

direct share, or some indirect influence in the administration of that government. For the sake of the respect and authority which they derive from this situation, they are willing to live in a country where their capital, if they employ it themselves, will bring them less profit, and if they lend it to another, less interest; and where the very moderate revenue which they can draw from it will purchase less of the necessaries and conveniences of life than in any other part of Europe. The residence of such wealthy people necessarily keeps alive, in spite of all disadvantages, a certain degree of industry in the country. Any public calamity which should destroy the republican form of government, which should throw the whole administration into the hands of nobles and of soldiers, which should annihilate altogether the importance of those wealthy merchants, would soon render it disagreeable to them to live in a country where they were no longer likely to be much respected. They would remove both their residence and their capital to some other country, and the industry and commerce of Holland would soon follow the capitals which supported them.

## CHAPTER III.

*Of public Debts.*

IN that rude state of society which precedes the extension of commerce and the improvement of manufactures, when those expensive luxuries which commerce and manufactures can alone introduce, are altogether unknown, the person who possesses a large revenue, I have endeavoured to show in the third book of this inquiry, can spend or enjoy that revenue in no other way than by maintaining nearly as many people as it can maintain. A large revenue may at all times be said to consist in the command of a large quantity of the necessaries of life. In that rude state of things it is commonly paid in a large quantity of those necessaries, in the materials of plain food and coarse cloathing, in corn and cattle, in wool and raw hides. When neither commerce, nor manufactures furnish any thing for which the owner can exchange the greater part of those materials which are over and above his own consumption, he can do nothing with the surplus but feed and cloathe nearly as many people as it will feed and cloathe. A hospitality in which there is no luxury, and a liberality in which there is no ostentation, occasion, in this situation of things, the principal expences of the rich and the great. But these, I have likewise endeavoured to show in the same book, are expences by which people are not very apt to ruin themselves. There is not perhaps any selfish pleasure so frivolous, of which the pursuit has not sometimes ruined even sensible men. A passion for cock-fighting has ruined many. But the instances, I believe, are not very numerous of people who have been ruined by a hospitality or liberality of this kind; though the hospitality of luxury and the liberality of ostentation have ruined many. Among our feudal ancestors, the long time during which

estates used to continue in the same family sufficiently demonstrates the general disposition of people to live within their income. Though the rustic hospitality constantly exercised by the great landholders may not to us in the present times seem consistent with that order which we are apt to consider as inseparably connected with good oeconomy, yet we must certainly allow them to have been at least so far frugal as not commonly to have spent their whole income. A part of their wool and raw hides they had generally an opportunity of selling for money. Some part of this money perhaps they spent in purchasing the few objects of vanity and luxury with which the circumstances of the times could furnish them; but some part of it they seem commonly to have hoarded. They could not well indeed do any thing else but hoard whatever money they saved. To trade was disgraceful to a gentleman, and to lend money at interest, which at that time was considered as usury and prohibited by law, would have been still more so. In those times of violence and disorder, besides, it was convenient to have a hoard of money at hand, that in case they should be driven from their own home they might have something of known value to carry with them to some place of safety. The same violence which made it convenient to hoard, made it equally convenient to conceal the hoard. The frequency of treasure-trove, or of treasure found of which no owner was known, sufficiently demonstrates the frequency in those times both of hoarding and of concealing the hoard. Treasure-trove was then considered as an important branch of the revenue of the sovereign. All the treasure-trove of the kingdom would scarce perhaps in the present times make an important branch of the revenue of a private gentleman of a good estate.

The same disposition to save and to hoard prevailed in the sovereign, as well as in the subjects. Among nations to whom commerce and manufactures are little known, the sovereign, it has already

already been observed in the fourth book, is in a situation which naturally disposes him to the parsimony requisite for accumulation. In that situation the expence even of a sovereign cannot be directed by that vanity which delights in the gaudy finery of a court. The ignorance of the times affords but few of the trinkets in which that finery consists. Standing armies are not then necessary, so that the expence even of a sovereign, like that of any other great lord, can be employed in scarce any thing but bounty to his tenants, and hospitality to his retainers. But bounty and hospitality very seldom lead to extravagance; though vanity almost always does. All the ancient sovereigns of Europe accordingly, it has already been observed, had treasures. Every Tartar chief in the present times is said to have one.

In a commercial country abounding with every sort of expensive luxury, the sovereign, in the same manner as almost all the great proprietors in his dominions, naturally spends a great part of his revenue in purchasing those luxuries. His own and the neighbouring countries supply him abundantly with all the costly trinkets which compose the splendid, but insignificant pageantry of a court. For the sake of an inferior pageantry of the same kind, his nobles dismiss their retainers, make their tenants independent, and become gradually themselves as insignificant as the greater part of the wealthy burghers in his dominions. The same frivolous passions which influence their conduct influence his. How can it be supposed that he should be the only rich man in his dominions who is insensible to pleasures of this kind? If he does not, what he is very likely to do, spend upon those pleasures so great a part of his revenue as to debilitate very much the defensive power of the state, it cannot well be expected that he should not spend upon them all that part of it which is over and above what is necessary for supporting that defensive power. His ordinary expence becomes

comes equal to his ordinary revenue, and it is well if it does not frequently exceed it. The amassing of treasure can no longer be expected, and when extraordinary exigencies require extraordinary expences, he must necessarily call upon his subjects for an extraordinary aid. The present and the late king of Prussia are the only great princes of Europe who, since the death of Henry IV. of France in 1610, are supposed to have amassed any considerable treasure. The parsimony which leads to accumulation has become almost as rare in republican as in monarchical governments. The Italian republics, the United Provinces of the Netherlands, are all in debt. The canton of Berne is the single republic in Europe which has amassed any considerable treasure. The other Swiss republics have not. The taste for some sort of pageantry, for splendid buildings, at least, and other public ornaments, frequently prevails as much in the apparently sober senate-house of a little republic as in the dissipated court of the greatest king.

The want of parsimony in time of peace, imposes the necessity of contracting debt in time of war. When war comes, there is no money in the treasury but what is necessary for carrying on the ordinary expence of the peace establishment. In war an establishment of three or four times that expence becomes necessary for the defence of the state, and consequently a revenue three or four times greater than the peace revenue. Supposing that the sovereign should have, what he scarce ever has, the immediate means of augmenting his revenue in proportion to the augmentation of his expence, yet still the produce of the taxes from which this increase of revenue must be drawn will not begin to come into the treasury till perhaps ten or twelve months after they are imposed. But the moment in which war begins, or rather the moment in which it appears likely to begin, the army must be augmented, the fleet must be fitted out, the garrisoned towns must be put into a posture of defence; that

that army, that fleet, those garrisoned towns must be furnished with arms, ammunition and provisions. An immediate and great expence must be incurred in that moment of immediate danger, which will not wait for the gradual and slow returns of the new taxes. In this exigency government can have no other resource but in borrowing.

THE same commercial state of society which, by the operation of moral causes, brings government in this manner into the necessity of borrowing, produces in the subjects both an ability and an inclination to lend. If it commonly brings along with it the necessity of borrowing, it likewise brings along with it the facility of doing so.

A COUNTRY abounding with merchants and manufacturers, necessarily abounds with a set of people through whose hands, not only their own capitals, but the capitals of all those who either lend them money, or trust them with goods, pass as frequently, or more frequently, than the revenue of a private man, who, without trade or business, lives upon his income, passes through his hands. The revenue of such a man can regularly pass through his hands only once in the year. But the whole amount of the capital and credit of a merchant who deals in a trade of which the returns are very quick, may sometimes pass through his hands two, three, or four times in a year. A country abounding with merchants and manufacturers, therefore, necessarily abounds with a set of people who have it at all times in their power to advance, if they chuse to do so, a very large sum of money to government. Hence the ability in the subjects of a commercial state to lend.

COMMERCE and manufactures can seldom flourish long in any state which does not enjoy a regular administration of justice, in which the people do not feel themselves secure in the possession of their

their property, in which the faith of contracts is not supported by law, and in which the authority of the state is not supposed to be regularly employed in enforcing the payment of debts from all those who are able to pay. Commerce and manufactures, in short, can seldom flourish in any state in which there is not a certain degree of confidence in the justice of government. The same confidence which disposes great merchants and manufacturers, upon ordinary occasions, to trust their property to the protection of a particular government; disposes them, upon extraordinary occasions, to trust that government with the use of their property. By lending money to government, they do not even for a moment diminish their ability to carry on their trade and manufactures. On the contrary, they commonly augment it. The necessities of the state render government upon most occasions willing to borrow upon terms extremely advantageous to the lender. The security which it grants to the original creditor, is made transferable to any other creditor, and, from the universal confidence in the justice of the state, generally sells in the market for more than was originally paid for it. The merchant or monied man makes money by lending money to government, and instead of diminishing, increases his trading capital. He generally considers it as a favour, therefore, when the administration admits him to a share in the first subscription for a new loan. Hence the inclination or willingness in the subjects of a commercial state to lend.

The government of such a state is very apt to repose itself upon this ability and willingness of its subjects to lend it their money on extraordinary occasions. It foresees the facility of borrowing, and therefore dispenses itself from the duty of saving.

IN a rude state of society there are no great mercantile or manufacturing capitals. The individuals who hoard whatever money

money they can save, and who conceal their hoard, do so from a distrust of the justice of government, from a fear that if it was known that they had a hoard, and where that hoard was to be found, they would quickly be plundered. In such a state of things few people would be able, and nobody would be willing to lend their money to government on extraordinary exigencies. The sovereign feels that he must provide for such exigencies by saving, because he foresees the absolute impossibility of borrowing. This foresight increases still further his natural disposition to save.

THE progress of the enormous debts which at present oppress, and will in the long-run probably ruin all the great nations of Europe, has been pretty uniform. Nations, like private men, have generally begun to borrow upon what may be called personal credit, without assigning or mortgaging any particular fund for the payment of the debt; and when this resource has failed them, they have gone on to borrow upon assignments or mortgages of particular funds.

