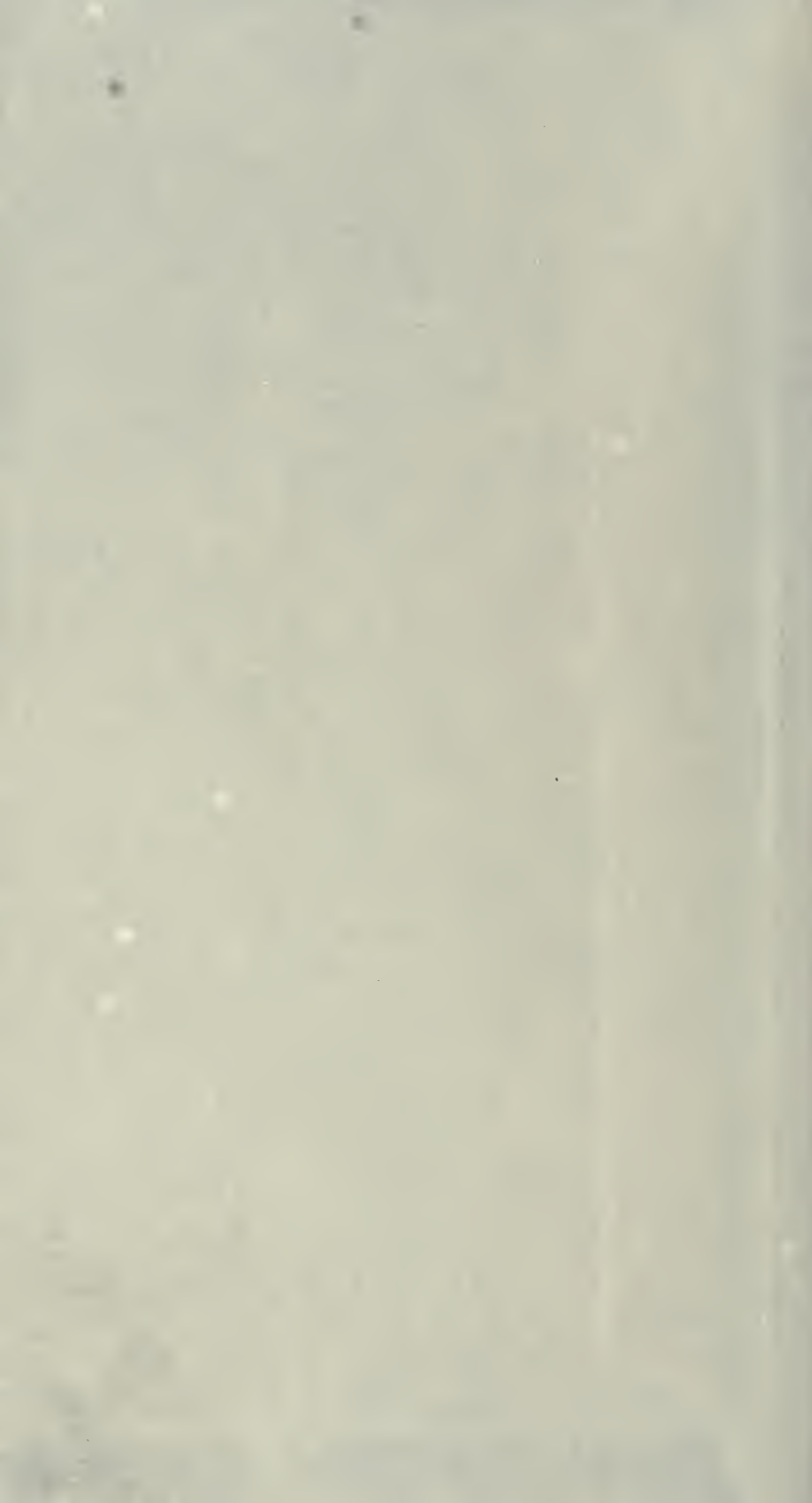
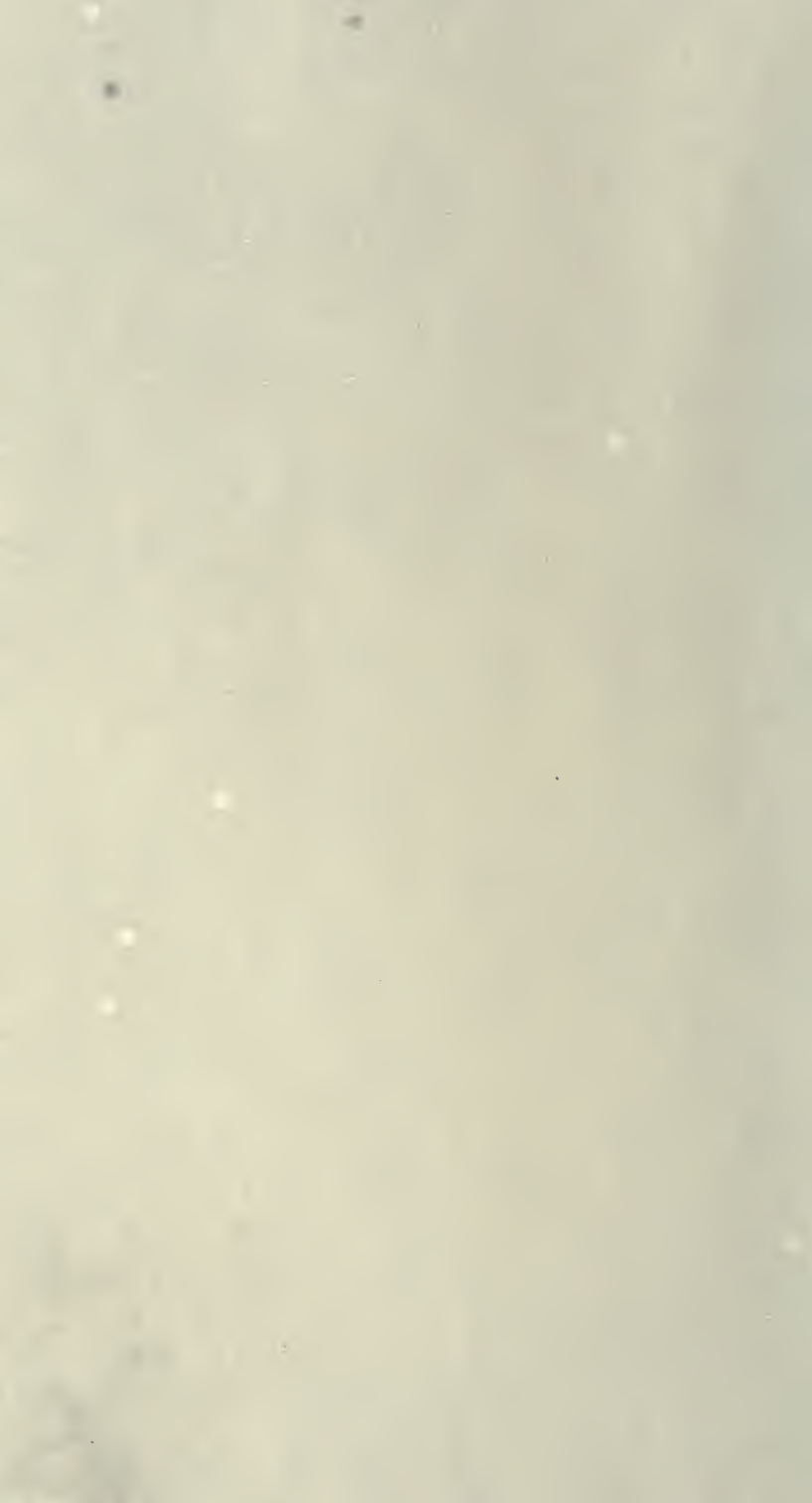


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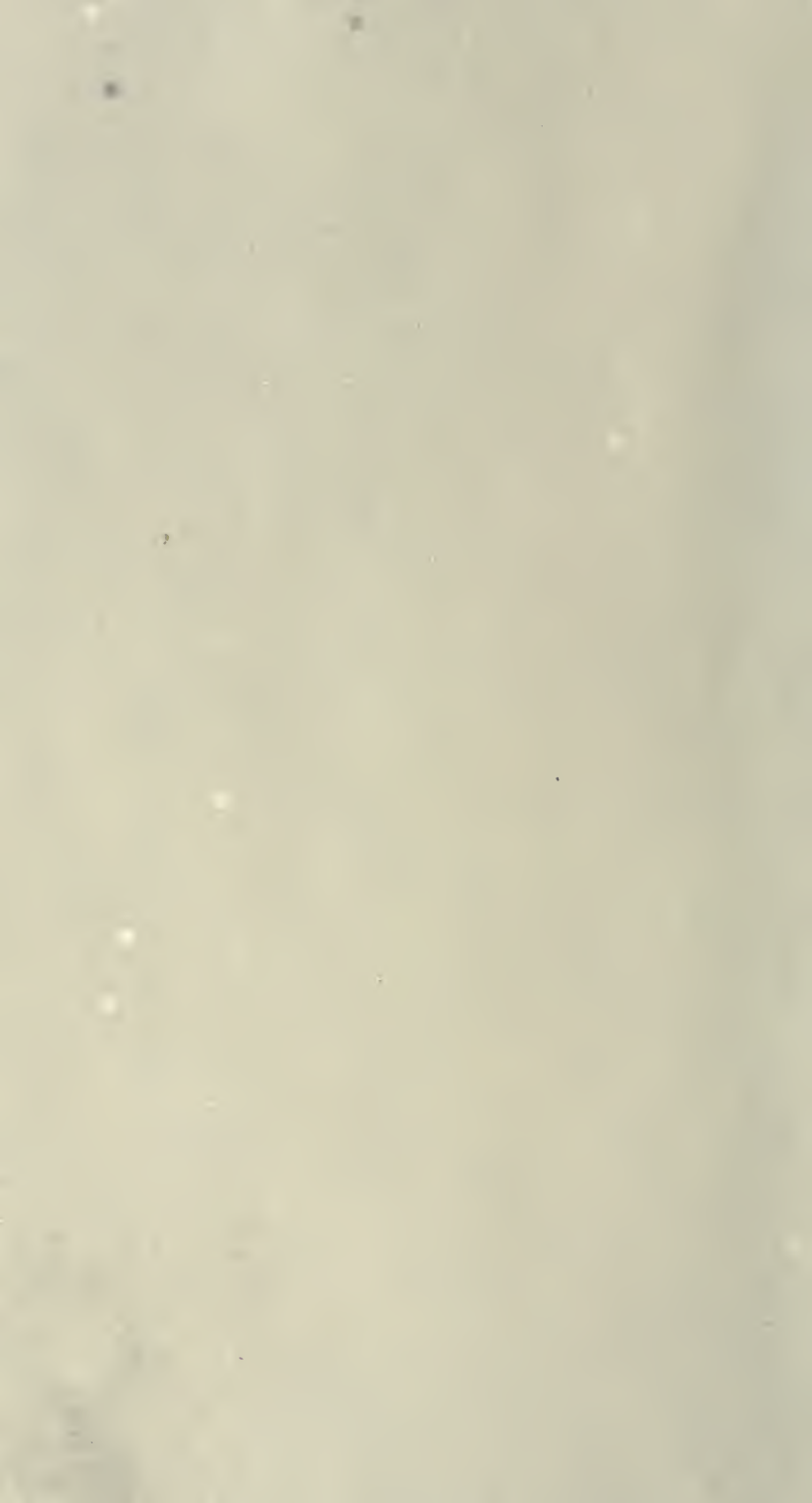
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EFFICIENT REMEDY

FOR THE

DISTRESS OF NATIONS.

BY JOHN GRAY,

AUTHOR OF "THE SOCIAL SYSTEM; A TREATISE ON THE PRINCIPLE OF EXCHANGE."

EDINBURGH:

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May God of his infinite mercy grant, that whatever the coming changes in the state and history of these nations may be, they shall not be the result of a sweeping and headlong anarchy; but rather, in the pacific march of improvement, may they anticipate this tremendous evil, and avert it from our borders. There is a general impression upon all spirits, that something must be done: but to be done well, it must not be by the hand of violence, but by the authority of legitimate power, under the guidance of principle, by a government having both the wisdom and righteousness to direct, and the strength to execute.

Dr Chalmers "On Political Economy, in Connection with the Moral State and Moral Prospects of Society."



P R E F A C E.

A PERIOD of eleven years has elapsed since I published a small edition (five hundred copies) of a book, entitled, “ *The Social System ; a Treatise on the Principle of Exchange :*” and of those five hundred copies, just two hundred and sixty-four still remain unsold in the hands of the publisher. I mention this circumstance, not in the spirit of a disappointed author ; for the little notice my book received from the public press and otherwise, was not altogether unfavourable : whilst, in a pecuniary point of view, the loss I sustained by it, though considerable, was not a matter of serious consequence to me. But I refer now to my former non-success, principally for the purpose of shewing, that expectation of praise or profit can form but a small portion of the motive which induces me once more to address the public upon a subject which no section of that public

appears to comprehend; however deeply every person, without a single exception, is, of necessity, interested therein.

Unshaken confidence, however, in the correctness of their own views, is motive sufficiently strong to influence the conduct of most men. That motive is mine: I am just as satisfied as if the fact had already taken place, that *the principle of exchange* herein advocated will one day govern the commercial transactions of every civilized nation. Whether it will govern those of any nation within the present century, it may be difficult to say: but that this country is embarrassed, is not more certain than *the reason why* it is embarrassed: whilst an efficient remedy seems to be as obvious as the disease itself. The remedy I now propose inevitably must and will be adopted, at some period or other: it might as well be so within the next five years, as within the next five hundred; and it would be far better to adopt it now, than even a century hence, so far as the *present* generation is concerned.

Impressed with this belief, I resume, under the discouragement mentioned, the task of contending for the establishment of *a rational method of exchanging one thing for another*, not merely with cheerfulness, but with satisfaction and pleasure.

In the *Social System*, I have taken a pretty comprehensive view of the general state of society,

and proposed a scheme for its reconstruction upon a large scale. I have here endeavoured, as far as possible, to avoid unnecessary theory and detail; my object being to shew, in as plain and concise a manner as possible, *why* so much unmerited poverty exists, and *by what means* the existence of unmerited poverty at all, in well civilized nations, may speedily be rendered matter of history. I have also endeavoured to present here such a modification of the plan developed in the *Social System*, as may be both easily and quickly brought into operation.

Those persons, however, who would be glad to see a change for the better in the condition of mankind, must be prepared to look for such bold and comprehensive measures as may be requisite to effect such change: to attain a mighty end we must employ *powerful* means; and happy will it be for all classes of society, should our rulers, *who alone can do it*, see fit to move in this matter *before* the patience and forbearance of this long-suffering generation shall have for ever passed away.



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AN EFFICIENT REMEDY

FOR

THE DISTRESS OF NATIONS.

CHAPTER I.

INTRODUCTION TO, AND GENERAL REVIEW OF, THE SUBJECT.

EVERY section of political and of commercial society has its favourite cause for the evils that afflict us, as well as its favourite antidote. I shall dispute but little with any of these sections. The evils at which they point may be truly such, or they may not. The changes they would introduce might have a beneficial tendency, or they might not. But if a captive be bound with many fetters, what would it avail him, that all of them be removed save one, if there be yet left one of strength sufficient to defy his utmost powers of resistance? Nothing! is the reply. Yet just so much, and no more, would

it avail the distressed population of this country to grant them *all* their popular requests, without effecting, at the same time, a *total change* in the monetary system of society.

Here, then, is the subject of our present investigation:—What is the matter with the existing monetary system? What better one can be adopted? It is my purpose to answer both these questions.

The fault of our present monetary system is this:—Money of the existing character cannot by any possibility be made to increase as fast as the aggregate of other commodities is *capable* of being increased; and, consequently, whenever other commodities are increased faster than money, they must either be kept on hand until the balance be restored, or else they must be disposed of at a loss, even although half mankind should be in the utmost need of them.

That gold cannot be increased in quantity as fast as the aggregate of other things, is self-evident. We can multiply corn, hemp, flax, cotton, wool, and fifty things beside, to an almost indefinite extent; and we can convert these materials into articles of utility and luxury, by processes always easy, in many instances wonderfully so. But we cannot increase *gold* in the same ratio; and, therefore, as gold is the measure of the value of all things, all things must be sold at a loss, if sold at all, whenever they are caused to increase faster than this one commodity. If goods be now at one, and money at one, goods must remain at one until gold shall set the example of increase by becoming two; otherwise, the result of production is loss. Practically speaking, money is

the demand, and goods the supply; and the reason why the aggregate supply always exceeds the aggregate demand is, that gold cannot be increased as fast as the aggregate of other things.

The object of manufacturing goods is to sell them for *more money* than they cost. But, were we to make all the goods we *could* make, it would be just as impossible to sell them for more money than they cost, as it now is to put two bottles of wine into one wine bottle, and to keep them both there at one and the same time. If the bottle be already full, we cannot put any more wine into it, until it be partially or wholly emptied; and if the money demand in the market be supplied, then must the remaining goods wait on hand until that supply be partially or wholly exhausted; else loss instead of profit will be the result of their disposal. If there be as much value of goods in the market as there is money in the market to obtain in exchange for them, all the goods that may be sent to market additionally must either remain unsold in the hands of their proprietors, or else they must bring down the price of the whole quantity to just that sum of money which might have been obtained for a part of the goods, had the remainder never existed.

It follows, then, that as gold, or what is practically the same thing, bank notes, payable on demand in fixed quantities of gold, can never be made to increase as fast as all other marketable commodities put together, no more commodities can be advantageously brought to market than there is money in the market ready to be given in exchange for them

on remunerating terms, that is to say, at a fair mercantile profit.

Thus demand is the cause of production—its governor and its guide; often disobeyed and disregarded, no doubt, by individuals, and even classes of the community; but always at the cost of the transgressor.

What I have here stated will probably be regarded as mere truisms, which every body (not exactly every body—*Appendix*, No. I.) is aware of, and admits. But, if so, how monstrous is the admission! how prodigious the absurdity! That mankind should have hit upon a system of acting by means of which the attainable quantity of *one thing* is made to regulate the attainable quantity of *every thing else*; although that one thing cannot, from natural causes, be had in any great quantities; whilst, so far as natural causes are concerned, (*Appendix*, No. II.) the other may be multiplied to an extent altogether incalculable. Our storehouses, says this generation, shall be of gold, and our stores shall be such as our storehouses may be large enough to contain. And this is practically the case.

