REFLECTIONS

ON THE

FORMATION AND DISTRIBUTION

OF

WEALTH.

BY M. TURGOT,

COMPTROLLER GENERAL OF THE FINANCES OF FRANCE,

IN 1774, 1775, AND 1776.

TRANSLATED FROM THE FRENCH.

"THIS ESSAY MAY BE CONSIDERED AS THE GERM OF THE TREATISE ON THE WEALTH OF NATIONS, WRITTEN BY THE CELEBRATED SMITH."

Condercet's Life of Turgot.

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M. TURGOT, the Author of this Eſſay, who, for three years held the important office of Intendant or Comptroller of the finances of FRANCE, was, without exception, one of the firſt political characters which the preſent century has produced: In the various employments of Maſter of Requeſts, Intendant of the province of Liſmoges, Miniſter of the French marine, and Comptroller General of the finances of France, he laboured aſſiduouſly to benefit his country. This, however, is his leaſt eulogium: his writings entitle him to a higher praiſe; and he there ſhines in the revered character of a friend of mankind.

An author who ſends into the world detached pieces will ſeldom have the good fortune to reach that degree of celebrity which attends a more voluminous compiler, although his works may at the ſame time poſſeſs a greater degree of intrinſic merit. Such has been the fate of M. Turgot: his writings, being in detached pieces, are little known beyond the limits of his own country; nor even there have his countrymen paid the tribute due to his excellent productions, by collecting and publiſhing them together.

His

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His Eſſays on the Commerce of Grain, on Loans, on Mines and Quarries, the preambles to the arrets iſſued during his adminiſtration, and the various important articles in the Encyclopedæa on Etymology, Exiſtence, Expanſibility, Fair, and Foundation, are all pieces of great merit; but in no one does his capacious mind ſhine forth with greater luſtre than in the work, of which a tranſlation is now offered to the public; a work, on the foundation of which was formed, one of the moſt approved and juſtly celebrated treatiſes in the Engliſh language, Dr. Adam Smith's Eſſay on the Wealth of Nations.

This little piece fell by chance into the hands of the tranſlator ſome time ſince, and his admiration of it could only be equalled by his ſurprize, at finding that no tranſlation had appeared in the Engliſh language.—In order, therefore, that ſuch of his countrymen as have not peruſed this admirable treatiſe in the original, may not be deprived of the important knowledge it contains, he has ventured to give it to the public in an Engliſh dreſs, in which he has been ſtudious to retain the Author's ſenſe and meaning.

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FORMATION AND DISTRIBUTION

OF

WEALTH.

Oſtendent terris hunc tantùm, fata. ÆN. 6.

§ 1. *The impoſſibility of the exiſtence of Commerce upon the ſuppoſition of an equal diviſion of lands, where every man ſhould poſſeſs only what is neceſſary for his own ſupport.*

IF the land was divided among all the inhabitants of a country, ſo that each of them poſſeſſed preciſely the quantity neceſſary for his ſupport, and nothing more; it is evident that all of them being equal, no one would work for another. Neither would any of them poſſeſs wherewith to pay another for his labour, for each perſon

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having only ſuch a quantity of land as was neceſſary to produce a ſubſiſtence, would conſume all he ſhould gather, and would not have any thing to give in exchange for the labour of others.

§ 2. *The above hypotheſis neither has exiſted nor could continue. The diverſity of ſoils and multiplicity of wants, compel an exchange of the productions of the earth, againſt other productions.*

This hypotheſis never can have exiſted, becauſe the earth has been cultivated before it has been divided; the cultivation itſelf having been the only motive for a diviſion, and for that law which ſecures to every one his property. For the firſt perſons who have employed themſelves in cultivation, have probably worked as much land as their ſtrength would permit, and conſequently more than was neceſſary for their own nouriſhment.

If this ſtate could have exiſted, it could not poſſibly be durable; each one gathering from his field only a ſubſiſtence, and not having wherewith to pay others for their labour, would not be enabled

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abled to ſupply his other wants of lodging, cloathing, &c. &c. except by the labour of his hands, which would be nearly impoſſible, as every ſoil does not produce every material.

The man whoſe land was only fit to produce grain, and would neither bring forth cotton or flax, would want linen to cloath him. Another would have ground proper for cotton, which would not yield grain. One would want wood for his fire, and another be deſtitute of corn to ſupport him. Experience would ſoon teach every one what ſpecies of productions his land was beſt adapted to, and he would confine himſelf to the cultivation of it; in order to procure himſelf thoſe things he ſtood in need of, by an exchange with his neighbours, who, having on their part acquired the ſame experience, would have cultivated thoſe productions which were beſt ſuited to their fields, and would have abandoned the cultivation of any other.

§ 3. *The productions of the earth require long and difficult preparations, before they are rendered fit to ſupply the wants of men.*

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The productions which the earth ſupplies to ſatisfy the different wants of man, will not, for the moſt part, adminiſter to thoſe wants, in the ſtate nature affords them; it is neceſſary they ſhould undergo different operations, and be prepared by art. Wheat muſt be converted into flour, then into bread; hides muſt be dreſſed or tanned; wool and cotton muſt be ſpun; ſilk muſt be taken from the cod; hemp and flax muſt be ſoaked, peeled, ſpun, and wove into different textures; then cut and ſewed together again to make garments, &c. If the ſame man who cultives on his own land theſe different articles, and who raiſes them to ſupply his wants, was obliged to perform all the intermediate operations himſelf, it is certain he would ſucceed very badly. The greater part of theſe preparations require care, attention, and a long experience; all which are only to be acquired by progreſſive labour, and that on a great quantity of materials. Let us refer, for example, to the preparation of hides: what labourer can purſue all the particular things neceſſary to thoſe operations, which continue ſeveral months, ſometimes ſeveral years? If he is able to do it, can he do it with a ſingle hide? What a loſs of time,

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time, of room, and of materials, which might be employed, either at the ſame time or ſucceſſively, to tan a large quantity of ſkins! But ſhould he even ſucceed in tanning a ſingle ſkin, and wants one pair of ſhoes, what will he do with the remainder? Will he kill an ox to (make) this pair of ſhoes? Will he cut down a tree to make a pair of wooden ſhoes? We may ſay the ſame thing of every other want of [every other] man, who, if he was reduced to his field, and the labour of his own ~~hands~~, would waſte much time, take much trouble, be very badly equipped in every reſpect and would ~~alſo~~ cultivate his lands very ill.

§ 4. *The neceſſity of theſe preparations, bring on the exchange of productions for labour.*

The ſame motive which has eſtabliſhed the exchange of commodity for commodity, ~~between~~ the cultivators of lands of different natures, has alſo neceſſarily brought on the exchange of commodities for labour, between the cultivators and another portion of ſociety, who ſhall have preferred the occupation of preparing and completing the productions of the earth, to the cultivation

tion of it. Every one profits by this arrangement, for every one attaching himself to a peculiar species of labour, succeeds much better therein. The husbandman draws from his field the greatest quantity it is able to produce, and procures to himself, with greater facility, all the other objects of his wants, by an exchange of his superflux, than he could have done by his own labour. The shoemaker, by making shoes for the husbandman, secures to himself a portion of the harvest of the latter. Every workman labours for the wants of the workmen of every other trade, who, on their side, toil also for him.

§ 5. *Pre-eminence of the husbandman who produces, over the artificer who prepares. The husbandman is the first mover in the circulation of labour: it is he who causes the earth to produce the wages of every artificer.*

It must, however, be observed that the husbandman, furnishing every one with the most important and the most considerable objects of their consumption (I mean their food, and the materials of almost all manufactures) has the advantage

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tage of a greater degree of independence. His labour, among the different species of labour, appropriated to the different members of society, supports the same pre-eminence and priority, as the procuring of food did among the different works he was obliged, in his solitary state, to employ himself in, in order to minister to his wants of every kind. This is not a pre-eminence of honour or of dignity, but of *physical necessity*. The husbandman, can, generally speaking, subsist without the labour of other workmen; but no other workmen can labour, if the husbandman does not provide him wherewith to exist. It is this circulation, which, by a reciprocal exchange of wants, renders mankind necessary to each other, and which forms the bond of society: (it is therefore the labour of the husbandman which gives the first movement.) What his industry causes the earth to produce beyond his personal wants, is the only fund for the wages, which all the other members of society receive in recompence for their toil. The latter, by availing themselves of the produce of this exchange, to purchase in their turn the commodities of the husbandman, only return to him precisely what they have received.

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There is here a very eſſential difference between theſe two ſpecies of labour, on which it is neceſſary to reflect, and to be well aſſured of the ground on which they ſtand, before we truſt to the innumerable conſequences which flow from them.

§ 6. *The wages of the workman is limited by the competition among thoſe who work for a ſubſiſtence. He only gains a livelihood.*

The mere workman, who depends only on his hands and his induſtry, has nothing but ſuch part of his labour as he is able to diſpoſe of to others. He ſells it at a cheaper or a dearer price; but this high or low price does not depend on himſelf alone; it reſults from the agreement he has made with the perſon who employs him. The latter pays him as little as he can help, and as he has the choice from among a great number of workmen, he prefers the perſon who works cheapeſt. The workmen are therefore obliged to lower their price in oppoſition to each other. In every ſpecies of labour it muſt, and, in effect, it does happen, that the wages of the workman is confined merely

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merely to what is neceſſary to procure him a ſubſiſtence.

§ 7. *The huſbandman is the only one whoſe induſtry produces more than the wages of his labour. He, therefore, is the only ſource of all Wealth.*

The ſituation of the huſbandman is ~~materially~~ very different. The ſoil, independent of any other man, or of any agreement, pays him immediately the price of his toil. Nature does not bargain with him, ~~or~~ to compel him to content himſelf with what is abſolutely neceſſary. What ſhe grants is neither ~~limited~~ proportioned to his wants, nor to a conditional valuation of the price of his day's work. It is a phyſical conſequence of the fertility of the ſoil, and of juſtice, rather than of the difficulty of the means, which he has employed to render the ſoil fruitful. As ſoon as the labour of the huſbandman produces more than ſufficient for his neceſſities, he can, with the exceſs which nature affords him of pure free-will beyond the wages of his toil, purchaſe the labour of other members of ſociety. The latter, in ſelling to him, only procures a livelihood; but the huſbandman, beſides his ſubſiſtence, collects an independent

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dependent wealth, at his diſpoſal, which he has not purchaſed, but which he can ſell. He is, therefore, the only ſource of all thoſe riches which, by their circulation, animates the labours of ſociety; becauſe he is the only one whoſe labour produces more than the wages of his toil.

§ 8. *Firſt diviſion of ſociety into two claſſes, the one* productive, *or the cultivators, the other* ſtipendiary, *or the artificers.*

Here then is the whole ſociety divided, by a neceſſity founded on the nature of things, into two claſſes, both induſtrious, one of which, by its labour, produces, or rather draws from the earth, riches continually renewing, which ſupply the whole ſociety with ſubſiſtence, and with materials for all its wants; while the other, is employed in giving to the ſaid materials ſuch preparations and forms as render them proper for the uſe of man, ſells his labour to the firſt, and receives in return a ſubſiſtence. The firſt may be called the *productive*, the latter the *ſtipendiary* claſs.

§ 9. *In*

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§ 9. *In the firſt ages of ſociety, the proprietors could not be diſtinguiſhed from the cultivators.*

Hitherto we have not diſtinguiſhed the huſbandman from the proprietor of the land; and in the firſt origin they were not in fact ſo diſtinguiſhed. It is by the labour of thoſe who have firſt cultivated the fields, and who have incloſed them to ſecure their harveſt, that all land has ceaſed to be common, and that a property in the ſoil has been eſtabliſhed. Until ſocieties have been formed, and until the public ſtrength, or the laws, becoming ſuperior to the force of individuals, have been able to guarantee to every one the tranquil poſſeſſion of his property, againſt all invaſion from without; the property in a field could only be ſecured as it had been acquired, by continuing to cultivate it; the proprietor could not be aſſured of having his field cultivated by the help of another; and that perſon taking all the trouble, could not eaſily have comprehended that the whole harveſt did not belong to him. On the other hand, in this early age, when every induſtrious man would find as much land as he wanted, he would not be tempted to labour for another. It neceſſarily follows, that every

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every proprietor ~~muſt~~ cultivate his own field or abandon it entirely.

§ 10. *Progreſs of ſociety; all lands have an owner.*

But the land begins to people, and to be cleared more and more. The beſt lands are in proceſs of time fully occupied. There remains ~~only~~ for thoſe who come laſt, ~~nothing but~~ barren land, rejected by the firſt occupants. But at laſt, every ſpot has found a maſter, and thoſe who cannot gain a property therein, have no other reſource but to exchange the labour of their hands in ſome of the employments of the ſtipendiary claſs, for the exceſs of commodities poſſeſſed by the cultivating proprietor.

§ 11. *The proprietors begin to be able to eaſe themſelves of the labour of cultivation, by the help of hired cultivators.*

Mean time, ſince the earth produces to the proprietor who cultivates it, not a ſubſiſtence only, not only wherewith to procure himſelf by way of exchange, what he otherwiſe wants, but alſo a conſiderable

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siderable superfluity; he is enabled with this superfluity, to pay other men to cultivate his land; For among those who live by wages, as many are content to labour in this employment as in any other. The proprietor, therefore, might then be eased of the labour of culture, and he soon was so.

§ 12. *Inequality in the division of property: causes which render that inevitable.*

The original proprietors would (as I have already mentioned) occupy as much land as their strength would permit them with their families to cultivate. A man of greater strength, more laborious, more attentive about the future, would occupy more than a man of a contrary character. He, whose family is the most numerous, having ~~greater wants and~~ more hands, extends his possessions further; this is a first cause of inequality. —Every piece of ground is not equally fertile; two men with the same extent of land, may reap a very different harvest; this is a second source of inequality. —Property in descending from fathers to their children, divides into greater or less portions, according as the descendants are more or less numerous,

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numerous, and as one generation succeeds another, sometimes the inheritances again subdivide, and sometimes re-unite again by the extinction of some of the branches; this is a third source of inequality. The difference of knowledge, of activity, and, above all, the economy of some, contrasted with the indolence, inaction, and dissipation of others, is a fourth principal of inequality, and the most powerful of all: the negligent and inattentive proprietor, who cultivates badly, who in a fruitful year consumes in frivolous things the whole of his superfluity, finds himself reduced on the least accident to request assistance from his more provident neighbour, and to live by borrowing. If by any new accident, or by a continuation of his negligence, he finds himself not in a condition to repay, he is obliged to have recourse to new loans, and at last has no other resource but to abandon a part, or even the whole of his property to his creditor, who receives it as an equivalent; or to assign it to another, in exchange for other valuables with which he discharges his obligation to his creditor.