WHAT is called the unfunded debt of Great Britain, is contracted in the former of those two ways. It consists partly in a debt which bears or is supposed to bear no interest, and which resembles the debts that a private man contracts upon account; and partly in a debt which bears interest, and which resembles what a private man contracts upon his bill or promissory note. The debts which are due either for extraordinary services, or for services either not provided for, or not paid at the time when they are performed; part of the extraordinaries of the army, navy, and ordnance, the arrears of subsidies to foreign princes, those of seamen's wages, &c. usually constitute a debt of the first kind. Navy and exchequer bills, which are issued sometimes in payment of a part of such debts, and sometimes for other purposes,

constitute a debt of the second kind; exchequer bills bearing interest from the day on which they are issued, and navy bills six months after they are issued. The bank of England, either by voluntarily discounting those bills at their current value; or by agreeing with government for certain considerations to circulate Exchequer bills, that is, to receive them at par, paying the interest which happens to be due upon them, keeps up their value and facilitates their circulation, and thereby frequently enables government to contract a very large debt of this kind. In France, where there is no bank, the state bills (billets d'état) † have sometimes fold at sixty and seventy per cent. discount. During the great re-coinage in king William's time, when the bank of England thought proper to put a stop to its usual transactions, exchequer bills and tallies are said to have fold from twenty-five to sixty per cent. discount; owing partly, no doubt, to the supposed instability of the new government established by the revolution, but partly too to the want of the support of the bank of England.

WHEN this resource is exhausted, and it becomes necessary, in order to raise money, to assign or mortgage some particular branch of the public revenue for the payment of the debt, government has upon different occasions done this in two different ways. Sometimes it has made this assignment or mortgage for a short period of time only, a year or a few years, for example; and sometimes for perpetuity. In the one case the fund was supposed sufficient to pay, within the limited time, both principal and interest of the money borrowed. In the other it was supposed sufficient to pay the interest only, or a perpetual annuity equivalent to the interest, government being at liberty to redeem at any time this annuity upon paying back the principal sum borrowed. When money was raised in the one way, it was said to be raised by anticipation; when in the other, by perpetual funding, or, more shortly, by funding.

† See Examen des Reflexions politiques sur les finances.

IN Great Britain the annual land and malt taxes are regularly anticipated every year, by virtue of a borrowing clause constantly inserted into the acts which impose them. The bank of England generally advances at an interest, which since the revolution has varied from eight to three per cent. the sums for which those taxes are granted, and receives payment as their produce gradually comes in. If there is a deficiency, which there always is, it is provided for in the supplies of the ensuing year. The only considerable branch of the public revenue which yet remains unmortgaged is thus regularly spent before it comes in. Like an unprovident spendthrift, whose pressing occasions will not allow him to wait for the regular payment of his revenue, the state is in the constant practice of borrowing of its own factors and agents, and of paying interest for the use of its own money.

IN the reign of king William, and during a great part of that of queen Anne, before we had become so familiar as we are now with the practice of perpetual funding, the greater part of the new taxes were imposed but for a short period of time, (for four, five, six, or seven years only) and a great part of the grants of every year consisted in loans upon anticipations of the produce of those taxes. The produce being frequently insufficient for paying within the limited term the principal and interest of the money borrowed, deficiencies arose, to make good which it became necessary to prolong the term.

IN 1697, by the 8th of William III. c. 20. the deficiencies of several taxes were charged upon what was then called the first general mortgage or fund, consisting of a prolongation to the first of August, 1706, of several different taxes, which would have expired within a shorter term, and of which the produce was accumulated into one general fund. The deficiencies charged upon this prolonged term amounted to 5,160,459 l. 14 s. 9½ d.

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IN 1701 those duties with some others were still further prolonged for the like purposes till the first of August, 1710, and were called the second general mortgage or fund. The deficiencies charged upon it amounted to 2,055,999 l. 7 s. 11½ d.

IN 1707, those duties were still further prolonged, as a fund for new loans, to the first of August, 1712, and were called the third general mortgage or fund. The sum borrowed upon it was 983,254 l. 11 s. 9½ d.

IN 1708, those duties were all (except the old subsidy of tonnage and poundage, of which one moiety only was made a part of this fund, and a duty upon the importation of Scotch linen, which had been taken off by the articles of union) still further continued, as a fund for new loans, to the first of August, 1714, and were called the fourth general mortgage or fund. The sum borrowed upon it was 925,176 l. 9 s. 2½ d.

IN 1709, those duties were all (except the old subsidy of tonnage and poundage, which was now left out of this fund altogether) still further continued for the same purpose to the first of August, 1716, and were called the fifth general mortgage or fund. The sum borrowed upon it was 922,029 l. 6 s. 0 d.

IN 1710, those duties were again prolonged to the first of August, 1720, and were called the sixth general mortgage or fund. The sum borrowed upon it was 1,296,552 l. 9 s. 11½ d.

IN 1711, the same duties (which at this time were thus subject to four different anticipations) together with several others were continued for ever, and made a fund for paying the interest of the capital of the South Sea company, which had that year advanced to government, for paying debts and making good deficiencies, the sum of 9,177,967 l. 15 s. 4 d. the greatest loan which at that time had ever been made.

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BEFORE this period, the principal, so far as I have been able to observe, the only taxes which in order to pay the interest of a debt had been imposed for perpetuity, were those for paying the interest of the money which had been advanced to government by the Bank and East India company, and of what it was expected would be advanced, but which was never advanced, by a projected land-bank. The bank fund at this time amounted to 3,375,027 l. 17 s. 10½ d. for which was paid an annuity or interest of 206,501 l. 13 s. 5 d. The East India fund amounted to 3,200,000 l. for which was paid an annuity or interest of 160,000 l.; the bank fund being at six per cent. the East India fund at five per cent. interest.

IN 1715, by the first of George I. c. 12. the different taxes which had been mortgaged for paying the bank annuity, together with several others which by this act were likewise rendered perpetual, were accumulated into one common fund called The Aggregate Fund, which was charged, not only with the payment of the bank annuity, but with several other annuities and burdens of different kinds. This fund was afterwards augmented by the third of George I. c. 8. and by the fifth of George I. c. 3. and the different duties which were then added to it were likewise rendered perpetual.

IN 1717, by the third of George I. c. 7. several other taxes were rendered perpetual, and accumulated into another common fund, called The General Fund, for the payment of certain annuities, amounting in the whole to 724,849 l. 6 s. 10½ d.

IN consequence of those different acts, the greater part of the taxes which before had been anticipated only for a short term of years, were rendered perpetual as a fund for paying, not the capital, but the interest only, of the money which had been borrowed upon them by different successive anticipations.

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HAD money never been raised but by anticipation, the course of a few years would have liberated the public revenue, without any other attention of government besides that of not overloading the fund by charging it with more debt than it could pay within the limited term, and of not anticipating a second time before the expiration of the first anticipation. But the greater part of European governments have been incapable of those attentions. They have frequently overloaded the fund even upon the first anticipation; and when this happened not to be the case, they have generally taken care to overload it by anticipating a second and a third time before the expiration of the first anticipation. The fund becoming in this manner altogether insufficient for paying both principal and interest of the money borrowed upon it, it became necessary to charge it with the interest only, or a perpetual annuity equal to the interest, and such unprovident anticipations necessarily gave birth to the more ruinous practice of perpetual funding. But though this practice necessarily puts off the liberation of the public revenue from a fixed period to one so indefinite that it is not very likely ever to arrive; yet as a greater sum can in all cases be raised by this new practice than by the old one of anticipations, the former, when men have once become familiar with it, has in the great exigencies of the state been universally preferred to the latter. To relieve the present exigency is always the object which principally interests those immediately concerned in the administration of public affairs. The future liberation of the public revenue, they leave to the care of posterity.

DURING the reign of queen Anne, the market rate of interest had fallen from six to five per cent. and in the twelfth year of her reign five per cent. was declared to be the highest rate which could lawfully be taken for money borrowed upon private security. Soon after the greater part of the temporary taxes of Great Britain had been rendered perpetual, and distributed into the Aggregate, South Sea, and General Funds, the creditors of the public,

publick, like those of private persons, were induced to accept of five per cent. for the interest of their money, which occasioned a saving of one per cent. upon the capital of the greater part of the debts which had been thus funded for perpetuity, or of one-sixth of the greater part of the annuities which were paid out of the three great funds above mentioned. This saving left a considerable surplus in the produce of the different taxes which had been accumulated into those funds, over and above what was necessary for paying the annuities which were now charged upon them, and laid the foundation of what has since been called the Sinking Fund. In 1717, it amounted to 323,434l. 7s. 7d. In 1727, the interest of the greater part of the public debts was still further reduced to four per cent.; and in 1753 and 1757, to three and a half and three per cent.; which reductions still further augmented the sinking fund. This fund, however, though instituted for the payment of old debts, facilitates very much the contracting of new debts. It is a subsidiary fund always at hand to be mortgaged in aid of any other doubtful fund, upon which money is proposed to be raised in any exigency of the state. Whether the sinking fund of Great Britain has been more frequently applied to the one or to the other of those two purposes, will sufficiently appear by and by.

BESIDES those two methods of borrowing, by anticipations and by perpetual funding, there are two other methods, which hold a sort of middle place between them. These are, that of borrowing upon annuities for terms of years, and that of borrowing upon annuities for lives.