Here, then, our first question is answered. The fault of our present monetary system is — *That it fetters our productive powers*; throws into inextricable confusion and disorder the whole machinery of commerce, and gives rise to the existence of a national anomaly, of which the inmates of a lunatic asylum might be ashamed — difficulty, embarrassment, distress, starvation, *in the midst of superabundance*.

But what better system can we adopt? This is

our second inquiry; and I answer it by saying, that we have merely to reverse that which at present subsists — *production, now the effect of demand, must become the cause of it.* This is the remedy to which I refer in my title-page. In this may at any time be found — *an efficient remedy for the distress of nations*; and I believe that the ingenuity of man may be defied either to produce another remedy, having even the semblance of efficiency, which shall not comprehend this one; or to shew that the remedy I now propose is either impracticable, or that on trial it also would prove to be inefficient.

How production may be rendered the cause of demand; how those glutted markets of which we hear so much may create a market for themselves, I shall endeavour to shew. And, premising that a comprehensive view of this subject has already been taken in the *Social System*, I shall now attempt to restrict as much as possible the plan therein developed, in the hope of being able to render it as consistent as may be practicable with the existing habits, customs, and prejudices of society. The following may be considered as a general outline:

THE STANDARD OF VALUE.—There is only one thing in this world that ever can be a true standard of value, and that is the thing which creates value, namely, labour: brought into operation upon fixed principles, having the sanction of government, and being recognized by government in all its pecuniary transactions with, and exactions from, the governed. Money should be the transferable representative of wealth, increasing and diminishing in quantity *in*

exact and invariable proportion to the increase and diminution of that which it represents. But no money whatever can constitute a *standard* of value, unless it be in itself destitute of value; because all valuable commodities, of whatsoever kind, are, and ever must be, liable to fluctuation, whilst a *true* standard of value can never fluctuate.

To create and maintain the existence of a standard of value, it will be necessary that a section of the government be appointed to establish and control a great number of extensive manufactories in various branches of the least speculative character. That is to say, the persons intrusted with this duty are to make all such goods as there is a constant want of amongst the various classes of society, with the exception of those which are more than commonly liable to injury from being stored in warehouses for a reasonable length of time; or to depreciation from change of fashion, or other similar cause.

For example, I would suggest that the following should be included in the selection of manufactures to be established:—woollen cloths, in all their most approved kinds, colours, and qualities; blankets and flannels; carpets and druggets; plain cotton goods, of all kinds and qualities; English, Scotch, and Irish linens, of all ordinary kinds; plain silk goods; hosiery, gloves, hats, and ready made shoes; cabinet furniture, avoiding the more fanciful articles; hair-cloth for chairs and sofas; ironmongery in all its un-speculative departments; edge-tools; locks and hinges of all kinds; table cutlery; scales and weights; plain plate and window glass; wine bottles; plain

and cut glass for domestic use, restricting the cut department to such articles as should be quite un-speculative; china and crockery, under the same limitation as glass; guns and pistols, restricted to the most useful kinds; shot; writing, printing, and packing papers, of all qualities; types for book and newspaper work of all sorts, jobbing kinds to be excluded; books, consisting of standard works only; clocks and watches of the kinds in most general use; silver plate and plated goods, under the same restriction; brass and copper dittô; soap and candles; corks; umbrellas. I mention these articles just as they occur to my mind, and without any particular attention to the order in which they are put down.

On the other hand, I would not have any thing to do with such articles as shawls, lace, artificial flowers, jewellery, gunpowder, fishing or shooting tackle, musical instruments, equipages, nor any perishable article of food.

As I have already said, *the control* of these various factories must be vested in the hands of commissioners appointed by the government, whilst *the management* of them must be intrusted to respectable persons, thoroughly qualified by previous experience and habits of life, to conduct them in the best manner. The managers must be empowered to engage and dismiss at pleasure their own clerks, and assistants of every kind; and the working men and women must be hired and dismissed, as at present, by the manager of each factory, or by those under him, whom he shall empower to do so.

These factories are to be distinguished from all

others in the country by the designation of *standard*, and, in all possible cases, the goods made in them are to be distinguished from other goods by a patent stamp or mark, also bearing the word *standard*; whilst the proprietors of all other manufactories are to be strictly prohibited from affixing the same mark to any of their goods upon any pretext whatever.

These factories are to be wholly distinct from, and unconnected with, all government works, strictly so called, such as the dock-yards and others.

The products of these factories are to be lodged in standard warehouses or depots, also the property of the government, and placed under the control of the commissioners. The business of the warehouses is to be conducted by managers appointed by the commissioners, as in the case of the manufactories; the requisite number of clerks and assistants being left to the discretion of each manager.

At the standard warehouses or depots, all goods manufactured under the control of the trade commissioners are to be offered for sale; *but by wholesale only; and only in exchange for the standard money to be presently defined, and for payment in every case before delivery.* (*Appendix, No. III.*)

Thus the disposal of the standard goods by retail would, in common with all others, be left to open competition; any and every person who should choose to deal in them, being at full liberty to do so; and to sell them at whatever profit he could obtain; so that competition amongst themselves would regulate the profits of the retailers in precisely the same manner as it does at present.

The standard money is to consist of bank notes, to be issued on demand by the standard bank, to be established in connection with the factories and depots. In this money the wages and salaries of all the standard operatives, clerks, warehousemen, and managers are to be paid; such payment being, in fact, a check or order upon the standard depots, for the value of each man's contribution, in labour or service, towards the enrichment of their stores. But these notes, being rendered upon equitable principles, to be hereafter defined, *a legalized tender for all pecuniary obligations whatsoever*, would, in fact, pass freely in every case where money should be required, just as the ordinary bank note and sovereign of the present day; every holder of a standard note being by its possession constituted a proprietor of that portion of the standard wealth which the note should represent and would command. (*Appendix, No. IV.*)

How these notes may be rendered a legal tender, upon "equitable principles," for government taxes, and all pecuniary obligations whatsoever, will be duly shewn: as also, by what means the government, in recognizing this kind of money, has it in its power to render the *value* of the standard note, as compared with the existing note and sovereign, whatever it may think proper. But this must be done at the outset; for never can the value of the standard note be altered with propriety at any after period.

The *immutable* character of the standard note, takes its rise from this circumstance — *an average*

price of labour — by which average, all wages, salaries, and payments whatsoever, are to be regulated,—is to be fixed upon by the trade commissioners, with the consent and approval of the government; and this average, once fixed, may remain the same for ever. This subject will be more fully treated of in a subsequent part of the work, as well as the nature of small payments in silver and copper coins. But, it may here be observed, that if the average price of labour per week be, for example, one pound, and the average weekly labour to be exacted from the operatives sixty hours, a pound note from that time forth would be just another name for sixty hours of the labour of a *good workman*, employed under circumstances which would compel him to do his duty. And there never could be any motive for altering this sum; because to advance the average, would afford no increase whatever, neither would a reduction occasion any decrease whatever, in the *real* wages of the labourer, which would, in fact, consist of the actual produce of his labour: whilst the money paid him, however much or little it might be, would consist of a mere transferable title to that portion of the standard stores which his own labour would have contributed towards them.

The wages of labour, then, added to the cost of material, in standard money, would constitute the first cost of commodities. But on the disposal of them at the standard depots, a per centage must be added sufficient to maintain and increase the standard capital; as also to cover the expense of the salaries, incidental expenses, and any depreciation

that might take place, from injury or otherwise, in the value of any standard stock.

The business of the standard bank would be of the simplest character imaginable. It would consist merely in the keeping of accounts with, and issuing notes upon demand to, the managers of all the standard factories and depots. The plan of the mint, or coin factory, will be duly described. But gold, silver, and copper, must be treated merely as commodities, and instead of fixing the value of the standard note, the standard note must fix their value. Their value, in common with that of every other commodity, is liable to fluctuation, therefore their price per ounce, in standard money, must at all times consist of that precise amount of standard money which it should be found necessary to give in exchange for them.

The consequence of adopting this system of exchange, would be an enormous increase in the creation and distribution of real wealth; namely, of the necessaries, comforts, and luxuries of life. But as money would go on increasing in an exact ratio with the increase of commodities, no fall of price whatever could be occasioned by any increase of production, however great. Things that are multipliable, almost *ad libitum*, by human industry, such as most articles of food, clothing, habitation, and furniture, would become wonderfully cheap, as compared with gold and silver. But this is a matter of no consequence. It is no practical evil now, that silver is cheaper than gold, copper cheaper than silver, and lead cheaper than all three. On the contrary, in a commercial

point of view, these differences of value are rather a convenience than otherwise. For domestic purposes, ornaments, and such like matters, silver and gold are very desirable things, because of their greater purity, cleanliness, and elegance, as compared with the baser metals. But if gold were to become so scarce, that a score of fertile acres, or a well-built house, would no longer purchase an ounce of it, no commercial evil would arise therefrom, if mercantile exchanges were once put upon a right principle.

From their convenience as articles of accumulation, as well as for the purpose of making payments in certain cases to foreign nations, gold and silver may be at all times both useful and desirable. Yet would it matter not a straw at what comparative price they should stand in the market. Though a standard pound should, at some future time, exchange for less gold than a fourth weight of the present sovereign, it would still be the representative of so many hours of the labour of a good workman, employed under the most advantageous circumstances that unbounded capital could command; and it would purchase whatever these hours of labour could create. Whilst every thing that should facilitate production, every invention which should enable a man to do to-day double the work he did yesterday, would halve the price of the thing produced, and — the wages of labour being fixed and immutable — consequently double its accessibility to all.

Upon this very briefly defined system of operations, production would ever be the cause of demand. There is no limit or restriction to this principle. Not

to mention specific trades, let us take classes of them. If the standard warehouses and external market overflow with the necessaries of life, let labour be applied to the production of that which is more luxurious. If this appears to accumulate, proceed still higher in the scale, and every step in advance will have the effect of extending equally employment and demand. It is, indeed, difficult to see to the end of this view, or to say to what height of prosperity a nation might not be raised by the adoption of a rational method of exchanging one thing for another. This, however, may be safely affirmed:— Its people might possess and enjoy the utmost wealth that their productive powers would enable them to create, whilst no able individual whatever, except the idle and the profligate, could fail to obtain his respective share.

Let the government look to this subject; let competent persons be appointed to investigate the principle, for the adoption of which I am contending. If this prove to be unassailable, then let a committee be instructed to mature the plan and to procure the necessary estimates. Then give it the sanction of an Act of Parliament, advancing the necessary funds to begin with, and rendering the standard note a legal tender in all domestic transactions whatsoever. And though all considerable undertakings are attended at the outset with dangers and difficulties, more or less, none of an insuperable character could arise in the present instance. Under the influence of the system of exchange I contend for, production *must* become the unfailing cause of demand, instead of

remaining, in its present position, the effect of it. Let this great truth be once publicly seen and understood, and a flood of light will burst upon mankind as to the nature and causes of their present distresses: whilst all minor difficulties which might, and no doubt would, attend the first establishment of this system, will become as but a little dust in the balance, and as easily will they be swept away.

No other means whatever can much longer save this country from internal convulsion. The productive powers of labour that now exist may be compared with the overcharged boiler of a powerful engine, ready to burst, and to overwhelm us with destruction. The only safety-valve is freedom of exchange, by the opening of which, not only may all be rendered safe, but the apparent evil will forthwith become the greatest imaginable good. Refuse to open this valve — refuse to alter the nature of the currency, and all other schemes for the melioration of the social condition will prove to be vain and futile. The great political parties are equally and thoroughly stone blind to the real nature of the disease by which society is afflicted, and, consequently, to the nature of the remedy that it is necessary to administer. Abolish all import duties — cancel the national debt — raise the money necessary for the support of government by the aid of magic, remitting every tax that now exists — place in turn every class of politicians in power, — still, however pure may be their intentions, and however wise their general measures, the relief they may be able to afford will be trifling and evanescent. The disasters

that have recently overtaken us will again and again recur with equal and increasing violence, until anarchy and confusion shall peril the very existence both of public authority and of private right.

Having thus endeavoured to give a general outline of the proposed plan of exchange, I shall now proceed to separate it a little into parts ; and before I conclude, I hope to be able to *demonstrate its sufficiency* for the purposes that have already been defined.

CHAPTER II.

PLAN OF A STANDARD BANK AND MINT.

THE first step to be taken towards the establishment of a rational system of exchange, must be that of appointing commissioners to carry the plan into effect. These being selected and empowered to act, they must first proceed to establish the standard bank, with such a capital as the government shall be pleased to allow it to begin with.

To enable the commissioners fully and fairly to conduct the most extensive as well as the most important experiment that ever was made in this world, a grant of fifty millions would be no great stretch of liberality. And, seeing that much time must necessarily elapse before the formation of details, erection of buildings, and other preparatory works could be completed, and the new mode of exchange brought into operation, I think that such grant of fifty millions should not be chargeable with any interest, or considered as a loan at all; but that it should be freely given back by the government to those who would be called upon to contribute it, — the community at large.

With the means thus placed at their disposal, the commissioners must now purchase or erect, in some convenient part of London, the standard bank; which being done, and a bank governor appointed, he is to become forthwith the custodier of the grant: the first payment out of which fund would have been already made for the bank premises themselves. The commissioners must then, with the aid of competent advisers, go on to purchase or erect all the buildings and machinery necessary for the commencement of the various manufactories; every kind of manufactory being established in the district or locality where it is at present most extensively carried on. All payments for these manufactories are to be made by the standard bank; which items of expenditure will form the credit side of the bank-account with the commissioners. At this stage of the proceedings, all the payments by the bank are to be made in the existing money of the country, not in its own notes.

Thus much being effected, all the manufactories selected to begin with being built, and fitted with the requisite machinery and implements — not materials — ready to commence work, the whole of the remaining capital of the bank should be forthwith converted into bullion, and handed over to the governor of the mint. So that if, for example, twenty-five millions should serve to purchase a sufficient fixed capital, consisting of buildings and machinery, to commence with, there would remain twenty-five millions more to purchase the materials necessary for the production of goods for the market.

Arrived at this point, the next requisition would be an Act of Parliament, rendering the standard note, to be now issued by the standard bank, in payment for all materials, labour and expenses of whatever kind, in and for the use of the standard factories, *a legal tender* in payment of government taxes, and of all pecuniary claims and obligations whatsoever, existing and to exist. All other banks having thenceforth the option of paying the demands upon them in gold coin, at its current market price in standard money, or in standard bank notes, as they might prefer; and which, in fact, would practically be the same thing.

And this seems to be the place where it is proper to shew how the standard notes may *equitably* be rendered a legal tender in payment of all pecuniary obligations. At least, I shall be able to shew in what manner pecuniary claims of every kind may be compensated, in standard money, as equitably as it is possible to compensate them in money of any description whatever.

A debt, then, is justly paid, and only justly paid, when it is compensated in money, of whatever kind, which gives back to the creditor as great a command over the necessaries, comforts, and luxuries of life, as the money, or other value, which created the obligation, gave to the borrower; provided always that the creditor get the benefit of all the public improvements and useful inventions that may have come into existence during the interval subsisting between the period of contracting the debt and that of extinguishing it. As for instance, if one man lent

another, twenty years ago, as much money as would then have commanded the labour of a given number of good workmen for a year, employed under the most advantageous circumstances, and aided by the best skill and machinery *then* existing; I conceive him to be justly repaid if he receive an equal sum of money, of whatever kind, provided it will give him the like command over the labour of an equal number of good workmen for a year, employed under the like circumstances, and aided by the best skill and machinery *now* existing. This, at least, is the nearest approximation that can ever be made towards fairness. As to strict justice in every case it is out of the question; for such have been the fluctuations in the value of money from time to time in this country, that probably no old-standing debt has ever yet been justly repaid; whilst the value of long leases has, in hundreds of instances, been totally changed by the operation of the same cause.

To approach as nearly, then, as may be possible to the desideratum which has been defined, a deliberate and comprehensive view must be taken of existing claims and obligations, including leases of every kind; and, a determination being once arrived at, *the value* of the standard note must be fixed accordingly: that is to say, it must be fixed with reference to the situation of the greatest proportion of creditors and obligants, in number and amount, who may exist throughout the kingdom, or who may have claims upon its inhabitants. I may mention, that I have treated this subject before in the Social System: *Appendix*, No. V.

But, I have said, that the government, in recognizing the new system of exchange, has it in its power to render the *value* of the standard note, as compared with the existing note and sovereign, whatever it may think proper. This is a very simple matter, as I shall now endeavour to shew.

The average wages of labour to be paid in all the standard factories to workmen of average skill, and employed in works of an average character, and by which all salaries and pecuniary remunerations whatsoever are to be regulated, is to be fixed and invariable. And, as has been already shewn, so far as the operatives and other persons employed in the standard works are concerned, its amount is of no moment whatever. But its value would be of first-rate consequence to all presently existing debtors, creditors, and leaseholders, whenever the standard note should be rendered a legal tender.

To exemplify this, we will put two extreme cases, often the best possible tests of truth. Suppose, then, first, that the average weekly wages of a good operative were to be fixed at five shillings. In this case, it is clear that all old-standing creditors would be great gainers; because, whilst every five shillings which they had lent would probably not have commanded the labour of a good workman for even a couple of days, every five shillings they should receive back, would command such labour for a week. This would be obviously unjust towards the debtor, who would be made to pay his real debt at least twice in place of once. Again, let us suppose the average wages to be fixed at five pounds, then all old-stand-

ing creditors would be defrauded; because, whilst five pounds of the money they lent would have commanded the labour of at least three or four good workmen for a week, the five pounds of repayment would only command the labour of one such workman for a week.

Justice lies between these two extremes; and it is evident that the question, What should the average rate of wages really be? is one of the very first importance, requiring the most careful and deliberate consideration of the commissioners. I shall not here hazard even a conjecture upon the subject, my object being solely to exhibit the *principle* upon which the settlement of a matter involving enormous interests ought to proceed.

To guard against a misconception which may possibly arise at this point in the mind of a casual reader, to whom the subject may be altogether new, it may be necessary to remark, that whilst the average rate of wages would be fixed and immutable, the rate of individual wages would be as much open to competition as ever. The best workmen would everywhere receive the highest wages, inferior workmen lower wages, and young persons of both sexes payments in proportion to their respective ages and abilities; whilst operatives, in some trades requiring extra skill or labour, would be paid more than the average rate; and those in trades requiring rather less than the mediocrity of talent, or industry, somewhat less than the average. The average, indeed, so often spoken of, would be merely the *basis* on which all contracts would be founded. It would be

the *presumed* weekly sum which every man would be entitled to receive; any variation therefrom, one way or other, being fair subject for debate between the hirer and the hired: the pound standard then, like the pound sterling now, forming the unit of all pecuniary transactions.