§ 13. *Consequences*

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§ 13. *Consequences of this inequality: The cultivator distinguished from the proprietor.*

Thus is the property in the soil made subject to purchase and sale. The portion of the dissipating or unfortunate, increases the share of the more happy or industrious proprietor; and in this infinite variety of possessions, it is not possible but a great number of proprietors must possess more than they can cultivate. Besides, it is very natural for a rich man to wish for a tranquil enjoyment of his property, and instead of employing his whole time in toilsome labour, he rather prefers giving a part of his superfluity to people to work for him.

§ 14. *Division of the produce between the cultivator and the proprietor.* Net produce, *or revenue.*

By this new arrangement, the produce of the land divides into two parts. The one comprehends the subsistence and the profits of the husbandman, which are the rewards for his labour, and the conditions on which he agrees to cultivate the field of the proprietor; the other which remains, is that independent and *disposable* part, which

which the earth produces as a free gift to the proprietor over and above what he has disbursed; and it is out of this share of the proprietor's, or what is called the *revenue*, that he is enabled to live without labour, and which he can carry wherever he will.

§ 15. *A new division of society into three classes. Cultivators, Artificers, and Proprietors, or the productive, stipendiary, and disposable classes.*

We now behold society divided into three branches; the class of husbandmen, ~~whom we may denominate cultivators~~; the class of artificers and others, who work for hire upon the productions of the earth; and the class of proprietors, the only one which, not being confined by a want of support to a particular species of labour, may be employed in the general service of society, as for war, and the administration of justice, either by a personal service, or by the payment of a part of their revenue, with which the state may hire others to fill these employments. The appellation which suits the best with this division, for this reason, is that of the *disposable* class.

§ 16. *Resemblance*

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§ 16. *Reſemblance between the two laborious claſſes.*

The two claſſes of cultivators and artificers, reſemble each other in many reſpects, and particularly that thoſe who compoſe them do not poſſeſs any revenue, and both equally ſubſiſt on the wages which are paid them out of the productions of the earth. Both have alſo this circumſtance in common, that they only gain the price of their labour and their diſburſements, and that this price is nearly the ſame in the two claſſes. The proprietor agreeing with thoſe who cultivate his ground to pay them as ſmall a part as poſſible of its produce, in the ſame manner as he bargains with the ſhoemaker to buy his ſhoes as cheap as he can. In a word, (neither) the cultivator nor the artificer receive more than a bare recompence for their labour.

§ 17. *Eſſential difference between the two laborious claſſes.*

But there is this difference between the two ſpecies of labour; that the work of the cultivator produces not only his own wages, but alſo that

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revenue which ſerves to pay all the different claſſes of artificers, and other ſtipendiaries their ſalaries; whereas the artificers receive ſimply their ſalary, that is to ſay, their part of the productions of the earth, in exchange for their labour, and which does not produce any increaſe. The proprietor enjoys nothing but by the labour of the cultivator. He receives from him his ſubſiſtence, and wherewith to pay for the labour of the other ſtipendiaries. He has need of the cultivator by the neceſſity ariſing from the phyſical order of things, by which neceſſity the earth is not fruitful without labour; but the cultivator has no need of the proprietor but by virtue of human conventions, and of thoſe civil laws which have guaranteed to the firſt cultivators and their heirs, the property in the lands they had occupied, even after they ceaſed to cultivate them. But theſe laws can only ſecure to the idle man, that part of the production of his land which it produces beyond the retribution due to the cultivators. The cultivator, confined as he is to a ſtipend for his labour, ſtill preſerves that natural and phyſical priority which renders him the firſt mover of the whole machine of ſociety, and which cauſes both the ſubſiſtence and wealth of the proprietor, and the ſalaries paid for

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for every other ſpecies of labour, to depend on his induſtry. The artificer, on the contrary, receives his wages either of the proprietor or of the cultivator, and only gives them in exchange for his ſtipend, an equivalent in labour, and nothing more.

Thus, although neither the cultivator and artificer gain more than a recompence for their toil; yet the labour of the cultivator produces beſides that recompence, a revenue to the proprietor; while the artificer does not produce any revenue either for himſelf or others.

§ 18. *This difference authoriſes another diſtinction into the* productive *and* barren *claſſes.*

We may then diſtinguiſh the two claſſes not *diſpoſable* into the *productive* claſs, which is that of the cultivators, or the barren claſs, which comprehends all the other *ſtipendiary* members of ſociety.

§ 19. *How the proprietors may draw a* revenue *from their lands.*

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The proprietors who do not cultivate their lands themselves, may adopt different methods of cultivating them, or make different agreements with those who cultivate them.

§ 20. *First method, or cultivation by labourers on wages.*

They may, in the first place, pay men by the day or the year, to work their fields, and reserve to themselves the whole of the produce; this includes a supposition that the proprietor pays all advances, both for seed and the wages of the labourers, until after the harvest. But this method requires great labour and assiduity on the part of the proprietor, who alone can direct his men in their labour, see that they employ their time well, and watch over their fidelity, that they shall not carry away any part of the produce. It is true that he may pay a man of more knowledge, and whose fidelity he knows, who, in quality of manager and conductor, may direct the workmen, and keep an account of the produce; but he will be always subject to fraud. Besides, this method is extremely expensive, unless a large population, or

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or want of employ in other ſpecies of labour, forces the workmen to content themſelves with very low ſalaries.

§ 21. *Second method, cultivation by ſlaves.*

In times not very diſtant from the origin of ſociety, it was almoſt impoſſible to find men willing to work on the lands of another, becauſe all the land not being as yet occupied, thoſe who were willing to labour, preferred the clearing of new lands, and the cultivating them on their own account; [this is pretty much the caſe in all new colonies.]

[In this ſituation violent men then conceived the expedient of obliging other men by force to labour for them. They employed ſlaves.] Theſe latter have had no juſtice to look for, from the hands of people, who have not been able to reduce them to ſlavery without violating all the laws of humanity. Meantime, the phyſical law of nature ſecures to them (their) part of the productions which they have raiſed; for the maſter muſt neceſſarily nouriſh them, in order to profit by

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their labour. But this ſpecies of recompence is confined to mere neceſſaries for their ſubſiſtence.

This abominable cuſtom of ſlavery has formerly been univerſal, and has ſpread over the greateſt part of the globe, The principal object of the wars carried on by the ancients was, to carry off ſlaves, whom the conquerors either compelled to work for them, or ſold to others. This ſpecies of thieving, and this trade, ſtill continues, attended with all its cruel circumſtances, on the coaſt of Guinea, where the Europeans encourage it by going thither to purchaſe negroes for the cultivation of their American colonies.

The exceſſive labour to whlch the greedy maſters force their ſlaves, cauſes many of them to periſh; and it becomes neceſſary, to keep up the number requiſite for cultivation, that this trade ſhould ſupply annually a very large number. And as war is the principal ſource which ſupplies this commerce, it is evident that it can ſubſiſt no longer than the people continue divided into very ſmall nations, who are inceſſantly plundering each other, and every diſtrict is at continued war with

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with its neighbours. Let England, France, and Spain carry on the moſt cruel hoſtilities, the frontiers alone of each ſtate will be the only part invaded, and that in a few places only. All the reſt of the country will be quiet, and the ſmall number of priſoners they could make on either ſide, would be but a weak reſource for the cultivation of each of the three nations.

§ 24. *Cultivation by ſlaves cannot exiſt in great ſocieties.*

Thus when men are formed into great ſocities, the recruits of ſlaves are not ſufficiently numerous to ſupport the conſumption which the cultivation requires. And although they ſupply the labour of men by that of beaſts, a time will come, when the lands can no longer be worked by ſlaves. The practice is then continued only for the interior work of the houſe, and in the end it is totally aboliſhed; becauſe in proportion as nations become poliſhed, they form conventions for the exchange of priſoners of war. Theſe conventions are the more readily made, as every individual is very

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very much intereſted to be free from the danger of falling into a ſtate of ſlavery.

§ 23. *Slavery annexed to the land, ſucceeds to ſlavery properly ſo called.*

The deſcendants of the firſt ſlaves, attached at firſt to the cultivation of the ground, change their condition. The interior peace among nations, not leaving wherewithal to ſupply the conſumption of ſlaves, the maſters are obliged to take greater care of them. Thoſe who were born in the houſe, accuſtomed from their infancy to their ſituation, revolt the leſs at it, and their maſters have leſs need to employ rigour to reſtrain them. By degrees the land they cultivate becomes their country, they become a part of the nation, and in the end, they experience confidence and humanity on the part of their maſters.

§ 24. *Vaſſalage ſucceeds to ſlavery, annexed to the land, and the ſlave becomes a proprietor. Third method; alienation of the land for a certain ſervice.*

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The adminiſtration of an eſtate, cultivated by ſlaves, requires a careful attention, and an irkſome reſidence. The maſter ſecures to himſelf a more free, more eaſy, and more ſecure enjoyment of his property, by intereſting his ſlaves in the cultivation of it, and by abandoning to each of them a certain portion of land, on condition of their paying him a portion of the produce. Some have made this agreement for a time, and have only left their ſerfs, or ſlaves, a precarious and revocable poſſeſſion. Others have aſſigned them lands in perpetuity, retaining an annual rent payable either in proviſions or in money, and requiring from the poſſeſſors certain ſervices. Thoſe who received theſe lands, under the condition preſcribed, became proprietors and free, under the name of tenant, or vaſſal; and the ancient proprietors, under the title of lords, reſerved only the right of exacting payment of the rent, and other ſtipulated duties. Thus it has happened in the greater part of Europe.

§ 27. *Fourth method. Partial colonization.*

Theſe lands, rendered free at the expence of rent, may yet change maſters, may divide or reunite

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unite by means of ſucceſſion and ſale; and ſuch a vaſſal may in his turn have more than he can cultivate himſelf. In general the rent to which thoſe lands are ſubject, is not ſo large, but that, by cultivating them well, the cultivator is enabled to pay all advances, and expences, procure himſelf a ſubſiſtence, and beſides, an exceſs of productions which form a revenue. Henceforth the proprietary vaſſal becomes deſirous of enjoying this revenue without labour, and of having his lands alſo cultivated by others. On the other hand, the greater part of the lords grant out thoſe parts of their poſſeſſions only, which are the leaſt within their reach, and retain thoſe they can cultivate with the leaſt expence. The cultivation by ſlaves not being practicable, the firſt method that offers, and the moſt ſimple to engage free men to cultivate lands which do not belong to them, was, to reſign to them ſuch a portion of the produce, as would engage them to cultivate better than thoſe huſbandmen who are employed at a fixed ſalary. The moſt common method has been to divide it into equal parts, one of which belonged to the cultivator and the other to the proprietor. This has given place to the name (in France) of

métayer

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métayer (medietarius) or cultivator for half produce. In arrangements of this kind, which take place throughout the greateſt part of France, the proprietor pays all contingencies; that is to ſay, he provides at his expence, the cattle for labour, ploughs, and other utenſils of huſbandry, ſeed, and the ſupport of the cultivator and his family, from the time the latter enters into the *métairie* until the firſt harveſt.

§ 26. *Fifth method. Renting, or letting out the land.*

Rich and intelligent cultivators, who ſaw to what perfection an active and well directed cultivation, for which neither labour or expence were ſpared, would raiſe the fruitfulneſs of land, judged with reaſon that they would gain more, if the proprietors ſhould conſent to abandon, for a certain number of years, the whole of the harveſt, on condition of receiving annually a certain revenue, and to be free of all expences of cultivation. By that they would be aſſured that the increaſe of productions, which their diſburſements and their labour procured, would belong entirely to themſelves.

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ſelves. The proprietor, on his ſide, would gain thereby, 1ſt, a more tranquil enjoyment of his revenue, being freed from the care of advances, and of keeping an account of the produce; 2d, a more equal enjoyment, ſince he would receive every year the ſame and a more certain price for his farm: becauſe he would run no riſk of loſing his advances; and the cattle and other effects with which the farmers had ſtocked it, would become a ſecurity for his payment. On the other hand, the leaſe being only for a ſmall number of years, if his tenant paid him too little, he could augment it at the expiration thereof.

§ 27. *The laſt method is the moſt advantageous, but it ſuppoſes the country already rich.*

This method of ſecuring lands is the moſt advantageous both to proprietors and cultivators. It is univerſally eſtabliſhed where there are any rich cultivators, in a condition to make the advances neceſſary for the cultivation. And as the rich cultivators are in a ſituation to beſtow more labour and manure upon the ground, there reſults

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ſults from thence a prodigious augmentation in the productions, and in the revenue of the land.

In Picardy, Normandy, the environs of Paris, and in moſt of the provinces in the north of France, the lands are cultivated by farmers; in thoſe of the ſouth, by the *metayers*. Thus the northern are incompariably richer and better cultivated than the ſouthern provinces.

§ 28. *Recapitulation of the ſeveral methods of making lands productive.*

I have juſt mentioned five different methods by which proprietors are enabled to eaſe themſelves of the labour of the cultivation, and to make their land productive, by the hands of others.

1. By workmen paid at a fixed ſalary.

2. By ſlaves.

3. By ceding their lands for rent.

4. By granting to the cultivator a determined portion,

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portion, which is commonly half the produce, the proprietor paying the advances neceſſary for the cultivation.

5. By letting their land to farmers, who undertake to make all the neceſſary advances, and who engage to pay to the proprietors, during the number of years agreed on, a revenue equal to its value.