DURING the reigns of king William and queen Anne, large sums were frequently borrowed upon annuities for terms of years, which

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were sometimes longer and sometimes shorter. In 1693, an act was passed for borrowing one million upon an annuity of fourteen per cent. or of 140,000*l.* a year for sixteen years. In 1694, an act was passed for borrowing a million upon annuities for lives, upon terms which in the present times would appear very advantageous. But the subscription was not filled up. In the following year the deficiency was made good by borrowing upon annuities for lives at fourteen per cent. or at little more than seven years purchase. In 1695, the persons who had purchased those annuities were allowed to exchange them for others of ninety-six years, upon paying into the Exchequer sixty-three pounds in the hundred; that is, the difference between fourteen per cent. for life, and fourteen per cent. for ninety-six years, was sold for sixty-three pounds, or for four and a half years purchase. Such was the supposed instability of government, that even these terms procured few purchasers. In the reign of queen Anne, money was upon different occasions borrowed both upon annuities for lives, and upon annuities for terms of thirty-two, of eighty-nine, of ninety-eight, and of ninety-nine years. In 1719, the proprietors of the annuities for thirty-two years were induced to accept in lieu of them South-sea stock to the amount of eleven and a half years purchase of the annuities, together with an additional quantity of stock equal to the arrears which happened then to be due upon them. In 1720, the greater part of the other annuities for terms of years both long and short were subscribed into the same fund. The long annuities at that time amounted to 666,821*l.* 8*s.* 3*d.* a year. On the 5th of January, 1775, the remainder of them, or what was not subscribed at that time, amounted only to 136,453*l.* 12*s.* 8*d.*

DURING the two wars which begun in 1739, and in 1755, little money was borrowed either upon annuities for terms of years, or upon

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upon those for lives. An annuity for ninety-eight or ninety-nine years, however, is worth nearly as much money as a perpetuity, and should therefore, one might think, be a fund for borrowing nearly as much. But those who, in order to make family settlements, and to provide for remote futurity, buy into the public stocks, would not care to purchase into one of which the value was continually diminishing; and such people make a very considerable proportion both of the proprietors and purchasers of stock. An annuity for a long term of years therefore, though its intrinsic value may be very nearly the same with that of a perpetual annuity, will not find nearly the same number of purchasers. The subscribers to a new loan, who mean generally to sell their subscription as soon as possible, prefer greatly a perpetual annuity redeemable by parliament, to an irredeemable annuity for a long term of years of only equal amount. The value of the former may be supposed always the same or very nearly the same, and it makes therefore a more convenient transferable stock than the latter.

DURING the two last mentioned wars, annuities either for terms of years or for lives were seldom granted but as premiums to the subscribers to a new loan, over and above the redeemable annuity or interest upon the credit of which the loan was supposed to be made. They were granted, not as the proper fund upon which the money was borrowed; but as an additional encouragement to the lender.

ANNUITIES for lives have occasionally been granted in two different ways; either upon separate lives, or upon lots of lives, which in French are called *Tontines*, from the name of their inventor. When annuities are granted upon separate lives, the death of every individual annuitant disburthens the public revenue so far as it was affected by his annuity. When annuities are granted



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granted upon tontines, the liberation of the public revenue does not commence till the death of all the annuitants comprehended in one lot, which may sometimes consist of twenty or thirty persons, of whom the survivors succeed to the annuities of all those who die before them, the last survivor succeeding to the annuities of the whole lot. Upon the same revenue more money can always be raised by tontines than by annuities for separate lives. An annuity with a right of survivorship is really worth more than an equal annuity for a separate life, and from the confidence which every man naturally has in his own good fortune, the principle upon which is founded the success of all lotteries, such an annuity generally sells for something more than it is worth. In countries where it is usual for government to raise money by granting annuities, tontines are upon this account generally preferred to annuities for separate lives. The expedient which will raise most money, is almost always preferred to that which is likely to bring about in the speediest manner the liberation of the public revenue.

In France a much greater proportion of the public debts consists in annuities for lives than in England. According to a memoir presented by the parliament of Bourdeaux to the king in 1764, the whole public debt of France is estimated at twenty-four hundred millions of livres; of which the capital for which annuities for lives had been granted, is supposed to amount to three hundred millions, the eighth-part of the whole public debt. The annuities themselves are computed to amount to thirty millions a year, the fourth part of one hundred and twenty millions, the supposed interest of that whole debt. These estimations, I know very well, are not exact, but having been presented by so very respectable a body as approximations to the truth, they may, I apprehend, be considered as such. It is not the different degrees of anxiety in the two governments of France and

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and England for the liberation of the public revenue, which occasions this difference in their respective modes of borrowing. It arises altogether from the different views and interests of the lenders. In England, the seat of government being in the greatest mercantile city in the world, the merchants are generally the people who advance money to government. By advancing it they do not mean to diminish, but, on the contrary, to increase their mercantile capitals, and unless they expected to sell with some profit their share in the subscription for a new loan, they never would subscribe. But if by advancing their money they were to purchase, instead of perpetual annuities, annuities for lives only, whether their own, or those of other people, they would not always be so likely to sell them with a profit. Annuities upon their own lives they would always sell with loss; because no man will give for an annuity upon the life of another, whose age and state of health are nearly the same with his own, the same price which he would give for one upon his own. An annuity upon the life of a third person, indeed, is, no doubt, of equal value to the buyer and the seller; but its real value begins to diminish from the moment it is granted, and continues to do so more and more as long as it subsists. It can never, therefore, make so convenient a transferable stock as a perpetual annuity, of which the real value may be supposed always the same, or very nearly the same.

In France, the seat of government not being in a great mercantile city, merchants do not make so great a proportion of the people who advance money to government. The people concerned in the finances, the farmers general, the receivers of the taxes which are not in faim, the court bankers, &c. make the greater part of those who advance their money in all public exigencies. Such people are commonly men of mean birth, but of great wealth, and frequently;

quently of great pride. They are too proud to marry their equals, and women of quality disdain to marry them. They frequently resolve, therefore, to live bachelors, and having neither any families of their own, nor much regard for those of their relations, whom they are not always very fond of acknowledging, they desire only to live in splendor during their own time, and are not unwilling that their fortune should end with themselves. The number of rich people, besides, who are either averse to marry, or whose condition of life renders it either improper or inconvenient for them to do so, is much greater in France than in England. To such people, who have little or no care for posterity, nothing can be more convenient than to exchange their capital for a revenue, which is to last just as long as, and no longer than, they wish it to do.

The ordinary expence of the greater part of modern governments in time of peace being equal or nearly equal to their ordinary revenue, when war comes they are both unwilling and unable to increase their revenue in proportion to the increase of their expence. They are unwilling, for fear of offending the people, who, by so great and so sudden an increase of taxes, would soon be disgusted with the war; and they are unable, from not well knowing what taxes would be sufficient to produce the revenue wanted. The facility of borrowing delivers them from the embarrassment which this fear and inability would otherwise occasion. By means of borrowing they are enabled, with a very moderate increase of taxes, to raise, from year to year, money sufficient for carrying on the war, and by the practice of perpetual funding they are enabled, with the smallest possible increase of taxes, to raise annually the largest possible sum of money. In great empires the people who live in the capital, and in the provinces remote from the scene of action, feel, many of them, scarce any inconveniency from the

war; but enjoy, at their ease, the amusement of reading in the news-papers the exploits of their own fleets and armies. To them this amusement compensates the small difference between the taxes which they pay on account of the war, and those which they had been accustomed to pay in time of peace. They are commonly dissatisfied with the return of peace, which puts an end to their amusement, and to a thousand visionary hopes of conquest, and national glory, from a longer continuance of the war.

The return of peace, indeed, seldom relieves them from the greater part of the taxes imposed during the war. These are mortgaged for the interest of the debt contracted in order to carry it on. If, over and above paying the interest of this debt, and defraying the ordinary expence of government, the old revenue, together with the new taxes, produce some surplus revenue, it may perhaps be converted into a sinking fund for paying off the debt. But, in the first place, this sinking fund, even supposing it should be applied to no other purpose, is generally altogether inadequate for paying, in the course of any period during which it can reasonably be expected that peace should continue, the whole debt contracted during the war; and, in the second place, this fund is almost always applied to other purposes.

The new taxes were imposed for the sole purpose of paying the interest of the money borrowed upon them. If they produce more, it is generally something which was neither intended nor expected, and is therefore seldom very considerable. Sinking funds have generally arisen, not so much from any surplus of the taxes which was over and above what was necessary for paying the interest or annuity originally charged upon them, as from a subsequent reduction of that interest. That of Holland in 1655, and that of the ecclesiastical state in 1685, were both formed in this manner. Hence the usual insufficiency of such funds.

DURING the most profound peace, various events occur which require an extraordinary expence; and government finds it always more convenient to defray this expence by misapplying the sinking fund than by imposing a new tax. Every new tax is immediately felt more or less by the people. It occasions always some murmur, and meets with some opposition. The more taxes may have been multiplied, the higher they may have been raised upon every different subject of taxation; the more loudly the people complain of every new tax, the more difficult it becomes too either to find out new subjects of taxation, or to raise much higher the taxes already imposed upon the old. A momentary suspension of the payment of debt is not immediately felt by the people, and occasions neither murmur nor complaint. To borrow of the sinking fund is always an obvious and easy expedient for getting out of the present difficulty. The more the public debts may have been accumulated, the more necessary it may have become to study to reduce them, the more dangerous, the more ruinous it may be to misapply any part of the sinking fund; the less likely is the public debt to be reduced to any considerable degree, the more likely, the more certainly is the sinking fund to be misapplied towards defraying all the extraordinary expences which occur in time of peace. When a nation is already overburdened with taxes, nothing but the necessities of a new war, nothing but either the animosity of national vengeance, or the anxiety for national security, can induce the people to submit, with tolerable patience, to a new tax. Hence the usual misapplication of the sinking fund.

IN Great Britain, from the time that we had first recourse to the ruinous expedient of perpetual funding, the reduction of the public debt in time of peace, has never borne any proportion to its accumulation in time of war. It was in the war which began in 1688, and was concluded by the treaty of Ryswick in 1697, that the foundation of the present enormous debt of Great Britain was first laid.

