing bankruptcy, may, perhaps, without growing the burden of the greater a part of the humans, but handiest distributing the load of it extra equally upon the entire, produce a big augmentation of sales. The most sanguine projector, however, could scarce flatter himself, that any augmentation of this kind might be consisting of should deliver any reasonable hopes, either of releasing the public revenue altogether, or even of making such progress in the direction of that liberation in time of peace, as either to save you or to compensate the in addition accumulation of the public debt inside the next struggle.

By extending the British gadget of taxation to all of the one-of-a-kind provinces of the empire, inhabited through human beings both of British or European extraction, a much extra augmentation of revenue is probably expected. This, however, should scarce, perhaps, be executed, consistently with the concepts of the British constitution, with out admitting into the British parliament, or, if you'll, into the states-preferred of the British empire, a fair and same representation of all those distinct provinces; that of every province bearing the same share to the produce of its taxes, because the representation of Great Britain may bear to the produce of the taxes levied upon Great Britain. The personal interest of many powerful individuals, the showed prejudices of exceptional our bodies of human beings, seem, indeed, at present, to oppose to so excellent a trade, such boundaries as it could be very hard, perhaps altogether impossible, to surmount. Without, however, pretending to decide whether or not this kind of union be doable or impracticable, it can no longer, possibly, be unsuitable, in a speculative paintings of this kind, to recall how a long way the British system of taxation might be applicable to all the specific provinces of the empire; what sales might be predicted from it, in that case implemented; and in what manner a general union of this type might be probably to affect the happiness and prosperity of the differrent provinces comprehended within it. Such a hypothesis, can, at worst, be seemed however as a new Utopia, much less a laugh, clearly, but no more vain and chimerical than the vintage one.

The land-tax, the stamp responsibilities, and the different obligations of customs and excise, constitute the four principal branches of the British taxes.

Ireland is honestly as able, and our American and West India plantations greater able, to pay a land tax, than Great Britain. Where the owner is problem neither to tythe nor poor's charge, he should absolutely be extra able to pay this sort of tax, than wherein he's challenge to both the ones other burdens. The tythe, where there is no modus, and wherein it's far levied in type, diminishes more what might in any other case be the rent of the landlord, than a land tax which genuinely amounted to five shillings within the pound. Such a tythe will be determined, in most instances, to amount to greater than a fourth a part of the real hire of the land, or of what remains after replacing absolutely the capital of the farmer, collectively together with his affordable profit. If all moduses and all impropriations were taken away, the entire church tythe of Great Britain and Ireland could not well be predicted at less than six or seven millions. If there has been no tythe either in Great Britain or Ireland, the landlords should have enough money to pay six or seven tens of millions additional land tax, without being greater careworn than a totally wonderful a part of them are at present. America pays no tythe, and will, consequently, thoroughly come up with the money for to pay a land tax. The lands in America and the West Indies, certainly, are, in fashionable, not tenanted nor leased out to farmers. They couldn't, therefore, be assessed consistent with any rent roll. But neither had been the lands of Great Britain, inside the 4th of William and Mary, assessed consistent with any lease roll, however in line with a very free and misguided estimation. The lands in America is probably assessed either inside the identical way, or according to an equitable valuation, in effect of an correct survey, like that which become these days made inside the Milanese, and inside the dominions of Austria, Prussia, and Sardinia.

Stamp responsibilities, it's miles obvious, is probably levied without any variant, in all countries in which the forms of regulation technique, and the deeds by means of which belongings, both real and personal, is transferred, are the equal, or almost the equal.

The extension of the custom-house legal guidelines of Great Britain to Ireland and the plantations, furnished it become followed, as in justice it should be, with an extension of the liberty of alternate, could be within the maximum degree fantastic to each. All the invidious restraints which at

present oppress the trade of Ireland, the distinction between the enumerated and non-enumerated commodities of America, might be absolutely at an give up. The countries north of Cape Finisterre might be as open to every part of the produce of America, as those south of that cape are to a few elements of that produce at gift. The change among all the special parts of the British empire might, in effect of this uniformity within the custom-house laws, be as unfastened as the coasting change of Great Britain is at gift. The British empire could thus manage to pay for, within itself, an enormous internal market for every a part of the produce of all its exclusive provinces. So notable an extension of market could quickly compensate, each to Ireland and the plantations, all that they may suffer from the increase of the duties of customs.