Of theſe five methods, the firſt is too expenſive, and very ſeldom practiſed; the ſecond is only uſed in countries as yet ignorant and barbarious; the third is rather a means of procuring a value for, than abandoning of the property for money, ſo that the ancient proprietor is no longer any thing more than a mere creditor.

The two laſt methods of cultivation are the moſt common, that is, the cultivation by *metayers* in the poor, and by farmers in the richer countries.

§ 29. *Of capitals in general, and of the revenue of money.*

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There is another way of being rich, without labour and without poſſeſſing lands, of which I have not yet ſpoken, and of which it is neceſſary to explain the origin and connection with other parts of the ſyſtem of the diſtribution of riches in ſociety, of which I have juſt drawn the outlines. This conſiſts in living by what is called the revenue of money, or of the intereſt which is paid for the loan thereof.

§ 30. *Of the uſe of gold and ſilver in commerce.*

Gold and ſilver are two ſpecies of merchandize, like others, and leſs valuable than many of them, becauſe they are of no uſe for the real wants of life. To explain how theſe two metals are become the repreſentative pledges of every ſpecies of riches, how they influence the commercial markets, and how they enter into the compoſition of fortunes, it is neceſſary to go back again and return to our firſt principles.

§ 31. *Riſe of Commerce. Principle of the valuation of commercial things.*

Reciprocal

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Reciprocal wants ~~firſt~~ introduced exchanges of what we poſſeſſed, for what we ſtood in need of; one ſpecies of proviſion was bartered for another, or for labour. In exchanging, it is neceſſary that each party is convinced of the quality and quantity of every thing exchanged. In this agreement it is natural that every one ſhould deſire to receive as much as he can, and to give as little; and both being equally maſters of what they have to barter, it is in a man's own breaſt to balance the attachment he has to the thing he gives, with the deſire he feels to poſſeſs that which he is willing to receive, and conſequently to fix the quantity of each of the exchanged things. If the two perſons do not agree, they muſt relax a little on one ſide or the other, either by offering more or being content with leſs. I will ſuppoſe that one is want of corn and the other of wine; and that they agree to exchange a buſhel of corn for ſix pints of wine. It is evident that by both of them, one buſhel of corn and ſix pints of wine are looked upon as exactly equivalent, and that in this particular exchange, the price of a buſhel of corn is ſix pints of wine, and the price of ſix pints of wine is one buſhel of corn. But in another

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other exchange between other men, this price will be different, accordingly as one or the other of them ſhall have a more or leſs preſſing want of one commodity or the other; and a buſhel of corn may be exchanged againſt eight pints of wine, while another buſhel ſhall be bartered for four pints only. Now it is evident, that not one of theſe three prices can be looked on as the true price of a buſhel of corn, rather than the others; to each of the dealers, the wine he has received was equivalent to the corn he had given. In a word, ſo long as we conſider each exchange independent of any other, the value of each thing exchanged has no other meaſure than the wants or deſires of one party weighed with thoſe of the other, and is fixed only by their agreement.

§ 32. *How the current value of the exchange of merchandize is eſtabliſhed.*

Meantime it happens that many individuals have wine to diſpoſe of to thoſe who poſſeſs corn. If one is not willing to give more than four pints for a buſhel, the proprietor of the corn will not exchange with him, when he ſhall know that another will give ſix or eight pints for the ſame

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bushel. If the former is determined to have the corn, he will be obliged to raise his price equal to what is offered by others. The sellers of wine profit on their side by the competition among the sellers of corn. No one resolves to part with his property, before he has compared the different offers which are made to him, of the commodity he stands in need of, and then he accepts of the best offer. The value of the wine and corn is not fixed by the two proprietors with respect to their own wants and reciprocal abilities, but by a general balance of the wants of all the sellers of corn, with those of all the sellers of wine. For those who will willingly give *eight pints* of wine for *a bushel* of corn, will give but four when they shall know that a proprietor of corn is willing to give *two bushels* for eight pints. The medium price between the different offers and the different demands, will become the current price to which all the buyers and sellers will conform in their exchanges; and it will be true if we say, that six pints of wine will be to every one the equivalent for a bushel of corn, that is, the medium price, until a diminution of supply on one side, or of demand on the other, causes a variation.

§ 33. *Com-*

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§ 33. *Commerce gives to all merchandize a current value with reſpect to any other merchandize; from whence it follows that all merchandize is the equivalent for a certain quantity of any other merchandize, and may be looked on as a pledge to repreſent it.*

Corn is not only exchanged for wine, but alſo for any object which the proprietors of the corn may ſtand in need of; as wood, leather, woollen, cotton, &c. it is the ſame with wine and every other particular ſpecies. If a *buſhel* of corn is equivalent to *ſix pints* of wine, and a *ſheep* is equivalent to *three buſhels* of corn, the ſame ſheep will be equivalent to eighteen pints of wine. He who having the corn, wants the wine, may, without inconvenience, exchange his corn for a ſheep, in order afterwards to exchange the ſheep for the wine he ſtands in need of.

§ 34. *Every merchandize may ſerve as a ſcale or common meaſure, by which to compare the value of any other.*

It follows from hence, that in a country where the commerce is very briſk, where there are ma-

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ny productions and much conſumption, where there are great ſupplies and a great demand for all ſorts of commodities, every ſort will have a current price, having relation to every other ſpecies; that is to ſay, that a certain quantity of one will be of equal value to a certain quantity of any others. Thus the ſame quantity of corn which is worth eighteen pints of wine, is alſo the value of a ſheep, a piece of leather, or a certain quantity of iron; and all theſe things have, in the tranſactions of trade an equal value. To expreſs or make known the value of any particular thing, it is evident, that it is ſufficient to announce the quantity of any other known production, which will be looked on as an equivalent for it. Thus, to make known what a piece of leather of a certain ſize is worth, we may ſay indifferently, that it is worth three buſhels of corn, or eighteen pints of wine. We may by the ſame method expreſs the value of a certain quantity of wine, by the number of ſheep, or buſhels of corn it will bring in trade.

We ſee by this, that every ſpecies of commodity that can be an object of commerce, may be meaſured,

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meaſured, as I may ſay, by each other, that every one may ſerve as a common meaſure, or ſcale of compariſon to deſcribe the value of every other ſpecies, and in like manner every merchandize becomes in the hands of him who poſſeſſes it, a means to procure all others—a ſort of univerſal pledge.

§ 35. *Every ſpecies of merchandize does not preſent a ſcale equally commodious. It is proper to prefer the uſe of ſuch as are not ſuſceptible of any great alteration in quality, and have a value principally relative to the number and quantity.*

But although all merchandize has eſſentially this property of repreſenting any other, is able to ſerve as a common meaſure, to expreſs its value, and to become a univerſal pledge to procure any of them by way of exchange, yet all cannot be employed with the ſame degree of facility for theſe two uſes. The more ſuſceptible any merchandize is to change its value by an alteration in its quality, the more difficult it is to make it a ſcale of reference for the value of others. For example, if eighteen pints of wine of Anjou are equivalent

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in value to a ſheep, eighteen pints of Cape wine may be equivalent to eighteen ſheep. Thus he who to expreſs the value of a ſheep, would ſay it is worth eighteen pints of wine, would employ an equivocal language, and would not communicate any preciſe idea, at leaſt until he added ſome explanation, which would be very inconvenient. We are, therefore, obliged to chooſe for a ſcale of compariſon, ſuch commodities as being more commonly in uſe, and conſequently of a value more generally known, are more like each other, and of which conſequently the value has more relation to the quantity than the quality.

§ 36. *For want of an exact correſpondence between the value and the number or quantity, it is ſupplied by a mean valuation, which becomes a ſpecies of real money.*

In a country where there are only one race of ſheep, we may eaſily take the value of a fleece or of a ſheep by the common method of valuation, and we may ſay that a barrel of wine, or a piece of ſtuff, is worth a certain number of fleeces or of ſheep. There is in reality ſome inequality in ſheep,

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ſheep, but when we want to ſell them, we take care to eſtimate that inequality, and to reckon (for example) two lambs for one ſheep. When it is neceſſary to (treat of the relative) value of other merchandize, we fix the common value of a ſheep of middling age and quality, as the ſymbol of unity. In this view the enunciation of the value of ſheep, becomes an agreed language, and this word *one ſheep*, in the language of commerce, ſignifies only a certain value, which, in the mind of him who underſtands it, carries the idea not only of a ſheep, but as a certain quantity of every other commodity, which (is) eſteemed equivalent thereto, and this expreſſion is more applicable to a fictitious and abſtract value, than to the value of a real ſheep; that if by chance a mortality happens among the ſheep, and that to purchaſe one of them, you muſt give double the quantity of corn or wine that was formerly given, we ſhall rather ſay, that one ſheep is worth two ſheep, than change the expreſſion we have been accuſtomed to for all other valuations.

§ 37. *Example of thoſe mean valuations which become an ideal expreſſion for value.*

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There exiſts, in the commerce of every nation, many examples of fictitious valuations of merchandize, which are, as we may ſay, only a conventional language to expreſs their value. Thus the cooks of Paris, and the fiſhmongers who furniſh great houſes, generally ſell by *the piece*. A fat pullet is eſteemed *one piece*, a chicken half a piece, more or leſs, according to the ſeaſon: and ſo of the reſt. In the negro trade in the American colonies, they ſell a cargo of negroes at the rate of ſo much per negro, an *Indian piece*. The women and children are valued, ſo that, for example, three children, or one woman and two children are reckoned as one head of negro. They increaſe or diminiſh the value on account of the ſtrength or other quality of the ſlaves, ſo that certain ſlaves are reckoned as two heads of negroes.

The Mandingo negroes, who carry on a trade for gold duſt with the Arabian merchants, bring all their commodities to a fictitious ſcale, which both parties call *macutes*, ſo that they tell the merchants they will give ſo many *macutes* in gold. They value thus in *macutes* the merchandize they receive;

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receive, and bargain with the merchants upon that evaluation. Thus in Holland they reckon by *bank florins.* which is only a fictitious money, and which in commerce is ſometimes of a greater, ſometimes of a leſs value than the coin which is denominated a *florin.*

§ 38. *All merchandize is a repreſentative pledge of every object of commerce, but more or leſs commodious for uſe, as it poſſeſſes a greater or leſs facility to be tranſported, and to be preſerved without alteration.*

The variation in the quality of merchandize, and in the different prices in proportion to that quality, which renders them more or leſs proper than others to ſerve as a common meaſure, is alſo more or leſs an impediment to their being a repreſentative pledge of every other merchandize of equal value. Nevertheleſs there is alſo, as to this laſt property, a very eſſential difference between the different ſpecies of merchandize. It is (for example) evident, that a man who poſſeſſes a piece of linen, is more certain, of procuring for it,

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it, when he pleaſes, a certain quantity of corn, than if he had a barrel of wine of equal value; the wine being ſubject to a variety of accidents, which may in a moment deprive him of the whole property.

§ 39. *All merchandize has the two eſſential properties of money, to meaſure and to repreſent all value: and in this ſenſe all merchandize is money.*

Theſe two properties of ſerving as a common meaſure of all value, and of being a repreſentative pledge of all (other) commodities of equal value, comprehend all that conſtitute the eſſence and uſe of what is called money: and it follows from the details which I have juſt now given, that all merchandize is, in ſome reſpect, *money;* and participates more or leſs, according to its particular nature, of theſe two eſſential properties. All is more or leſs proper to ſerve as a common meaſure, in proportion as it is more or leſs in general uſe, of a more ſimilar quality, and more eaſy to be divided into aliquot parts. All is more or leſs applicable for the purpoſe of a general

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general pledge of exchange, in proportion as it is the leſs ſuſceptible of decay or alteration in quantity or quality.

§ 40. *Reciprocally all money is eſſentially merchandize.*

We can take only that which has a value for a common meaſure of value, that which is received in commerce in exchange for other properties; and there is no univerſal repreſentative pledge of value, (but ſomething of equal value.) A money of convention is therefore a thing impoſſible.

§ 41. *Different matters are able to ſerve and have ſerved for current money.*

Many nations have adopted in their language and in their trade, as a common meaſure of value, different matters more or leſs precious. There are at this day, ſome barbarous nations, who make uſe of a ſpecies of little ſhells, called *cowries*. I remember to have ſeen when at college, ſome apricot ſtones exchanged and paſſed as a ſpecies of

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of money among the ſcholars, who made uſe of them at certain games. I have already ſpoken of a valuation by heads of cattle; ſome of theſe are to be found in the veſtiges of the laws of the ancient German nations, who over-ran the Roman empire. The firſt Romans, or at leaſt the Latins, (their anceſtors,) made uſe of them alſo. It is pretended that the firſt money they ſtruck in braſs, repreſented the value of a ſheep, and bore the image of that animal, and that the name of *pecunia* has obtained from *pecus*. This conjecture carries with it a great probability.

§ 42. *Metals, and particularly gold and ſilver, are the moſt proper for that purpoſe, and why.*

We are now arrived at the introduction of the precious metals into trade. All metals, as they have been diſcovered, have been admitted into exchange, on account of their real utility. Their ſplendor has cauſed them to be ſought for, to ſerve as ornaments; their ductility and their ſolidity have rendered them proper for utenſils, more durable and lighter than thoſe of clay. But theſe ſubſtances cannot be brought into commerce with-

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out becoming almoſt immediately a univerſal money. A piece of any metal, of whatever ſort, has exactly the ſame qualities as another piece of the ſame metal provided they are both equally pure. Now the eaſe with which we can ſeparate, by different chemical operations, a metal from other metals with which it is incorporated, enables us to bring it to a degree of purity, or, as they call it, to what ſtandard we pleaſe; then the value of metal differs only as to its weight. In expreſſing, therefore, the value of any merchandize by the weight of metal which may be had in exchange, we ſhall then have the cleareſt, the moſt commodious, and moſt preciſe expreſſion of value; and hence it is impoſſible but it muſt be preferred in practice to all other things. Nor are metals leſs proper than other merchandize for becoming the univerſal token of all value that can be meaſured: as they are ſuſceptible of all imaginable diviſions, there is not any object of commerce, great or ſmall, whoſe value cannot be exactly paid by a certain quantity of metal. To this advantage of accommodating itſelf to every ſpecies of diviſion, they join that of being unalterable, and thoſe which are ſcarce, as gold and ſilver, have a great value,

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value, although of a weight and ſize little conſiderable.