ON

ON the 31st of December, 1697, the public debts of Great Britain, funded and unfunded, amounted to 21,515,742l. 13s. 8½d. A great part of those debts had been contracted upon short anticipations, and some part upon annuities for lives, so that before the 31st of December, 1701, in less than four years, there had partly been paid off, and partly reverted to the public, the sum of 5,121,041l. 12s. 0¾d.; a greater reduction of the public debt than has ever since been brought about in so short a period of time. The remaining debt, therefore, amounted only to 16,394,701l. 1s. 7¾d.

IN the war which began in 1702, and which was concluded by the treaty of Utrecht, the public debts were still more accumulated. On the 31st of December, 1714, they amounted to 53,681,076l. 5s. 6¼d. The subscription into the South Sea fund of the long and short annuities increased the capital of the public debts, so that on the 31st of December, 1722, it amounted to 55,282,978l. 1s. 3½d. The reduction of the debt began in 1723, and went on so slowly that, on the 31st of December, 1739, during seventeen years of profound peace, the whole sum paid off was no more than 8,328,354l. 17s. 11¼d. the capital of the public debt at that time amounting to 46,954,623l. 3s. 4¾d.

THE Spanish war, which began in 1739, and the French war which soon followed it, occasioned a further encrease of the debt, which, on the 31st of December, 1748, after the war had been concluded by the treaty of Aix la Chapelle, amounted to 78,293,313l. 1s. 10¼d. The most profound peace of seventeen years continuance had taken no more than 8,328,354l. 17s. 11¼d. from it. A war of less than nine years continuance added 31,338,689l. 18s. 6½d. to it\*.

DURING the administration of Mr. Pelham, the interest of the public debt was reduced, or at least measures were taken for reducing.

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\* See James Poslethwaite's history of the public revenue.

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ing it, from four to three per cent.; the sinking fund was increased, and some part of the public debt was paid off. In 1755, before the breaking out of the late war, the funded debt of Great Britain amounted to 72,289,673 l. On the 5th of January, 1763, at the conclusion of the peace, the funded debt amounted to 122,603,336 l. 8 s. 2½ d. The unfunded debt has been stated at 13,927,589 l. 2 s. 2 d. But the expence occasioned by the war did not end with the conclusion of the peace; so that though on the 5th of January, 1764, the funded debt was increased (partly by a new loan, and partly by funding a part of the unfunded debt) to 129,586,789 l. 10 s. 1½ d. there still remained (according to the very well informed author of the Considerations on the trade and finances of Great Britain) an unfunded debt, which was brought to account in that and the following year, of 9,975,017 l. 12 s. 2½ d. In 1764, therefore, the public debt of Great Britain, funded and unfunded together, amounted, according to this author, to 139,561,807 l. 2 s. 4 d. The annuities for lives too, which had been granted as premiums to the subscribers to the new loans in 1757, estimated at fourteen years purchase, were valued at 472,500 l.; and the annuities for long terms of years, granted as premiums likewise, in 1761 and 1762, estimated at 27½ years purchase, were valued at 6,826,875 l. During a peace of about seven years continuance, the prudent and truly patriot administration of Mr. Pelham, was not able to pay off an old debt of six millions. During a war of nearly the same continuance, a new debt of more than seventy-five millions was contracted.

On the 5th of January, 1775, the funded debt of Great Britain amounted to 124,996,086 l. 1 s. 6½ d. The unfunded, exclusive of a large civil list debt, to 4,150,236 l. 3 s. 11½ d. Both together, to 129,146,322 l. 5 s. 6 d. According to this account the whole debt paid off during eleven years profound peace amounted only to 10,415,474 l. 16 s. 9½ d. Even this  
small

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small reduction of debt, however, has not been all made from the savings out of the ordinary revenue of the state. Several extraneous sums, altogether independant of that ordinary revenue, have contributed towards it. Among these we may reckon an additional shilling in the pound land tax for three years; the two millions received from the East India company, as indemnification for their territorial acquisitions; and the one hundred and ten thousand pounds received from the bank for the renewal of their charter. To these must be added several other sums which, as they arose out of the late war, ought perhaps to be considered as deductions from the expences of it. The principal are,

	l.	s.	d.
The produce of French prizes	—	690,449	18 9
Composition for French prisoners	—	670,000	0 0
What has been received from the sale of the ceded islands	—	—	95,500 0 0
		<hr/>	
Total,	1,455,949	18	9

If we add to this sum the balance of the earl of Chatham's and Mr. Calcraft's accounts, and other army savings of the same kind, together with what has been received from the bank, the East India company, and the additional shilling in the pound, land tax; the whole must be a good deal more than five millions. The debt, therefore, which since the peace has been paid out of the savings from the ordinary revenue of the state, has not, one year with another, amounted to half a million a year. The sinking fund has, no doubt, been considerably augmented since the peace, by the debt which has been paid off, by the reduction of the redeemable four per cents. to three per cents. and by the annuities for lives which have fallen in, and, if peace was to continue,

a million perhaps might now be annually spared out of it towards the discharge of the debt. Another million, accordingly, was paid in the course of last year; but, at the same time, a large civil list debt was left unpaid, and we are now involved in a new war which, in its progress, may prove as expensive as any of our former wars. The new debt which will probably be contracted before the end of the next campaign, may perhaps be nearly equal to all the old debt which has been paid off from the savings out of the ordinary revenue of the state. It would be altogether chimerical, therefore, to expect that the public debt should ever be completely discharged by any savings which are likely to be made from that ordinary revenue as it stands at present.

THE public funds of the different indebted nations of Europe, particularly those of England, have by one author been represented as the accumulation of a great capital super-added to the other capital of the country, by means of which its trade is extended, its manufactures multiplied, and its lands cultivated and improved much beyond what they could have been by means of that other capital only. He does not consider that the capital which the first creditors of the public advanced to government, was, from the moment in which they advanced it, a certain portion of the annual produce turned away from serving in the function of a capital, to serve in that of a revenue; from maintaining productive labourers to maintain unproductive ones, and to be spent and wasted, generally in the course of the year, without even the hope of any future reproduction. In return for the capital which they advanced they obtained, indeed, an annuity in the public funds in most cases of more than equal value. This annuity, no doubt, replaced to them their capital, and enabled them to carry on their trade and business to the same or perhaps to a greater extent than before; that is, they were enabled either

to borrow of other people a new capital upon the credit of this annuity, or by selling it to get from other people a new capital of their own, equal or superior to that which they had advanced to government. This new capital, however, which they in this manner either bought or borrowed of other people, must have existed in the country before, and must have been employed, as all capitals are, in maintaining productive labour. When it came into the hands of those who had advanced their money to government, though it was in some respects a new capital to them, it was not so to the country; but was only a capital withdrawn from certain employments in order to be turned towards others. Though it replaced to them what they had advanced to government, it did not replace it to the country. Had they not advanced this capital to government, there would have been in the country two capitals, two portions of the annual produce, instead of one, employed in maintaining productive labour.

WHEN for defraying the expence of government a revenue is raised within the year from the produce of free or unmortgaged taxes, a certain portion of the revenue of private people is only turned away from maintaining one species of unproductive labour, towards maintaining another. Some part of what they pay in those taxes might no doubt have been accumulated into capital, and consequently employed in maintaining productive labour; but the greater part would probably have been spent and consequently employed in maintaining unproductive labour. The public expence however, when defrayed in this manner, no doubt hinders more or less the further accumulation of new capital; but it does not necessarily occasion the destruction of any actually existing capital.

WHEN the public expence is defrayed by funding, it is defrayed by the annual destruction of some capital which had before existed

BOOK V. in the country; by the perversion of some portion of the annual produce which had before been destined for the maintenance of productive labour, towards that of unproductive labour. As in this case, however, the taxes are lighter than they would have been, had a revenue sufficient for defraying the same expence been raised within the year; the private revenue of individuals is necessarily less burthened, and consequently their ability to save and accumulate some part of that revenue into capital is a good deal less impaired. If the method of funding destroys more old capital, it at the same time hinders less the accumulation or acquisition of new capital, than that of defraying the public expence by a revenue raised within the year. Under the system of funding, the frugality and industry of private people can more easily repair the breaches which the waste and extravagance of government may occasionally make in the general capital of the society.

It is only during the continuance of war, however, that the system of funding has this advantage over the other system. Were the expence of war to be defrayed always by a revenue raised within the year, the taxes from which that extraordinary revenue was drawn would last no longer than the war. The ability of private people to accumulate, though less during the war, would have been greater during the peace than under the system of funding. War would not necessarily have occasioned the destruction of any old capitals, and peace would have occasioned the accumulation of many more new. Wars would in general be more speedily concluded, and less wantonly undertaken. The people's feeling, during the continuance of the war, the complete burden of it, would soon grow weary of it, and government, in order to humour them, would not be under the necessity of carrying it on longer than it was necessary to do so. The foresight of the heavy and unavoidable burdens of war would hinder the  
people

people from wantonly calling for it when there was no real or solid interest to fight for. The seasons during which the ability of private people to accumulate was somewhat impaired, would occur more rarely, and be of shorter continuance. Those, on the contrary, during which that ability was in the highest vigour, would be of much longer duration than they can well be under the system of funding.

When funding, besides, has made a certain progress, the multiplication of taxes which it brings along with it sometimes impairs as much the ability of private people to accumulate even in time of peace, as the other system would in time of war. The peace revenue of Great Britain amounts at present to more than ten millions a year. If free and unmortgaged, it might be sufficient, with proper management and without contracting a shilling of new debt, to carry on the most vigorous war. The private revenue of the inhabitants of Great Britain is at present as much encumbered in time of peace; their ability to accumulate is as much impaired as it would have been in the time of the most expensive war, had the pernicious system of funding never been adopted.

In the payment of the interest of the public debt, it has been said, it is the right hand which pays the left. The money does not go out of the country. It is only a part of the revenue of one set of the inhabitants which is transferred to another; and the nation is not a farthing the poorer. This apology is founded altogether in the sophistry of the mercantile system, and after the long examination which I have already bestowed upon that system, it may perhaps be unnecessary to say any thing further about it. It supposes, besides, that the whole public debt is owing to the inhabitants of the country, which happens not to be true; the Dutch, as well as several other foreign nations, having a very considerable  
share

share in our public funds. But though the whole debt were owing to the inhabitants of the country, it would not upon that account be less pernicious.