The excise is the simplest part of the British machine of taxation, which might require to be numerous in any respect, according as it become carried out to the exclusive provinces of the empire. It is probably applied to Ireland without any version; the produce and consumption of that country being precisely of the same nature with the ones of Great Britain. In its application to America and the West Indies, of which the produce and consumption are so very extraordinary from the ones of Great Britain, some amendment might be necessary, inside the identical way as in its application to the cyder and beer counties of England.

A fermented liquor, for instance, which is known as beer, but which, as it is product of molasses, bears very little resemblance to our beer, makes a substantial a part of the common drink of the human beings in America. This liquor, as it could be stored handiest for a few days, can not, like our beer, be prepared and stored up for sale in brilliant breweries; but each non-public own family ought to brew it for his or her own use, inside the equal way as they prepare dinner their victuals. But to challenge each personal family to the odious visits and examination of the tax-gatherers, within the same manner as we difficulty the keepers of ale-homes and the brewers for public sale, might be altogether inconsistent with liberty. If, for the sake of equality, it turned into idea essential to lay a tax upon this liquor, it might be taxed by way of taxing the material of which it is made, both at the region of manufacture, or, if the situations of the alternate rendered such an excise incorrect, by means of laying a responsibility upon its importation into the colony in which it turned into to be ate up. Besides the duty of one penny a-gallon imposed via the British parliament upon the importation of molasses

into America, there's a provincial tax of this type upon their importation into Massachusetts Bay, in ships belonging to every other colony, of 8-pence the hogshead; and some other upon their importation from the northern colonies into South Carolina, of five-pence the gallon. Or, if neither of those methods became found handy, each own family would possibly compound for its intake of this liquor, both in line with the variety of people of which it consisted, inside the equal way as private households compound for the malt tax in England; or in line with the one of a kind a long time and sexes of those individuals, in the identical way as several exclusive taxes are levied in Holland; or, nearly as Sir Matthew Decker proposes, that every one taxes upon consumable commodities should be levied in England. This mode of taxation, it has already been discovered, whilst applied to gadgets of a speedy consumption, isn't always a very handy one. It might be adopted, but, in instances in which no higher could be completed.

Sugar, rum, and tobacco, are commodities which are nowhere necessities of life, which are grow to be objects of virtually conventional intake, and which can be, consequently, extraordinarily proper subjects of taxation. If a union with the colonies were to take area, those commodities is probably taxed, either earlier than they exit of the palms of the manufacturer or grower; or, if this mode of taxation did no longer healthy the circumstances of those folks, they is probably deposited in public warehouses, each on the place of manufacture, and at all of the one-of-a-kind ports of the empire, to which they could afterwards be transported, to stay there, below the joint custody of the proprietor and the sales officer, till such time as they ought to be delivered out, either to the customer, to the merchant-store for home intake, or to the merchant-exporter; the tax not to be advanced till such shipping. When brought out for exportation, to move responsibility-loose, upon right security being given, that they ought to in reality be exported out of the empire. These are, perhaps, the foremost commodities, with regard to which the union with the colonies might require a few widespread trade within the present system of British taxation.

What might be the amount of the revenue which this gadget of taxation, extended to all the unique provinces of the empire, might produce, it should, absolute confidence, be altogether not possible to check with tolerable exactness. By way of this system, there is annually levied in Great Britain, upon less than eight thousands and thousands of humans, greater