From this digression, we go back to the business of the standard bank, which would consist merely in keeping accounts with all the standard managers; debiting each one with all the money paid to him or to his order, as also with all the goods sent to him by other managers; and crediting him with the amount of all money received from him, and with the value of all the goods he should transmit to other managers; all the managers employed in the standard works and warehouses being accredited by the bank, and by each other, to whatever amount they should require.

But, as I have shewn in the *Social System*, it would not be necessary for any manager to keep a debtor and creditor account with any other; but each one with the bank, and with it only. This will be more fully exemplified hereafter.

And really, few as have been the words bestowed upon it, the bank business seems to be already defined. The bank would, in fact, be the mere counting-house appertaining to the standard works, paying all claims whatsoever upon it in its own notes.

Branch banks in Dublin, Edinburgh, and throughout the kingdom, must be duly established. But as it is my present purpose to exhibit the principles and main features of a very extensive project, it would

soon plunge us into too many details were I to attempt the definition here of every minor arrangement. Suffice it to say, that the business of the branch banks would be to facilitate the transactions of the head office, the nature of which I have already pointed out.

We now arrive at a very important part of our subject, being also one which may be a little startling at first sight. But the proposition about to be submitted here, I am convinced will stand the test of the most rigid scrutiny to which the mind of man may be able to subject it.

The standard note has already been defined. A thousand pounds of standard money, then, having, for example, been paid to operatives as the wages of their labour, and another thousand pounds expended in the purchase of the materials on which they will have wrought; the combined value of such labour and material in its wrought state will consequently be two thousand pounds standard. But it is obviously impossible that an equal quantity of such manufactured goods, of whatever kind they may be, can go on from year to year, and from age to age—as our present mode of acting would seem to suppose they should—to exchange for a certain fixed weight of gold or silver. These metals may become scarcer and more scarce, in comparison with the generality of manufactured goods, a thing most likely to happen: or, they may be supposed to become more and more plentiful; an event, I conceive, not to be reasonably looked for. It follows, therefore, that, adhering to the present plan of reckoning money in pounds, shil-

lings, and pence, and I see no good reason for changing it, (*Appendix*, No. VI.) it is quite impossible that the *shilling*, being the twentieth part of a pound of fixed value, can go on for ever and ever to be of a fixed weight, any more than the quantity of corn, wine, coals, or mutton, attainable from time to time in exchange for a pound note of fixed value, should be immutable. The value of the proposed standard note is precluded by its very nature from liability to change; and consequently, the weight of a silver twentieth of such note must be precisely one-twentieth part of the weight of silver attainable in exchange for it, however much or little that may chance to be. And the same observation applies equally to gold. The silver coins now in use are just so many little silver absurdities, every one of which might properly be impressed with the motto, "False pretence," seeing that it is not, nor ever can be, what it pretends to be, a thing of changeless value.

But before I proceed to shew upon what footing the coinage ought to be put, and upon what footing it may be put, so as to work as smoothly and pleasantly as a well constructed and well kept machine, for all the purposes to which it is or ever can be applied, it will be well for us briefly to review one of the proposals that have already been submitted.

It has been said, not merely that the government should consent to take the standard note in payment of the taxes—the value of said note being previously determined upon with government approval, and

that it should be a legal tender in payment of all existing claims and obligations, — but also that all the banks should be thenceforth relieved from the obligation of paying their notes in fixed quantities of gold; the option being given them of paying their notes either in the standard paper currency, or in gold at its market price in standard money for the time being, which in effect is the same thing. It would, therefore, be necessary, at the time of the introduction of the standard note into general circulation, to cancel the *whole* of the silver and copper coin throughout the country, and to substitute therefor silver and copper coin constructed upon a rational principle. That is to say, in case a shilling, the twentieth of a standard pound, should chance to be either heavier or lighter than the shilling of the present day, as is most likely, then the existing coins must be cancelled. For suppose that the new silver coinage were to be only partially made use of, and that the new shilling should be somewhat lighter than the present one; a consequence would be, that as the new shilling would pass in the market for as much as the old one, all the old ones would immediately disappear, seeing that there would be an obvious profit to be gained by the hoarding of them. And the same may be said of copper. The change of coinage must, therefore, be complete and entire throughout the three kingdoms, and that simultaneously with the opening of the standard depots for the sale of commodities to the public.

The plan of the mint, therefore, must be changed, or at least *a mint* must be established in connection

with the standard factories and warehouses, the business of which I now proceed to define.

The master of the mint, then, being supposed, in common with the other master manufacturers and managers, to be prepared with buildings, machinery, and apparatus, for the carrying on of his work — a work differing in no respect in its principle of acting from any ordinary manufactory — and having at this stage of the proceedings the twenty-five millions *sterling* of bullion, (the supposed surplus of the fund advanced by government ; one half of which is presumed to be already expended in the purchase of buildings, machinery, and other works,) in his possession, is to proceed thus :

The nature of the standard note being previously explained to the public — (it being made known to all whom it may concern, that the standard money is to be forthwith used in payment of all the persons employed in the standard works, as also for the purchase of all goods and materials to be used and manufactured in said works ; and that as the payment which an average workman is to receive will be at all times so much, the standard note must, therefore, of necessity, command such a portion, defining it, of the produce of his labour ; or — the note being a legal tender in all other purchases — of the equivalent labour of any average man, howsoever employed, who shall bring the results thereof into the market) — the master of the mint must proceed to offer a given sum, say, for example, one million standard, for the largest quantity of pure gold that any contractor will give in exchange for

such sum, within a specified time ; another million standard for the largest quantity of pure silver that any contractor will give in exchange for it ; and, in like manner, a few thousand pounds, suppose ten, for the largest quantity of copper that may be obtained in exchange for that sum. Every contractor being, of course, required to find proper security for the due performance of his engagement.

The first public contract of this kind would, doubtless, be a puzzling one, affording the loan-mongers a new and curious subject for speculation, the problem for them to solve in their own minds being—If I give so much gold, silver, or copper, for a one pound note now, what will that note be likely to purchase afterwards? that is to say, within the period when I propose to bring my adventure to a balance? and which will be of the greater value to me, that which I propose to give, or that which I am likely to obtain? If I can replace the value I part with, with a less number of standard notes than I receive in exchange for it, I gain the difference ; but if to replace that value I am obliged to give more standard notes than I receive, then I lose the difference.

This, I have admitted, would be a perplexing question in the first instance, but it would be less and less so on every future occasion ; because the value of gold, silver, and copper in standard money, would very speedily become as regular as that of a loaf of bread, and indeed much more so.

Well, the contracts being concluded, a quantity

of gold, of silver, and of copper, would be obtained by the master of the mint, who would pay for the same by an order on the standard bank; and for the amount of which order he would be debited by the bank; he is then to proceed as follows:

The weight of silver being ascertained, he divides the quantity obtained in exchange for a million standard into four millions of parts, and these are his five shilling pieces; into eight millions of parts for his half crowns; into twenty millions of parts for his shillings; into forty millions of parts for his sixpences; or into sixty millions of parts for his fourpenny pieces; or rather, this is the principle on which his division must be made, a due portion of the whole weight of silver being allotted to the several denominations of coin that have been enumerated.

With the copper the master of the mint does the same thing as with the silver: the quantity obtained for each pound standard being divided into two hundred and forty parts for pennies, and into four hundred and eighty parts for halfpennies; so that here we have crowns, half crowns, shillings, sixpences, fourpennies, pence, and halfpence, to which may be added farthings, just as we have at present. But it would not be a matter of the least consequence whatever, what should be the actual weight of these coins. Their weight may be the same as at present, it may be more, or it may be less, even to the extent of double or quadruple, or to the diminution of a half or a quarter; but still there would be no depreciation of the currency, nor ever could be any;

neither would there be any advance in the value thereof, even though the weight of the shilling should come to be doubled. Gold, silver, and copper might, indeed, come to rise and fall in price; and, doubtless, from time to time they would do so. But these are not the currency at all. The two latter are merely the most convenient *commodities* we can hit upon to convert into small pieces for the purpose of rendering easy the effecting of small purchases, and that of enabling us to pay the odd shillings and pence which come at the end of larger pecuniary transactions. And however public prejudice and public ignorance might startle at the first exhibition of coins of variable weight and fixed denomination, the objection to them would perish almost in its birth; seeing that the principle on which such issue should take place being sound, the public would very speedily come to recognize it as such, more especially as the change would not occasion a particle of inconvenience to a single individual.

A sufficient quantity of silver and copper coin, then, being manufactured by the mint on the principle I have defined, it is ready for issue to the public, and may forthwith be had at the mint, either in exchange for standard notes, or for equal weights of silver and copper, either in the shape of old coin or otherwise. And thus the new coin would be brought into general use throughout the country.

Now, after the first general issue of the new silver and copper coinage, it is obvious that one of three

things would happen :— Either the material of the new coin (I shall here speak of silver only) would rise in price, or fall in price, as compared with its price at the period of the first coinage, or it would not do either. But, as has been already remarked, a change in the value of silver would be much more likely to take place *soon* after the first coinage, than at any subsequent period. Let us take the three cases, therefore, and see what would require to be done in each.

I. If silver remain at the *same* price, that is to say, if the standard note should continue to purchase the same weight of it as at the starting, then no change would be requisite in the weight of the future silver coins ; but more and more must be made, of the same weight as at first, as they should be required to supply the current demand for them : a stock of coins being at all times on sale at the mint, either in exchange for standard bank notes, or for equal weights of silver, as should be demanded.

II. If silver should *rise* in price in the course of time, as compared with its price at the time of its first issue, then a new contract would be necessary ; and these contracts should always be large, so as to prevent as much as possible trifling and insignificant variations. We shall suppose, then, that a *less* weight of silver is now obtained for a million of money standard than in the first instance. It follows that precisely the same thing has to be done now which was done before. The weight of silver ob-

tained, be it whatever it may, must be divided into twenty millions of parts to come at the shilling, and so in like proportion with the rest of the coins. This being done, the mint must forthwith issue equal weights of the new coin for equal weights of the old. But the old being somewhat heavier than the new, every considerable holder of silver coin would gain a certain number of coins by the exchange; and, as the price of other commodities would not be affected by this procedure, every holder would be a gainer of whatever articles of value the coins so gained would enable him to purchase, — a matter of no more consequence, in a public point of view, than it now is that corn, wine, sugar, tea, and many other commodities, are a little dearer at one time than they are at another. Neither would there be any greater temptation then to hoard silver on speculation, than there now is to hoard any of the ordinary articles of traffic. Indeed, there would be far less temptation of the kind, because the fluctuations in the value of silver would soon become very trifling, and easier to be foreseen by every one, than those in the value of such things as tea, coffee, sugar, and most articles of present speculation.

III. Our third alternative is, that silver should *fall* in price; that is to say, more silver instead of less may, in course of time, come to be given for the standard note, as compared with the quantity that could be obtained for it at the outset. Then, on the occasion of the next contract for silver, and a greater weight of it than formerly being obtained for a mil-

lion standard, it follows, that the new silver coins of every denomination are to be heavier in proportion. In which case, all persons would be entitled to refuse the old silver coinage, and to require the new in all their pecuniary transactions with each other. And thus, whilst in the former instance all holders of silver *would* transmit their coins to the mint to be exchanged for new, seeing that they would gain by doing so, as they would get a surplus of new in exchange for the old; so now all persons *must* exchange them in the like manner for an equal weight of new coin, although they would now get less in number; because the public would no longer consent to take the old coins at their full nominal value.

In the case of the copper coinage, precisely the same thing would have to be done as in that of silver.

It is necessary, in a work of this nature, to endeavour to be clear at all points — to remove every difficulty as we go on, and in some instances to anticipate objections that may never arise, for the purpose of shewing the bearings of the principle contended for in its various ramifications. But practically speaking, there would be no semblance of difficulty or inconvenience arising from the issue of coins of a fixed denomination and variable weight. The silver and copper coins would only be a legal tender, the one for sums not exceeding twenty shillings, and the other for sums not exceeding one shilling. The variations in their weight would be quite inconsiderable at any one time; they might not, except at first, occur but at long intervals; and whenever they

should occur, there would really be but little trouble or inconvenience occasioned by them, — the more especially as the variations of which I have spoken need not take place in gold coin at all, but only in silver and copper. In the latter of which, it is not very likely that people would find it worth their while to speculate upon minute differences between the actual and nominal value of a coin, the legal tender of which would be restricted to a shilling.

I shall here suggest, however, a very simple plan, by means of which silver coins, (and copper coins too, if it should be thought necessary,) of *existing value*, may at all times be easily and instantly recognized. By existing value, I mean the value at any given period as compared with a former one; the object being to prevent coins of lighter weight than they should be from being readily passed for others of proper weight. This plan is merely to *number* each separate issue of coin, whenever any change shall take place in the weight of it. Say that an issue take place now of all the five different kinds of silver coin. Let this coin be conspicuously marked, in some part of the reverse of it, No. 1; and continue the use of this number until a change take place in the weight. A change taking place in the weight, whether for the heavier or lighter, let the next issue, and all future issues, be marked No. 2, until a farther change of weight call for the adoption of the next numeral; and so on.

Very rarely, however, would it, I suspect, happen that *old* coins would be offered in place of new ones; for unless we find out a method of obtaining silver

much faster than we can obtain it at the present time, it is probable that the last-dated coinage will generally be the lightest; so that the old would disappear from general circulation as a matter of course it being at all times profitable to withdraw it. In case, however, a change of the other sort should take place, that is to say, if the new silver coin should come at any time to be heavier than its predecessor, then the conspicuous numbers I have suggested would render the detection of the old coin the work of an instant. If coin No. 2, for example, should have superseded No. 1, no person would take No. 1 if No. 2 should be the heavier.

We now come to the last division of this subject—the golden part of it. A gold coinage, for the ordinary purposes of domestic exchange, is just as rational a specimen of economy as would be that of a housewife who, for all domestic purposes of whatsoever kind, should decline to make use of any but golden pots and pans, even though iron or tin ones would answer her purpose as well or better.

Whenever we shall adopt a rational method of exchanging one thing for another, we shall cease to have any use for golden money, of no greater value than ten or twenty shillings. Paper is infinitely preferable in *every* point of view. Paper may be rendered a standard of value; gold never. Whilst, as compared with gold, paper is more convenient, lighter, less liable to be paid away by mistake; and it is incomparably more difficult to forge a well planned and executed bank note, than it is to imitate gold with a baser metal sufficiently well to impose

upon the public. (*Appendix*, No. VII.) I can discover *no* utility, therefore, in gold coinage of the existing kind. But if gold coins of ten and twenty shillings value were to be used in connection with the standard note, all that I have said of silver applies equally to gold; there is no difference in the two cases. The coins must vary in weight according to the price of gold in the market, the principle and plan of dealing with such changes being already defined in what has been said of silver. I repeat, however, emphatically, that I think we would be infinitely better without any such golden toys.

For the purposes of foreign commerce, emigration, accumulation, and some others, a coin consisting of *an ounce* of gold, bearing such a stamp as is usually impressed on coins to certify at once their purity and weight, would be one of great utility. A Queen or King, as the case might be, would be a suitable name for such a coin. A queen would not be very liable to be worn out by grinding against other coins in a man or woman's pocket; neither would the malpractices of East Smithfield be so easily carried on without detection as they are at present. I allude to the well known method of manufacturing gold dust. Few persons would *lightly* take coins of this description. They would be worth the trouble of weighing, when accepted in payment for any thing, and they would be usually conveyed from place to place in packages calculated to secure them from friction and injury of every kind.

The *value* of these coins in standard money must be come at in the same manner as that of silver,

namely, by contracts, offering large sums, such as a million standard, for the largest number of ounces of gold that shall be given in exchange for the same within a stated period. Divide a million standard, reduced to its lowest denomination, that of farthings, by the number of ounces of gold obtained, and you have the price of the ounce of gold in standard money.

These coins, as well as similar ones of silver, (ounces of silver,) which might be called Nobles, should just be a commodity to be sold at the mint at such prices as they might be worth in standard money, upon the same principle as any other marketable article. The price of these queens and nobles in standard money would serve as a guide, by means of which foreign merchants and others would be enabled to compare the price of goods in our market with the price of them in other markets, in fixed quantities of gold and silver.

So soon as it should have been ascertained, by the test I have mentioned, that of large contracts, what should be the relative value of the pound standard as compared with the pound sterling, the fifty millions sterling — now partly in buildings and partly in bullion — first advanced by the government, should be forthwith converted, in the standard bank and mint books, into standard money; and every money transaction throughout the kingdom, from that time forth, should take place, and every account-book should be kept, in standard money, and in it only.

A right understanding of the foregoing chapter

will be essential to enable the reader to form a correct judgment of the entire scheme, which I here venture to lay before him under a title, not certainly remarkable for the modesty of its pretensions, — An *efficient* remedy for the distress of nations.

CHAPTER III.

THE MANUFACTORIES AND DEPOTS, WITH A FEW GENERAL OBSERVATIONS UPON
FOREIGN TRADE.

WE are now to suppose a large number of manufactories of various kinds to be in readiness for working; that is to say, built or bought and furnished with all the machinery and implements essential to their operation in the most approved manner; but at this stage, without any of the materials to be wrought up into marketable goods. Each of the factories has also its appointed manager; and, under him, engaged by himself, the necessary clerks and assistants; and, lastly, operatives ready to put the work into active operation.

The manager then proceeds forthwith to procure the materials for his work, whatever they may be. And these he buys, in the first instance, with money drawn as he may require it, from the standard bank; his future materials being either bought as at first, or else transmitted to him without payment from other standard factories or warehouses, as the case may be. He also draws money from the bank to pay weekly his operatives, and, at stated periods, his clerks' and assistants' salaries, as also his own.

In engaging his operatives, he is to bear in mind, that the average rate of wages is to be the basis of every agreement. That upon no pretext whatever is he to give *what may be justly considered a fair average workman, one farthing more or less per week* than the average rate of wages, as fixed by the commissioners; and that, in every instance where less or more than such wages shall be given by him, *a reason* is to be briefly noted in a book containing a list of his workmen, why such variation shall have been made. Which book, as well as all his other account books, is at all times to be open to the inspection of, and periodically to be inspected by, competent persons appointed to that duty by the trade commissioners.