LAND and capital stock are the two original sources of all revenue both private and public. Capital stock pays the wages of productive labour, whether employed in agriculture, manufactures, or commerce. The management of those two original sources of revenue belongs to two different sets of people; the proprietors of land, and the owners or employers of capital stock.

THE proprietor of land is interested for the sake of his own revenue to keep his estate in as good condition as he can, by building and repairing his tenants houses, by making and maintaining the necessary drains and enclosures, and all those other expensive improvements which it properly belongs to the landlord to make and maintain. But by different land-taxes the revenue of the landlord may be so much diminished; and by different duties upon the necessaries and conveniences of life, that diminished revenue may be rendered of so little real value, that he may find himself altogether unable to make or maintain those expensive improvements. When the landlord, however, ceases to do his part, it is altogether impossible that the tenant should continue to do his. As the distress of the landlord increases, the agriculture of the country must necessarily decline.

WHEN by different taxes upon the necessaries and conveniences of life, the owners and employers of capital stock find, that whatever revenue they derive from it, will not, in a particular country, purchase the same quantity of those necessaries and conveniences, which an equal revenue would in almost any other; they will be disposed to remove to some other. And when, in order to raise those taxes,

taxes, all or the greater part of merchants and manufacturers, that is, all or the greater part of the employers of great capitals, come to be continually exposed to the mortifying and vexatious visits of the tax gatherers; this disposition to remove will soon be changed into an actual removal. The industry of the country will necessarily fall with the removal of the capital which supported it, and the ruin of trade and manufactures will follow the declension of agriculture.

To transfer from the owners of those two great sources of revenue, land and capital stock, from the persons immediately interested in the good condition of every particular portion of land, and in the good management of every particular portion of capital stock, to another set of persons, (the creditors of the public, who have no such particular interest) the greater part of the revenue arising from either, must, in the long-run, occasion both the neglect of land, and the waste or removal of capital stock. A creditor of the public has no doubt a general interest in the prosperity of the agriculture, manufactures, and commerce of the country; and consequently in the good condition of its lands, and in the good management of its capital stock. Should there be any general failure or declension in any of these things, the produce of the different taxes might no longer be sufficient to pay him the annuity or interest which is due to him. But a creditor of the public, considered merely as such, has no interest in the good condition of any particular portion of land, or in the good management of any particular portion of capital stock. As a creditor of the public he has no knowledge of any such particular portion. He has no inspection of it. He can have no care about it. Its ruin may in most cases be unknown to him, and cannot directly affect him.

THE practice of funding has gradually enfeebled every state which has adopted it. The Italian republics seem to have begun it.

Genoa and Venice, the only two remaining which can pretend to an independent existence, have both been enfeebled by it. Spain seems to have learned the practice from the Italian republics, and (its taxes being probably less judicious than theirs) it has, in proportion to its natural strength, been still more enfeebled. The debts of Spain are of very old standing. It was deeply in debt before the end of the sixteenth century, about a hundred years before England owed a shilling. France, notwithstanding all its natural resources, languishes under an oppressive load of the same kind. The republic of the United Provinces is as much enfeebled by its debts as either Genoa or Venice. Is it likely that in Great Britain alone a practice, which has brought either weakness or debilitation into every other country, should prove altogether innocent?

THE system of taxation established in those different countries, it may be said, is inferior to that of England. I believe it is so. But it ought to be remembered, that when the wisest government has exhausted all the proper subjects of taxation, it must, in cases of urgent necessity, have recourse to improper ones. The wise republic of Holland has upon some occasions been obliged to have recourse to taxes as inconvenient as the greater part of those of Spain. Another war begun before any considerable liberation of the publick revenue had been brought about, and growing in its progress as expensive as the last war, may, from irresistible necessity, render the British system of taxation as oppressive as that of Holland, or even as that of Spain. To the honour of our present system of taxation, indeed, it has hitherto given so little embarrassment to industry, that, during the course even of the most expensive wars, the frugality and good conduct of individuals seems to have been able, by saving and accumulation, to repair all the breaches which the waste and extravagance of government had made.

made in the general capital of the society. At the conclusion of the late war, the most expensive that Great Britain ever waged, her agriculture was as flourishing, her manufacturers as numerous and as fully employed, and her commerce as extensive, as they had ever been before. The capital, therefore, which supported all those different branches of industry, must have been equal to what it had ever been before. Since the peace, agriculture has been still further improved, the rents of houses have risen in every town and village of the country; a proof of the increasing wealth and revenue of the people; and the annual amount of the greater part of the old taxes, of the principal branches of the excise and customs in particular, has been continually increasing, an equally clear proof of an increasing consumption, and consequently of an increasing produce, which could alone support that consumption. Great Britain seems to support with ease, a burden which, half a century ago, nobody believed her capable of supporting. Let us not, however, upon this account rashly conclude that she is capable of supporting any burden; nor even be too confident that she could support, without great distress, a burden a little greater than what has already been laid upon her.

WHEN national debts have once been accumulated to a certain degree, there is scarce, I believe, a single instance of their having been fairly and completely paid. The liberation of the public revenue, if it has ever been brought about at all, has always been brought about by a bankruptcy; sometimes by an avowed one, but always by a real one, though frequently by a pretended payment.

THE raising of the denomination of the coin has been the most usual expedient by which a real public bankruptcy has been disguised under the appearance of a pretended payment. If a sixpence,



for example, should either by act of parliament or royal proclamation be raised to the denomination of a shilling, and twenty sixpences to that of a pound sterling; the person who under the old denomination had borrowed twenty shillings, or near four ounces of silver, would, under the new, pay with twenty sixpences, or with something less than two ounces. A national debt of about a hundred and twenty-eight millions, nearly the capital of the funded and unfunded debt of Great Britain, might in this manner be paid with about sixty-four millions of our present money. It would indeed be a pretended payment only, and the creditors of the public would really be defrauded of ten shillings in the pound of what was due to them. The calamity too would extend much further than to the creditors of the public, and those of every private person would suffer a proportionable loss; and this without any advantage, but in most cases with a great additional loss, to the creditors of the public. If the creditors of the public indeed were generally much in debt to other people, they might in some measure compensate their loss by paying their creditors in the same coin in which the public had paid them. But in most countries the creditors of the public are, the greater part of them, wealthy people, who stand more in the relation of creditors than in that of debtors towards the rest of their fellow citizens. A pretended payment of this kind, therefore, instead of alleviating, aggravates in most cases the loss of the creditors of the public; and without any advantage to the public extends the calamity to a great number of other innocent people. It occasions a general and most pernicious subversion of the fortunes of private people; enriching in most cases the idle and profuse debtor at the expence of the industrious and frugal creditor, and transporting a great part of the national capital, from the hands which were likely to encrease and improve it, to those which are likely to dissipate and destroy it. When it becomes necessary for a state to declare

declare itself bankrupt, in the same manner as when it becomes necessary for an individual to do so, a fair, open, and avowed bankruptcy is always the measure which is both least dishonourable to the debtor, and least hurtful to the creditor. The honour of a state is surely very poorly provided for, when, in order to cover the disgrace of a real bankruptcy, it has recourse to a juggling trick of this kind, so easily seen through, and at the same time so extremely pernicious.

ALMOST all states, however, antient as well as modern, when reduced to this necessity, have, upon some occasions, played this very juggling trick. The Romans, at the end of the first punic war, reduced the As, the coin or denomination by which they computed the value of all their other coins, from containing twelve ounces of copper to contain only two ounces; that is, they raised two ounces of copper to a denomination which had always before expressed the value of twelve ounces. The republic was, in this manner, enabled to pay the great debts which it had contracted with the sixth part of what it really owed. So sudden and so great a bankruptcy, we should in the present times be apt to imagine, must have occasioned a very violent popular clamour. It does not appear to have occasioned any. The law which enacted it was, like all other laws relating to the coin, introduced and carried through the assembly of the people by a tribune, and was probably a very popular law. In Rome, as in all the other antient republics, the poor people were constantly in debt to the rich and the great, who, in order to secure their votes at the annual elections, used to lend them money at exorbitant interest, which, being never paid, soon accumulated into a sum too great either for the debtor to pay, or for any body else to pay for him. The debtor, for fear of a very severe execution, was obliged, without any further gratuity, to vote for the candidate whom the creditor recommended. In spite of all the

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laws against bribery and corruption, the bounty of the candidates, together with the occasional distributions of corn, which were ordered by the senate, were the principal funds from which, during the later times of the Roman republic, the poorer citizens derived their subsistence. To deliver themselves from this subjection to their creditors, the poorer citizens were continually calling out either for an entire abolition of debts, or for what they called New Tables; that is, for a law which should entitle them to a complete acquittance, upon paying only a certain proportion of their accumulated debts. The law which reduced the coin of all denominations to a sixth part of its former value, as it enabled them to pay their debts with a sixth part of what they really owed, was equivalent to the most advantageous new tables. In order to satisfy the people, the rich and the great were, upon several different occasions, obliged to consent to laws both for abolishing debts, and for introducing new tables; and they probably were induced to consent to this law, partly for the same reason, and partly that by liberating the public revenue, they might restore vigour to that government of which they themselves had the principal direction. An operation of this kind would at once reduce a debt of a hundred and twenty-eight millions to twenty-one millions, three hundred and thirty-three thousand, three hundred and thirty-three pounds, six shillings and eight-pence. In the course of the second punic war the As was still further reduced, first, from two ounces of copper to one ounce; and afterwards from one ounce to half an ounce, that is, to the twenty-fourth part of its original value. By combining the three Roman operations into one, a debt of a hundred and twenty-eight millions of our present money, might in this manner be reduced all at once to a debt of five millions, three hundred and thirty-three thousand, three hundred and thirty-three pounds, six shillings and eight-pence. Even the enormous debt of Great Britain might in this manner soon be paid.