than ten hundreds of thousands of sales. Ireland contains extra than two millions of people, and, consistent with the accounts laid earlier than the congress, the twelve associated provinces of America contain more than three. Those debts, but, might also have been exaggerated, so as, possibly, either to inspire their personal human beings, or to intimidate the ones of this usa; and we will assume, consequently, that our North American and West Indian colonies, taken together, comprise no more than 3 tens of millions; or that the complete British empire, in Europe and America, incorporates no greater than 13 hundreds of thousands of population. If, upon less than eight millions of population, this gadget of taxation increases a revenue of more than ten tens of millions sterling; it ought, upon thirteen thousands and thousands of population, to raise a revenue of greater than sixteen millions two hundred and fifty thousand kilos sterling. From this revenue, supposing that this gadget may want to produce it, have to be deducted the revenue generally raised in Ireland and the plantations, for defraying the rate of the respective civil governments. The fee of the civil and military status quo of Ireland, collectively with the hobby of the general public debt, quantities, at a medium of the 2 years which ended March 1775, to some thing less than seven hundred and fifty thousand kilos a yr. By a completely genuine account of the sales of the main colonies of America and the West Indies, it amounted, before the graduation of the prevailing disturbances, to a hundred and forty-one thousand 8 hundred kilos. In this account, however, the revenue of Maryland, of North Carolina, and of all our late acquisitions, both upon the continent, and inside the islands, is omitted; which may also, perhaps, make a distinction of thirty or forty thousand pounds. For the sake of even numbers, therefore, allow us to suppose that the sales necessary for helping the civil government of Ireland and the plantations may also amount to a million. There could remain, therefore, a revenue of fifteen millions hundred and fifty thousand kilos, to be applied closer to defraying the general cost of the empire, and toward paying the public debt. But if, from the prevailing revenue of Great Britain, 1,000,000 should, in peaceable instances, be spared toward the price of that debt, six millions hundred and fifty thousand kilos may want to very well be spared from this progressed sales. This remarkable sinking fund, too, is probably augmented each yr through the interest of the debt which were discharged the yr earlier than; and might, on this manner, boom so very rapidly, as to be enough in a few years to discharge the whole debt, and as a

consequence to repair absolutely the at-present debilitated and languishing vigor of the empire. In the meantime, the humans might be relieved from some of the most burdensome taxes; from the ones which might be imposed both upon the necessaries of existence, or upon the materials of manufacture. The labouring terrible could hence be enabled to live better, to work less expensive, and to ship their items less expensive to marketplace. The cheapness in their items could boom the demand for them, and therefore for the labour of those who produced them. This growth in the demand for labour might each boom the numbers, and enhance the occasions of the labouring bad. Their intake could growth, and, together with it, the revenue arising from all those articles of their consumption upon which the taxes is probably allowed to remain.

The revenue arising from this gadget of taxation, however, won't straight away boom in proportion to the quantity of folks who have been subjected to it. Great indulgence could for a while be due to those provinces of the empire which were for that reason subjected to burdens to which that they had not earlier than been accustomed; and even when the identical taxes came to be levied everywhere as precisely as feasible, they could now not anywhere produce a sales proportioned to the numbers of the humans. In a terrible usa, the consumption of the fundamental commodities issue to the duties of customs and excise, is very small; and in a thinly inhabited us of a, the possibilities of smuggling are very remarkable. The intake of malt liquors many of the inferior ranks of humans in Scotland is very small; and the excise upon malt, beer, and ale, produces less there than in England, in proportion to the numbers of the people and the charge of the duties, which upon malt is specific, due to a supposed distinction of quality. In those unique branches of the excise, there isn't always, I understand, plenty greater smuggling within the one united states than within the other. The obligations upon the distillery, and the greater a part of the duties of customs, in percentage to the numbers of people within the respective international locations, produce much less in Scotland than in England, now not most effective attributable to the smaller intake of the taxed commodities, however of the much greater facility of smuggling. In Ireland, the inferior ranks of human beings are nevertheless poorer than in Scotland, and lots of parts of the united states are almost as thinly inhabited. In Ireland, consequently, the intake of the taxed commodities would possibly, in proportion to the wide variety of the human beings, be nevertheless much