Theſe two metals are then, of all merchandize, the moſt eaſy to aſcertain their quality, to divide their quantity, and to convey to all places at the eaſieſt expence. Every one, therefore, who has a ſuperfluity, and who is not at the time in want of another uſeful commodity, will haſten to exchange it for ſilver, with which he is more certain, than with any thing elſe, to procure himſelf the commodity he ſhall wiſh for at the time he is in want.

§ 43. *Gold and ſilver are conſtituted, by the nature of things, money, and univerſal money, independent of all convention, and of all laws.*

Here then is gold and ſilver conſtituted money, and univerſal money, and that without any arbitrary agreement among men, without the intervention of any law, but only by the nature of things. They are not, as many people imagine, ſigns of value; they have an intrinſic value in themſelves, if they are capable of being the meaſure

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ſure and the token of other values. This property they have in common with all other commodities which have a value in commerce. They only differ in being at the ſame time more diviſable, more unchangeable, and of more eaſy conveyance than other merchandize, by which they are more commodiouſly employed to meaſure and repreſent the value of others.

§ 44. *Other metals are only employed for theſe uſes, in a ſecondary manner.*

All metals are capable of being employed as money. But thoſe which are too common have too little value in a large bulk to be employed in the current uſes of commerce. Copper, ſilver, and gold, are the only ones which have been brought in conſtant uſe. And even copper, except among people to whom neither mines nor commerce have ſupplied a ſufficient quantity of gold or ſilver, has never been uſed but in exchanges of ſmall value.

§ 45. *The uſe of gold and ſilver, as money, has augmented their value as materials.*

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It is not poſſible, but the eagerneſs with which every one has ſought to exchange their ſuperfluous commodities for gold and ſilver, rather than for any other commodity, muſt have augmented the value of theſe two materials in commerce. Theſe are only thereby rendered more commodious for their employment as tokens, or common meaſure.

§ 46. *Variations in the value of gold and ſilver, compared with the other objects of commerce, and with each other.*

This value is ſuſceptible of change, and in truth is continually changing; ſo that the ſame quantity of metal which anſwered to a certain quantity of ſuch or ſuch a commodity, becomes no longer equal thereto, and it requires a greater or leſs quantity of ſilver to repreſent the ſame commodity. When it requires more, it is ſaid the commodity is dearer; when it requires leſs, that it is become cheaper; but they may as well ſay, that the ſilver is in the firſt caſe become cheaper, and in the latter dearer. Silver and gold not only vary in price, compared with all other commodities,

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commodities, but they vary alſo with each other in proportion as they are more or leſs abundant. It is notorious, that we now give in Europe from fourteen to fifteen ounces of ſilver for one ounce of gold; and that in former times we gave only ten or eleven ounces.

Again, that at preſent in China, they do not give more than twelve ounces of ſilver for one ounce of gold, ſo that there is a very great advantage in carrying ſilver to China, to exchange for gold, to bring back to Europe. It is viſible, that, in proceſs of time, this commerce will make gold more common in Europe, and leſs common in China, and that the value of theſe two materials muſt finally come in both places to the ſame proportion.

A thouſand different cauſes concur, to fix and to change inceſſantly the comparative value of commodities, either with reſpect to each other, or with reſpect to ſilver. The ſame cauſes conſpire to fix and vary the comparative value, whether in reſpect to the value of each commodity in particular, or with reſpect to the totality of the

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other values which are actually in commerce. It is not poſſible to inveſtigate theſe different cauſes, or to unfold their effects, without entering into very extenſive and very difficult details, which I ſhall decline in this diſcuſſion.

§ 47. *The uſe of payments in money, has given room for the diſtinction of ſeller and buyer.*

In proportion as mankind became familiarized to the cuſtom of valuing all things in ſilver, of exchanging all their ſuperfluous commodities for ſilver, and of not parting with that money but for things which are uſeful or agreeable to them at the moment, they become accuſtomed to conſider the exchanges of commerce in a different point of view. They have made a diſtinction of two perſons, the buyer and the ſeller: the ſeller is him who gives commodities for money; and the buyer is him who gives money for commodities.

§ 48. *The uſe of money has much facilitated the ſeparation of different labours among the different orders of ſociety.*

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The more money becomes a univerſal medium, the more every one is enabled, by devoting himſelf ſolely to that ſpecies of cultivation and induſtry, of which he has made choice, to diveſt himſelf intirely of every thought for his other wants, and only to think of providing the moſt money he can, by the ſale of his fruits or his labour, being ſure with that money to poſſeſs all the reſt. It is thus, that the uſe of money has prodigiouſly haſtened the progreſs of ſociety.

§ 49. *Of the exceſs of annual produce, accumulated to form capitals.*

As ſoon as men are found, whoſe property in land aſſures them an annual revenue more than ſufficient to ſatisfy all their wants, among them there are ſome, who, either uneaſy reſpecting the future, or, perhaps, only provident, lay by a portion of what they gather every year, either with a view to guard againſt poſſible accidents, or to augment their enjoyments. When the commodities they have gathered are difficult to preſerve, they ought to procure themſelves in exchange, ~~ſuch~~ objects of a more durable nature, and ſuch

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as will not decreaſe in ~~their~~ value by time, or ~~thoſe~~ as may be employed in ſuch a manner, ~~as to~~ procure ſuch profits as will make good the decreaſe with advantage.

§ 50. *Perſonal property, accumulation of money.*

This ſpecies of poſſeſſion, reſulting from the accumulation of annual produce, not conſumed, is known by the name of *perſonal property*. Houſhold goods, houſes, merchandize in ſtore, utenſils of trade, and cattle are under this denomination. It is evident men muſt have toiled hard to procure themſelves as much as they could of this kind of wealth, before they became acquainted with the uſe of money; but it is not leſs evident but, as ſoon as it was known, that it was the leaſt liable to alteration of all the objects of commerce, and the moſt eaſy to preſerve without trouble, it would be principally ſought after by whoever wiſhed to accumulate. It was not the proprietors of land only who thus accumulated their ſuperfluity. Although the profits of induſtry are not, like the revenue of lands, a gift of nature; and the induſtrious man draws from his

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his labour only the price which is given him by the perſons who pay him his wages; although the latter is as frugal as he can of his ſalary, and that a competition obliges an induſtrious man to content himſelf with a leſs price than he otherwiſe would do, it is yet certain that theſe competitions have neither been ſo numerous or ſtrong in any ſpecies of labour, but that a man more expert, more active, and who practices more œconomy than others in his perſonal expences, has been able, at all times, to gain a little more than ſufficient to ſupport him and his family, and reſerve his ſurplus to form a little hoard.

§ 51. *Circulating wealth is an indiſpenſible requiſite for all lucrative works.*

It is even neceſſary, that in every trade the workmen, or thoſe who employ them, poſſeſs a certain quantity of circulating wealth, collected before-hand. We here again are obliged to go back to a retroſpect of many things which have been as yet only hinted at, after we have ſpoken of the diviſion of different profeſſions, and of the different methods by which the proprietors of ca-

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pitals may render them of value; because, otherwise, we should not be able to explain them properly, without interrupting the connection of our ideas.

§ 52. *Necessity of advances for cultivation.*

Every species of labour, of cultivation, of industry, or of commerce, require advances. When people cultivate the ground, it is necessary to sow before they can reap; they must also support themselves until after the harvest. The more cultivation is brought to perfection and enlivened, the more considerable these advances are. Cattle, utensils for farming, buildings to hold the cattle, to store the productions, a number of persons, in proportion to the extent of the undertaking, must be paid and subsisted until the harvest. It is only by means of considerable advances, that we obtain rich harvests, and that lands produce a large revenue. In whatever business they engage, the workman must be provided with tools, must have a sufficient quantity of such materials as the object of his labour requires: and he must subsist until the sale of his goods.

§ 53. *First*

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§ 53. *First advances furnished by the land although uncultivated.*

The earth was ever the first and the only source of all riches: it is that which by cultivation produces all revenue; it is that which has afforded the first fund for advances, anterior to all cultivation. The first cultivator has taken the grain he has sown from such productions as the land had spontaneously produced; while waiting for the harvest, he has supported himself by hunting, by fishing, or upon wild fruits. His tools have been the branches of trees, procured in the forests, and cut with stones sharpened upon other stones; the animals wandering in the woods he has taken in the chace, caught them in his traps, or has subdued them unawares. At first he has made use of them for food, afterwards to help him in his labours. These first funds or capital have increased by degrees. Cattle were in early times the most sought after of all circulating property; and were also the easiest to accumulate; they perish, but they also breed, and this sort of riches is in some respects unperishable. This capital augmemts by generation alone, and affords

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an annual produce, either in milk, wool, leather, and other materials, which, with wood taken in the foreſt, have effected the firſt foundations for works of induſtry.

§ 54. *Cattle, a circulating wealth, even before the cultivation of the earth.*

In times when there was yet a large quantity of uncultivated land, and which did not belong to any individual, cattle might be maintained without having a property in land. It is even probable, that mankind have almoſt every where began to collect flocks and herds, and to live on what they produced, before they employed themſelves in the more laborious occupation of cultivating the ground. It ſeems that thoſe nations who firſt cultivated the earth, are thoſe who found in their country ſuch ſorts of animals as were the moſt ſuſceptible of being tamed, and that they have by this been drawn from the wandering and reſtleſs life of hunters and fiſhers, to the more tranquil enjoyment of paſtoral purſuits. Paſtoral life requires a longer reſidence in the ſame place, affords more leiſure, more opportunities to ſtudy the difference

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ference of lands, to obſerve the ways of nature in the productions of ſuch plants as ſerve for the ſupport of cattle. Perhaps it is for this reaſon, that the Aſiatic nations have firſt cultivated the earth, and that the inhabitants of America have remained ſo long in a ſavage ſtate.

§ 55. *Another ſpecies of circulating wealth, and advances neceſſary for cultivation, ſlaves.*

The ſlaves were another kind of perſonal property, which at firſt were procured by violence, and afterwards by way of commerce and exchange. Thoſe that had many, employed them not only in the culture of land, but in various other channels of labour. The facility of accumulating, almoſt without meaſure, thoſe two ſources of riches, and of making uſe of them abſtractedly from the land, cauſed the land itſelf to be eſtimated, and the value compared to moveable riches.

§ 56. *Perſonal property has an exchangeable value, even for land itſelf.*

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A man that would have been poſſeſſed of a quantity of lands without cattle or ſlaves, would undoubtedly have made an advantageous bargain, in yielding a part of his land, to a perſon that would have offered him in exchange, cattle and ſlaves to cultivate the reſt. It is chiefly by this principle that property in land entered likewiſe into commerce, and had a comparative value with that of all the other goods. If four buſhels of corn, the net produce of an acre of land, was worth ſix ſheep, the acre itſelf that feeds them could have been given for a certain value, greater indeed, but always eaſy to ſettle by the ſame way, as the price of other wares. Namely, at firſt by debates among the two contractors, next, by the current price eſtabliſhed by the agreement of thoſe who exchange land for cattle, or the contrary. It is by the ſcale of this current ſpecie that lands are appraiſed, when a debtor is proſecuted by his creditor, and is conſtrained to yield up his property.

§ 57. *Valuation of lands by the proportion of their revenue, with the ſum of perſonal property, or the*

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the value for which they are exchanged: this proportion is called the price of lands.

It is evident, that if land, which produces a revenue equivalent to ſix ſheep, can be ſold for a certain value, which may always be expreſſed by a number of ſheep equivalent to that value; this number will bear a fixed proportion with that of ſix, and will contain it a certain number of times. Thus the price of an eſtate is nothing elſe but its revenue multiplied a certain number of times; twenty times if the price is a hundred and twenty ſheep; thirty times if one hundred and eighty ſheep. And ſo the current price of land is reckoned by the proportion of the value of the revenue; and the number of times, that the price of the ſale contains that of the revenue, is called ſo many years purchaſe of the land. They are ſold at the price of twenty, thirty, or forty years purchaſe, when on purchaſing them we pay twenty, thirty, or forty times their revenue. It is alſo not leſs evident, that this price muſt vary according to the number of purchaſers, or ſellers of land, in the ſame manner as other goods vary in a ratio to the different proportion between the offer and the demand.

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§ 58. *All capital in money, and all value whatever, is equivalent to land producing a revenue equal to a (determined sum.) First, employ of capitals, purchase of lands.*

Let us now go back to the time after the introduction of money. The facility of accumulating it has soon rendered it the most desirable part of personal property, and has afforded the means of augmenting, by economy, the quantity of it without limit. Whoever, either by the revenue of his land, or by the salary of his labour or industry, receives every year a higher income than he needs to spend, may lay up the residue and accumulate it: these accumulated values are what we name a capital. The pusillanimous miser, that keeps his money with the mere view of soothing his imagination against apprehension of distress in the uncertainty of futurity, keeps his money in a hoard. If the dangers he had foreseen should eventually take place, and he in his poverty be reduced to live every year upon the treasure, or a prodigal successor lavish it by degrees, this treasure would soon be exhausted, and the capital totally lost to the possessor. The latter can draw a far greater advantage

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vantage from it; for an eſtate in land of a certain revenue, being but an equivalent of a ſum of value equal to the revenue, taken a certain number of times, it follows, th at any ſum whatſoever of value is equivalent to an eſtate in land, producing a revenue equal to a fixed proportion of that ſum. It is perfectly the ſame whether the amount of this capital conſiſts in a maſs of metal, or any other matter, ſince money repreſents all kinds of value, as well as all kinds of value repreſent money. By theſe means the poſſeſſor of a capital may at firſt employ it in the purchaſe of lands; but he is not without other reſources.

