PART I.

The Theories of Commerce, Money, and Exchanges.

CHAPTER I.

Of the nature and origin of wealth and commerce.

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

The earth abounds with an infinite variety of materials, for the comfortable subsistence of human life: Besides the great diversity of food, vegetable and animal, more than sufficient to satiate the most gluttonous appetite; how admirably are wood, stones, metals, &c. adapted to their various uses! What is there left unprovided, and of what kind is that other material that could have added to human conveniency? But amidst this vast profusion of things, the earth spontaneously produces but few that are ready fitted for our use: Some pains and industry are required on our part, without which, our
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our condition upon this globe would, perhaps, be the most forlorn and uncomfortable of any of its inhabitants. But of this we have no cause to complain: Labour or bodily exercise, in a certain degree, is not only easy but pleasant to us, conducive to our health, and every way suited to our nature; and we are endued with ample powers for adopting and fitting the materials about us, according to our various exigencies and occasions. Land and labour together are the sources of all wealth; without a competency of land, there would be no subsistence; and but a very poor and uncomfortable one, without labour. So that wealth or riches consist either in a propriety in land, or in the products of land and labour.

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

2. The proportional values of land and product, differ very much in different countries; as the soils are respectively more or less fertile, and the inhabitants more or less industrious, and skilful. Without some kind of tillage, much land will be requisite to maintain a few inhabitants; and a small field of wheat will afford nourishment to more people, than a large forest yielding nothing but acorns.
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acorns and wild fruits. The annual produce of labour in England, I imagine, is of much greater value than the rent of the land; but their exact proportion to each other, cannot be easily assigned. It is commonly supposed that a farmer, to be enabled to live comfortably, must make three rents of his land; and when we consider the coarseness of those commodities, that are commonly expended in a farmer’s house, in comparison of many others consumed by those of more affluent fortunes; the value of labour to that of land, must be with us greater than that of 2 to 1. Wool wrought into cloth is much advanced in its value; thread may be of above 100 times the value of the flax whereof it was made. The value of the materials in * watches, and innumerable other things made of metals, is but small in comparison of the value of the workmanship. But we must not pursue this notion too far: The numbers employed about these costly things, may not bear a large proportion to those who are either idle, or occupied about tillage, buildings, or other manufactures; where the raw materials are worth near as much, or sometimes more, than the labour bestowed upon them.

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

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

But here occurs a difficult question; how to employ usefully all that are fit and able to work, and to maintain comfortably such as cannot help themselves? Our indigent parent hath so ordered things, that it should not be necessary for all to work: Some compute, that the labour of one-fourth of the people is sufficient to maintain the other three-fourths; that one-fourth, as infants, old people, &c. are quite helpless; that one-fourth live upon their lands; whence one-fourth are left for the learned professions, state offices, and for being merchants, shopkeepers, soldiers, &c. Here then are three parts that are mere consumers; and as a country grows in wealth, the candidates for genteel employments may become more numerous in proportion to the rest, perhaps too much for the land and labour to maintain: And thus, too many expecting a livelihood without labour; murmurs, complaints of the decay of trade, want of money, &c. will be loud. Amongst the lower clafs, some professions at times will be naturally overstocked; But if there be want of employment upon the whole, there must be some defect in our police; as the produce of England is undoubtedly sufficient, to employ and maintain comfortably, a much greater number of inhabitants.
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lions foreign commodities; and the rents of the lands he makes 14 millions.

II. Values of things, how estimated.

3. Things in general are valued, not according to their real uses in supplying the necessitites of men; but rather in proportion to the land, labour and skill that are requisite to produce them: It is according to this proportion nearly, that things or commodities are exchanged one for another; and it is by the said scale, that the intrinsic values of most things are chiefly estimated. Water is of great use, and yet ordinarily of little or no value; because in most places, water flows spontaneously in such great plenty, as not to be witheld within the limits of private property; but all may have enough, without other expence than that of bringing or conducting it, when the case so requires. On the other hand, diamonds, being very scarce, have upon that account a great value, though they are but of little use. A quicker or slower demand for a particular commodity, will frequently raise or lower its price, though no alteration hath happened in its intrinsic value or prime cost; men being always ready to take the advantage of one
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one another’s fancies, whims or necessitics; and the proportion of buyers to sellers, or the demand for any particular commodity in respect to its quantity, will always have an influence on the market. The intrinsic value of a particular commodity may be also enhanced, though its quality is debased; as a bushel of mufy grain at one season, may be worth much more, than the like quantity of good grain at another.

Cheapness, how estimated.

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

Natural

* Things are also said to be cheap or dear, in respect to the prices they bore at some former market.
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Natural products, &c. subject to a greater variation in their value, than artificial.

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

B 4. Things
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Things are the more valued, the farther they are from the place where they were first produced.

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

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

7. The values of land and labour do, as it were of themselves, mutually settle or adjust one another; and as all things or commodities, are the products of those two; so their
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their several values are naturally adjusted by them. But as in most productions, labour hath the greatest share; the value of labour is to be reckoned the chief standard that regulates the values of all commodities; and more especially as the value of land is, as it were, already allowed for in the value of labour itself.

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

Some estimate of the value of labour.

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

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