Certain *classes* of manufactures, requiring operatives of less than average skill or industry, must pay their average workmen a trifle less than the general average rate of wages; and certain other classes, requiring operatives of extra skill or industry, must pay their average workmen a trifle more than the general average rate of wages. But all the works to be so held as deserving of less or more than average payments, must be specified by the trade commissioners, not left to the master manufacturers themselves. The *amount* of such variation must also, in every case, be fixed by the commissioners; and the variation in any given occupation, must also extend to *all* the standard factories engaged in that occupation throughout the kingdom.

The *principle* on which these variations should take place, and on which they do in fact take place

at the present time, is sufficiently explained by Dr Adam Smith, whom in my former work I have quoted on the subject. (*Appendix*, No. VIII.) But without detailing all the reasons which might be given, it is sufficiently obvious, that fifty ordinary workmen, employed for a given number of hours in an iron-foundry, for instance, subject to all the toil and broil and natural unpleasantness of such a situation, ought, in fairness, to receive a higher rate of wages than that which should be given to fifty other men, employed for an equal number of hours in some occupation having no such toilsome or disagreeable conditions: such, for example, as that of an ordinary weaver, a printer, compositor, or a bookbinder. The *hours* of labour per week, as well as the average wages thereof, must also be fixed by the commissioners in each respective department of productive industry.

The master manufacturers, then, will be required — to take proper care of the fixed capital, such as buildings and machinery, committed to their charge: to see that they get good average men in exchange for average payments, and a corresponding value in labour from such workmen as shall be considered and paid either as superior or as inferior to the average: to see that all persons employed under them perform their duty: to procure the materials requisite for carrying on their respective trades: to exert their utmost skill and vigilance in the prosecution thereof: to keep regular books and accounts upon one uniform plan dictated to them by the commissioners: to transmit all goods they make to their appointed

warehouse or depot, or to the order of other standard manufacturers, wheresoever required: to engage and to dismiss whatever persons they may require or can do without: and, finally, to draw money from the standard bank wherewith to pay the wages of labour, their own salaries, and those of their assistants; periodical statements and balances of the affairs committed to their charge being made, in terms of the standing orders of the commissioners, and transmitted to the bank: and any difficulty or unusual occurrence of whatever kind, rendering advice or instruction necessary, being at all times promptly communicated to the commissioners, with whom they, the master manufacturers, would at all times be placed in the relative situation of employer and agent.

The nature of the accounts between the master manufacturers and the bank will be duly explained.

The goods to be manufactured would necessarily be of one of two kinds. They would consist either of the *material* for some other branch of manufacture, such as cotton or linen thread, to be afterwards converted into cloth; or of *finished goods*, ready for the market, such as pieces of woollen, linen, or cotton cloth. But there is no practical difference here, with reference to the proposed system of exchange, because both classes of goods would be disposed of by their manufacturers in precisely the same manner; *all, without exception*, being either transmitted to their respective depot, or else to other standard manufacturers. No goods whatever are to be *sold* by the master manufacturers to any one.

The master manufacturers would thus be placed in a situation very similar to that of many now existing, who are either wholly engaged by some one or two great mercantile house or houses, which take all the goods they make, or else, who, being in the *precise* situation I have described, are the servants of capitalists, employed to conduct certain works for the benefit of their employers, to whom they are responsible for their conduct, and by whom they are paid fixed salaries proportionate to the estimated value of their services.

The situation of *a manager* would be one of high respectability and considerable emolument; whilst, at the same time, it would be one of a very independent character. Every person so employed, would be guided in all his proceedings by fixed rules and standing orders. He would be restrained in his acts by no individual man, but only by a public board. He would be free from all possible risk in every transaction of his commercial life. And his duties, however important, would be easy, from the extreme simplicity and regularity of their nature. His situation would be almost exactly that of an existing manager for a joint-stock bank, insurance office, or other public company; and commanding, as it would, a liberal remuneration, it would at all times be one of considerable competition whenever a vacancy should occur. Hence thoroughly competent persons could always be obtained to fill these important situations.

In one particular, the situation of a standard manager would be infinitely more pleasant than

that of any ordinary person in like employment at the present time. He would be relieved from the misery of giving and refusing credit — one of the most painful duties, perhaps, which a man of right feeling, habitually engaged in large transactions for the interest of other people, can be called upon to perform. Among the standard factories and warehouses, there would be unbounded credit in one sense, but none whatever in another. Every manufacturer, or master of a work, would have to transmit goods, without restriction as to quantity or value, to the order of any other manufacturer, or master of a warehouse. But he would do this in compliance with the standing orders of his employers, whilst the act of so doing would never occasion a bad debt. Such transit of goods would, indeed, be the mere forwarding of them from one warehouse to another, both being the property of the same company of employers. Fraud, robbery, might take place in the standard works and warehouses, as well as in others; but the *modus operandi* of the standard system of production and exchange would render the commission of fraud a task of extreme difficulty, whilst the existence of credit, properly so called, and therefore of a bad debt, would be impossible.

There seems to be nothing more to say upon this subject, except that a work of any kind, being once put into operation, is to continue to manufacture a certain regular supply of goods, as originally ordered by the trade commissioners, until by them farther instructed to increase or diminish its supplies, or

otherwise to alter the kind or quality of its productions.

THE WAREHOUSES OR DEPOTS. — The management of these receptacles of goods would differ but little from that of the ordinary wholesale houses, now existing in London and elsewhere, excepting that payment in standard money would invariably be required for all goods that should be purchased therefrom previous to their delivery. These warehouses would just be receptacles of goods ready for the market; and the mart at which all purchases of standard goods would have to be made.

Their situations should be London, Dublin, Edinburgh, and the principal seaports throughout the kingdom; in each of which cities and towns, as well perhaps as in some few other places, an extensive range of warehouses should be erected and fitted up for the reception and sale of the standard goods. Whilst one warehouse, upon a very large scale, should also be established in each of the towns where the several factories exist, for the reception and sale of *the particular kind* of goods therein manufactured; as, for instance, a cotton warehouse in Manchester; a cutlery warehouse in Sheffield; a linen warehouse in Belfast; and others in like manner.

The price of the goods sold in the standard warehouses would be made up of the cost of the materials, and of the wages of labour expended in their production, added to a *per centage* estimated to be sufficient to pay all the expenses of salaries, incidents, loss by depreciation of stock, wear and tear

of buildings, machinery, and other fixed capital; and, finally, of the rate which should be resolved upon to insure the gradual increase of the standard capital, and consequent extension of the sphere of the standard operations to the utmost desirable limit.

This per centage—the rate of which is to be fixed by the trade commissioners, and may be higher in some classes of manufactures than in others, for sufficient reasons—being added to the cost of goods in labour and material, we arrive at their selling price by wholesale; at which price, all persons coming under the denomination of wholesale buyers, are to obtain at the standard warehouses whatever goods they may require, in exchange for standard money. Persons requiring standard money may obtain it in any quantity at the mint, in exchange for its value in gold or silver coin, or bullion; or indirectly from the mint, through the agency of any person acting for the standard bank.

The goods thus purchased may thenceforth be used, exported, or retailed to the public, in the ordinary manner; the retail price thereof being regulated as at present by competition amongst the venders. And as the retail department of trade would be in every respect of the ordinary and everyday kind, to which we are now accustomed, there seems to be nothing more to say about it. The influence of the standard rules and regulations, the object of which is to fix the value of the currency, and to render production the cause of demand, terminates in the wholesale warehouses; once out of which the standard goods become the property of whomsoever may

be pleased to buy them, and they may be used or appropriated in any manner whatsoever. To prevent any misconception, however, as to the invariability of the balance between supply and demand, it may be remarked, that if any retailer sell standard goods for one hundred pounds, which cost him but ninety pounds, still the entire hundred must be expended at the standard depots before one hundred pounds worth of goods *at standard prices* can be withdrawn from them.

And this perhaps may be as good a place as any other to bestow a few words upon the subject of foreign commerce.

With the intention of shewing in what manner a standard of value may be safely and permanently erected on a basis at once firm and imperishable, I have endeavoured to divest the subject of every thing resembling a speculative kind, and to restrict the plan to one of a purely domestic character. The nature of its foreign transactions will therefore be easily defined.

In one sense, every article of necessity or use is foreign to us all, with the exception of that which we construct by the labour of our own hands. Every thing is foreign to a shoemaker except shoes. Even the leather of which he makes them, although it may consist of the skins of calves fed in his own parish, is as foreign to him, as the most curious and remote produce of a distant land. In his capacity of shoemaker, he is equally incapable of making either the one or the other; therefore, if he require them, he must buy both.

In like manner, the whole corps of standard manufacturers must buy, wherever they can procure them cheapest, whatever materials they may require for the carrying on of their respective works. And it will render our view of their situation very distinct, if we adopt the method of considering every thing foreign *to them*, with the exception of that which they can create by their own labours.

Now there are just two ways in which a man can obtain, through the medium of exchange, that which he requires. He may give the *immediate* produce of his own labour for it; as, for instance, a pair of shoes for a piece of leather; or, in the other case, as the leather merchant may not require shoes, the shoemaker may sell his shoes for some article which the leather merchant is willing to accept in exchange for his leather. The article least likely to be refused is money, by means of which every one is enabled to buy whatever he may think proper.

The standard managers, then, would require materials with which to commence their works; and these materials, whether foreign or domestic, could at all times be purchased with standard money — which, being a legal tender throughout the country, would give to its possessor the means of procuring whatsoever commodity or service he might require. If the receiver of the money should present it at any of the standard warehouses, it would procure for him any article or articles made in the standard works; or, none of these things being required, it would procure him gold or silver at their current price in standard money.

Now, as the standard works could neither create gold nor silver; and as these metals would be in constant requisition to be given in exchange for many of the standard notes previously circulated, it is clear that goods of some kind must be given in exchange for them. But, as I have mentioned before, it matters not how much, or how little, gold or silver comes to be obtained in exchange for other goods, provided always a fair effort be made to get as much of them as any one may be found willing to give; because, if *much* gold and silver be obtained for goods, the result is merely, that gold and silver are *not dear* in standard money. Whilst, if *little* and *less* of them come to be obtained in exchange for goods, then it is plain that gold and silver are *rising in price*, a thing of no earthly consequence whatever; for, if a great quantity of the products of human industry come to be regularly *required* from the standard warehouses in exchange for the precious metals, it is quite clear that the same precious metals will, in their turn, *command* a large quantity of commodities for the use of the standard factories; and that, too, whether those commodities be the products of this country, or of any other.

Two examples will probably suffice to shew the subject of foreign commerce, *as already defined*, in its different bearings. — The standard works embrace, amongst others, we shall suppose, the business of tanning hides; which hides, being converted into leather, form the stock of one of the great standard warehouses. The hides themselves are originally the property of the butchers, by whom they are sold

to the managers of the tan-works for standard money. Now this money, being a legal tender, will procure the butcher cattle and sheep—it will pay his rent and taxes, and it will buy him food, clothes, and furniture—pay the wages of his servants,—and, in short, it will do every thing for him that a bank of England, Ireland, or Scotland note will do for him at present. *He*, therefore, does not seek to convert the standard money he receives in payment for his hides into gold or silver, because there is obviously no occasion for him to do so.

But the standard works will also embrace the one of dyeing cloth. Now a great number of the articles used in this business are the productions of foreign countries. The master dyer, then, pays his merchant, as in the case of the tanner, with standard notes. But the importer of dyes may find it necessary to pay for his merchandise in gold or silver; and therefore, *knowing beforehand* what weight of these he can procure for every pound standard, and knowing also the relative value of these metals and of his dyes in the market whence he procures them, he will of course contract for such a price for his commodities, in standard money, as will enable him to realize a fair profit by his transactions: that is to say, he will take care that the amount of standard money he is to receive in exchange for his dyes shall be sufficient to buy more gold at the standard mint than will be required to replace the dyes he will have so disposed of,—the difference between the two being his profit on the transaction.

It often requires a number of sentences to explain

a very simple matter; a fact pretty generally discovered by those who may sit down to give instructions *in writing* as to the manner in which some very trivial matter may be performed. There is, in reality, nothing more complicated in what I have been just now attempting to describe, excepting only perhaps in the description itself, than there is in the making of any every-day purchase. Gold would not commonly be requisite even for the making of foreign payments. For, whenever the standard system of operations should come to be understood abroad as well as at home — when it came to be known that the millions upon millions of accumulated wealth, stored in England's public depots, were all the *bona fide* products of which English paper money was the representative, and would at any time command; that money would pass as freely in all civilized nations as it would at our own doors.

As respects the convenience of the public, there would be no variation whatever in the making of purchases, small or large, from the plan which at present exists. Bank notes, as well as silver and copper coins, would circulate just as they do at present; whilst the grand distinction between the old and the new modes would be in the principle on which exchanges would be made: there would not be any change which would be at all perceptible during the act of buying or selling. A difference of some importance, however, would be, that whilst a rise of one quarter, for instance, *now* in the value of gold would reduce the aggregate price of commodities twenty-five per cent, and reduce tens of thou-

sands of people to ruin ; a standard of value being established upon the principle I have laid down, a rise in the value of gold to the extent I have mentioned would not affect the price of one other commodity, or disturb the relative situation of a single debtor or creditor, landlord or tenant. Such rise would be a great boon to all the holders of *gold itself*, whether in the shape of coin, bullion, or articles of domestic utility or ornament, just as a similar rise in the value of any other property (shares in a railroad, for instance) would do at present. But all rents, contracts, and transactions whatsoever, would have been put upon a basis at once firm, fair, and beyond the reach of all adventitious circumstances to alter or affect ; seeing that an Act of Parliament, altering the average price of labour—an act too glaringly unjust and monstrous ever to be tolerated or thought of—or else gross laxity, carelessness, or fraud, in enforcing the law of average—a thing which, under the arrangements I have defined, could never happen—are the *only* circumstances which could affect the equity of a money bargain, however remote might be the stipulated day of settlement.

CHAPTER IV.

A FEW WORDS IN EXPLANATION OF THE NATURE OF THE ACCOUNTS,

So far, then, we have defined the plan of a bank and mint, of factories, and warehouses for the reception and sale of goods; the whole of which being but parts of one extensive manufacturing and commercial establishment, it is now desirable that we see in what manner the books of such a business should be kept.

And this subject, which has been partially explained already, naturally divides itself into three parts, — namely, *first*, the bank accounts with the master manufacturers and warehousemen; *secondly*, the said parties' accounts with the bank; and, *thirdly*, the periodical balances of the bank books themselves for the approval of the commissioners. And it is almost impossible to conceive that any extensive accounts could be more entirely divested of every semblance of intricacy than these accounts may be.

I. The bank accounts with a master manufacturer will consist, — the *debit* side of the value of fixed capital committed to his care, as buildings and ma-

chinery; of all sums of money transmitted to him or paid to his order; and of all goods sent to him by other standard manufacturers, including in their number the master of the mint, whose manufactured goods, coins, must be treated in precisely the same manner as every other kind. The *credit* side of this account will be made up of the items, sums paid in name of salaries, as contradistinguished from that of wages; and of the value of goods transmitted to other standard manufactories or depots, charged at their cost price in material and wages of labour; the balance being the amount of property—fixed capital, goods, and money—then resting in his hands.

The bank account with a master warehouseman would be exactly similar to the foregoing; only that, in addition to debiting him with all the items aforesaid, he must also be debited with the *per centage* put on the price of his goods by order of the commissioners, for the purpose of meeting the expenses of maintenance and increase of capital, salaries, and depreciation of stock. There would also, on the credit side, be the additional item of—money remitted to bank so much, the manufacturers never having occasion to remit any.

On the subject of depreciation of stock, it is necessary to say a few words. Goods, from two distinct causes, must always be liable to become less valuable after having been kept on hand for some time, than they were when first manufactured. They may receive injury—glass, for instance, may be broken—and goods of even a less hazardous character than glass, may receive injury from being kept too long a

time on hand, or, from change of fashion or other cause, their use may come to be altogether superseded. This is one cause. The other is, that the materials of which they are constructed may come to be more easily obtained than formerly: or, by the application of greater skill or better machinery, the materials may be converted into the requisite shape at a less cost of time and labour than heretofore. These are *natural* causes for a fall in the price of goods; and, whenever they come to operate, all the previously existing goods of the kind that may be on hand in the standard warehouses, must of necessity be reduced to the price of the new ones, otherwise they would never sell at all.

To meet this expense of depreciation, on the occasion of every annual balance of the books of the manufacturers and warehousemen, all the goods that may be too dear, must be reduced to their proper price; and the difference, being loss, must be placed to the credit of their possessors in the bank books and in their own; whilst the loss so arising, whenever it shall take place, will form one of the items on account of which a rate of profit must be put on all goods in the standard warehouses previously to their being sold.

The amount of this loss — provided we adhere to the rule I have laid down at the outset, that of confining the standard works, as far as possible, to the production of unspeculative, and not very perishable goods — should be but trivial; the more especially, when it is considered that an advance in the cost of materials would sometimes have the effect of *increas-*

ing the value of large quantities of goods on hand. The balance between such losses and profits would be the actual amount of either the one or the other.

This kind of depreciation, the reader will not fail to observe, is of a totally distinct character from that to which every tradesman who keeps any considerable stock of goods is now liable,—a *falling market*, occasioned by no natural cause whatever, but merely by the operation of the worse than insane system of exchange on which we are at present acting. Upon the standard plan, good new commodities, or long-time made ones, as good as new, could never be subjected to the evil of a falling market by any cause whatever, except a natural one, such as I have already described. It is not a natural, but a most unnatural and absurd condition of things, which causes goods of a hundred different kinds to fall in price, merely because they chance to have been increased in quantity a little faster than one other commodity; which mankind, acting under the influence of the most extensively prevalent and fatal error that ever pervaded society, have agreed to *nominate* as the criterion of their wealth; which criterion, in reality, it never was, is not, and never by any human possibility can become.

II. The master manufacturers' and master warehousemen's accounts with the bank, would be just the foregoing reversed: the debtor side becoming that of the creditor, and the creditor side becoming that of the debtor.