§ 59. *Another employment for money in advances for enterpriſes of manufacture or induſtry.*

I have already obſerved, that all kinds of labour, either of cultivation or induſtry, required advances, And I have ſhewn how the earth, by the fruits and herbages it ſpontaneouſly produces for the nouriſhment of men and animals, and by the trees, of which man has firſt formed his utenſils, had furniſhed the firſt advances for cultivation; and even of the firſt manual works a man can performs

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form for his own ſervice. For inſtance, it is the earth that provides the ſtone, clay, and wood, of which the firſt houſes were built; and, before the diviſion of profeſſions, when the ſame man that cultivated the earth provided alſo for his other wants by his own labour, there was no need of other advances: But when a great part of ſociety began to have no reſource but in their hands, it was neceſſary that thoſe who lived thus upon ſalaries, ſhould have ſomewhat before-hand, that they might either procure themſelves the materials on which they laboured, or ſubſiſt during the time they were waiting for their ſalary.

§ 60. *Explanation of the uſe of the advances of capitals in enterpriſes of induſtry; on their returns and the profits they ought to produce.*

In early times, he that employed labouring people under him, furniſhed the materials himſelf, and paid from day to day the ſalaries of the workmen. It was the cultivator or the owner himſelf that gave to the ſpinner the hemp he had gathered, and he maintained her during the time of her working. Thence he paſſed the yarn to a weaver, to whom

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whom he gave every day the ſalary agreed upon. But thoſe ſlight daily advances can only take place (in the coarſeſt works.) A vaſt number of arts, and even of thoſe arts indiſpenſible for the uſe of the moſt indigent members of ſociety, require that the ſame materials ſhould paſs through many different hands, and undergo, during a conſiderable ſpace of time, difficult and various operations. I have already mentioned the preparation of leather, of which ſhoes are made. Whoever has ſeen the workhouſe of a tanner, cannot help feeling the abſolute impoſſibility of one, or even ſeveral indigent perſons providing themſelves with leather, lime, tan, utenſils, &c. and cauſing the requiſite buildings to be erected to put the tan houſe to work, and of their living during a certain ſpace of time, till their leather can be ſold. In this art, and many others, muſt not thoſe that work on it have learned the craft before they preſume to touch the materials, leſt they ſhould waſte them in their firſt trials? Here then is another abſolute neceſſity of advances. Who ſhall now collect the materials for the manufactory, the ingredients, the requiſite utenſils for their preparation? Who is to conſtruct canals, markets, and buildings of every deno-

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denomination? How ſhall that multitude of workmen ſubſiſt till the time of their leather being ſold, and of whom none individually would be able to prepare a ſingle ſkin; and where the emolument of the ſale of a ſingle ſkin could not afford ſubſiſtence to any one of them? Who ſhall defray the expences for the inſtruction of the pupils and apprentices? Who ſhall maintain them until they are ſufficiently inſtructed, guiding them gradually from an eaſy labour proportionate to their age, to works that demand more vigour and ability? It muſt then be one of thoſe proprietors of capitals, or moveable accumulated property that muſt employ them, ſupplying them with advances in part for the conſtruction and purcaſe of materials, and partly for the daily ſalaries of the workmen that are preparing them. It is he that muſt expect the ſale of the leather, which is to return him not only his advances, but alſo an emolument ſufficient to indemnify him for what his money would have procured him, had he turned it to the acquiſition of lands, and moreover of the ſalary due to his troubles and care, to his riſque, and even to his ſkill; for ſurely, upon equal profits, he would have preferred living without ſolicitude, on

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the revenue of land, which he could have purchaſed with the ſame capital. In proportion as this capital returns to him by the ſale of his works, he employs it in new purchaſes for ſupporting his family, and maintaining his manufactory; by this continual circulation, he lives on his profits, and lays by in ſtore what he can ſpare to increaſe his ſtock, and to advance his enterprize by augmenting the maſs of his capital, in order proportionably to augment his profits.

§ 61. *Subdiviſion of the induſtrious ſtipendiary claſs, in undertaking capitaliſts and ſimple workmen.*

Thus the whole claſs employed in ſupplying the different wants of ſociety, with an immenſe variety of works of induſtry, is, if I may ſpeak thus, ſubdivided into two claſſes. The one, of the undertakers, manufacturers and maſters, all proprietors of large capitals, which they avail themſelves of, by furniſhing work to the other claſs, compoſed of artificers, deſtitute of any property but their hands, who advance only their daily labour, and receive no profits but their ſalaries.

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§ 62. *Another employment of capitals, in advances towards undertakings of agriculture. Observations on the uſe, and indiſpenſible profits of capitals in undertakings of agriculture.*

In ſpeaking firſt of the placing of capitals in manufacturing enterprizes, I had in view to adduce a more ſtriking example, of the neceſſity and effect of large advances, and of the courſe of their circulation. But I have reverſed the natural order, which ſeemed to require that I ſhould rather begin to ſpeak of enterprizes of agriculture, which alſo can neither be performed, nor extended, nor afford any profit, but by means of conſiderable advances. It is the proprietors of great capitals, who, in order to make them productive in undertakings of agriculture, take leaſes of lands, and pay to the owners large rents, taking on themſelves the whole burthen of advances. Their caſe muſt neceſſarily be the ſame as that of the undertakers of manufactures. Like them, they are obliged to make the firſt advances towards the undertaking, to provide themſelves with cattle, horſes, utenſils of huſbandry, to purchaſe the firſt ſeeds; like them, they muſt maintain and nouriſh their carters, reapers, threſhers,

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ers, ſervants, and labourers, of every denomination, who ſubſiſt only by their hands, who advance only their labour, and reap only their ſalaries. Like them, they ought to have not only their capital, I mean, all their prior and annual advances returned, but, 1ſt. a profit equal to the revenue they could have acquired with their capital, excluſive of any fatigue; 2dly. The ſalary, and the price of their own trouble, of their riſk, and their induſtry; 3dly. An emolument to enable them to replace the effects employed in their enterprize, and the loſs by waſte, cattle dying, and utenſils wearing out, &c. all which ought to be firſt charged on the products of the earth. The overplus will ſerve the cultivator to pay to the proprietor, for the permiſſion he has given him to make uſe of his field, in the accompliſhing of his enterprize; that is, the price of the leaſehold, the rent of the proprietor and the clear product: for all that the land produces, until reimburſement of the advances, and profits of every kind to him that has made theſe advances, cannot be looked upon as a revenue, but only as a reimburſement of the expences of the cultivation, ſince if the cultivator could not

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obtain them, he would be loath to risk his wealth and trouble in cultivating the field of another.

§ 63. *The competition between the capitalists, undertakers of cultivation, fixes the current price of leases of lands.*

The competition between rich undertakers of cultivation fixes the current price of leases, in proportion to the fertility of the soil, and of the rate at which its productions are sold, always according to the calculation which farmers make both of their expenditures, and of the profits they ought to draw from their advances. They cannot give to the owners more than the overplus. But when the competition among them happens to be more animated, they sometimes render him the whole overplus, the proprietor leasing his land to him that offers the greatest rent.

§ 64. *The default of capitalists, undertakers, limits the cultivation of lands to a small extent.*

When, on the contrary, there are no rich men that possess capitals large enough to embark in enterprizes

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terprizes of agriculture; when, through the low rate of the productions of the earth, or any other cauſe, the crops are not ſufficient to enſure to the undertakers, beſides the reimburſement of their capital, emoluments adequate at leaſt to thoſe they would derive from their money, by employing it in ſome other channel; there are no farmers that offer to leaſe lands, the proprietors are conſtrained to hire mercenaries or *metayers*, which are equally unable to make any advances, or duly to cultivate it. The proprietor himſelf makes moderate advances, which only produce him an indifferent revenue: If the land happens to belong to an owner, poor, negligent, and in debt, to a widow, or a minor, it remains unmanured; ſuch is the principle of the difference I have obſerved between provinces, where the lands are cultivated by opulent farmers, as in Normandy and the Iſle de France, and thoſe where they are cultivated only by indigent mercenaries, as in Limouſin, Angoumois, Bourbonnois, and ſeveral others.

§ 65. *Subdiviſion of the claſs of cultivators into undertakers, or farmers, and hired perſons, ſervants, and day-labourers.*

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Hence it follows, that the claſs of cultivators may be divided, like that of manufacturers, into two branches, the one of undertakers or capitaliſts, who make the advances, the other of ſimple ſtipendiary workmen. It reſults alſo, that capitals alone can form and ſupport great enterprizes of agriculture, that give to the lands an unvariable value, if I may uſe the expreſſion; and that ſecure to the proprietors a revenue always equal, and the largeſt poſſible.

§ 66. *Fourth employment of capitals, in advances for enterprizes of commerce. Neceſſity of the interpoſition of merchants, properly ſo called, between the producers of the commodities and the conſumers.*

The undertakers either in cultivation or manufacture, draw their advances and profits only from the ſale of the fruits of the earth, or the commodities fabricated. It is always the wants and the ability of the conſumer that ſets the price on the ſale; but the conſumer does not want the produce prepared or fitted up at the moment of the crop, or the perfection of the work. However, the undertakers want their ſtocks immediately and regularly

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regularly reimburſed, to embark in freſh enterprizes: the manuring and the ſeed ought to ſucceed the crops without interruption. The workmen of a manufacture are unceaſingly to be employed in beginning other works, in proportion as the firſt are diſtributed, and to replace the materials in proportion as they are conſumed. It would not be adviſeable to ſtop ſhort in an enterprize once put in execution, nor is it to be preſumed that it can be begun again at any time. It is then the ſtricteſt intereſt of the undertaker, to have his capital quickly reimburſed by the ſale of his crop or commodities. On the other hand, it is the conſumer's intereſt to find, when and where he wiſhes it, the things he ſtands in need of; it would be extremely inconvenient for him to be neceſſitated to make, at the time of the crop, his proviſion for the whole courſe of a year. Among the objects of uſual conſumption, there are many that require long and expenſive labours, labours that cannot be undertaken with profit, except on a large quantity of materials, and on ſuch as the conſumption of a ſmall number of inhabitants of a limited diſtrict, may not be ſufficient for even the ſale of the work of a ſingle manufactory. Under-

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takings of this kind muſt then neceſſarily be in a reduced number, at a conſiderable diſtance from each other, and conſequently very diſtant from the habitations of the greater number of conſumers. There is no man, not oppreſſed under the extremeſt miſery, that is not in a ſituation to conſume ſeveral things, which are neither gathered nor fabricated, except in places conſiderably diſtant from him, and not leſs diſtant from each other. A perſon that could not procure himſelf the objects of his conſumption but in buying it directly from the hand of him that gathers or works it, would be either unprovided with many commodities, or paſs his life in wandering after them.

This double intereſt which the perſon producing and the conſumer have, the former to find a purchaſer, the other to find where to purchaſe, and yet not to waſte uſeful time in expecting a purchaſer, or in finding a ſeller, has given the idea to a third perſon to ſtand between the one and the other. And it is the object of the mercantile profeſſion, who purchaſe goods from the hands of the perſon who produces them, to ſtore them in warehouſes, whither the conſumer comes to make his purchaſe.

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purchaſe. By theſe means the undertaker, aſſured of the ſale and the (re-acquiſition) of his funds, looks undiſturbed and indefatigably out for new productions, and the conſumer finds within his reach and at once, the objects of which he is in want.

§ 67. *Different orders of Merchants. They all are alike employed in purchaſing to ſell again, and their traffic is ſupported by advances which are to revert with a profit, to be engaged in new enterprizes.*

From the green-woman who expoſes her ware in a market, to the merchants of Nantz or Cadiz, who traffic even to India and America, the profeſſion of a trader, or what is properly called commerce, divides into an infinity of branches, and it may be ſaid, of degrees. One trader confines himſelf to provide one or ſeveral ſpecies of commodities which he ſells in his ſhop to thoſe who chuſe; another goes with certain commodities to a place where they are in demand, to bring from thence in exchange, ſuch things as are produced there, and are wanted in the place from whence he departed: one makes his exchanges in his own neighbourhood, and by himſelf; another by means of

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of correſpondents, and by the interpoſition of carriers, whom he pays, employs, and ſends from one province to another, from one kingdom to another, from Europe to Aſia, and from Aſia back to Europe. One ſells his merchandize by retail to thoſe who uſe them; another only ſells in large parcels at a time, to other traders who retail them out to the conſumers; but all have this in common that they buy to ſell again, and that their firſt purchaſes are advances which are returned to them only in courſe of time. They ought to be returned to them, like thoſe of the cultivators and manufacturers, not only within a certain time, to be employed again in new purchaſes, but alſo, 1. with an equal revenue to what they could acquire with their capitals without any labour; 2. with the value of their labour, of their riſk, and of their induſtry. Without being aſſured of this return, and of theſe indiſpenſible profits, no trader would enter into buſineſs, nor could any one poſſibly continue therein: 'tis in this view he governs himſelf in his purchaſes, on a calculation he makes of the quantity and the price of the things, which he can hope to diſpoſe of in a certain time: the retailer learns from experience, by the ſucceſs of limitted trials made with

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with precaution, what is nearly the wants of those consumers who deal with him. The merchant learns from his correspondents, of the plenty or scarcity, and of the price of merchandize in those different countries to which his commerce extends; he directs his speculations accordingly; he sends his goods from the country where they bear a low price to those where they are sold dearer, including the expence of transportation in the calculation of the advances he ought to be reimbursed. Since trade is necessary, and it is impossible to undertake any commerce without advances proportionable to its extent; we here see another method of employing personal property, a new use that the possessor of a parcel of commodities reserved and accumulated, of a sum of money, in a word, *of a capital*, may make of it to procure himself subsistence, and to augment, his riches.