By means of such expedients the coin of, I believe, all nations has been gradually reduced more and more below its original value, and the same nominal sum has been gradually brought to contain a smaller and a smaller quantity of silver. CHAP. III.

NATIONS have sometimes, for the same purpose, adulterated the standard of their coin; that is, have mixed a greater quantity of alloy in it. If in the pound weight of our silver coin, for example, instead of eighteen penny weight, according to the present standard, there was mixed eight ounces of alloy; a pound sterling, or twenty shillings of such coin, would be worth little more than six shillings and eight-pence of our present money. The quantity of silver contained in six shillings and eight-pence of our present money, would thus be raised very nearly to the denomination of a pound sterling. The adulteration of the standard has exactly the same effect with what the French call an augmentation, or a direct raising of the denomination of the coin.

An augmentation, or a direct raising of the denomination of the coin, always is, and from its nature must be, an open and avowed operation. By means of it pieces of a smaller weight and bulk are called by the same name which had before been given to pieces of a greater weight and bulk. The adulteration of the standard, on the contrary, has generally been a concealed operation. By means of it pieces were issued from the mint of the same denominations, and, as nearly as could be contrived, of the same weight, bulk, and appearance, with pieces which had been current before of much greater value. When king John of France\*, in order to pay his debts, adulterated his coin, all the officers of his mint were sworn to secrecy. Both operations are unjust. But a simple augmentation is an injustice of open violence; whereas an adulteration is an injustice of treacherous fraud. This latter operation, therefore, as

\* See du Cange Glossary, voce Moneta; the Benedictine edition.

soon as it has been discovered, and it could never be concealed very long, has always excited much greater indignation than the former. The coin, after any considerable augmentation, has very seldom been brought back to its former weight; but after the greatest adulterations it has almost always been brought back to its former fineness. It has scarce ever happened that the fury and indignation of the people could otherwise be appeased.

IN the end of the reign of Henry VIII. and in the beginning of that of Edward VI. the English coin was not only raised in its denomination, but adulterated in its standard. The like frauds were practised in Scotland during the minority of James VI. They have occasionally been practised in most other countries.

THAT the public revenue of Great Britain can ever be completely liberated, or even that any considerable progress can ever be made towards that liberation, while the surplus of that revenue, or what is over and above defraying the annual expence of the peace establishment, is so very small, it seems altogether in vain to expect. That liberation, it is evident, can never be brought about without either some very considerable augmentation of the public revenue, or some equally considerable reduction of the public expence.

A MORE equal land-tax, a more equal tax upon the rent of houses, and such alterations in the present system of customs and excise as those which have been mentioned in the foregoing chapter, might, perhaps, without increasing the burden of the greater part of the people, but only distributing the weight of it more equally upon the whole, produce a considerable augmentation of revenue. The most sanguine projector, however, could scarce flatter himself that any augmentation of this kind would be such as could give any reasonable hopes either of liberating the public revenue alto-

gether, or even of making such progress towards that liberation in time of peace, as either to prevent or to compensate the further accumulation of the public debt in the next war.

By extending the British system of taxation to all the different provinces of the empire inhabited by people either of British or European extraction, a much greater augmentation of revenue might be expected. This, however, could scarce perhaps be done, consistently with the principles of the British constitution, without admitting into the British parliament, or if you will into the states general of the British Empire, a fair and equal representation of all those different provinces, that of each province bearing the same proportion to the produce of its taxes, as the representation of Great Britain might bear to the produce of the taxes levied upon Great Britain. The private interest of many powerful individuals, the confirmed prejudices of great bodies of people seem, indeed, at present, to oppose to so great a change such obstacles as it may be very difficult, perhaps altogether impossible, to surmount. Without, however, pretending to determine whether such a union be practicable or impracticable; it may not, perhaps, be improper, in a speculative work of this kind, to consider how far the British system of taxation might be applicable to all the different provinces of the empire; what revenue might be expected from it if so applied, and in what manner a general union of this kind might be likely to affect the happiness and prosperity of the different provinces comprehended within it. Such a speculation can at worst be regarded but as a new Utopia, less amusing certainly, but not more useless and chimerical than the old one.

THE land-tax, the stamp duties, and the different duties of customs and excise, constitute the four principal branches of the British taxes.

IRELAND is certainly as able, and our American and West Indian plantations more able to pay a land-tax than Great Britain. Where the landlord is subject neither to tithe nor poors rate, he must certainly be more able to pay such a tax, than where he is subject to both those other burdens. The tithe, where there is no modus, and where it is levied in kind, diminishes more what would otherwise be the rent of the landlord, than a land-tax which really amounted to five shillings in the pound. Such a tithe will be found in most cases to amount to more than a fourth part of the real rent of the land, or of what remains after replacing compleatly the capital of the farmer, together with his reasonable profit. If all moduses and all impropriations were taken away, the complete church tithe of Great Britain and Ireland, could not well be estimated at less than six or seven millions. If there was no tithe either in Great Britain or Ireland, the landlords could afford to pay six or seven millions additional land-tax, without being more burdened than a very great part of them are at present. America pays no tithe, and could therefore very well afford to pay a land-tax. The lands in America and the West Indies, indeed, are in general not tenanted or leased out to farmers. They could not therefore be assessed according to any rent-roll. But neither were the lands of Great Britain, in the 4th of William and Mary, assessed according to any rent-roll, but according to a very loose and inaccurate estimation. The lands in America might be assessed either in the same manner, or according to an equitable valuation in consequence of an accurate survey, like that which was lately made in the Milanese, and in the dominions of Austria, Prussia, and Sardinia.

STAMP-DUTIES, it is evident, might be levied without any variation in all countries where the forms of law process, and the deeds by which property both real and personal is transferred, are the same or nearly the same.

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THE extension of the customhouse laws of Great Britain to Ireland and the plantations, provided it was accompanied, as in justice it ought to be, with an extension of the freedom of trade, would be in the highest degree advantageous to both. All the invidious restraints which at present oppress the trade of Ireland, the distinction between the enumerated and non-enumerated commodities of America, would be entirely at an end. The countries north of Cape Finisterre would be as open to every part of the produce of America, as those south of that cape are to some parts of that produce at present. The trade between all the different parts of the British empire would, in consequence of this uniformity in the customhouse laws, be as free as the coasting trade of Great Britain is at present. The British empire would thus afford within itself an immense internal market for every part of the produce of all its different provinces. So great an extension of market would soon compensate both to Ireland and the plantations, all that they could suffer from the increase of the duties of customs.

THE excise is the only part of the British system of taxation, which would require to be varied in any respect according as it was applied to the different provinces of the empire. It might be applied to Ireland without any variation; the produce and consumption of that kingdom being exactly of the same nature with those of Great Britain. In its application to America and the West Indies, of which the produce and consumption are so very different from those of Great Britain, some modification might be necessary, in the same manner as in its application to the cyder and beer counties of England.

A FERMENTED liquor, for example, which is called beer, but which, as it is made of melasses, bears very little resemblance to our beer, makes a considerable part of the common drink of the people in America. This liquor, as it can be kept only for a few days,

days, cannot, like our beer, be prepared and stored up for sale in great breweries; but every private family must brew it for their own use, in the same manner as they cook their victuals. But to subject every private family to the odious visits and examination of the tax gatherers, in the same manner as we subject the keepers of alehouses and the brewers for public sale, would be altogether inconsistent with liberty. If for the sake of equality it was thought necessary to lay a tax upon this liquor, it might be taxed by taxing the material of which it is made, either at the place of manufacture, or, if the circumstances of the trade rendered such an excise improper, by laying a duty upon its importation into the colony in which it was to be consumed. Besides the duty of one penny a gallon imposed by the British parliament upon the importation of molasses into America; there is a provincial tax of this kind upon their importation into Massachusetts Bay, in ships belonging to any other colony, of eight-pence the hoghead; and another upon their importation, from the northern colonies, into South Carolina of five-pence the gallon. Or if neither of these methods was found convenient, each family might compound for its consumption of this liquor, either according to the number of persons of which it consisted, in the same manner as private families compound for the malt-tax in England; or according to the different ages and sexes of those persons, in the same manner as several different taxes are levied in Holland; or nearly as Sir Mathew Decker proposes that all taxes upon consumable commodities should be levied in England. This mode of taxation, it has already been observed, when applied to objects of a speedy consumption, is not a very convenient one. It might be adopted, however, in cases where no better could be done.

SUGAR, rum, and tobacco, are commodities which are nowhere necessaries of life, which are become objects of almost universal consumption, and which are therefore extremely proper subjects

jects of taxation. If a union with the colonies was to take place, those commodities might be taxed either before they go out of the hands of the manufacturer or grower; or if this mode of taxation did not suit the circumstances of those persons, they might be deposited in public warehouses both at the place of manufacture, and at all the different ports of the empire to which they might afterwards be transported, to remain there, under the joint custody of the owner and the revenue officer, till such time as they should be delivered out either to the consumer, to the merchant retailer for home consumption; or to the merchant exporter; the tax not to be advanced till such delivery. When delivered out for exportation, to go duty free; upon proper security being given that they should really be exported out of the empire. These are perhaps the principal commodities with regard to which a union with the colonies might require some considerable change in the present system of British taxation.