less than in Scotland, and the power of smuggling almost the equal. In America and the West Indies, the white human beings, even of the bottom rank, are in tons higher occasions than those of the equal rank in England; and their consumption of all of the luxuries wherein they generally indulge themselves, might be a great deal greater. The blacks, indeed, who make the greater part of the inhabitants, each of the southern colonies upon the continent and of the West India islands, as they are in a country of slavery, are, no question, in a worse condition than the poorest people either in Scotland or Ireland. We must no longer, but, upon that account, imagine that they're worse fed, or that their consumption of articles which is probably subjected to slight obligations, is less than that even of the lower ranks of human beings in England. In order that they'll paintings well, it's far the interest of their master that they have to be fed well, and kept in exact coronary heart, within the equal manner as it's miles his hobby that his running cattle ought to be so. The blacks, hence, have almost everywhere their allowance of rum, and of molasses or spruce-beer, in the equal manner as the white servants; and this allowance could not probable be withdrawn, even though those articles ought to be subjected to slight obligations. The intake of the taxed commodities, consequently, in proportion to the wide variety of inhabitants, might probably be as remarkable in America and the West Indies as in any a part of the British empire. The opportunities of smuggling, indeed, might be much extra; America, in proportion to the volume of the united states of america, being tons more thinly inhabited than either Scotland or Ireland. If the sales, however, that's at gift raised by the one of a kind duties upon malt and malt liquors, have been to be levied by using a single duty upon malt, the possibility of smuggling within the most critical branch of the excise could be nearly absolutely taken away; and if the responsibilities of customs, instead of being imposed upon nearly all of the exclusive articles of importation, were constrained to 3 of the most wellknown use and consumption, and if the levying of those duties were subjected to the excise laws, the opportunity of smuggling, although no longer so absolutely taken away, would be very lots dwindled. In consequence of those seemingly quite simple and clean changes, the duties of customs and excise would possibly probably produce a revenue as first rate, in share to the intake of the maximum thinly inhabited province, as they do at present, in proportion to that of the most populous.

The Americans, it's been said, certainly, have no gold or silver cash, the indoors trade of the united states of america being carried on through a paper currency; and the gold and silver, which from time to time come among them, being all despatched to Great Britain, in go back for the commodities which they get hold of from us. But with out gold and silver, it's far brought, there is no possibility of paying taxes. We already get all of the gold and silver which they've. How is it viable to attract from them what they have got now not?

The present scarcity of gold and silver cash in America, isn't always the impact of the poverty of that country, or of the inability of the humans there to purchase those metals. In a country in which the wages of labour are a lot better, and the rate of provisions so much lower than in England, the extra a part of the people ought to clearly have wherewithal to purchase a greater quantity, if it were either important or handy for them to do so. The shortage of those metals, consequently, ought to be the impact of desire, and not of necessity.

It is for transacting either domestic or foreign business, that gold or silver money is both necessary or convenient.

The domestic commercial enterprise of each us of a, it's been shewn within the 2nd e-book of this Inquiry, can also, at least in peaceable times, be transacted by means of a paper currency, with almost the identical diploma of conveniency as by gold and silver cash. It is handy for the Americans, who could continually employ with income, within the development in their lands, a greater stock than they could without difficulty get, to save as a great deal as possible the price of so high-priced an tool of commerce as gold and silver; and as an alternative to rent that part of their surplus produce which would be essential for buying those metals, in shopping the devices of exchange, the materials of apparel, several components of family fixtures, and the iron paintings vital for constructing and extending their settlements and plantations; in buying now not dead stock, however lively and productive stock. The colony governments find it for their hobby to supply the human beings with any such quantity of paper money as is completely enough, and usually greater than enough, for transacting their domestic enterprise. Some of those governments, that of Pennsylvania, particularly, derive a sales from lending this paper money to their topics, at an hobby of a lot in step with cent. Others, like that of Massachusetts Bay, increase, upon great emergencies, a

paper cash of this kind for defraying the public cost; and afterwards, whilst it suits the conveniency of the colony, redeem it at the depreciated value to which it progressively falls. In 1747, See Hutchinson's History of Massachusetts Bay vol. II. Page 436 et seq. That colony paid in this way the extra part of its public debts, with the tenth a part of the cash for which its bills have been granted. It fits the conveniency of the planters, to store the cost of employing gold and silver cash of their home transactions; and it fits the conveniency of the colony governments, to deliver them with a medium, which, even though attended with some very tremendous hazards, enables them to save that price. The redundancy of paper cash necessarily banishes gold and silver from the home transactions of the colonies, for the same purpose that it has banished the ones metals from the extra part of the domestic transactions in Scotland; and in each countries, it is not the poverty, however the enterprizing and projecting spirit of the people, their desire of using all of the inventory which they could get, as lively and effective inventory, which has occasioned this redundancy of paper cash.

In the exterior commerce which the specific colonies carry on with Great Britain, gold and silver are extra or much less hired, exactly in percentage as they are more or less vital. Where the ones metals aren't essential, they seldom appear. Where they are important, they may be normally located.