§ 68. *The true idea of the circulation of money.*

We see by what has been just now said, how the cultivation of lands, manufactures of all kinds, and all the branches of trade, depend on a mass of

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of capital, or the accumulation of perſonal property, which, having been at firſt advanced by the undertakers, in each of theſe different branches, ought to return to them again every year with a regular profit; that is, the capital to be again inveſted, and advanced in the continuation of the ſame enterprizes, and the profits employed for the greater or leſs ſubſiſtance of the undertakers. It is this continued advance and return which conſtitutes what ought to be called the circulation of money: this uſeful and fruitful circulation, which animates all the labour of ſociety, which ſupports all the motion, and is the life of the body politic, and which is with great reaſon compared to the circulation of the blood in the human body. For, if by any diſorder in the courſe of the expences of the different orders of ſociety, the undertakers ceaſe to draw back their advances with ſuch profit as they have a right to expect; it is evident they will be obliged to reduce their undertakings; that the total of the labour, of the conſumption of the fruits of the earth, of the productions and of the revenue would be equally diminiſhed; that poverty will ſucceed to riches, and that the common

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common workman, ceasing to find employ, will fall into the deepest misery.

§ 69. *All extensive undertakings, particularly those of manufactures and of commerce, must indispensibly have been very confined, before the introduction of gold and silver in trade.*

It is almost unnecessary to remark, that undertakings of all kinds, but especially those of manufactures, and above all those of commerce, must, unavoidably be very confined, before the introduction of gold and silver in trade; since it was almost impossible to accumulate considerable capitals, and yet more difficult, to multiply and divide payments so much as is necessary, to facilitate and increase the exchanges to that extent, which a spirited commerce and circulation require. The cultivation of the land only may support itself to a certain degree, because the cattle are the principal cause of the advances required therein, and it is very probable, there is then no other adventurer in cultivation but the proprietor. As to arts of all kinds, they must necessarily have been in the greatest languor before the introduction

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duction of money; they were confined to the coarſeſt works, for which the proprietors ſupported the advances, by nouriſhing the workmen, and furniſhing them with materials, or they cauſed them to be made in their own houſes by their ſervants.

§ 70. *Capitals being as neceſſary to all undertakings as labour and induſtry, the induſtrious man ſhares voluntarily the profit of his enterprize with the owner of the capital, who furniſhes him the funds he is in need of.*

Since capitals are the indiſpenſible foundation of all lucrative enterprizes; ſince with money we can furniſh means for culture, eſtabliſh manufactures, and raiſe a commerce, the profits of which being accumulated and frugally laid up, will become a new capital; ſince, in a word, money is the principal means to beget money; thoſe who with induſtry and the love of labour are deſtitute of capital, and have not ſufficient for the undertakings they wiſh to embark in, have no difficulty in reſolving to give up to the proprietors of ſuch capital or money, who are willing to truſt them, a portion

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a portion of the profits which they are in expectation of gaining, over and above their advances.]

§ 71. *Fifth employment of capitals, lending on intereſt; nature of a loan.*

The poſſeſſors of money balance the riſque their capital may run, if the enterprize does not ſucceed, with the advantage of enjoying a conſtant profit without toil; and regulate themſelves thereby, to require more or leſs profit or intereſt for their money, or to conſent to lend it for ſuch an intereſt as the borrower offers. Here another opportunity opens to the poſſeſſor of money, viz. lending on intereſt, or the commerce of money. Let no one miſtake me here, lending on intereſt is only a trade, in which the lender is a man who ſells the uſe of his money, and the borrower one who buys; preciſely the ſame as the proprietor of an eſtate, or the perſon who farms it, buys and ſells reſpectively the uſe of the hired land. The Latin term for a loan of money or intereſt, expreſſes it exactly, *uſura pecuniæ*, a word which adopted into the French language

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is become odious, by a conſequence of falſe ideas being adopted on the intereſt of money.

§ 72. *Falſe ideas on lending upon intereſt.*

The rate of intereſt is by no means founded, as may be imagined, on the profit the borrower hopes to make, with the capital of which he purchaſes the uſe. This rate like the price of all other merchandize, is fixed by the circumſtances of buyer and ſeller; by the proportion of the ſum offered with the demand. People borrow with every kind of view, and with every ſort of motive. One borrows to undertake an enterprize that is to make his fortune, another to buy an eſtate, another to pay his loſſes at play, another to ſupply the loſs of his revenue, of which ſome accident has deprived him, another to exiſt on, in expectation of what he is able to gain by his labour; but all theſe motives which determine the borrower, are very indifferent to the lender. He attends to two things only, the intereſt he is to receive, and the ſafety of his capital. He never attends to the uſe the borrower puts it to, as a merchant does not care to what

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what uſe the buyer applies the commodities he ſells him.

§ 73. *Errors of the ſchoolmen refuted.*

Omit this §. not in French edition

It is for want of having examined the lending of money on intereſt in its true point of view, that moraliſts, more rigid than enlightened, would endeavour to make us look on it as a crime. Scholaſtic theologiſts have concluded, that as money itſelf was not prolific, it was unjuſt to require a premium for the loan of it. Full of theſe prejudices they have fancied their doctrine was ſanctioned by this paſſage in the Goſpel, *mutuum date nihil inde ſperantes:* Thoſe theologians who have adopted more reaſonabe principles on the ſubject of intereſt of money, have been branded with the harſheſt reproaches from thoſe who adopt the other ſide of the queſtion.

Nevertheleſs, there are but few reflections neceſſary to expoſe the trifling reaſons that are adduced to condemn the taking of intereſt. A loan of money is a reciprocal contract, free between both parties, and entered into only by reaſon of

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its being mutually advantageous. It is evident, if the lender finds an advantage in receiving an intereſt for his money, the borrower is not leſs intereſted in finding that money he ſtands in need of, ſince otherwiſe he would not borrow and ſubmit himſelf to the payment of intereſt. Now on this principle, can any one look on ſuch an advantageous contract as a crime, in which both parties are content, and which certainly does no injury to any other perſon? Let them ſay the lender takes advantage of the wants of the borrower, to force the payment of intereſt, this is talking as abſurd as if we were to ſay, that a baker who demands money for the bread he ſells, takes advantage of his cuſtomer's wants. If in this latter caſe, the money is an equivalent for the bread the buyer receives, the money which the borrower receives to day, is equally an equivalent for the capital and intereſt he agrees to pay at the expiration of a certain time; for in fact, it is an advantage to the borrower, to have, during that interval, the uſe of the money he ſtands in need of, and it is a diſadvantage to the lender to be deprived of it. This diſadvantage may be eſtimated, and it is eſtimated, the intereſt is the rate. This rate ought to be larger,

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larger, if the lender runs a riſk of loſing his capital by the borrower becoming inſolvent. The bargain therefore is perfectly equal on both ſides and conſequently, fair and honeſt. Money conſidered as a phyſical ſubſtance, as a maſs of metal, does not produce any thing; but money made uſe of in advances in cultivation, in manufacture, in commerce, produces a certain profit; with money we can acquire land, and thereby procure a revenue: the perſon therefore who lends his money, does not only give up the unfruitful poſſeſſion of ſuch money, but deprives himſelf of the profit which it was in his power to procure by it, and the intereſt which indemnifies him from this loſs cannot be looked upon as unjuſt. The ſchoolmen, compelled to acknowledge the juſtice of theſe conſiderations, have allowed that intereſt for money may be taken, provided the capital is alienated, that is, provided the lender gave up his right to be reimburſed his money in a certain time, and permitted the borrower to retain it as long as he was inclined to pay the intereſt thereof only. The reaſon of this toleration was, that then it is no longer a loan of money for which an intereſt is paid, but a purchaſe, which is bought with a ſum

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of money, as we purchaſe lands. This was a mode to which they had recourſe, to comply with the abſolute neceſſity which exiſts of borrowing money, in the courſe of the tranſactions of ſociety, without fairly avowing the fallacy of thoſe principles, upon which they had condemned the practice: but this clauſe for the alienation of the capital, is not an advantage to the borrower, who remains equally indebted to the lender, until he ſhall have repaid the capital, and whoſe property always remains as a ſecurity for the ſafety of ſuch capital;—it is even a diſadvantage, as he finds it more difficult to borrow money when he is in want of it; for perſons who would willingly conſent to lend for a year or two, a ſum of money which they had deſtined for the purchaſe of an eſtate, would not lend it for an uncertain time. Beſides, if they are permitted to ſell their money for a perpetual rent, why may they not lend it for a certain number of years, for a rent which is only to continue for that term? If an intereſt of 1000 livres *per annum* is equivalent to the ſum of 20000 livres from him to keep ſuch a ſum in perpetuity, 1000 livres will be an equivalent for the poſſeſſion of that ſum for one year.

§ 74. *True*

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§ 74. *True foundation of intereſt of money.*

A man then may lend his money as lawfully as he may ſell it; and the poſſeſſor of money may either do one or the other, not only becauſe money is equivalent to a revenue, and a means to procure a revenue; not only becauſe the lender loſes, during the continuance of the loan, the revenue he might have procured by it; not only becauſe he riſks his capital; not only becauſe the borrower can employ it in advantageous acquiſitions, or in undertakings from whence he will draw a large profit: the proprietor of money may lawfully receive the intereſt of it, by a more general and deciſive principle. Even if none of theſe circumſtances ſhould take place, he will not have the leſs right to require an intereſt for his loan, for this reaſon only, that his money is his own. Since it is his own, he has a right to keep it, nothing can imply a duty in him to lend it; if then he does lend, he may annex ſuch a condition to the loan as he chuſes, in this he does no injury to the borrower, ſince the latter agrees to the conditions, and has no ſort of right over the ſum lent. The profit which money can procure the bor-

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rower, is doubtleſs one of the moſt prevailing motives to determine him to borrow (on intereſt;) it is one of the means which facilitates his payment of the intereſt, but this is by no means that which gives a right to the lender to require it; it is ſufficient for him that his money is his own, and this is a right inſeparable from property. He who buys bread, does is for his ſupport; but the right the baker has to exact a price is totally independent of the uſe of bread; the ſame right he would poſſeſs in the ſale of a parcel of ſtones; a right founded on this principle only, that the bread is his own, and no one has any right to oblige him to give it up for nothing.

§ 75. *Anſwer to an objection.*

This reflection brings us to the conſideration of the application made by an author, of the text, *mutuum date nihil inde ſperantes*, and ſhews how falſe that application is, and how diſtant from the meaning of the Goſpel. The paſſage is clear, as interpreted by modern and reaſonable divines as a precept of charity. All mankind are bound to aſſiſt each other; a rich man who ſhould ſee his fellow

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fellow creature in diſtreſs, and who, inſtead of gratuitouſly aſſiſting, ſhould ſell him what he needed, would be equally deficient in the duties of chriſtianity and of humanity. In ſuch circumſtances, charity does not only require us to lend without intereſt, ſhe orders us to lend, and even to give if neceſſary. To convert the precept of charity into a precept of ſtrict juſtice, is equally repugnant to reaſon, and the ſenſe of the text. Thoſe whom I here attack do not pretend that it is a duty of juſtice to lend their money; they muſt be obliged then to confeſs, that the firſt words of the paſſage, *mutuum date*, contain only a precept of charity. Now I demand why they extend the latter part of this paſſage to a principle of juſtice. What, is the duty of lending not a ſtrict precept, and ſhall its acceſſary only, the condition of the loan, be made one; It would have been ſaid to man, "It is free for you to lend or not to lend, but if you do lend, take care you do not repuire any intereſt for your money, and even when a merchant ſhall require a loan of you for an undertaking, in which he hopes to make a large profit, it will be a crime in you to accept the intereſt he offers you; you muſt abſolutely either lend to him gratuitouſly, or not lend to him at

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all. You have indeed one method to make the receipt of intereſt lawful, it is to lend your capital for an indefinite term, and to give up all right to be repaid it, which is to be optional to your debtor, when he pleaſes, or when he can. If you find any inconvenience on the ſcore of ſecurity, or if you foreſee you ſhall want your money in a certain number of years, you have no other courſe to take but not to lend: It is better for you to deprive this merchant of this moſt fortunate opportunity, than to commit a ſin by aſſiſting him." This is what they muſt have ſeen in theſe five words, *mutuum date nihil inde ſperantes*, when they have read them under theſe falſe prejudices.

Every man who ſhall read this text unprejudiced, will ſoon find its real meaning; that is, "as men, as Chriſtians, you are all brothers, all friends; act towards each other as brethren and friends; help each other in your neceſſities; let your purſes be reciprocally open to each other, and do not ſell that aſſiſtance which you are mutually indebted to each other, in requiring an intereſt for a loan which charity requires of you as a duty." This is the true ſenſe of the paſſage in queſtion.

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queſtion. The obligation to lend without intereſt, and to lend, have evident relation to each other; they are of the ſame order, and both inculcate a duty of charity, and not a precept of rigorous juſtice, applicable to all caſes of lending.

§ 76. *The rate of intereſt ought to be fixed, as the price of every other merchandize, by the courſe of trade alone.*

I have already ſaid, that the price of money borrowed, is regulated like the price of all other merchandize, by the proportion of the money at market with the demand for it; thus, when there are many borrowers who are in want of money, the intereſt of money riſes; when there are many poſſeſſors who are ready to lend, it falls. It is therefore an error to believe that the intereſt of money in trade ought to be fixed by the laws of princes. It has a current price fixed like that of all other merchandize. This price varies a little, according to the greater or leſs ſecurity which the lender has; but on equal ſecurity, he ought to raiſe and fall his price in proportion to the abundance of the demand, and the law no more ought to

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to fix the intereſt of money than it ought to regulate the price of any other merchandizes which have a currency in trade.

§ 77. *Money has in commerce two different valuations: One expreſſes the quantity of money or ſilver we give to procure different ſorts of commodities; the other expreſſes the relation a ſum of money has to the intereſt it will procure in the courſe of trade.*

It ſeems by this explanation of the manner in which money is either ſold or lent for an annual intereſt, that there are two ways of valuing money in commerce. In buying and ſelling, a certain weight of ſilver repreſents a certain quantity of labour, or of merchandize of every ſpecies; for example, one ounce of ſilver is equal to a certain quantity of corn, or to the labour of a man for a certain number of days. In lending, and in the commerce of money, a capital is the equivalent of an equal rent, to a determinate portion of that capital; and reciprocally an annual rent repreſents a capital equal to the amount of that rent repeated a certain number of times, according as intereſt is at a higher or lower rate.