WHAT might be the amount of the revenue which this system of taxation extended to all the different provinces of the empire might produce, it must, no doubt, be altogether impossible to ascertain with tolerable exactness. By means of this system there is annually levied in Great Britain, upon less than eight millions of people, more than ten millions of revenue. Ireland contains more than two millions of people, and according to the accounts laid before the congress, the twelve associated provinces of America contain more than three. Those accounts, however, may have been exaggerated, in order, perhaps, either to encourage their own people, or to intimidate those of this country, and we shall suppose therefore that our North American and West Indian colonies taken together contain no more than three millions; or that the whole British empire, in Europe and America, contains no more than thirteen millions of inhabitants. If upon less than

eight millions of inhabitants this system of taxation raises a revenue of more than ten millions sterling; it ought upon thirteen millions of inhabitants to raise a revenue of more than sixteen millions two hundred and fifty thousand pounds sterling. From this revenue, supposing that this system could produce it, must be deducted, the revenue usually raised in Ireland and the plantations for defraying the expence of their respective civil governments. The expence of the civil and military establishment of Ireland, together with the interest of the public debt, amounts at a medium of the two years which ended March, 1775, to something less than seven hundred and fifty thousand pounds a year. By a very exact account of the revenue of the principal colonies of America and the West Indies, it amounted, before the commencement of the late disturbances, to a hundred and forty-one thousand eight hundred pounds. In this account, however, the revenue of Maryland, of North Carolina, and of all our late acquisitions both upon the continent and in the islands, is omitted, which may perhaps make a difference of thirty or forty thousand pounds. For the sake of even numbers therefore, let us suppose that the revenue necessary for supporting the civil government of Ireland, and the plantations, may amount to a million. There would remain consequently a revenue of fifteen millions two hundred and fifty thousand pounds, to be applied towards defraying the general expence of the empire, and towards paying the public debt. But if from the present revenue of Great Britain a million could in peaceable times be spared towards the payment of that debt, six millions two hundred and fifty thousand pounds could very well be spared from this improved revenue. This great sinking fund too might be augmented every year by the interest of the debt which had been discharged the year before, and might in this manner increase so very rapidly, as to be sufficient in a few years to discharge the whole debt, and thus to restore completely the at present debilitated and languishing vigour of the empire.

In the meantime the people might be relieved from some of the most burdensome taxes; from those which are imposed either upon the necessaries of life, or upon the materials of manufacture. The labouring poor would thus be enabled to live better, to work cheaper, and to send their goods cheaper to market. The cheapness of their goods would increase the demand for them, and consequently for the labour of those who produced them. This increase in the demand for labour, would both increase the numbers and improve the circumstances of the labouring poor. Their consumption would increase, and together with it the revenue arising from all those articles of their consumption upon which the taxes might be allowed to remain.

THE revenue arising from this system of taxation, however, might not immediately increase in proportion to the number of people who were subjected to it. Great indulgence would for some time be due to those provinces of the empire which were thus subjected to burthens to which they had not before been accustomed, and even when the same taxes came to be levied every where as exactly as possible, they would not every where produce a revenue proportioned to the numbers of the people. In a poor country the consumption of the principal commodities subject to the duties of customs and excise is very small; and in a thinly inhabited country the opportunities of smuggling are very great. The consumption of malt liquors among the inferior ranks of people in Scotland is very small, and the excise upon malt, beer, and ale, produces less there than in England in proportion to the numbers of the people and the rate of the duties, which upon malt is different on account of a supposed difference of quality. In these particular branches of the excise there is not, I apprehend, much more smuggling in the one country than in the other. The duties upon the distillery, and the greater part of the duties of customs,

in proportion to the numbers of people in the respective countries, produce less in Scotland than in England, not only on account of the smaller consumption of the taxed commodities, but of the much greater facility of smuggling. In Ireland, the inferior ranks of people are still poorer than in Scotland, and many parts of the country are almost as thinly inhabited. In Ireland, therefore, the consumption of the taxed commodities might, in proportion to the number of the people, be still less than in Scotland, and the facility of smuggling nearly the same. In America and the West Indies the white people even of the lowest rank are in much better circumstances than those of the same rank in England, and their consumption of all the luxuries in which they usually indulge themselves is probably much greater. The blacks, indeed, who make the greater part of the inhabitants both of the southern colonies upon the continent and of the West Indian islands, as they are in a state of slavery, are, no doubt, in a worse condition than the poorest people either in Scotland or Ireland. We must not, however, upon that account, imagine that they are worse fed, or that their consumption of articles which might be subjected to moderate duties, is less than that even of the lower ranks of people in England. In order that they may work well, it is the interest of their master that they should be fed well and kept in good heart, in the same manner as it is his interest that his working cattle should be so. The blacks accordingly have almost every where their allowance of rum and of melasses or spruce beer, in the same manner as the white servants; and this allowance would not probably be withdrawn, though those articles should be subjected to moderate duties. The consumption of the taxed commodities, therefore, in proportion to the number of inhabitants, would probably be as great in America and the West Indies as in any part of the British empire. The opportunities of smuggling, indeed, would be much greater; America, in proportion to the extent

extent of the country, being much more thinly inhabited than either Scotland or Ireland. If the revenue, however, which is at present raised by the different duties upon malt and malt liquors, was to be levied by a single duty upon malt, the opportunity of smuggling in the most important branch of the excise would be almost entirely taken away: And if the duties of customs, instead of being imposed upon almost all the different articles of importation, were confined to a few of the most general use and consumption, and if the levying of those duties was subjected to the excise laws, the opportunity of smuggling, though not so entirely taken away, would be very much diminished. In consequence of those two, apparently, very simple and easy alterations, the duties of customs and excise might probably produce a revenue as great in proportion to the consumption of the most thinly inhabited province as they do at present in proportion to that of the most populous.

THE Americans, it has been said, indeed, have no gold or silver money; the interior commerce of the country being carried on by a paper currency, and the gold and silver which occasionally come among them being all sent to Great Britain in return for the commodities which they receive from us. But without gold and silver, it is added, there is no possibility of paying taxes. We already get all the gold and silver which they have. How is it possible to draw from them what they have not?

THE present scarcity of gold and silver money in America is not the effect of the poverty of that country, or of the inability of the people there to purchase those metals. In a country where the wages of labour are so much higher, and the price of provisions so much lower than in England, the greater part of the people must surely have wherewithal to purchase a greater quantity,

if it was either necessary or convenient for them to do so. The scarcity of those metals, therefore, must be the effect of choice, and not of necessity.

It is for transacting either domestic or foreign business, that gold and silver money is either necessary or convenient.

THE domestic business of every country, it has been shewn in the second book of this inquiry, may, at least in peaceable times, be transacted by means of a paper currency, with nearly the same degree of conveniency as by gold and silver money. It is convenient for the Americans, who could always employ with profit in the improvement of their lands a greater stock than they can easily get, to save as much as possible the expence of so costly an instrument of commerce as gold and silver, and rather to employ that part of their surplus produce which would be necessary for purchasing those metals, in purchasing the instruments of trade, the materials of cloathing, several parts of household furniture, and the iron-work necessary for building and extending their settlements and plantations; in purchasing, not dead stock, but active and productive stock. The colony governments find it for their interest to supply people with such a quantity of paper-money as is fully sufficient and generally more than sufficient for transacting their domestic business. Some of those governments, that of Pennsylvania particularly, derive a revenue from lending this paper-money to their subjects at an interest of so much per cent. Others, like that of Massachusetts Bay, advance upon extraordinary emergencies a paper-money of this kind for defraying the public expence, and afterwards, when it suits the conveniency of the colony, redeem it at the depreciated value to which it gradually falls. In 1747\* that colony paid, in this manner, the greater part of its public debts, with the tenth part of the

\* See Hutchinson's History of Massachusetts Bay, Vol. II. Page 436. & seq.

the money for which its bills had been granted. It suits the conveniency of the planters to save the expence of employing gold and silver money in their domestic transactions; and it suits the conveniency of the colony governments to supply them with a medium, which, though attended with some very considerable disadvantages, enables them to save that expence. The redundancy of paper money necessarily banishes gold and silver from the domestic transactions of the colonies, for the same reason that it has banished those metals from the greater part of the domestic transactions of Scotland; and in both countries it is not the poverty, but the enterprising and projecting spirit of the people, their desire of employing all the stock which they can get as active and productive stock, which has occasioned this redundancy of paper money.

IN the exterior commerce which the different colonies carry on with Great Britain, gold and silver are more or less employed, exactly in proportion as they are more or less necessary. Where those metals are not necessary, they seldom appear. Where they are necessary, they are generally found.

IN the commerce between Great Britain and the tobacco colonies, the British goods are generally advanced to the colonists at a pretty long credit, and are afterwards paid for in tobacco, rated at a certain price. It is more convenient for the colonists to pay in tobacco than in gold and silver. It would be more convenient for any merchant to pay for the goods which his correspondents had sold to him in some other sort of goods which he might happen to deal in, than in money. Such a merchant would have no occasion to keep any part of his stock by him unemployed, and in ready money, for answering occasional demands. He could have, at all times, a larger quantity of goods in his shop or warehouse, and he could deal to a greater extent. But it seldom happens to be convenient



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venient for all the correspondents of a merchant to receive payment for the goods which they sell to him, in goods of some other kind which he happens to deal in. The British merchants who trade to Virginia and Maryland happen to be a particular set of correspondents, to whom it is more convenient to receive payment for the goods which they sell to those colonies in tobacco than in gold and silver. They expect to make a profit by the sale of the tobacco. They could make none by that of the gold and silver. Gold and silver, therefore, very seldom appear in the commerce between Great Britain and the tobacco colonies. Maryland and Virginia have as little occasion for those metals in their foreign as in their domestic commerce. They are said, accordingly, to have less gold and silver money than any other colonies in America. They are reckoned, however, as thriving, and consequently as rich as any of their neighbours.

IN the northern colonies, Pennsylvania, New York, New Jersey, the four governments of New England, &c. the value of their own produce which they export to Great Britain is not equal to that of the manufactures which they import for their own use, and for that of some of the other colonies to which they are the carriers. A balance, therefore, must be paid to the mother country in gold and silver, and this balance they generally find.