And these are *all* the debtor and creditor accounts that would exist, namely, those of the bank with *every* master manufacturer and warehouseman, including amongst the former the master of the mint, and those of every master manufacturer and warehouseman with the bank, and with it only. A. B., a master manufacturer, sends goods, for example, to C. D., who may be either another manufacturer, or a warehouseman ; which goods are accompanied by an invoice indicative of their kind, quality, and value. But A. B. merely credits his own account *with the bank* for the amount of these goods, whilst, on the other hand, C. D., on receipt of them, debits his own account *with the bank* for the same amount. And a weekly statement of accounts being sent to the bank by *all* the manufacturers and warehousemen, the items are forthwith posted to the debit and credit of the respective parties in the bank books. By means of which arrangement, not only is every account between all these accredited agents kept entirely clear, without a single debtor and creditor account existing between themselves, but a most effectual check would also be kept upon the accuracy and integrity of all the parties : seeing that not a single false statement respecting any transmission of goods betwixt agent and agent, could go beyond a week without detection in the bank. Whilst, at the same time, as no one of these accredited agents would have the slightest right of control over, or interference with, any other — all being equally independent and irresponsible, except to the bank, to the commissioners, and to the inspectors by them appointed — all connivance, be-

tween each other, at any laxity of duty, would be rendered in the last degree difficult, as would also the commission of fraud in any shape, as compared with the facilities afforded for its perpetration at the present time.

III. The periodical balances of the bank books themselves, for the inspection and approval of the commissioners.—Suppose these to be annual, the bank has merely to make up a statement of its affairs upon a given day, in the same manner as every ordinary tradesman is, or should be, in the habit of doing at present.

The bank's first step is to strike the balance of its accounts with all the accredited agents; that is to say, with all the master manufacturers and warehousemen. This being done, the bank debits itself with the whole amount of its existing issues, these being, in fact, just so many outstanding claims upon the standard stores; as also, with the original grant of fifty millions, converted into standard money, which latter should be surplus; and credits itself with the united value of all the agents' balances. And if these latter *exceed* the amount of the former by more than fifty millions, added to the sum of intended annual addition to the standard capital, then it follows that the per centage on the sale of goods will have been unnecessarily high, and may forthwith be reduced. Whilst if the amount of the latter shall not equal that of the former by fifty millions, and the sum of intended addition to capital,

then it follows that the per centage on the sale of the standard goods will have been too low, and must, therefore, in future, be somewhat higher.

The price of the standard goods, then, being wholly made up of the cost of the materials, of the wages of labour, of the expenses of transit, and other incidents, and of the per centage or profit put on the cost price of the goods, in order to cover the expenses of salaries, depreciation of stock, and maintenance and increase of capital; which cost of materials, of labour, of transit, of per centage, and of every thing, *would be paid in standard money*, it follows that the amount of standard money in circulation must, at all times, be precisely equivalent to the value of the stock in the standard factories and warehouses; that the aggregate holders of this money would be the aggregate proprietors of the standard stock; and that every individual holder of money would be a proprietor of the exact portion of said stock, which his money, be it much or little, should represent.

Demand, therefore, must ever be coequal with production. Double the stock, quadruple it; multiply it by itself; let it be of the value of a hundred millions, or of a thousand millions standard, *still* the increase of money must have gone on in the same precise ratio; therefore production can no more, by any conceivable possibility, overstep demand, than can her majesty's mail coach get on faster than the horses by which it is drawn. The two things, production and demand, are inseparably united; *their*

relative increase, diminution, or permanent quantity, as the case may be, must at once become, and for ever remain, one and the same.

People, indeed, might *save* their property, as at present, when they are able and inclined to do so; but this circumstance disturbs not one iota the balance of supply and demand. Not to spend is merely to *postpone* the claim: it is not to abandon it. A deposit bank at present may possess millions of *undemanded* money, but the *liability* remains the same as ever, and *demand* is sure to make its appearance at some time or other. And seeing that in our case the money held by the creditors is intrinsically of no value whatever, to contend that it will never be used, is equivalent to contending that men, having a just and undisputed title to property, will yet never seek to possess themselves of it.

An enormous mass of accumulated wealth would, doubtless, at all times exist in the standard warehouses; but this accumulation would not proceed in the manner of a blind man, destitute of a proper guide as to the path which he should pursue: it would proceed upon a plain and rational principle of operation, by means of which the existence of a surplus of commodities would be rendered just as obvious an impossibility as the over-supply of every want, real and imaginary, which human beings may ever be found to entertain.

Here, however, it may be proper to anticipate and refute an objection that may probably have already arisen in the mind of the reader to what has been stated. I have said, that gold, silver, and

copper coins, may still be used as instruments of exchange between man and man, nation and nation; and also, that so far as silver and copper coins are concerned, there does not appear to be any thing at all preferable to them for the effecting of small purchases; that is to say, whenever they shall come to be used upon a right principle. How, then, it may be asked, is your demand — *money* — to be always coequal with your supply — *goods* — seeing that your operatives, for instance, being paid for their labour partly in silver coin, may expend the same in the purchase of commodities in this country, forming no part of the standard stock; or they may take it or send it abroad, in which case it may be lost to this country for ever?

The answer is obvious. Gold, silver, and copper coins, are *themselves* commodities, as much so, indeed, as Irish linens or Scotch whisky; and the man who receives *them* in payment for his labour, *has demanded and received* the value thereof. His demand has already been equal to his production; and, therefore, he has no farther claim upon the standard stores: and, if he had any, it would be an evil, not an advantage; for how is he to be paid? The *whole* stock we at any time possess is the property of the holders of the standard paper money; and, therefore, it could not be taken away without diminishing our means of paying the just claims existing upon us.

It is true, that the proprietors of coin may spend it, if they please, in the purchase of goods from the standard depots. But this, again, is no evil, for they merely give us goods for goods, and the value of our

stock will be precisely the same after they have made their purchases, as it was before. The *kind* of value will have been altered. Cloth may have been given for gold coin, a convenience, no doubt, to the man who is supposed to have made the purchase, otherwise he would have kept his money, but we are not one farthing richer or poorer by the exchange.

If an operative *receive* twenty-five shillings a-week for his labour, one pound in paper and five shillings in silver, *the pound* part of his wages is no payment at all. Strictly speaking, no man is paid a farthing who receives a mere piece of paper for his wages. What he actually receives is, *an order* on the property which he has contributed to bring into existence, for the value of his own contribution, and he never receives payment until he present his order for payment; that is to say, until he spend his money. But whenever he shall spend it, the person to whom he shall pay it — be he a shopkeeper or the driver of a stage-coach, physician, musician, or whatever else he may — then comes in his room and place; he, instead of the operative, is now constituted a proprietor of the standard stock; and such he must remain so long as he holds the note that shall have thus been transferred to him. And this kind of transfer may go on for an indefinite length of time, until at last the note comes to be presented with others in exchange for goods bought at the standard stores; when, however often it may have changed hands before, it is now, for the first time, *paid*; and forthwith ceases to exist as money until

re-issued in remuneration of new labour, or in the purchase of some article of value for the enrichment of the standard stores.

But the five shilling portion of the supposed operative's payment, being made in silver coin, is a very different affair. *Itself* is a *bona fide* payment, and he who receives it has no farther claim on the standard wealth. If he keep the money, the standard stores are none the fuller, and if he spend it with them, they are not the less full.

Thus, if an operative contribute by his labour the value of one pound five shillings to the standard stock, and if he receive in payment for such contribution a one-pound note and five shillings in silver, he *adds* to the said stock the value of but one pound, the additional five shillings of value which he puts in being merely an equivalent for the five shillings' worth of silver which he takes out. Thus the contents of the standard stores must ever be equal to the amount of the standard paper money in circulation.

And here it may be remarked, that whatever may be the average weekly wages of labour, whether a pound, one pound five shillings, thirty shillings, or other sum, more or less, than these ; there would be a great convenience in having a standard note created for that amount, seeing that an immense majority of men throughout the entire standard works would be weekly earning that precise sum. All such would be thus paid with less trouble to their employers, than if there were always a sum of odd shillings in the wages to be paid in silver coin ; besides which,

far less silver coin would in the aggregate be requisite. And farther, the existing quantity of coin, whatever it might be, would circulate principally amongst the retailers, and amongst the public at large; and would not have to be sought up frequently in large quantities for the use of the manufacturers.

This plan could, however, be adopted only in the event of the average rate of wages being either an even pound or pounds, or else a pound and a quarter, half, or three quarters; because paper money of any less regular character than this would be far too troublesome.

CHAPTER V.

THE ARGUMENT — THE IMPRACTICABLES — DIRECT AND COLLATERAL INFLUENCE OF THE PROPOSED CHANGE — OVER-PRODUCTION — EFFECT OF COMPETITION — ACCUMULATION — REVENUE — HOW REVENUE MAY BE USED — EXTENSION OF THE STANDARD PLAN — MISCELLANEOUS OBSERVATIONS.

HERE, then, within the small compass of four short chapters, and, I trust, in a sufficiently intelligible form, are the main features of a plan of operations, by the adoption of which, I hesitate not to say, that the existing distresses of this country may be quickly alleviated, and that, eventually, every semblance of unmerited poverty may be annihilated.

And first I shall remark, that shelter can hardly be sought for, in the present instance, in that very convenient retreat wherein so many persons are apt to ensconce themselves, whenever a subject is presented to their minds requiring the exercise of a little serious thought, and deliberate investigation,— I mean the well-frequented harbour of *impracticability*.

There is hardly, perhaps, any thing of much importance in this world which has ever resulted from

human science or investigation, which has not been in its turn impracticable. And this one word, to which time and experience have given a thousand and a thousand times the lie, even when it has been uttered by nineteen-twentieths of the nation, is still, and probably will ever be, the one brief comment upon all projected improvements upon a large scale, by the great majority of an undiscerning public.

But there is not the faintest shadow of a pretext for any such allegation in the present instance. I have proposed to establish a Bank, the business of which would not be nearly so difficult to manage, neither would its transactions be nearly so intricate, as the business and transactions of any one extensive banking house, private or joint stock, now existing in this country or in any other.

I have proposed that a Mint should manufacture gold, silver, and copper coins, upon certain fixed principles, very easily understood, and as easily acted upon.

I have proposed that the government should advance a sum of fifty millions of money for the furtherance of a certain object. Such advances have been made before, and for purposes absolutely nameless and insignificant as compared with this one.

I have proposed that certain manufactories should be established upon a large scale, and that the management of each one should be given to a man found duly qualified to conduct it; that man's business being divested of at least one half of the usual troubles and difficulties appertaining to the like employments at the present time.

Lastly, I have proposed that the goods to be made in these factories should be sent to certain warehouses suitable for their reception; where they are to be sold for ready money to all persons who may be pleased to buy them.

In a word, I have proposed that certain things should be done upon a very simple and easy plan, and upon a *right* principle, *all of which* are now done, and have for centuries past been done, upon a very intricate and difficult plan, and upon a *wrong* principle.

I thus dismiss at once the plea of impracticability. There is nothing proposed here but what it is quite possible, and, indeed, most easy for the government of this country to do at any time. I go, therefore, to consider the influence which the change I have defined would have upon society. This influence would be of a twofold character,—it would be direct, and also collateral.

It will have been observed, that at the outset of this proposition I have noted the importance of restricting the standard range of manufacturing operations within the limits of the plain, the useful, and the unspeculative. The reason is obvious. Goods such as I have enumerated in the first chapter may easily be watched over through all the different processes of their manufacture. They can be warehoused when completed, and they may be kept a moderate length of time on hand with little comparative injury,—the money paid for their production being their representative. And it is certain, that the great majority of all the articles of com-

merce are of this description. But, except upon a very refined plan of operations indeed, it would not be practicable to extend this system to very perishable commodities ; such, for example, (corn excepted,) as farm and dairy produce ; or to very speculative manufactured goods ; such as fancy jewellery, fancy articles of dress, domestic ornaments, and the like ; whilst professional occupations could never be comprehended within its sphere at all, with any thing like justice or propriety. The beneficial influence of the change may, however, be extended to all these branches of occupation ; but only, as I have said, by an indirect or collateral process.

With reference, then, to the *direct* effects of the plan of operations that has been suggested, and assuming that the standard factories would embrace a very extensive range of works, including as nearly as may be practicable *all*, the results of which may be pretty easily warehoused ; it is clear that all the persons so furnished with employment would be amply provided for. For, as the money they would receive would be a legal tender, it would enable them to pay their rents and taxes, as well as to purchase whatever commodity or service they might require ; whilst the amount of their wages being fixed at *the result* of their labours, it is obvious that, under no circumstances whatever, could they be better paid. See a few words on the subject of fixed payments in the *Appendix*, No. IX.

It may be asked,—If we commence upon a large scale of operations, and call into existence such various and extensive works as have been proposed, shall we

not go on producing and producing until we overstock the market with every thing, when our standard goods will stand fast in our warehouses, instead of going steadily out of them, to be replaced by others in process of manufacture? The answer to this question is — *Never by any conceivable possibility!* And this brings us to the great blunder of the day — over-production, — the stumbling-block of every dabbler in political economy, who for ever confuses production to an extent which occasions a *falling market*, with over-production truly so called; that is to say, the production of some *one* commodity, or of a *few* commodities, in disproportion with the general mass.

If a universal genius could make for himself whatever he should require, he would begin by supplying his most urgent wants, as food, clothing, and habitation. Having enough of these, he would go on to furnish his house and to embellish it—to ornament his grounds, and by degrees to seek a higher and still higher quality in all the various sources of his enjoyment; or he would plunge into the sea of luxury and amusement. Mankind in general *would* do this, because mankind in general *do* act in this manner; it is the ordinary usage of our nature. But here there is no over-production, seeing that the desire to rise a step higher, to possess something more than we have at present, is a feeling so universal in the human mind, that probably there is not one perfectly contented man or woman in existence.

But if a man, endowed, as we have supposed, with super-human powers, were wise enough to make two shoes for one foot, and none for the other, or

two gloves for one hand, and none for the other, here would be over-production clearly. But, at the same time, it would as clearly be *under*-production also. Both of which terms might perhaps be advantageously dismissed from our politico-economical vocabulary, to be replaced by one concentrating the meaning of the two,—I mean the word *disproportion*.

Goods may be produced in disproportion to each other. Two shoes, as has been already said, may be made for the right foot, and none for the left. But *increase* the production by making two left shoes, and the disproportion ceases. And in like manner a nation may make too many goods of a particular kind, but this is only a proof of the deficiency of others, and the evil may be as easily cured by *extending* the sphere of operations as by contracting it.

To bring these views home to the subject of our present discussion, let us apply the argument; and at the same time take along with us a condition which is very likely to be our companion whether we desire it for such or not, namely, that as years roll on, machinery will continue to improve as it is doing at present, until one man, aided by its powers, may be enabled to do the work of many, even when compared with the present advanced state of mechanical science. And how monstrous is the supposition, though by no means an uncommon one, that this should tend to the injury of mankind!

Without, then, mentioning particular trades, which would only render our argument more intricate, without making it at all clearer, let us call the first

necessaries of life, as food and clothing, by the letter A; the second class of commodities, tending to raise a little higher the scale of enjoyment, by the letter B; the third, a still higher class, by the letter C; a fourth, a step still higher, being articles of luxury, by the letter D; and a fifth, the highest, being within the reach of those persons only whose means of expenditure are profuse, by the letter E. And let us suppose that a number of men, furnished with the requisite land and capital, can, in the first instance, make for themselves all the commodities necessary for their own use or consumption, which we have designated by the letter A; and, for the sake of the argument, we will call their products by the number one hundred.

Well! it presently happens that, from improved skill or machinery, or some such cause, these men come to produce double of what they could at first; and, consequently, twice the quantity they require for their own consumption: this will be two hundreds. Then it follows that there is now employment for another set of men equal in number with themselves, in the capacity B: and the result is, that whilst B require the spare half products of A to live upon, A are very glad to amend their own condition by taking half the products of B in exchange for half their own; by means of which exchange the condition of both A and B is equally improved. But a farther advance takes place in art and industry, in consequence of which both A and B come to have a superfluity of their own products. Then it follows that they can employ that

superfluity, be it little or be it much, in calling into active operation the class C, who in their turn again create a surplus, until D are also employed. And, a still farther superfluity arising, the final letter E comes to be admitted into the circle. Hence, the very idea of over-production may be put alongside the wildest dream of an idiot, and common sense be puzzled to determine whether of the twain is the offspring of the imbecile.

It is, however, an error to suppose that the present state of our productive resources is capable of advancing us to any very high state of luxury, however fully employed all mankind may be, and however invariable the operation of the principle—production the cause of demand. The result of *one* man's labour or talents, however productive the one or brilliant the other, can only equably exchange for the results of one other equally qualified man's labour or talents. An individual cutler, for example, though the products of his industry be distributed during his lifetime over half the globe, on the one hand, and though his wages, on the other, be expended in the purchase of articles more numerous than his own knives, *still* all that he gives and all that he receives are but in the aggregate the produce of two men's labour; for if they be more than this, on the one side or on the other, the exchange is not an equitable one. If, then, we consider how much labour is expended in the production of those commodities which constitute the ordinary articles of use and consumption, even in a moderate station of life, our house, furniture, food, clothes, and innumerable

articles of convenience and luxury, to which are to be added, all that we assign to others in payment for medical or legal advice, taxes for the support of government, general and local, travelling expenses, amusements, charitable institutions, and so on; and when we consider that all these things — whenever they are enjoyed by a person who had no accumulated wealth or fortune to begin the world with — are practically held by mankind to be merely *an equivalent* for the labours given to, or services conferred on them by *the one individual* who enjoys them, how wonderful it seems, not that a man is able to *consume* so much, but that so large a portion of the good things of this life should have fallen to his share. And, at the same time, how destitute of rationality comes to be the notion of over-production, when it is considered that even the men who already consume the labour of hundreds of their fellow-creatures, would most gladly convert those hundreds into thousands, could they but obtain permission to do so.

There is no limit or restriction whatever to the power of consumption, except that of an empty pocket; but there is a limit to the power of production. One man can consume the labours of thousands, whenever he can command them; but, upon equitable principles, no man can have the power of consuming any more value than he himself is able to create, added to that which may be given to him by others. For an example of the power of consumption, we have only to look to our own English nobility, the sole business of whose immense

establishments, is, with almost nominal exceptions, that of consumption: the whole, in each separate case, being supported by the annual income of *one man*. But even these instances of large expenditure may be outdone. A rich man might fancy some article for a meal which it would take a dozen of men a twelvemonth to discover, in which case, he would eat up the twelve years labour of a fellow-creature for his breakfast. And though this is an extravagant example in kind, it is not so in degree. What is it that constitutes the value of a large diamond, for instance, but just what I have stated? Years and years are expended in its discovery, and, when discovered, the cost of years and years of labour, added to a corresponding charge for the risk of not finding it at all, constitute its price; as fairly too as half-a-crown may be given and received for any trifling article or service.