§ 78. *Theſe*

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§ 78. *Theſe two valuations are independent of each other, and are governed by quite different principles.*

Theſe two different methods of fixing a value, have much leſs connection, and depend much leſs on each other than we ſhould be tempted to believe at firſt ſight. Money may be very common in ordinary commerce, may hold a very low value, anſwer to a very ſmall quantity of commodities, and the intereſt of money may at the ſame time be very high.

I will ſuppoſe there are one million ounces of ſilver in actual circulation in commerce, and that an ounce of ſilver is given in the market for a buſhel of corn. I will ſuppoſe that there is brought into the country in ſome manner or other, another million of ounces of ſilver, and this augmentation is diſtributed to every one in the ſame proportion as the firſt million, ſo that he who had before two ounces, has now four. The ſilver conſidered as a quantity of metal, will certainly diminiſh in price, or which is the ſame thing, commodities will be purchaſed dearer, and it becomes neceſſary

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neceſſary in order to procure the ſame meaſure of corn which he had before with one ounce of ſilver, to give more ſilver, perhaps two ounces inſtead of one. But it does not by any means follow from thence, that the intereſt of money falls, if all this money is carried to market, and employed in the current expences of thoſe who poſſeſs it, as it is ſuppoſed the firſt million of ounces of ſilver was; for the intereſt of money falls only when there is a greater quantity of money to be lent, in proportion to the wants of the borrowers, than there was before. Now the ſilver which is carried to market is not to be lent; it is money which is hoarded up, which forms the accumulated capital for lending; and the augmentation of the money in the market, or the diminution of its price in compariſon with commodities in the ordinary courſe of trade, are very far from cauſing infallibly, or by a neceſſary conſequence, a decreaſe of the intereſt of money; on the contrary, it may happen that the cauſe which augments the quantity of money in the market, and which conſequently increaſes the price of other commodities by lowering the value of ſilver, is preciſely the

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ſame cauſe which augments the hire of money, or the rate of intereſt.

In effect, I will ſuppoſe for a moment, that all the rich people in a country, inſtead of ſaving from their revenue, or from their annual profits, ſhall expend the whole; that, not ſatisfied with expending their whole revenue, they diſſipate ~~a part of~~ their capital; that a man who has 100,000 livres in money, inſtead of employing them in a profitable manner, or lending them, conſumes them by degrees in fooliſh expences; it is apparent that on one ſide there will be more ſilver employed in common circulation, to ſatisfy the wants and humours of each individual, and that conſequently its value will be lowered; on the other hand there will certainly be leſs money to be lent, and as many people will in this ſituation of things ruin themſelves, there will clearly be more borrowers. The intereſt of money will conſequently augment, while the money itſelf will become more plenty in circulation, and the value of it will fall, preciſely by the ſame cauſe.

We

We ſhall no longer be ſurpriſed at this apparent inconſiſtency, if we conſider that the money brought into the market for the purchaſe of corn, is that which is daily circulated to procure the neceſſaries of life; but that which is offered to be lent on intereſt, is what is actually drawn out of that circulation to be laid by and accumulated into a capital.

§ 79. *In comparing the value of money with that of commodities, we conſider ſilver as a metal, which is an object of commerce. In eſtimating the intereſt of money, we attend to the uſe of it during a determinate time,*

In the market a meaſure of corn is purchaſed with a certain weight of ſilver, or a quantity of ſilver is bought with a certain commodity, it is this quantity which is valued and compared with the value of other commodities. In a loan upon intereſt, the object of the valuation is the uſe of a certain quantity of property during a certain time. It is in this caſe no longer a maſs of ſilver, compared with a quantity of corn, but it is a portion of effects compared with a certain portion of the

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the ſame, which is become the cuſtomary price of that maſs for a certain time. Let twenty thouſand ounces of ſilver be an equivalent in the market for twenty thouſand meaſures of corn, or only for ten thouſand, the uſe of thoſe twenty thouſand ounces of ſilver for a year is not worth leſs (on a loan) than the twentieth part of the principal ſum, or one thouſand ounces of ſilver, if intereſt is at five per cent.

§ 80. *The price of intereſt depends immediately on the proportion of the demand of the borrowers, with the offer of the lenders; and this proportion depends principally on the quantity of perſonal property, accumulated by an exceſs of revenue and of the annual produce to form capitals, whether theſe capitals exiſt in money or in any other kind of effects having a value in commerce.*

The price of ſilver in circulation has no influence but with reſpect to the quantity of this metal employed in common circulation; but the rate of intereſt is governed by the quantity of property accumulated and laid by to form a capital. It is indifferent whether this property is in metal

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or other effects, provided these effects, are easily convertible into money. It is far from being the case, that the mass of metal existing in a state, is as large as the amount of the property lent on interest in the course of a year; but all the capitals in furniture, merchandize, tools, and cattle, supply the place of silver and represent it. A paper signed by a man, who is known to be worth 100,000 livres, and who promises to pay 100 marks in a certain time is worth that sum; the whole property of the man who has signed this note is answerable for the payment of it, in whatever the nature of these effects consists, provided they are in value 100,000 livres. It is not therefore the quantity of silver existing as merchandize which causes the rate of interest to rise or fall, or which brings more money in the market to be lent; it is only the capitals existing in commerce, that is to say, the actual value of personal property of every kind, accumulated, successively saved out of the revenues and profits to be employed by the possessors to procure them new revenues and new profits. It is these accumulated savings which are offered to the borrowers, and the more there are of them, the lower the interest of money will

will be, at leaſt if the number of borrowers is not augmented in proportion.

§ 81. *The ſpirit of œconomy continually augments the amount of capitals, luxury continually tends to deſtory them.*

The ſpirit of œconomy in any nation tends inceſſantly to augment the amount of the capitals, to increaſe the number of lenders, and to diminiſh that of the borrowers. The habit of luxury has preciſely a contrary effect, and by what has been already remarked on the uſe of capitals in all undertakings, whether of cultivation, manufacture, or commerce, we may judge if luxury enriches a nation, or impoveriſhes it.

§ 82. *The lowering of intereſt proves, that in Europe œconomy has in general prevailed over luxury.*

Since the intereſt of money has been conſtantly diminiſhing in Europe for ſeveral centuries, we muſt conclude, that the ſpirit of œconomy has been more general than the ſpirit of luxury. It

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is only people of fortune who run into luxury, and among the rich, the ſenſible part of them confine their expences within their incomes, and pay great attention not to touch their capital. Thoſe who wiſh to become rich are far more numerous in a nation than thoſe which are already ſo. Now, in the preſent ſtate of things, as all the land is occupied, there is but one way to become rich; it is either to poſſeſs, or to procure in ſome way or other, a revenue or an annual profit above what is abſolutely neceſſary for ſubſiſtence, and to lay up every year in reſerve to form a capital, by means of which they may obtain an increaſe of revenue or annual profit, which will again produce another ſaving, and become capital. There are conſequently a great number of men intereſted and employed in amaſſing capitals.

§ 83. *Recapitulation of the five different methods of employing capitals.*

I have reckoned five different methods of employing capitals, or of placing them ſo as to procure a profit.

1ſt. To

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1ſt. To buy an eſtate, which brings in a certain revenue.

2d. To employ money in undertakings of cultivation; in leaſing lands whoſe produce ſhould render back, beſides the expences of farming, the intereſt on the advances, and a recompence for the labour of him who employs his property and attention in the cultivation.

3d. To place a capital in ſome undertaking of induſtry or manufactures.

4th. To employ it in commerce.

5th. To lend it to thoſe who want it, for an annual intereſt.

§ 84. *The influence which the different methods of employing money have on each other.*

It is evident that the annual returns, which capitals, placed in different employs, will produce, are proportionate to each other, and all have

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relation to the actual rate of the intereſt of money.

§ 85. *Money inveſted in land, neceſſarily produce leſs.*

The perſon who inveſts his money in land let to a ſolvent tenant, procures himſelf a revenue which gives him very little trouble in receiving, and which he may diſpoſe of in the moſt agreeable manner, by indulging all his inclinations. There is a greater advantage in the purchaſe of this ſpecies of property, than of any other, ſince the poſſeſſion of it is more guarded againſt accidents. We muſt therefore purchaſe a revenue in land at a higher price, and muſt content ourſelves with a leſs revenue for an equal capital.

§ 86. *Money on intereſt ought to bring a little more income, than purchaſed with an equal capital.*

He who lends his money on intereſt, enjoys it ſtill more peaceably and freely than the poſſeſſor of land; but the inſolvency of his debtor may endanger

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danger the loſs of his capital. He will not therefore content himſelf with an intereſt equal to the revenue of the land which he could buy with an equal capital. The intereſt of money lent, muſt conſequently be larger than the revenue of an eſtate purchaſed with the ſame capital; for if the proprietor could find an eſtate to purchaſe of an equal income, he would prefer that.

§ 87. *Money employed in cultivation, manufactures, or commerce, ought to produce more than the intereſt of money on loan.*

By a like reaſon, money employed in agriculture, in manufactures, or in commerce, ought to produce a more conſiderable profit than the revenue of the ſame capital employed in (the purchaſe of) lands, or the intereſt of money on loan; for theſe undertakings, beſides the capital advanced, requiring much care and labour, and if they were not more lucrative, it would be much better to ſecure an equal revenue, which might be enjoyed without labour. It is neceſſary then, that, beſides the intereſt of the capital, the undertaker ſhould draw every year a profit to re-

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compence him for his care, his labour, his talents, the riſque he runs, and to replace what his ſtock may loſe by periſhable goods, which he is obliged to inveſt at firſt in effects capable of receiving injury, and which are after expoſed to all kinds of accidents.

§ 88. *Meantime the freedom of theſe various employments are limitted by each other, and maintain, notwithſtanding their inequality, a ſpecies of equilibrium.*

The different uſes of the capitals produce very unequal profits; but this inequality does not prevent them from having a reciprocal influence on each other, nor from eſtabliſhing a ſpecies of equilibrium among themſelves, like that between two liquors of unequal gravity, and which communicate with each other by means of a reverſed ſyphon, the two branches of which they fill; there can be no height to which the one can riſe or fall, but the liquor in the other branch will be affected in the ſame manner.

I will ſuppoſe, that on a ſudden, a great number of proprietors of lands are deſirous of ſelling them

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them. It is evident that the price of lands will fall, and that with a leſs ſum we may acquire a larger revenue; this cannot come to paſs without the intereſt of money riſing, for the poſſeſſors of money would chuſe rather to buy lands, than to lend at a lower intereſt than the revenue of the lands they could purchaſe. If, then, the borrowers want to have money, they will be conſtrained to pay a greater rate. If the intereſt of the money increaſes, they will prefer lending it, to ſetting out in a hazardous manner on enterprizes of agriculture, induſtry, and commerce: and they will be aware of any enterprizes but thoſe that produce, beſides the retribution for their trouble, an emolument by far greater than the rate of the lender's produce. In a word, if the profits, ſpringing from an uſe of money, augment or diminiſh, the capitals are converted by withdrawing them from other employings, or are withdrawn by converting them to other ends; which neceſſarily alters, in each of thoſe employments, the proportion of profits on the capital to the annual product. Generally, money converted into property in land, does not bring in ſo much as money on intereſt; and money on intereſt brings leſs than money

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uſed in laborious enterprizes: but the produce of money laid out in any way whatever, cannot augment or decreaſe without implying a proportionate augmentation, or decreaſe in other employments of money.

§ 89. *The current intereſt of money is the ſtandard by which the abundance or ſcarcity of capitals may be judged; it is the ſcale on which the extent of a nation's capacity for enterprizes in agriculture, manufactures, aud commerce, may be reckoned.*

Thus the current intereſt of money may be conſidered as a ſtandard of the abundance or ſcarcity of capitals in a nation, and of the extent of enterprizes of every denomination, in which ſhe may embark: it is manifeſt, that the lower the intereſt of money is, the more valuable is the land. A man that has an income of fifty thouſand livres, if the land is ſold but at the rate of twenty years purchaſe is an owner of only one million; he has two millions, if the land is ſold at the rate of forty. If the intereſt is at five per cent. any land to be brought into cultivation would continue fallow, if, beſides the recovery of the advances,

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vances, and the retribution due to the care of the cultivator, its produce would not afford five per cent. No manufactory, no commerce can exiſt, that does not bring in five per cent. excluſively of the ſalary and equivalents for the riſque and trouble of the undertaker. If there is a neighbouring nation in which the intereſt ſtands only at two per cent. not only it will engroſs all the branches of commerce, from which the nation where an intereſt at five per cent. is eſtabliſhed, is excluded, but its manufacturers and merchants, enabled to ſatisfy themſelves with a lower intereſt, will alſo ſell their goods at a more moderate price, and will attract the almoſt excluſive commerce of all articles, which they are not prevented to ſell by particular circumſtances of exceſſive dearth, and expences of carriages, from the nation in which the intereſt bears five per cent.

§ 90. *Influence of the rate of intereſt of money on all lucrative enterprizes.*

The price of the intereſt may be looked upon as a kind of level, under which all labour, culture, induſtry, or commerce, acts. It is like a

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ſea expanded over a vaſt country; the tops of the mountains riſe above the ſurface of the water, and form fertile and cultivated iſlands. If this ſea happens to give way, in proportion as it deſcends, ſloping ground, then plains and vallies appear, which cover themſelves with productions of every kind. It wants no more than a foot elevation, or falling, to inundate or to reſtore culture to unmeaſurable tracts of land. It is the abundance of capitals that animates enterprize, and a low intereſt of money is at the ſame time the effect and a proof of the abundance of capitals.