In the commerce between Great Britain and the tobacco colonies, the British items are generally superior to the colonists at a quite long credit score, and are afterwards paid for in tobacco, rated at a sure charge. It is more convenient for the colonists to pay in tobacco than in gold and silver. It might be extra convenient for any merchant to pay for the products which his correspondents had bought to him, in some different kind of goods which he may appear to deal in, than in money. Such a merchant could have no occasion to maintain any part of his inventory with the aid of him unemployed, and in equipped cash, for answering occasional demands. He ought to have, always, a larger quantity of products in his save or warehouse, and he may want to deal to a extra extent. But it seldom takes place to be convenient for all of the correspondents of a service provider to acquire payment for the products which they sell to him, in items of some different kind which he occurs to deal in. The British merchants who change to Virginia and Maryland, appear to be a particular set of correspondents, to whom it's miles extra convenient to acquire charge for the products which they sell to the ones colonies in tobacco, than in gold

and silver. They count on to make a income by way of the sale of the tobacco; they could make none by that of the gold and silver. Gold and silver, consequently, very seldom appear within the commerce among Great Britain and the tobacco colonies. Maryland and Virginia have as little occasion for the ones metals in their foreign, as in their domestic trade. They are said, thus, to have much less gold and silver money than any other colonies in America. They are reckoned, but, as thriving, and therefore as wealthy, as any of their neighbours.

In the northern colonies, Pennsylvania, New York, New Jersey, the four governments of New England, and so on. The fee of their personal produce which they export to Great Britain isn't always identical to that of the manufactures which they import for his or her very own use, and for that of a number of the opposite colonies, to which they may be the carriers. A balance, therefore, ought to be paid to the mother-United States in gold and silver and this stability they typically locate.

In the sugar colonies, the value of the produce annually exported to Great Britain is much extra than that of all the products imported from thence. If the sugar and rum yearly sent to the mother-United States were paid for in the ones colonies, Great Britain might be obliged to send out, every 12 months, a totally massive stability in money; and the alternate to the West Indies would, via a certain species of politicians, be taken into consideration as extremely disadvantageous. But it so happens, that many of the fundamental proprietors of the sugar plantations reside in Great Britain. Their rents are remitted to them in sugar and rum, the produce in their estates. The sugar and rum which the West India merchants buy in those colonies upon their own account, aren't same in fee to the goods which they yearly sell there. A stability, consequently, must always be paid to them in gold and silver, and this stability, too, is typically discovered.

The problem and irregularity of fee from the one-of-a-kind colonies to Great Britain, have now not been in any respect in percentage to the greatness or smallness of the balances which were respectively due from them. Payments have, in trendy, been greater everyday from the northern than from the tobacco colonies, although the previous have typically paid a quite massive stability in cash, at the same time as the latter have either paid no balance, or a much smaller one. The trouble of getting price from our one-of-a-kind sugar colonies has been more or less in percentage, now not so much to the volume of the balances respectively due from them, as to the

quantity of uncultivated land which they contained; that is, to the greater or smaller temptation which the planters have been beneath of over-trading, or of venture the agreement and plantation of extra quantities of waste land than suitable the volume in their capitals. The returns from the super island of Jamaica, where there may be still a lot uncultivated land, have, upon this account, been, in widespread, more irregular and uncertain than the ones from the smaller islands of Barbadoes, Antigua, and St. Christopher's, that have, for these a few years, been absolutely cultivated, and feature, upon that account, afforded much less field for the speculations of the planter. The new acquisitions of Grenada, Tobago, St. Vincent's, and Dominica, have opened a brand new area for speculations of this kind; and the returns the front the ones islands have of late been as irregular and uncertain as the ones from the awesome island of Jamaica.

It isn't, therefore, the poverty of the colonies which events, inside the greater a part of them, the present scarcity of gold and silver money. Their notable call for for active and effective stock makes it convenient for them to have as little dead stock as viable, and disposes them, upon that account, to content themselves with a cheaper, even though much less commodious tool of commerce, than gold and silver. They are thereby enabled to convert the value of that gold and silver into the gadgets of trade, into the substances of garb, into family fixtures, and into the iron work vital for building and increasing their settlements and plantations. In those branches of enterprise which cannot be transacted with out gold and silver money, it appears, that they could constantly find the necessary amount of these metals; and in the event that they regularly do now not discover it, their failure is commonly the impact, not of their vital poverty, but in their unnecessary and excessive employer. It isn't always because they're poor that their bills are abnormal and unsure, however due to the fact they may be too eager to emerge as excessively rich. Though all that part of the produce of the colony taxes, which become over and above what changed into vital for defraying the expense in their own civil and navy institutions, were to be remitted to Great Britain in gold and silver, the colonies have abundantly wherewithal to purchase the considered necessary quantity of these metals. They might in this example be obliged, certainly, to trade a part of their surplus produce, with which they now purchase energetic and effective stock, for dead inventory. In transacting their domestic enterprise, they could be obliged to hire a high-priced, rather than a reasonably-priced