And in a properly constituted society, one in which money should be of a rational kind, the demand for that which is ornamental, pleasing, and luxurious, including the fine arts in all their approved branches, must ever increase as fast as the increased powers of production should enable a smaller proportion of the community to perform the more humble and laborious operations; just as a man who, being already in possession of an abundant supply of the ordinary comforts and enjoyments of life, and having still money to spare and the desire to spend it, proceeds to obtain whatever else may chance to please his fancy: whilst the one and only barrier to the existence *nationally* of this state

of things at the present time, *is a false system of exchange.*

The second part of this subject, embraces the *collateral* influence of which I have spoken. And this would be of two distinct kinds. The first of which is, that the millions of money which would be in constant course of payment to the operatives and others, employed in the standard works, would have the effect of creating an enormous demand for the results of all such useful kinds of labour as could not be very well admitted within the pale of the standard system.

Foremost of these is agricultural produce—food—to which may be added a great variety of manufacturing trades of a fancy, and, if I may so term them, uncontrollable character; the goods produced being such as no man could or ought to value, except the producer himself: the too high claim on his part, being always kept within the bounds of moderation by the prudent customers with whom he has to deal. Add to these, the entire class of what may be called jobs; that is to say, work of every description executed for persons on terms of agreement, or on the faith of a good understanding subsisting between the parties at the time of settlement. Add, also, lastly, professional occupations of every kind; as, for instance, those of the divine, the lawyer, the physician, the player, the musician, and others, by whose avocations no commodity which may be accumulated is produced.

But the standard money would pay all these persons, because it would serve as the instrument of exchange between their customers and themselves, just as an

ordinary bank note does at the present time. Which note, even now, is but a mere transferable security, and not a *bona fide* payment at all, any more than would be the standard note so often spoken of. The subject of professions is mentioned in the Social System, from which I have already made an extract : see again *Appendix*, No. IV.

But the second kind of collateral influence would be greater than the first. Its nature is as follows :— A standard of value having been called into existence, and an average price of labour fixed upon for all the operations to be carried on *within* the standard system, that same average price of labour would of necessity be the same also throughout the *whole* of the commercial society. Because, as the standard system is capable of indefinite extension — subject only to the condition of regulation as to the kind of products — capable of being gradually thrown open to all persons otherwise unable to obtain employment, it is clear that no good workman would engage himself to a private manufacturer or trader for a lower rate of remuneration than that which would be ready for his acceptance within the public or standard works. And the operation of this principle would extend itself to the army and navy, as also to all domestic and other servants, agricultural labourers, and indeed to every class of society, professional, mercantile, and laborious.

There is still another important view of this subject. The incubus being removed from the operations of all the existing bankers, they would be enabled to assist with safety to themselves, a vast number of

manufacturing and commercial undertakings, which are now wholly excluded from any such assistance by the circumstance of the banks being liable to pay all the notes they issue in fixed quantities of gold. Their notes would now be payable either in standard money, or in such quantities of gold as a standard note would purchase, which in effect is one and the same thing. Thus their issues could never, for any considerable time, be excessive; because, whenever they should issue so much paper as to cause the goods out of the standard depots to be dearer than those within them, all the holders of their notes would require them to be exchanged for standard ones, in order that they might spend their money in the better market; whilst, on the other hand, their issues might always extend to the point of equality in this respect, but not farther.

In this way, it would happen that no sound or useful project could fail to obtain the requisite capital to carry it on. For although the money issued by the joint-stock and private banks could never proceed with the mathematical precision and regularity of the standard issues, wherein the bank itself would be virtually the custodier of an equivalent for every note that it should have in circulation, still the joint-stock and private banks could always, with advantage to themselves, extend their issues sufficiently to keep the average rate of wages out of the standard system as high as the average rate should be within it, but no higher. And this is equivalent to saying, that they could always issue money enough for every sound and useful purpose, but no more.

It has been said that the standard system of operations, as here defined, is capable of *indefinite extension*, subject only to the condition of regulation as to the kind of goods that are to be produced. And this, indeed, has been already proved, seeing that it has been shewn that, under a rational system of exchange, supply and demand must ever be one and the same thing; that to multiply one of them by any given figure, is to multiply the other by the same figure. We shall, however, be able to follow this argument a little farther, now that we have taken a glance at the external, or non-included part of society.

The trade commissioners, then, as head of the standard works, having used a great portion of their original fifty millions in setting on foot the standard system of producing and exchanging commodities, and these works being now supposed to exist in full operation; it is clear that in the aggregate the demand for goods and the supply of them will be equal, because all persons employed under this system being paid by orders on the standard stock itself, every addition to the stock must be simultaneous with the grant of a transferable order to some one to draw it out again. But although it is self-evident that supply and demand must ever be equal in the aggregate, there are still certain matters which naturally present themselves for our consideration, some of which I shall now endeavour to set forth and explain.

Adhering, then, to the principle of keeping all the standard warehouses *well stocked* with the various

commodities in which we are to deal, (which stocks, it cannot be too often repeated, are the property of the public holding the standard money,) but at the same time taking care not to make to the extent of *disproportion* any commodities which we find by experience do not go off as rapidly as others, it follows that the quantity made of such articles must be diminished, or else that the quantity of other productions must be increased; either of which plans will have the effect of restoring the balance.

It is here, then, important to remark, that *wherein* the increase should be required, must of necessity be *precisely as obvious* as where the diminution should take place; and for this plain reason — The standard money being itself of no value, every holder thereof would require *something* in exchange for it; and whatever that something should prove to be, would be indicated by the demand for it in the market, just as it is at the present time. Now this required commodity must belong to one of two classes of valuables — it must be something which the standard warehouses should possess, or which they should not possess. If the former, then diminished demand in one place would be precisely balanced by increased demand in another place. If the latter, then the claimant naturally purchases the thing he wants in the external market; the supplying of which with such articles as should not form any part of the standard stock, must at all times form a profitable mode of employing capital: or else he asks for gold, with which he may be enabled to go to any market, at home or abroad.

Seeing, then, that a certain commodity may have been asked for in exchange for standard money which the standard warehouses do not contain, and that, therefore, gold has been taken in its stead, it is forthwith optional with the trade commissioners either to establish the manufacture of such article, supposing it to be one of this country's wares, to meet the like demands in future; or else to manufacture in its stead such articles as are found to exchange most readily for gold. And, as I have before shewn, it is really a matter of no consequence how much or how little gold we get in exchange for our goods. For if gold should rise in value as compared with the standard stock of wealth, it must of necessity do so in like proportion with all other commodities capable of being increased by the application of human industry. Were it, indeed, otherwise, the commissioners would forthwith proceed, if possible, to *make* such commodities as had *not* fallen in price as compared with gold, in place of giving gold in exchange for their notes wherewith to buy them.

But, it may be asked, How are we to get the *materials* wherewith to carry on these extensive works? Materials are of two kinds, foreign and domestic. The latter could be bought in any requisite quantity with the standard money, seeing that in receiving it in payment for their goods, all venders of material would be receiving the established money of the country, with which they could buy any thing they might require, pay their rents and taxes, and meet every demand upon them whatsoever. The foreign materials could be purchased in the same way with

standard money, in exchange for which, any and every marketable commodity, gold included, in or out of the standard stores, could be procured. And if gold should come to be much in request to pay for foreign products, it follows that a precisely corresponding degree of activity would pervade those branches of domestic industry in exchange for the produce of which gold could be most readily procured. If China send us tea, and will not take any thing but gold in payment, we must apply our labour to the production of such things as will best exchange for the gold wherewith to buy our tea. If manufactured cottons, for instance, should be the article, we virtually buy our tea with calico and muslin, even though we never send a yard of either to the place whence our tea is obtained. We sell the cotton *for* gold, that we may buy the tea *with* gold. If little and still less gold come by degrees to be obtained for our cotton goods, — if cotton, after having been converted from the raw into the manufactured state, will not fetch very much more gold in the latter condition than it would have done in the former one, then it follows that there is the greater necessity for us to use the best possible machinery, and the highest available art throughout the procedure, which should be no great evil in a country always complaining of over-production.

In truth, however, all difficulties about obtaining the *material* of wealth, are purely imaginary; and for centuries to come, they must continue so. The boundless wisdom and stupendous power by which the universe exists and is controlled, has left his

creatures nothing to desire. But he has prescribed conditions on which alone they can come to the possession of those blessings which, so far as He is concerned, are constantly at their disposal. Man must use his intellects as well as his corporeal powers, else he may flounder on for centuries yet to come, under the inflictions of privation, misery, and consequent discord, yet surrounded with a superabundance of every thing he requires; and with the idiotic cry of *poverty and over-production* ever in his mouth.

The materials of wealth are plentiful enough surely. Houses are made principally of stone, clay, wood, and iron. Wool, cotton, flax, hemp, and leather, are the chief ingredients of our clothing. Cattle, sheep, fish, corn, rice, sugar, and tea, with dairy and garden produce, are the principal articles of our subsistence. All of these are multipliable or attainable to an indefinite extent by the application of capital, skill, and labour. Then, if we turn to the higher sources of our enjoyments, we find that the materials of *their* construction are of a still more insignificant description. Take, for example, the fine arts,—literature, painting, sculpture, music; or the sciences—as astronomy, natural philosophy, chemistry, botany, and others. The *physical* materials of these pursuits are absolutely trifling. A few yards of canvass, with a few shillings' worth of paint and brushes, are material enough for a man of art to produce exchangeable value worth a thousand pounds. Books are made of old, worn-out wearing apparel, and such like valuables; the printing materials—types and presses—constituting, from their very durable nature, but

a mere fraction of the entire cost of a book ; whilst that of ink is almost nominal : all the rest is human skill and industry. The same observation applies, in a greater or less degree, to all the higher sources of human enjoyment : deduct the cost of skill and industry, and the rest — material — will generally prove to be a very small affair indeed. Nor is there any thing really essential to the happiness of man which the Creator has not placed at his disposal in superabundance, and even that is too limited a word to express the boundless nature of His liberality towards us.

Why, then, is a human being, able and willing to work, in want of any of these things ? It is because we have not yet exercised as we should have done that spirit of investigation and inquiry which the nature of the case demands. It is—I speak now of my native land — because, instead of concentrating our faculties into one united and impartial inquiry into the causes of the evils that afflict us, we are split into little contemptible parties and sections of parties — religious, political, commercial, social ; each one of which is much more industriously occupied with the endeavour to gain a mean and pitiful victory over its especial antagonist, than with the pursuit of truth : whilst the clergy, whose especial duty it is to console and comfort us under our afflictions, being enveloped, in common with others, in the general mist, tell us, with the utmost placidity and coolness — That it is by the wise dispensation of God's providence that we are thus afflicted. I suspect we shall be much nearer the truth if we affirm — that

to the ignorance, the folly, and the perversity of man alone are attributable all those social evils which come under the denomination of commercial embarrassment, poverty, and consequent distress and crime.

To resume the argument. It would very soon be seen, that upon the principle of issuing a pound note for every pound's worth that should be created, and of recalling a pound note for every pound's worth that should be consumed, an infallible specific would have been found for the evil of over-production. But the ingenuity of man, ever alive and ready to turn new general circumstances to the account of individual advantage, might imagine a method of procedure alike calculated to embarrass the standard plan of operations, and to advance private interests, by one and the same process. And here I must declare, that I am not conjuring up difficulties for the sake of answering them, confining myself to such, and such only, as I am able to dispel: on the contrary, I know of none whatever of the least importance but those which I am endeavouring to bring to light. That which I now refer to is this:—What would be the effect of competition by private individuals, who, by giving a lower rate of wages to their men than should be given in the standard works, might thereby be enabled to bring the same kind of goods into the market at a lower price, and so to undersell the standard merchant at his own door?

The answer is plain: they could not do any such thing. Suppose that a private manufacturer of linens, for example, should feel inclined to undersell the standard linen merchant. He must dispose of his

goods for one of three kinds of money — for the standard money, for joint stock or private bank notes, or for gold. For the last the standard salesman can afford to give just so many of his goods as may be necessary to buy the gold required; the relative quantity obtained being a matter of no moment, as the gold bought merely takes the price in standard money of the goods given in exchange for it: and, as I have already shewn, it matters not whether gold be cheap or dear. For gold, then, no under-selling could take place. For joint-stock, or other bank notes not standard, the private manufacturer must sell upon the same terms as if he were selling for the standard money itself; because, as all such notes would be liable to be paid by their issuers in standard money, they must, in the first place, command *as much* produce in the market as the standard notes themselves. For, if they should not do this, their holders would forthwith exchange them all for standard money, and then go to market with the latter. Again, it is also certain that joint-stock and private bank notes could never be *more valuable* than the standard notes; for if they were so, the latter being a legal tender, a man might borrow a thousand pounds joint-stock, and repay that sum with a thousand pounds standard on the same day, pocketing the difference of value: and, moreover, he might repeat the process every day of his life.

It is always the interest of bankers to circulate *as many* of their notes as possible, provided they do not issue so many as to cause them to be of *less* value than the thing they are bound to give in exchange

for them, when presented at their offices for payment. It is, in fact, *the* value which bankers are obliged to give in exchange for their notes, when so presented, which *restricts* their issues. Were it not for such restriction, paper money would be issued in such quantities as probably to realize the very pretty dream of a Westminster reviewer, about a waiter and a cup of coffee, of which mention is made in the tenth chapter of this book.

Thus the value of all paper money must be regulated by that of the standard money: it could neither rise above it, on the one hand, nor sink below it on the other.

Then, to take the third case, — suppose that the competing linen manufacturer should propose to sell his goods for less standard money itself than should be demanded for a like commodity in the standard depots. This could hardly come to pass: for in so doing, he would be giving more goods for a pound note, than the note itself would purchase, and thus a voluntary loss of the difference would be the result of every such transaction. No man could buy material at a lower rate than the standard merchant; and from the very extensive scale on which all the operations would be carried on, no one could sell commodities at a less profit than the small percentage which must be put on the first cost of goods for the purposes enumerated. So that in the article of labour only could there be any saving. It is true, that the average rate of wages in the standard works would be fixed, whilst the price of labour out of them would be open to competition, just as it is

at present. Now, suppose that an article made in the standard works should cost in material 10s., in labour 10s., and in per centage 1s., its selling price is of course 21s. Again, a competitor with these works gives the same price for his material, and adds, we shall say, the same rate of profit. But, as he may be supposed to give but 5s. of wages in place of 10s., the selling price of his commodity is thus but 16s. in place of 21s.

Here, then, are three good reasons against the practicability of any such proceeding. In the *first* place, he will certainly not *sell* such goods for 16s. standard, when every 16s. he may get for them shall be of no value in themselves, but merely an instrument to which he must add 5s. more *before he can recover in any shape* an equivalent for the commodity he is supposed to sell. Every such transaction would virtually be the act of giving 21s. for 16s. *Secondly*, take this view of the matter. The standard article costs 10s. in material, and 1s. in per centage, and its price in the market is 21s. In this case, the operative who makes it is placed in this situation:— Being charged 10s. material, and 1s. profit, the article is his own for 11s. and the labour he bestows upon it. Not so the ex-standard man; he also is charged 11s. for material and profit, but the market price of the article *necessarily* rises to 21s.; so that *he* must give 16s. and his labour, for that which a standard workman is enabled to obtain for 11s. and his labour. No such state of things could exist. But even if these reasons should be insufficient, there is still *a third*:—The manufacturer, we have sup-

posed, would be obtaining so immoderate a rate of profit, that competition betwixt himself and others would very soon bring up the price of labour to its proper level.

View the matter, then, in any way we can, it just comes to this: — The price of standard goods, in standard money, must regulate the price of all similar goods, by whomsoever made, in the *same* money; whilst competition with the standard stores for gold, would be out of the question, seeing that any one quantity of gold — it being the greatest attainable quantity — that could be got for an article, would, so far as the interests of commerce are concerned, be as good as any other. For useful purposes, it is desirable that all things should be cheap: but let a standard of value be created, and thenceforth it will matter nothing, in an exchangeable point of view, how much or how little of any one article must be given for any other. Though coal were to take the price of gold, and gold the price of coal, no *exchangeable* inconvenience would ensue, no commercial disorder would arise in consequence. As regards utility, such change would be a fearful evil: so true is it, that in almost all cases, the useful article is abundant, that which we can better spare, the rarity.

But there is another point of view in which this subject may be presented, whence we shall be enabled to obtain a new and cheering prospect for the over-toiled and ill-remunerated operative, as also another glance at the doctrine of over-production.

Let us, then, suppose, that all our warehouses are

full, that articles of use, convenience, and luxury abound even to profusion, being the *realities* of millions and millions of wealth, the *representatives* of which are supposed to exist, in the shape of bank notes, in the pockets of the community at large, and that there are *still* persons desirous of employment : what are we to do with them ? I have already said, that it is only necessary to take a step higher in the scale, and all may be employed ; and let it never be lost sight of, that, whatever be the actual number of persons employed in creating wealth, the act of *adding* to that number, is also the act of adding *equally* to the *demand* upon the standard stores. Another path, however, is open to our steps, into which I shall now introduce the over-productionist, and then leave him to walk to the end of it — *if he be able.*

Our warehouses, then, are full : we need no more, but just the same uniform and regular supply of hands to keep up the standard stock to a proper level ; that is to say, always replenished with goods sufficient to meet the current demand, but not to the extent of superfluity. Here, then, is an answer to all farther argument upon the subject of over-production, in the one word — *accumulation.* Have we enough for present use, then can we afford to accumulate : to lay up stores of gold and silver, of houses, villages, towns, canals, railroads, bridges, docks, navies, and public works of utility in every department of wealth ; and, finally, by purchase, lands. Do we want a demand ? Truly, here may we find enough of it : here is a fund in which we may in-

vest the wealth of nations ; a field in which we may deposit *all* that we may have to spare, be it little or be it much : and here, also, is the proof of my assertion, that the standard system of operations, as developed, is capable of *indefinite extension*.

Such are the goods with which the standard warehouses may be stocked, whenever they seem likely to overflow with the more ordinary and everyday articles of use or consumption. Here is a demand which will drain us fast enough of all the consumeables we may have to spare ; whilst the result, a new one to the ear of British labourers, so far as *they* have ever had an interest therein, would be — *Revenue*.

The reader will please to observe, that I am here refuting the notions prevalent amongst mankind, upon the subject of over-production ; otherwise, he may think that we are jumping to a conclusion rather too rapidly, seeing that an enormous capital would be requisite to enable us to attain the objects that are here briefly hinted at. I shall have something to say upon the subject of capital by and by. What I here wish to be understood is — that as a *man* can always afford to save money whenever he possesses more than he cares to spend, so may a *nation* do precisely the same thing. Its productive powers being already exerted to a sufficient extent to give its inhabitants a sufficiency of all things that seem to be required for present use, it may begin to accumulate ; and, proper objects of accumulation being fixed upon, and these are numberless, it may go on to enrich itself, more and more, to an extent

altogether indefinite: whilst, under proper arrangements, every such addition to its wealth would occasion a corresponding addition to its revenue.