§ 91. *The total Riches of a nation conſiſts,* 1. *in the clear revenue of all the real eſtates, multiplied by the rate of the price of land.* 2. *In the ſum of all the moveable riches exiſting in a nation.*

Real eſtates are equivalent to any capital equal to their annual revenue, multiplied by the current rate at which lands are ſold. Thus if we add the revenue of all lands, viz. the clear revenue they render to the proprietor, and to all thoſe that ſhare in the property, as the lord that levies a rent, the curate that levies the tythe, the ſovereign that levies

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vies the tax: if, ſay I, we ſhould add all theſe ſums, and multiply them by the rate at which lands are ſold, we would have the ſum of all the wealth of a nation in real eſtates. To have the whole of a nation's wealth, the moveable riches ought to be joined, which conſiſt in the ſum of capitals converted into enterprizes of culture, induſtry, and commerce, which is never loſt; as all advances, in any kind of undertaking, muſt unceaſingly return to the undertaker, to be unceaſingly converted into enterprizes, ~~which without that could not be continued~~. It would be a groſs miſtake to confound the immence maſs of moveable riches with the maſs of money that exiſts in a ſtate; the latter is a ſmall object in compariſon with the other. To convince one's ſelf of this, we need only remember the immenſe quantity of beaſts, utenſils, and ſeed, which conſtitute the advances of agriculture; the materials, tools, moveables, ~~and merchandiſes~~ of every kind, that fill up the work-houſes, ſhops, ~~and~~ warehouſes ~~of all~~ manufacturers, of all merchants, and of all traders; and it will be plain, that in the totality of riches either real or moveable of a nation, the ſpecie makes but an inconſiderable part: but all riches and money being continually exchangeable,

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able, they all repreſent money, and money repreſents them all.

§ 92. *The ſum of lent capitals cannot be underſtood without a two-fold employing.*

We muſt not include in the calculation of the riches of a nation the ſum of lent capitals; for the capitals could only be lent either to proprietors of lands, or to undertakers to enhance their value in their enterprizes, ſince there are but theſe two kinds of people that can anſwer for a capital, and diſcharge the intereſt: a ſum of money lent to people that have neither eſtate nor induſtry, would be a dead capital, and not an active one. If the owner of land of 400,000 livres borrows 100,000 his land is charged with a rent that diminiſhes his revenue by that ſum. If he ſhould ſell it; out of the 400,000 livres he would receive, 100,000 are the property of the creditor. By theſe means the capital of the lender would always form, in the calculation of exiſting riches, a double eſtimate. The land is always worth 400,000*l.* when the proprietor borrows 100,000*l.* that does not make 500,000*l.* it only follows, that

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that in the 400,000*l.* one hundred thouſand belongs to the lender, and that there remains no more than 300,000*l.* to the borower.

The ſame double eſtimate would have place in the calculation, if we ſhould comprehend in the total calculation of capitals, the money lent to an undertaker to be employed in advance for his undertaking; it only reſults, that that ſum, and the part of the profits which repreſents the intereſt, belongs to the lender. Let a merchant employ 10,000 livres of his property in his trade, and engroſs the whole profit, or let him have thoſe 10,000 livres borrowed of another, to whom he pays the intereſt, and is ſatisfied with the overplus of profit, and the ſalary of his induſtry, it ſtill makes only 10,000 livres.

But if we cannot include, without making a double eſtimate in the calculation of national riches, the capital of the money lent on intereſt, we ought to call in the other kinds of moveables, which, though originally forming an object of expence, and not carrying any profit, become, however,

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ever, by their durability, a true capital, that conſtantly increaſes; and which, as it may occaſionally be exchanged for money, is as if it was a ſtock in ſtore, which may enter into commerce, and make good, when neceſſary, the loſs of other capitals. Such are the moveables of every kind; jewels, plates, paintings, ſtatues, ready money ſhut up in cheſts by miſers: all thoſe matters have a value, and the ſum of all thoſe values may make a conſiderable object among wealthy nations. Yet be it conſiderable or not, it muſt always be added to the price of real eſtates, and to that of circulating advances in enterprizes of every denomination, in order to form the total ſum of the riches of a nation. As for the reſt, it is ſuperfluous to ſay, though it is eaſy to be defined, as we have juſt done, in what conſiſts the totality of the riches of a nation; it is probably impoſſible to diſcover to how much they amount, unleſs ſome rule be found out to fix the proportion of the total commerce of a nation, with the revenue of its land: a feaſible thing, but which has not been executed as yet in ſuch a manner as to diſpel all doubts.

§ 93. *In*

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§ 93. *In which of the three claſſes of ſociety the lenders of money are to be ranked.*

Let us ſee now, how what we have juſt diſcuſſed about the different ways of employing capitals, agrees with what we have before eſtabliſhed about the diviſion of all the members of ſociety in three claſſes, the one the productive claſs of huſbandmen, the induſtrious or trading claſs, and the diſpoſing claſs, or the claſs of propietors.

§ 94. *The lender of money belongs, as to his perſon, to the diſpoſing claſs.*

We have ſeen that every rich man is neceſſarily poſſeſſor either of a capital in moveable riches, or funds equivalent to a capital. Any eſtate in land is of equal value with a capital; conſequently every proprietor is a capitaliſt, but not every capitaliſt a proprietor of a real eſtate; and the poſſeſſor of a moveable capital may chuſe to confer it on acquiring funds, or to improve it in enterprizes of the cultivating claſs, or of the induſtrious claſs. The capitaliſt, turned an undertaker in culture or induſtry, is no more of the diſpoſing claſs,

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claſs, than the ſimple workmen in thoſe two lines; they are both taken up in the continuation of their enterprizes. The capitaliſt who keeps to the lending money, lends it either to a proprietor or to an undertaker. If he lends it to a proprietor, he ſeems to belong to the claſs of proprietors, and he becomes co-partitioner in the property; the income of the land is deſtined to the payment of the intereſt of his truſt; the value of the funds is equal to the ſecurity of his capital,

If the money-lender has lent to an undertaker, it is certain that his perſon belongs to the diſpoſing claſs; but his capital continues deſtined to the advances of the enterprizer, and cannot be withdrawn without hurting the enterpriſe, or without being replaced by a capital of equal value.

§ 95. *The uſe which the money-lender makes of his intereſt.*

Indeed, the intereſt he draws from that capital ſeems to make him of the diſpoſing claſs, ſince the undertaker and the enterprize may ſhift without it. It ſeems alſo we may form an inference, that

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that in the profits of the two laborious classes, either in the culture of the earth or industry, there is a disposable portion, namely, that which answers to the interest of the advances, calculated on the current rate of interest of money lent; it appears also that this conclusion seems to agree with what we have said, that the mere class of proprietors had a revenue properly so called, a disposing revenue, and that all the members of the other classes had only salaries or profits. — This merits some future inquiry. If we consider the thousand crowns that a man receives annually, who has lent 60,000 livres, to a merchant, in respect to the use he may make of it, there is no doubt of this being perfectly disposable, since the enterprize may subsist without it.

§ 96. *The interest of the money is not disposable in one sense, viz. so as the state may be authorized to appropriate, without any inconvenience, a part to supply its wants.*

But it does not ensue, that they are of the disposing class in such a sence, that the state can appropriate to itself with propriety a portion for the public

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wants. Thoſe 1000 crowns are not a retribution, which culture or commerce beſtows gratuitouſly on him that makes the advance; it is the price and the condition of this advance, independently of which the enterprize could not ſubſiſt. If this retribution is diminiſhed, the capitaliſt will withdraw his money, and the undertaking will ceaſe. This retribution ought then to be inviolable, and enjoy an entire immunity, becauſe it is the price of an advance made for the enterprize, without which the enterprize could not exiſt. To encroach upon it, would cauſe an augmentation in the price of advances in all enterprizes, and conſequently diminiſh the enterprizes themſelves, that is to ſay, cultivation, induſtry, and commerce.

This anſwer ſhould lead us to infer, that if we have ſaid, that the capitaliſt who had lent money to a proprietor, *ſeemed* to belong to the claſs of proprietors, this *appearance* had ſomewhat equivocal in it which wanted to be elucidated. In fact, it is ſtrictly true, that the intereſt of his money is not more diſpoſable, that is, it is not more ſuſceptible of retrenchment, than that of money lent to the undertakers in agriculture and commerce. But the intereſt is equally the

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the price of the free agreement, and they cannot retrench any part of it without altering or changing the price of the loan.

For it imports little to whom the loan has been made; if the price ~~decreafes or~~ augments for the proprietor ~~of lands~~, it will alſo ~~decreaſe~~ and augment for the cultivator, the manufacturer, and the merchant. In a word, the ~~proprietor~~ who lends money ought to be conſidered, as a dealer in a commodity abſolutely neceſſary for the production of riches, and which cannot be at too low a price. It is ~~alſo~~ as unreaſonable to charge this commerce with duties, as it would be to lay a duty on a dunghill which ſerves to manure the land. Let us conclude from hence, that the perſon who lends money belongs properly to the diſpoſable claſs as to his perſon, becauſe he has nothing to do; but not as to the nature of his property, whether the intereſt of his money is paid by the proprietor of land out of a portion of his income, or whether it is paid by an undertaker, out of a part of his profits deſigned to pay the intereſt of ~~his~~ advances.

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§ 97. *Objection.*

It may doubtleſs be objected, that the capitaliſt may indifferently either lend his money, or employ it in the purchaſe of land; that in either caſe he only receives an equivalent for his money, and whichever way he has employed it, he ought not the leſs to contribute to the public charges.

§ 98. *Anſwer to this objection.*

I anſwer firſt, that in fact, when the capitaliſt has purchaſed an eſtate, the revenue will be equal as to him, to what he would have received for his money by lending it; but there is this eſſential difference with reſpect to the ſtate, that the price which he gives for his land, does not contribute in any reſpect to the income it produces. It would not have produced a leſs income, if he had not purchaſed it. This income, as we have already explained, conſiſts in what the land produces, beyond the ſalary of the cultivators, of their profits, and the intereſt of their advances. It is not the ſame with the intereſt of money; it is the expreſs condition

condition of the loan, the price of the advance, without which the revenue or profits, which ſerve to pay it, could never exiſt.

I anſwer in the ſecond place, that if the lands were charged ſeparately with the contribution to the public expences, as ſoon as that contribution ſhall be once regulated, the capitaliſt who ſhall purchaſe theſe lands will not reckon as intereſt for his money, that part of the revenue which is affected by this contribution. The ſame as a man who now buys an eſtate, does not buy the tythe which the curate or clergy receives, but the revenue which remain after that tythe is deducted.

§ 99. *There exiſts no revenue ſtrictly diſpoſable in a ſtate, but the clear produce of lands.*

It is manifeſt by what I have ſaid, that the intereſt of money lent is taken on the revenue of lands, or on the profits of enterprizes of culture, induſtry, and commerce. But we have already ſhewn that theſe profits themſelves were only a part of the production of lands; that the produce of land is divided in two portions; that the one

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was designed for the salary of the cultivator, for his profits, for the recovery ~~and interest~~ of his advances; and that the other was the part of the proprietor, or the revenue which the proprietor expended at his option, and ~~from~~ whence he contributes to the general expences of the state.

We have demonstrated, that what the other classes of society received, ~~was~~ merely the salaries and profits paid, either by the proprietor upon his revenue, or by the agents of the productive class, on the part destined to their wants, and which they are obliged to purchase of the industrious class. Whether these profits be now distributed in wages to ~~the~~ workmen, in profits to undertakers, or in interests of advances, they do not change the nature, or augment the sum of the revenue produced by the productive class over and above the price of their labour, in which the industrious class does ~~not~~ participate, ~~but~~ as far as the price of their labour extends.

Hence it follows, that there is no revenue but the clear produce of land, and that all other profit is paid, either by that revenue, or makes part of

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of the expenditure that ſerves to produce the revenue.

§ 100. *The land has alſo furniſhed the total of moveable riches, or exiſting capitals, and which are formed only by a portion of its productions reſerved every year.*

Not only there does not exiſt, nor can exiſt, any other revenue than the clear produce of land, but it is the earth alſo that has furniſhed all capitals, that form the maſs of all the advances of culture and commerce. It has produced, without culture, the firſt groſs and indiſpenſible advances of the firſt labourers; all the reſt are the accumulated fruits of the œconomy of ſucceſſive ages, ſince they have begun to cultivate the earth. This œconomy has effect not only on the revenues of proprietors, but alſo on the profits of all the members of laborious claſſes. It is even generally true, that, though the proprietors have more overplus, they ſpare leſs; for, having more treaſure, they have more deſires, and more paſſions; they think themſelves better enſured of their fortune; and are more deſirous of enjoying it

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it contentedly, than to augment it; luxury is their purſuit. The (ſtipendiary claſs,) and chiefly the undertakers of the other claſſes, receiving profits proportionate to their advances, talents, and activity, have, though they are not poſſeſſed of a revenue properly ſo called, a ſuperfluity beyond their ſubſiſtence; but, abſorbed as they generally are, only in their enterprizes, and anxious to increaſe their fortune; reſtrained by their labour from amuſements and expenſive paſſions; they ſave their whole ſuperfluity, to re-convert it in other enterprizes, and augment it. The greater part of the undertakers in agriculture borrow but little, and they almoſt all reſt on the capital of their own funds. The undertakers of other buſineſſes, who wiſh to render their fortune ſtable, ſtrive likewiſe to attain to the ſame ſtate. Thoſe that make their enterprizes on borrowed funds, are greatly in danger of failing. However, although capitals are formed in part by the ſaving of profits in the laborious claſſes, yet, as thoſe profits ſpring always from the earth, they are almoſt all repaid, either by the revenue, or in the expences that ſerve to produce the revenue;

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venue; it is evident, that the capitals are derived from the earth as well as the revenue, or rather that they are but an accumulation of a part of the riches produced by the earth, which the proprietors of the revenue, or thoſe that ſhare it, are able to lay by every year in ſtore, without conſuming it on their wants.

§ 101. *Although money is the direct object in ſaving, and it is, if we may call it ſo, the firſt foundation of capitals, yet (money and ſpecie) form but an inſenſible part in the total ſum of capitals.*

We have ſeen what an inconſiderable part money forms in the total ſum of exiſting capitals, but it makes a very large one in the formation of them. In fact, almoſt all ſavings are only in money; it is in money that the revenue is paid to the proprietors, that the advances and profits are received by the undertakers of every kind; it is their money which they ſave, and the annual increaſe of capitals happens in money; but all the undertakers make no other uſe of it, than immediately

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diately to convert it into the different kinds of effects on which their enterprizes turn; thus, money returns into circulation, and the greater part of capitals exist only, as we have already explained it, in effects of different natures.

FINIS.

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