device of trade; and the fee of purchasing this high-priced instrument may damp truly the vivacity and passion in their immoderate organisation in the development of land. It won't, however, be important to remit any a part of the American revenue in gold and silver. It might be remitted in bills drawn upon, and prevalent via, particular merchants or agencies in Great Britain, to whom part of the surplus produce of America were consigned, who would pay into the treasury the American sales in money, after having themselves acquired the cost of it in goods; and the whole commercial enterprise may regularly be transacted without exporting a unmarried ounce of gold or silver from America.

It isn't always contrary to justice, that each Ireland and America should make contributions in the direction of the release of the public debt of Great Britain. That debt has been gotten smaller in aid of the government established by using the Revolution; a central authority to which the protestants of Ireland owe, no longer most effective the complete authority which they at gift enjoy in their own country, but each security which they possess for his or her liberty, their property, and their religion; a government to which several of the colonies of America owe their gift charters, and therefore their present constitution; and to which all the colonies of America owe the freedom, security, and property, which they have got ever for the reason that enjoyed. That public debt has been contracted inside the defence, no longer of Great Britain by myself, but of all of the distinctive provinces of the empire. The monstrous debt contracted inside the overdue war particularly, and a awesome a part of that shrunk in the conflict earlier than, have been each properly gotten smaller in defence of America.

By a union with Great Britain, Ireland could benefit, besides the freedom of trade, different blessings a lot greater vital, and which might a great deal extra than compensate any growth of taxes that would accompany that union. By the union with England, the middling and inferior ranks of humans in Scotland won a whole deliverance from the power of an aristocracy, which had usually earlier than oppressed them. By a union with Great Britain, the greater a part of human beings of all ranks in Ireland might benefit an equally entire deliverance from a much extra oppressive aristocracy; an aristocracy no longer founded, like that of Scotland, within the herbal and respectable differences of start and fortune, however within the maximum odious of all differences, the ones of spiritual and political prejudices; distinctions which, extra than any other, animate each the

insolence of the oppressors, and the hatred and indignation of the oppressed, and which usually render the inhabitants of the equal us of a extra adverse to each other than those of various countries ever are. Without a union with Great Britain, the population of Ireland are not probably, for plenty a long time, to recollect themselves as one human beings.

No oppressive aristocracy has ever prevailed inside the colonies. Even they, but, would, in factor of happiness and tranquillity, gain extensively by way of a union with Great Britain. It might, at the least, deliver them from the ones rancourous and virulent factions which might be inseparable from small democracies, and which have so regularly divided the affections of their humans, and disturbed the tranquillity of their governments, of their shape so nearly democratical. In the case of a complete separation from Great Britain, which, until averted by means of a union of this kind, seems very probable to take location, the ones factions would be ten instances greater virulent than ever. Before the graduation of the prevailing disturbances, the coercive electricity of the mother-us of a had continually been able to restrain those factions from breaking out into any component worse than gross brutality and insult. If that coercive energy have been absolutely taken away, they could probable quickly get away into open violence and bloodshed. In all outstanding countries which are united below one uniform government, the spirit of party generally prevails much less within the far off provinces than in the centre of the empire. The distance of these provinces from the capital, from the main seat of the first rate scramble of faction and ambition, makes them input less into the views of any of the contending parties, and renders them more indifferent and unbiased spectators of the conduct of all. The spirit of birthday celebration prevails much less in Scotland than in England. In the case of a union, it'd likely be successful less in Ireland than in Scotland; and the colonies might in all likelihood soon enjoy a degree of concord and unanimity, at present unknown in any part of the British empire. Both Ireland and the colonies, certainly, might be subjected to heavier taxes than any which they at gift pay. In outcome, however, of a diligent and trustworthy utility of the public revenue in the direction of the discharge of the countrywide debt, the more part of those taxes may not be of lengthy continuance, and the public sales of Great Britain may soon be reduced to what became necessary for maintaining a slight peace-status quo.