And here it occurs to me to suggest a method in which revenue might be advantageously disposed of: but first of all, let us consider the nature of the thing itself. The standard goods and money being equal, a man expends part of his income—standard money—in payment of charges for the *use* of standard property in some shape, as contra-distinguished from the act of paying *for* such property. Thus, large masses of people doing this, a sum of money is returned into the standard coffers, in exchange for which no goods have been given out of the standard stores. This sum of money being, therefore, paid to any party for a sufficient reason, the receivers thereof forthwith become the proprietors of that portion of the standard wealth which it represents.

The revenue, then, so arising, being a part of the standard wealth, would belong to the holders of the standard money, in exact proportion to the amount of such money which each person should possess. And there are, perhaps, several ways in which it might be equitably divided amongst them, without the formality of any distribution whatever.

The first object might be to pay off all borrowed capital—to be spoken of presently—so that interest of capital might not form any part of the cost of the standard goods. The effect of this would be to give the producers of wealth themselves the whole interest of the capital by which they would be em-

ployed; and, after this should have been accomplished, I conceive that revenue might be advantageously expended in paying the salaries of all persons — managers, masters of warehouses, clerks, and assistants of every kind — employed in the standard works. This mode of appropriating revenue would have the effect of giving to every standard operative and other person, *in just proportion*, according to the amount of his earnings, *more than the whole* produce of his labour or services; and as such it would operate as a perpetual premium upon industry and good conduct. For, the salaries being paid in this manner, the price of goods in the standard stores not being advanced by any profit put upon them, for the purpose of meeting the expense of salaries, every labourer would thus get back the *whole* produce of his own labour, and *his share* of the value of the labours of all the standard servants besides, whenever he should spend his money. And farther, as the standard goods would be sold only for standard money, no person out of the pale of the standard system of operations could deprive him of this privilege. The value of every standard note would, in fact, be enhanced in exact proportion to the amount of revenue that should thus be added to it; and as these notes would always be *first* issued to members of the standard community, it would be their business not to part with them for less than an equivalent.

Here it may be necessary to observe, that *this kind* of increase in the value of standard money would form no sort of exception to the *invariability*

of character that has been ascribed to it. If the average rate of wages should be a pound a-week, a pound note would be just another name for a week's products of the labour of an average man, *employed under the most advantageous circumstances* that wealth and power could command at any given time; but these circumstances would, of necessity, be liable to change. One of the most frequent occurrences would be, that improvements in machinery would increase the products of individual labour, and consequently lower the money price, not of labour, but of the commodity produced by it. Again, the gradual reduction of the interest of capital, as it should come to be paid off, would reduce the price of goods, but not of labour; and a third circumstance, just noted, is, that by the application of revenue to the payment of salaries, the vast expense of management and superintendence might gradually be reduced, and perhaps eventually cancelled altogether. These circumstances, and others of a similar character, might and would affect the market price of commodities, tending invariably to lower them in standard money; but the standard of value remains the same, unaltered and unalterable. It is the average price of labour, employed under circumstances of the highest attainable advantage; and the circumstances under which production shall take place, will probably become more and more advantageous, so long as the earth shall continue to be inhabited by the family of man.

With reference to the extension of the plan of operations which is here laid down, it is obvious

that this must depend upon the amount of capital that may be embarked therein. And, a sufficient grant being given, in the first instance, by government, to put the system fairly into healthy existence, the amount of capital may be increased by two distinct methods. The one by laying a per centage on the sale of goods in the standard warehouses for the express purpose of creating such increase, as has been already pointed out. And this being the *proper* capital of the standard establishment, would not be chargeable with any interest. The standard capital might also be increased by another method; namely, by that of allowing gradual but *unlimited* contributions from private capitalists, in sums of not less than so much money, in exchange for transferable standard bonds, bearing a certain rate of interest. But these bonds, as they would represent a portion of the *fixed capital* of the standard works — though they may be transferable, and pass from one proprietor to another, at the option of their holders, as many kinds of public securities do at the present time — must not be *payable* in any shape, but only the interest thereon; seeing that they would be of the same character as the contribution of a partner in any ordinary business, to the capital stock of the company of which he may be a member, to withdraw which — all the other partners having the same right — would be to break up the concern altogether.

At the same time, the trade commissioners, or governors of the standard works, should retain the right of paying off these bonds, as the increase of the proper capital of the concern — that created by a

rate on the sale of goods or by revenue — should enable them to do so. By these means every person employed in the standard works would come by degrees to be virtually his own capitalist, as has been shewn in a preceding paragraph, seeing that there would be no charge upon the produce of his labour to pay for the use of capital in any shape. In a word, the standard capital might be rendered, with all convenient speed, *a national capital*; just as we have at present the untaxed use of many public works, as roads, bridges, the British Museum, and some others, merely on the condition of maintaining them in good order.

But there is another side of this picture. It is very desirable, certainly, that the labourer should have the whole produce of his industry; and, more than this, that he should be allowed to participate in the advantages that would result from the establishment of a free national capital. But it is also desirable that in all nations there should be a public fund, in which every individual may be allowed to invest whatever capital he may have to spare; and for which he may receive a fair return in the shape of interest. Such a fund is useful in various ways. It forms a bond of union between man and man, by assimilating their interests. It gives to all who have any thing to lay by, a stake in the general peace, prosperity, and happiness of their native or adopted land: and it forms a resting-place in which provision for the widow and orphan may be deposited under circumstances attended with no risk, and with the certainty of a fair return. Upon a balance of

considerations, therefore, perhaps it is better that such a fund as this should exist in connection with the standard system — any superfluous capital being employed in extensive undertakings yielding revenue — than that, by the refusal to allow any interest for the use of capital, individuals should be driven to invest their money in private or joint-stock speculations. But I shall not dwell upon this subject.

There is another question which may very probably arise in the mind of any one who may take the trouble to bestow a little consideration upon the contents of this volume:—If money, as at present constituted, exists upon a false principle, and must keep us in a state of perpetual trouble so long as we may persevere in the use of it, can we not effect the necessary improvement without resorting to so extensive a change as that which is recommended here?—I can only answer this inquiry by stating, that, for these twenty years past, I have seen the error of the existing monetary system; that I have habitually devoted a portion of my thoughts to the consideration of a remedy; and that, as yet, I have been totally unable to discover any shorter road out of the dilemma than the one which is here pointed out. Man cannot live, like a bird, or beast, or fish, upon the *direct* results of his own industry: he is by nature an *exchanging* animal. And if this be so—mere barter being out of the question in an advanced state of society—he must have a *medium of exchange*—money,—and that money must become his standard of value; the measure of quantities, and the balance in which his respective contributions to the

general stock of wealth must be weighed. And this standard, as I have again and again asserted, *can never by any possibility be itself valuable*; because every valuable thing, without a single exception, must always be liable to considerable change in its *relative* value with other things. Hence the inextricable confusion of commercial affairs, not at this day merely, but during all times that have passed since the word money had any meaning. If, then, money be not a commodity — if in itself it be destitute of value, it follows — *that it can only be allowed to exist upon some fixed and unerring principle*; by means of which its representative value may be rendered permanently the same. And I verily believe that there is no method whatever in which this may be so easily and thoroughly effected as by the government, or a section of the government, or a separate commercial government, acting in concert with the political one, *guaranteeing* the inflexible integrity of the public money, by making it the representative of *bona fide* wealth, called into existence under circumstances combining every attainable advantage, and guarded with the utmost vigilance; until such wealth shall be demanded out of the public stores in exchange for the money previously given for it: when it ceases to be a matter of the least importance, in a public point of view, what may become of it afterwards. *Thus*, I repeat, a standard of value *may* be created, whilst the production of commodities would, in consequence, become the uniform and unfailing cause of a demand for them. And in reiterating this assertion, *I challenge the united critical*

acumen of the three kingdoms, to shew that I am wrong.

Far be it from me, however, to say, that a standard of value can *not* be created by any other means — I cannot see any other. All that I propose to do may be put into a very few words: it is merely to allow all men, who are able and willing to do any thing for the good of society, to throw their contributions into one great heap, and then to take them back again *in portions*, equal to the amount of their respective contributions, but *in kind* such as they themselves shall prefer. This method, reduced to a complete system, and governed by equitable laws in all its departments, seems to me to be *a very natural one*. But if any person can shew a better — that is to say, a shorter and easier — method, by means of which exchange may be unfettered, and our tremendous powers of production set free, to exert themselves for their legitimate object, the supplying of our wants; instead of maintaining an eternal struggle to keep up prices in gold coin, whilst goods can be increased by tens, it only by units, — I shall be the first person to admit that he has done so.

I know, however, as well as most men, how hard it is to draw the attention of the public towards any particular subject; as well as how difficult it may be to instil into the minds of others the strong conviction that now urges me to place these sentences before the public eye. And far from feeling any sanguine expectation that this system of operations will be adopted in this country within the

brief space of time which, in the ordinary course of nature, may yet be left to one who has somewhat passed the meridian of his days, it would rather surprise me than the reverse, if these pages should excite any considerable degree of attention. Mankind, in general on a wrong scent, may, for many a day to come, refuse to adopt not merely the plan, but the *principle* of exchange here laid before them. Be it so: then will they do one thing besides: *they will go on in their perplexity*, floundering like a fish in the shallows, a little more at ease at one time than at another perhaps, but always in difficulty, always in distress; from which every successive scheme, device, and expedient, shall utterly fail to deliver them; until too late, perhaps, to benefit a single human being now alive, the world shall at length come to discover, acknowledge, and remove, the tremendous error in its commercial constitution, which it is the aim of these pages to exhibit and uproot.

I shall conclude the argument in the following chapter, on the limits of production.

CHAPTER VI.

THE ARGUMENT CONCLUDED, IN EXPLANATION OF THE LIMITS OF PRODUCTION ;
WHAT THEY *ARE*, AND WHAT THEY *SHOULD BE*, WITH A FEW WORDS UPON
THE SUBJECTS OF POPULATION AND EMIGRATION.

IF, under the influence of a reformed monetary system, there could be no other limit to demand than that of properly regulated production, an important inquiry comes to be — What, then, are the limits of production itself? If the act of selling to any amount shall come to be rendered by any process, the act also of buying, or agreeing to buy, to the same amount, what is to be the consequence? where is production to stop?

In the foregoing chapter, I have already mentioned, that the result of one man's labour or talents can, in fairness, exchange for the equivalent results of one other man's labour or talents only; so that the utmost an operative can enjoy is, the whole that, under the most favourable circumstances, he may be able to create. It is desirable, however, to follow out this subject; and, therefore, I shall now endeavour, more particularly, to shew what are the existing limits to production; as, also, what are the

natural and proper limits — those which must continue after the present bond shall have been broken. Some repetition of argument may occur here ; but so impressed is my mind with the importance of the *one* doctrine upon which I so strenuously insist, that I willingly risk the imputation of dwelling on it too much, rather than consent to leave unsaid any thing which may seem to have a tendency to illustrate the subject.

The existing limit to production may be easily defined. Nature is at all times willing that we should enjoy whatever our industry and ability are competent to fashion out of the material that she has so profusely spread before us. Man can have nothing without exertion ; but he ought to possess every thing that his labour can procure for him, as limited either by its positive exhaustion, or by his own indisposition to activity ; but he has not yet exhausted his productive powers, neither has he satisfied his wants. The former are so great, that it would be a difficult task to estimate or measure them ; whilst the latter, real or imaginary, are so numerous, that the supplying of them is but as the sowing of seed destined to produce a crop.

This nation, then, has fixed upon a certain commodity, and rendered it the standard of value. It has declared that a certain fixed weight of gold shall be denominated a pound sterling ; and that the value of all other things shall be determined by the number of pounds sterling, or portions thereof, which they will buy and sell for. The consequence of this regulation is, that gold being the standard of value,

whatever may be the existing quantity of it, and of its representative, bank notes, in the hands of persons requiring marketable produce, *that quantity*, be it much or little, is *the utmost* that can be obtained in exchange for the simultaneously existing quantity of goods seeking to be exchanged for money — in other words, for sale in the public market. If the quantity of money in the hands of persons willing to part with it for goods be one hundred and no more, the goods in the market can fetch but one hundred; consequently, if there be more goods than are considered by their proprietors to be worth that sum, say, for example, by one half, then it is obvious that the surplus half must either remain on hand unsold, or else the entire quantity must be reduced in price to the sum of one hundred — pounds, hundreds of pounds, thousands, or millions, it is all the same.

Start, then, with an example, in which both money and goods may be said to be at par; that is to say, when all the goods for sale in the market find ready purchasers at a remunerating price; and when, also, the demand for goods is equalled by the supply of them. Such being the state of the case, we have only to keep *adding* to the stock of goods, *without adding* to the stock of money, in order to obtain a very clear view of the present state of the commercial society — thus,

Goods,	100,	money	100,	a fair price.
Increase the goods to	110,	money still	100,	loss 10 per cent.
Increase the goods to	120,	money still	100,	loss 20 per cent.
Increase the goods to	150,	money still	100,	loss 50 per cent.
Increase the goods to	200,	money still	100,	loss 100 per cent.

The modes of employing it, then, remaining the same, the necessity for a circulating medium, which may constantly and habitually increase as fast as the aggregate of all marketable produce, is sufficiently obvious ; for, if money do not do this, one of two things must inevitably happen — either *prices must fall* in exact proportion to the difference between the increase of goods and that of money, or else *production must stop*. There is no alternative, no evasion to which we can resort ; no scapegoat of any kind whatever, by means of which these consequences can be avoided.

Such being the case, the first question which seems to suggest itself is — Why not increase the money as fast as the goods, so that the same rate of profit may attend the sale of the two hundreds, as is supposed to attend the sale of the one hundred ? The answer is, that so long as gold, or *any other intrinsically valuable commodity whatever*, shall continue to be the standard of value, to increase money as fast as we can increase goods, is an absolute and glaring impossibility, inasmuch as one thing cannot, by any human contrivance, be increased as fast as every thing else.

And this is the *existing* limit to the material sources of human enjoyment — this is the enemy which bestrides the path of the producer, and says to him — So far may you advance, but no farther — — *a falling market*.

As, then, the aggregate of goods cannot be increased faster than the aggregate of money, without *loss* being the inevitable result of their production,

an ordinary consequence is, that loss *is* the result of production. Tempted by a craving disposition to employ their capital, and to make money, as they call it, by the exercise of their trades, manufacturers, one or other of them, are for ever over-stepping the line of demarkation; but, unfortunately, they do not in this case make money, but goods, or rather *bads*, for a good that can hardly be, which sends its maker into the gazette, and his wife and family into the poor house.

And this it is which constitutes what is called over-production. Goods being increased faster than money, their price falls; and the world exclaims — Oh, the evils of over-production! whilst it may be demonstrated in twenty different ways, that there never was, and never can be, any such thing as an aggregate over-production of commodities. It is the under-production of money, added to a total want of any definite principle, either of increase or diminution thereof, which constitutes the real evil. Start again at par, as already defined, a fair profit being the result of production; regulate the increase of money by the existing supply of goods, instead of regulating, as at present, the increase of goods by the existing supply of money, and you may multiply your productions a hundred, a thousand, a million, or a hundred thousand million fold, and be still as far from over-production as ever. There will be no such thing; there cannot be any such thing, nor the least imaginable prospect of it.

Regulation, as to the nature of the things produced to insure their *proportionate* increase, is the

one and only qualification required to this assertion.

But the increase of goods does not generally go on when that of money stops; for, although imprudence frequently oversteps the boundary, prudence much more frequently says stop: this, indeed, is the rule, the other the exception. Production, then, does stop, and when? When the wants of the public are supplied! when we are all physically happy and comfortable! when each and all of us have a house and home, and the means of supporting a wife and family, if we chance to have them! furniture, musical instruments, books, maps, globes; and, in a word, every thing which is necessary to make life *comfortable*, in the ordinary acceptance of the term! No; with the ability in our hands to supply *every* individual inhabitant of these realms with the necessaries, comforts, and many of the minor luxuries of life, our productive efforts *stop*; and stop they must, so long as the present system of exchange shall subsist, long ere we have supplied the *numbers* of society with a sufficiency of even the first necessaries of human life—food, raiment, and decent habitation.

The remedy for this evil, which is not to be found in the vocabularies of whigism, toryism, radicalism, chartism, or any other ism that I am acquainted with, must consist of a reformed monetary system, by means of which the existing quantity of money shall be made to depend upon the existing quantity of goods, instead of allowing the former to regulate the latter, as it does at present.

Bankers, as banks are now constituted, cannot do

this. Bank notes are payable on demand in a fixed weight of gold, therefore must they not be issued in such quantities as to cause themselves to stand lower in the scale of price than gold itself; for, should they ever exceed this limitation, there is an end to the profits of banking, and a beginning to its loss. Every note would be returned to its respective bank as fast as it could be issued, and the result of every such issue would be a loss; because, if bank notes were to be issued with sufficient freedom to allow production to go unchecked, gold would inevitably rise in price as compared with bank notes. The *goods* which the notes would buy would no longer exchange for the former weight of gold, because the existing quantity of gold would have diminished, as compared with the aggregate of goods, by the mere increase of the latter. Thus, it is evident, that bankers are as completely fettered as to the extent of their operations, as the rest of the community.

Hence, neither gold, bank notes payable on demand in fixed weights of gold, silver, copper, brass, iron, tin, lead, nor intrinsically valuable commodities of any description, can ever be used as a standard of value, without as effectually checking production as iron chains bound around the limbs of the labouring classes would do it.

To allow production to go on unchecked—the demand for that which is more luxurious increasing as fast as the demand for that which is less luxurious shall come to be supplied, the aggregate demand being ever equal to the supply, the supply to the

demand, and the price of commodities being unaffected by any increase of quantity, unless attended with an alteration in the labour of creating them — the standard of value must be a bank note, representing a definite quantity of labour and skill usefully employed; that is to say, employed in the creation of something necessary, useful, or advantageous, which mankind in general are found by experience to use, consume, or appropriate, whenever they possess the means of doing so. To shew upon what principle such a note, with its 20ths, 240ths, 480ths, and 960ths, may be made, issued, and recalled, with mathematical precision, is a task I have already, in these pages, accomplished.

Our next inquiry then is—What are the essential limits to production? those which in the nature of things are fixed and immutable.