IN the sugar colonies the value of the produce annually exported to Great Britain is much greater than that of all the goods imported from thence. If the sugar and rum annually sent to the mother country were paid for in those colonies, Great Britain would be obliged to send out every year a very large balance in money, and the trade to the West Indies would, by a certain species of politicians, be considered as extremely disadvantageous. But it so happens, that many of the principal proprietors of the sugar plantations reside in Great Britain. Their rents are remitted to them in sugar

sugar and rum, the produce of their estates. The sugar and rum which the West India merchants purchase in those colonies upon their own account, are not equal in value to the goods which they annually sell there. A balance, therefore, must generally be paid to them in gold and silver, and this balance too is generally found.

THE difficulty and irregularity of payment from the different colonies to Great Britain, have not been at all in proportion to the greatness or smallness of the balances which were respectively due from them: Payments have in general been more regular from the northern than from the tobacco colonies, though the former have generally paid a pretty large balance in money, while the latter have paid either no balance, or a much smaller one. The difficulty of getting payment from our different sugar colonies has been greater or less in proportion, not so much to the extent of the balances respectively due from them, as to the quantity of uncultivated land which they contained; that is, to the greater or smaller temptation which the planters have been under of over-trading, or of undertaking the settlement and plantation of greater quantities of waste land than suited the extent of their capitals. The returns from the great island of Jamaica, where there is still much uncultivated land, have, upon this account, been in general more irregular and uncertain than those from the smaller islands of Barbadoes, Antigua, and St. Christophers, which have for these many years been completely cultivated, and have, upon that account, afforded less field for the speculations of the planter. The new acquisitions of Grenada, Tobago, St. Vincents, and Dominica, have opened a new field for speculations of this kind; and the returns from those islands have of late been as irregular and uncertain as those from the great island of Jamaica.

It is not, therefore, the poverty of the colonies which occasions, in the greater part of them, the present scarcity of gold and silver money.

money. Their great demand for active and productive stock makes it convenient for them to have as little dead stock as possible; and disposes them upon that account to content themselves with a cheaper, though less commodious instrument of commerce than gold and silver. They are thereby enabled to convert the value of that gold and silver into the instruments of trade, into the materials of cloathing, into household furniture, and into the iron work necessary for building and extending their settlements and plantations. In those branches of business which cannot be transacted without gold and silver money, it appears that they can always find the necessary quantity of those metals; and if they frequently do not find it, their failure is generally the effect, not of their necessary poverty, but of their unnecessary and excessive enterprize. It is not because they are poor that their payments are irregular and uncertain; but because they are too eager to become excessively rich. Though all that part of the produce of the colony taxes, which was over and above what was necessary for defraying the expence of their own civil and military establishments, were to be remitted to Great Britain in gold and silver, the colonies have abundantly wherewithal to purchase the requisite quantity of those metals. They would in this case be obliged, indeed, to exchange a part of their surplus produce, with which they now purchase active and productive stock, for dead stock. In transacting their domestic business they would be obliged to employ a costly instead of a cheap instrument of commerce; and the expence of purchasing this costly instrument might damp somewhat the vivacity and ardour of their excessive enterprize in the improvement of land. It might not, however, be necessary to remit any part of the American revenue in gold and silver. It might be remitted in bills drawn upon and accepted by particular merchants or companies in Great Britain, to whom a part of the surplus produce of America had been consigned, who would pay into the treasury the American revenue in money, after having themselves received

the value of it in goods; and the whole business might frequently be transacted without exporting a single ounce of gold and silver from America. CHAP.  
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It is not contrary to justice that both Ireland and America should contribute towards the discharge of the public debt of Great Britain. That debt has been contracted in support of the government established by the revolution, a government to which the protestants of Ireland owe, not only the whole authority which they at present enjoy in their own country, but every security which they possess for their liberty, their property, and their religion; a government to which several of the colonies of America owe their present charters, and consequently their present constitution, and to which all the colonies of America owe the liberty, security, and property, which they have ever since enjoyed. That public debt has been contracted in the defence, not of Great Britain alone, but of all the different provinces of the empire; the immense debt contracted in the late war in particular, and a great part of that contracted in the war before, were both properly contracted in defence of America.

By a union with Great Britain, Ireland would gain, besides the freedom of trade, other advantages much more important, and which would much more than compensate any increase of taxes that might accompany that union. By the union with England, the middling and inferior ranks of people in Scotland gained a complete deliverance from the power of an aristocracy which had always before oppressed them. By a union with Great Britain the greater part of the people of all ranks in Ireland would gain an equally complete deliverance from a much more oppressive aristocracy; an aristocracy not founded, like that of Scotland, in the natural and respectable distinctions of birth and fortune; but in

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V. the most odious of all distinctions, those of religious and political prejudices; distinctions which more than any other animate both the insence of the oppressors and the hatred and indignation of the oppressed, and which commonly render the inhabitants of the same country more hostile to one another than those of different countries ever are. Without a union with Great Britain, the inhabitants of Ireland are not likely for many ages to consider themselves as one people.

No oppressive aristocracy has ever prevailed in the colonies. Even they, however, would, in point of happiness and tranquillity, gain considerably by a union with Great Britain. It would, at least, deliver them from those rancorous and virulent factions which are inseparable from small democracies, and which have so frequently divided the affections of their people, and disturbed the tranquillity of their governments, in their form so nearly democratical. In the case of a total separation from Great Britain, which, unless prevented by a union of this kind, seems very likely to take place, those factions would be ten times more virulent than ever. Before the commencement of the present disturbances, the coercive power of the mother country had always been able to restrain those factions from breaking out into any thing worse than gross brutality and insult. If that coercive power was entirely taken away, they would probably soon break out into open violence and bloodshed. In all great countries which are united under one uniform government, the spirit of party commonly prevails less in the remote provinces, than in the center of the empire. The distance of those provinces from the capital, from the principal seat of the great scramble of faction and ambition, makes them enter less into the views of any of the contending parties, and renders them more indifferent and impartial spectators of the conduct of all. The spirit of party prevails less in Scotland than in England.  
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In the case of a union it would probably prevail less in Ireland than in Scotland, and the colonies would probably soon enjoy a degree of concord and unanimity at present unknown in any part of the British empire. Both Ireland and the colonies, indeed, would be subjected to heavier taxes than any which they at present pay. In consequence, however, of a diligent and faithful application of the public revenue towards the discharge of the national debt, the greater part of those taxes might not be of long continuance, and the public revenue of Great Britain might soon be reduced to what was necessary for maintaining a moderate peace establishment.

THE territorial acquisitions of the East India company, the undoubted right of the crown, that is, of the state and people of Great Britain, might be rendered another source of revenue more abundant perhaps than all those already mentioned. Those countries are represented as more fertile, more extensive; and in proportion to their extent much richer and more populous than Great Britain. In order to draw a great revenue from them, it would not probably be necessary to introduce any new system of taxation into countries which are already sufficiently and more than sufficiently taxed. It might perhaps be more proper to lighten than to aggravate the burden of those unfortunate countries, and to endeavour to draw a revenue from them, not by imposing new taxes, but by preventing the embezzlement and misapplication of the greater part of those which they already pay.

If it should be found impracticable for Great Britain to draw any considerable augmentation of revenue from any of the resources above-mentioned; the only resource which can remain to her is a diminution of her expence. In the mode of collecting and in that of expending the public revenue; though in both  
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there may be still room for improvement; Great Britain seems to be at least as oeconomical as any of her neighbours. The military establishment which she maintains for her own defence in time of peace, is more moderate than that of any European state which can pretend to rival her either in wealth or in power. None of those articles, therefore, seem to admit of any considerable reduction of expence. The expence of the peace establishment of the colonies was, before the commencement of the present disturbances, very considerable, and is an expence which may, and if no revenue can be drawn from them, ought certainly to be saved altogether. This constant expence in time of peace, though very great, is insignificant in comparison with what the defence of the colonies has cost us in time of war. The last war, which was undertaken altogether on account of the colonies, cost Great Britain, it has already been observed, upwards of ninety millions. The Spanish war of 1739 was principally undertaken on their account; in which, and in the French war that was the consequence of it, Great Britain spent upwards of forty millions, a great part of which ought justly to be charged to the colonies. In those two wars the colonies cost Great Britain much more than double the sum which the national debt amounted to before the commencement of the first of them. Had it not been for those wars that debt might, and probably would by this time have been compleatly paid; and had it not been for the colonies, the former of those wars might not, and the latter certainly would not have been undertaken. It was because the colonies were supposed to be provinces of the British empire, that this expence was laid out upon them. But countries which contribute neither revenue nor military force towards the support of the empire, cannot be considered as provinces. They may perhaps be considered as appendages, as a sort of splendid and showy equipage of the empire. But if the empire

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empire can no longer support the expence of keeping up this equipage, it ought certainly to lay it down; and if it cannot raise its revenue in proportion to its expence, it ought, at least, to accommodate its expence to its revenue. If the colonies, notwithstanding their refusal to submit to British taxes, are still to be considered as provinces of the British empire, their defence in some future war may cost Great Britain as great an expence as it ever has done in any former war. The rulers of Great Britain have for more than a century past amused the people with the imagination that they possessed a great empire on the west side of the Atlantic. This empire, however, has hitherto existed in imagination only. It has hitherto been, not an empire, but the project of an empire; not a gold mine, but the project of a gold mine; a project which has cost, which continues to cost, and which if pursued in the same way as it has been hitherto, is likely to cost immense expence, without being likely to bring any profit; for the effects of the monopoly of the colony trade, it has been shewn, are, to the great body of the people, mere loss instead of profit. It is surely now time that our rulers should either realize this golden dream, in which they have been indulging themselves, perhaps, as well as the people; or, that they should awake from it themselves, and endeavour to awaken the people. If the project cannot be compleated, it ought to be given up. If any of the provinces of the British empire cannot be made to contribute towards the support of the whole empire, it is surely time that Great Britain should free herself from the expence of defending those provinces in time of war, and of supporting any part of their civil or military establishments in time of peace, and endeavour to accommodate her future views and designs to the real mediocrity of her circumstances.

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