The territorial acquisitions of the East India Company, the undoubted proper of the Crown, this is, of the state and those of Great Britain, might be rendered any other supply of sales, extra considerable, possibly, than all those already noted. Those countries are represented as greater fertile, greater substantial, and, in percentage to their extent, a lot richer and extra populous than Great Britain. In order to attract a terrific sales from them, it might no longer probable be necessary to introduce any new gadget of taxation into international locations which can be already sufficiently, and extra than sufficiently, taxed. It would possibly, possibly, be greater right to lighten than to aggravate the load of these unlucky nations, and to endeavour to attract a revenue from them, now not by way of enforcing new taxes, but by means of preventing the embezzlement and misapplication of the extra a part of the ones which they already pay.

If it have to be determined impracticable for Great Britain to draw any huge augmentation of sales from any of the resources above stated, the handiest aid that could stay to her, is a diminution of her price. In the mode of accumulating and in that of expending the public revenue, even though in both there can be still room for improvement, Great Britain seems to be at least as low in cost as any of her neighbours. The army status quo which she maintains for her very own defence in time of peace, is more slight than that of any European kingdom, that may pretend to rival her both in wealth or in strength. None of those articles, consequently, seem to admit of any full-size discount of price. The expense of the peace-established order of the colonies became, before the commencement of the prevailing disturbances, very full-size, and is an rate which can also, and, if no sales may be drawn from them, ought certainly to be saved altogether. This consistent price in time of peace, although very extremely good, is insignificant in evaluation with what the defence of the colonies has fee us in time of battle. The ultimate battle, which was undertaken altogether resulting from the colonies, price Great Britain, it has already been located, upwards of 90 thousands and thousands. The Spanish warfare of 1739 become basically undertaken on their account; wherein, and inside the French war that was the outcome of it, Great Britain, spent upwards of 40 hundreds of thousands; a exceptional part of which ought justly to be charged to the colonies. In the ones wars, the colonies value Great Britain lots greater than double the sum which the countrywide debt amounted to earlier than the graduation of the first of them. Had it now not been for the

ones wars, that debt may, and possibly could by means of this time, had been absolutely paid; and had it not been for the colonies, the former of those wars might not, and the latter surely might now not, have been undertaken. It become due to the fact the colonies were speculated to be provinces of the British Empire, that this price become laid out upon them. But nations which make a contribution neither sales nor navy force closer to the aid of the empire, cannot be taken into consideration as provinces. They may additionally, possibly, be taken into consideration as appendages, as a type of incredible and shewy equipage of the empire. But if the empire can now not support the fee of retaining up this equipage, it ought truly to put it down; and if it can't improve its revenue in share to its price, it ought at least to house its price to its revenue. If the colonies, however their refusal to post to British taxes, are nevertheless to be considered as provinces of the British empire, their defence, in some future conflict, may cost a little Great Britain as first rate an expense as it ever has completed in any former battle. The rulers of Great Britain have, for extra than a century beyond, amused the humans with the creativeness that they possessed a exceptional empire at the west aspect of the Atlantic. This empire, however, has hitherto existed in creativeness best. It has hitherto been, not an empire, however the venture of an empire; not a gold mine, but the task of a gold mine; a assignment which has cost, which continues to value, and which, if pursued in the same manner because it has been hitherto, is possibly to cost, large expense, with out being probably to bring any earnings; for the results of the monopoly of the colony exchange, it's been shewn, are to the exquisite body of the people, mere loss in preference to income. It is certainly now time that our rulers should both recognise this golden dream, in which they had been indulging themselves, perhaps, in addition to the people; or that they need to wakeful from it themselves, and endeavour to rouse the humans. If the task cannot be finished, it must be given up. If any of the provinces of the British empire can't be made to make contributions closer to the help of the complete empire, it's far truly time that Great Britain need to unfastened herself from the fee of protecting the ones provinces in time of warfare, and of supporting any part of their civil or military status quo in time of peace; and endeavour to house her destiny perspectives and designs to the actual mediocrity of her circumstances

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