I have already observed, that the natural limitation to the material sources of human enjoyment, is the exhaustion of our inclination, or of our ability, to produce them. (*Appendix*, No. X.) But this reply is evidently of too general a character to be very satisfactory to those persons who imagine that our powers of production are exhaustless, and that all we require is an outlet for our goods. A fuller exposition of this subject is therefore desirable, seeing that the inability to perform any given act may arise from numerous and very different causes.

The sources of a nation's wealth are its land, capital, skill, and industry. Bring all these into full operation, and the annual result will be, the utmost amount of annual wealth that it is able to create.

The modes of employing these powers may, perhaps, be classified under four distinct heads ; not that every occupation falls, of necessity, under some one of them, for it may very frequently happen to be of a compound character. A preliminary view, however, of these sections, may perhaps be useful to us.

I. A nation may employ its land, capital, skill, and industry, in the creation of wealth, out of its own materials, for its own *direct* use, consumption, and enjoyment. This species of production is of a very independent character ; for the same reason that a man is independent who has few wants, most of which he can supply, Robinson Crusoe fashion, with his own hands.

II. Or a nation may devote a great portion of its productive resources to the creation of wealth to be given in exchange for the products of other countries. This implies an exchange of kind merely, and not an increase of value ; because, whatever may be received is supposed to be merely equivalent to that which is given for it. Yet is this species of production very commonly the cause of a *bona fide* increase of wealth, because we may pay for foreign products out of our own superfluity. Enough being produced for home consumption, we create more than enough, that we may expend the surplus in the purchase of something from other nations, which we cannot make at home. In this case, the payment consists of something which would never have existed had there not been any opportunity of using it in the

manner that has been described. Whilst the nation with which we deal, being in precisely the same situation, is also benefited to the *whole amount* of its produce.

This is also a healthy and desirable species of employment. It is the same division of labour extended to nations which is found to be so very beneficial to every society, however small. The products so created for the express purpose of being exchanged for the wealth of other nations, may consist either of raw material or of manufactured goods; and whether the exchange be made directly or indirectly, the result is precisely the same. That is to say, we may send goods to America in payment for American corn, to be consumed in our own country; or we may send goods to America in exchange for American corn, to be sent to France, in payment for wine or silks imported from that country.

III. A third method of employing capital, skill, and industry, may be that of merely *working* for other nations. We may buy foreign materials which we do not want for our own use; work them up into certain forms, still not for any home purpose; and then send them to a foreign market; their price in which, over and above their cost elsewhere, being the remuneration we receive for our risk and trouble.

This is scarcely to be called a desirable class of occupation; and when large masses of people are led to embark in it, they are necessarily placed in a situation of some risk. For whatever capital, skill, or industry, may be brought into operation under

these circumstances, the whole is necessarily placed in the situation of a day labourer, liable to be dismissed at an hour's notice. The people to whom we may look for employment may come to do the work themselves; or they may find a substitute article; or they may discover another people who may do the same thing for them on more acceptable terms. True, upon a powerful nation like England, these changes generally come gradually, and are more or less foreseen: but come they do sometimes, and whenever that happens, enormous evil is the result. Whilst, were any petty and nearly powerless state to embark the greater part of its capital and labour in employments of this description, a powerful enemy might almost annihilate its existence merely by intercepting its foreign commerce, and without ever once setting a foot upon its shores. To be merely the workers up of foreign materials, for the use of foreign consumers, is not, therefore, a desirable position in society for great multitudes of people. And it would be well if this circumstance were a little more generally apprehended than it appears to be at the present time.

IV. Capital and skill may also be employed in the business of speculation — mere buying and selling. This occupation is an unexceptionable one, in so far as it takes cognizance of the wants and superfluities of different nations, and obtains its own advantage from the act of equalizing the condition of mankind. One country is rich in some kinds of produce, another is rich in other kinds; and whoever acts in the capacity of

agent for the exchange of their respective superfluities is a benefactor to them both. Such is the legitimate occupation of the merchant. But when he adventures upon the sea of speculation, and, as a consequence thereof, draws thousands of his fellow-creatures into the third class of occupation above defined; he is often little better than a common cheat, and ought to be stigmatized as such, were it not for the redeeming circumstance, that, whilst he ruins others, he himself generally participates in their common destruction. — We now resume the more immediate subject of our present inquiry.

As then it has been shewn, that under the influence of a rational plan of exchange, supply and demand would be just two names for the same thing; and that, therefore, they may go on hand in hand for ever; it follows — *regulation* being the only condition contended for — that our ability *to produce* ought to be co-extensive with our ability *to regulate*; and this is in fact the case.

If a large number of persons, supplied with the requisite capital, come to be employed in a great variety of occupations, and paid for their labours by orders on their own productions, it follows, that the aggregate demand will be equal to the aggregate supply. Yet is it quite possible that a surplus may exist of certain commodities, which surplus must, however, be *precisely balanced* by a deficiency of others. If, for example, we call the commodities produced by the letters A, B, C, and D, and their producers by the same denominatives, the latter, on receipt of their wages, may desire to expend all their

money in the purchase of goods A and B only, in which case, there will be but just half enough to meet their demand on the one hand ; whilst, on the other, for commodities C and D, there will be no demand at all.

Here, then, the obvious course is to double the productions A and B, and to discontinue those of C and D. And as the necessity for changes of this kind would in general come upon us gradually, there would be but little difficulty in effecting them, so long as we may be in possession of the materials wherewith to form the thing desired ; or so long as we may be able to obtain such materials in exchange for any thing which we can spare, and may be willing to give for them.

It is possible, however, that a time may come when we may neither be able to make the thing we want, nor any thing else wherewith to buy it. Then it is clear that we must do without it, and devote the capital and labour that we should have been willing to bestow upon the desired object to some other purpose, which may not be attended with any such insuperable difficulty. But if it should happen that the desired commodity be an *indispensable* one, as for instance food — if we shall have produced the utmost quantity of food that we can produce at home, and are also unable to create, by our labour, any thing else, in exchange for which other nations will give us food — then it is obvious that we shall have arrived at a *natural limit* to production ; seeing, that being now unable to *regulate* — unable to make either the thing we most want, or any thing else

wherewith to buy it — all *additional* employments that we may go into can have but one effect; namely, that of *increasing* the demand for the very thing of which we had not enough to meet the *lesser* demand that previously existed. And this natural limit to production is the first, so far as I can see, at which nations are ever likely to arrive.

Probably the assertion might be adventured, that whenever a nation shall be unable to *supply its markets* with any article of an indispensable character, either by means of its own labour, or by means of employing a portion of its population in the attainment of the thing desired, by the indirect method of exchange, then, and not till then, is emigration necessary. Emigration may be desirable before this period arrive, but the necessity cannot, I conceive, be very pressing: whilst it is to be kept in mind, that the *distant approach* of such a state of things would invariably be indicated, under the standard system of operations, by a constantly increasing demand upon the standard stores for the desired article, or upon the stocks thereof in the external market, as the case might be.

Thus, whilst aggregate supply and demand would ever be the same under the influence of a right system of exchange, wherein to increase, and wherein to diminish production would, at all times, be as obvious as the sun at noonday; increased or diminished demand for *particular* commodities forming a perpetual index — *out of* the standard pale of operations as well as *in it* — to the right way. Fill your empty stores; slacken a little where you are already full,

and be it specially noted — *that the over full must ever be in exact ratio with the over empty, and vice versa.*

Alas! Great Britain and Ireland have no need of any index *now* to point to their full and empty depots. Full! full! full! is the one monotonous response to every inquiry of the kind. Houses, furniture, clothes, and food, are all equally abundant; whilst a market! a market! is the everlasting cry of myriads, who, to become a market to each other, have only to eschew the enormous error which pervades their system of exchange.

Neither has Great Britain any reason to fear that the day may soon arrive, when *her* productions must come to a stand-still from any natural cause: her resources are tremendous; and were she but *free* to use them, the brightest page of past history that any spot upon the earth can boast, would present but a gloomy picture of the race of man, compared with that which England's newly opened gates of prosperity would place before her eyes. Her resources for the *creation* of wealth are almost illimitable; whilst the means of disposing of it to advantage are herein demonstrated to be *precisely as illimitable.*

It may here be proper to remark, that in entering upon the standard system of operations, even the chance of having occasion to diminish the scale of any productive employment, may be almost, or altogether, avoided; and that merely by beginning upon a far less extensive scale than the capital at command would allow of: for, in this case, *the due proportion of supply* may be constantly maintained

by the very agreeable method of *increasing* production whenever there should be any deficiency ; instead of being obliged to contract it whenever there should chance to be a surplus.

If, for instance, the *existing* state of the standard stock, in all its various departments, should at any time be represented by the figures

2 4 2 4 2 4

whilst *proportionate* supply would, of course, require them to stand thus —

3 3 3 3 3 3

it is obvious that the balance may be restored either by converting the three twos into fours, the three fours into twos, or the whole six into threes ; the first plan requiring an increase of operations, the second a decrease, and the third an equal increase and diminution. The first plan is obviously the most desirable ; but to enable us to act upon it, it is necessary that we should at all times have at command a surplus capital, ready to advance into whatever situation it may be required to fill ; and this, indeed, is the only necessity that the case requires.

I have proposed at the head of this chapter, to offer a few words on the subject of population and emigration ; but as this is not a regular treatise on political economy, but rather an attempt to call attention to the present *wretched condition* of that science, I shall merely observe, that all discussions

about population and emigration are at present premature; for we are not now in a condition to judge of either. There is *one* evil, to which alone is first due every consideration of a remedial character: give us free trade at home — unchain production; let it have its full scope. Strike off the golden fetters that bind us to poverty; *then* shall we be able to view many objects from an eminence, and through a clear atmosphere, which we now fruitlessly endeavour to discern through the mist and darkness of commercial error.

In the *Social System*, I have devoted a chapter to the subject of population, and have made a few remarks, also, upon that of emigration; but I desire not to extend this work to any great length, or to withdraw attention from the one main doctrine it inculcates, by going too freely into other subjects.

CHAPTER VII.

SOME OBSERVATIONS ON THE POLITICAL PARTIES OF THE DAY — CONSERVATIVES
— WHIGS — CHARTISTS, AND THEIR CHARTER.

THERE could hardly be any more conclusive evidence of the general ignorance which pervades society, respecting the causes of human troubles, than the great diversity of opinion that exists upon the subject — I say *exists*, because there is every reason to believe that, in the main, all parties are tolerably sincere in their declarations relative thereto ; in other words, that very few of them support any particular set of opinions, merely because such opinions chance to favour their own especial interests. To some extent interested partiality may, no doubt, prevail individually, but I believe it to be the exception rather than the rule ; and it is no libel on any man's understanding to say, that in matters relating to commerce or politics, he affirms black to be white, or white black : for there are contradictions enough in the facts that are before us, to justify the most opposite conclusions, just as a man happens to reason from one set of circumstances, or from another set.

If a steam engine were to go wrong, so that it would not perform its work, and if a number of engineers were sent for separately to examine it, and to report upon its faults, the chances are, that all of them would ascribe the non-working of the machine to the same cause, and that the true one; because, as every engineer would be presumed to understand the nature and construction of the thing submitted to him, its defects, whatever they might be, would be at once apparent. I wonder what degree of similitude would exist between the reports of a number of committees, appointed to sit in judgment, for six months, upon the question of commercial difficulty, its cause and remedy! Alas! how various and contradictory are the reports of the political and social engineers of the present day: they seem to agree in nothing, except that evils do exist, and in contradicting each others' opinions respecting their origin, and the nature of the required remedy.

The Tory or Conservative party, indeed, seem to have no particular cure. As their latter designation implies, they appear to have assumed a sort of guardianship against frequent and extensive changes; lest in seeking by experimental processes to make our condition better, we should make it worse instead. Their faculties seem to be mostly of the order which the phrenologists call *knowing*. They arrive at opinions as it were intuitively; and without attempting, in all cases, to reply to the reasonings of their opponents, they take the shorter method of saying, you have failed to convince us.

And there is much good sense in this habitual

caution: for in things incapable of actual demonstration, it by no means follows, as a matter of course, that one man is right, because another man, even of equal talents, is unable to shew that he is wrong. The Conservatives do not exactly say to their opponents — what you desire to do would be injurious; but rather — we cannot see in what manner it would be beneficial, therefore do we oppose you. This party may not inaptly be compared with a stern old guardian, who listens with the utmost composure to some ardent and speculative notions of his ward; but after all, without deigning very much reply, puts a cool veto on the whole affair, by refusing the supplies. The Duke of Wellington, in a published note of the 16th July last, to one Mr Taylor, who wished to confer with his Grace upon the subject of the anti-corn law league — “Declines to receive the visits of deputations from associations, or of individual gentlemen, in order to confer with them on public affairs; but if any gentlemen think proper to give him, in writing, information or instruction on any subject, he will peruse the same with attention.” This resolve seems to be at once wise and liberal. A subject which has puzzled mankind for centuries can hardly be agreed upon within the short space of time usually allotted to an interview. Opinions, too, may always be stated in a clearer and better manner in a written or printed form, than in a conversational one. The former may be perused and reperused, and so deliberately understood; but in conversation the meaning intended to be conveyed is often misapprehended

more or less ; whilst three-fourths of the arguments on both sides are very soon forgotten. Public meetings, and discussions public and private, are very useful in calling the attention of parties to particular subjects ; as also on account of their tendency to induce the formation of opinions respecting them ; but if the subject be a difficult one — and that of public poverty, in the midst of superfluity, seems to puzzle folks a little — it may always be far better studied and elucidated in the closet than in the debating room ; in which latter place, the cleverest elocutionist, rather than the most correct thinker, generally gains the victory. That the free importation of corn would *not* very much diminish the existing and prospective distresses of this nation, without a simultaneous change in the nature of the currency, I shall presently endeavour to shew.

The Whigs reason from cause to effect ; and did they but take *all* the circumstances of the case into the account, their logical conclusions must, of course, be unanswerable. But they have never done this yet. They would adopt those measures which have a *natural* tendency to do good : they would avoid unnecessary expenditure, reduce the taxes as much as possible, and allow to some considerable extent the exercise of free trade. The natural tendency of these things is a good one. A nation wants bread ; and if it can obtain corn more easily by spinning cotton to be given in exchange for corn, than by growing corn itself, the indirect is plainly more effective, than the direct way of getting at the thing required. If one man work at a loom,

and another man work on a half-barren Scottish hill, both for the purpose of obtaining bread, the weaver is the better agriculturist of the two, if it happen that his labour have the effect of bringing more corn into the granary than the labour of his fellow. In fact, the cheapest method of obtaining what we want, is never to make the thing itself, so long as, by the act of making something else, we can command, by means of exchange, a greater quantity of it with the same amount of labour.

But what would the free importation of corn avail us? Look at America! there is corn enough surely, yet is America in no better plight than Great Britain. It is, on the contrary, in a worse. A paper, published on the 27th August, 1842, says, — “A New York paper contains a list of nearly seven hundred bankrupts! a number that, if printed in the usual manner in England, would half fill the *Times* newspaper! This shews what a hurricane has passed over the trading world in America, and the frightful ravages left behind.” Why is this, but because the Americans, like ourselves, are *utterly destitute* of any proper instrument of exchange, or measure of value. Because there, as well as here, money is a thing rather cast amongst the multitude to be scrambled for, than issued upon any defined principle; and hence, the more good things of this life, which the people have the power of creating, the more are their merchants and traders likely to lose by them. They, in common with ourselves, might as well attempt to substitute a force-pump for the veins and arteries of the human body, wherewith to circulate

the blood, as to attempt, beneficially, to effect exchanges without a plan of doing it as mathematically accurate in character as the veins of the human body are anatomically so.

Were corn as cheap in this country as it is in America, a year or two at most would bring us back into our present position. Wages would fall in an exact ratio with the fall in the price of bread; the same disparity between the power of creating goods and money would subsist as at the present time. Goods would be cheaper than ever, but no *profit* could be obtained by them; and the final result would be twofold,—the old mad cry about over-production would revive; and Englishmen would have made one grand step towards the attainment of better things; they would have discovered, that it is *not* cheap corn that is to save us, *ergo*, it must be something else. But, whilst so many efforts are made to *cheapen* every thing, it should at least be kept in mind, that to reduce the aggregate price of commodities to one half, would just exactly double the interest of the national debt; as also the amount of rents in all cases of lease; and the interest of every existing debt, until the same should be extinguished.

At present there is plenty of corn *in the market*, and the evil is not so much the want of corn itself, as of money to buy it. Increase the supply of corn, and the evil becomes rather worse than better; for, without a corresponding increase of money, the corn will only tend to swell the aggregate demand for money, already immeasurably too great. All the

arguments for the free importation of corn presuppose the existence of a free system of exchange at home ; but no such thing exists. There are millions of people in England, Scotland, and Ireland, able and most anxious to be of mutual service to each other ; who can be of none for want of a proper medium of exchange between them. People, by dozens, living in the same street of one great city, are in the same situation. Men do not live by *barter* ; the baker cannot give bread for cloth, nor the clothier cloth for bread. The cabinetmaker cannot give furniture for the thousand and one articles he requires for his own use and consumption. The baker, the clothier, the cabinetmaker, to which add a hundred others, must *all* live, if they live at all, by the *profits* of their respective trades ; *the surplus in money* which they can obtain for their goods, over and above the *money* they give for them. It is *this surplus* which forms their income ; and if the increase of money do not go hand in hand with the increase of goods, the more goods they make the less surplus or income is it possible for them to obtain. And, as I have said twenty times already, the increase of money of the existing character *cannot* go hand in hand with that of goods. Thus is it that millions of the human race, able and willing, speaking of them collectively, to supply to each other every rational article of use, consumption, and enjoyment, are condemned by a mere piece of juggling in human affairs — a false measure that might be kicked out of existence in two or three years — to perpetual difficulty, embarrassment, and conten-

tion. Do not let it be supposed that I am here contending for the continuance of the corn laws. No person would more gladly witness their total abolition than the present writer; but as to any great good to be expected from the change, so long as the present system of exchange shall exist, it is the merest delusion.

For the reasons I have noted, the Whigs can make nothing of their otherwise rational ideas. They must first get rid of the *counteracting* principle which pervades commercial society. They must put commerce upon such a footing, that *no increase whatever* in the quantity of commodities can have any tendency to occasion *a fall in their money price*, unless attended with diminished cost of material, or labour of production. Let them do this *first*, and then give us free trade in every thing; in doing which no rational being will oppose them; neither will any sane country be long in following their example.

But it is useless and hopeless to look for any permanent good from the mere *extension* of our present commercial system. It is rotten at the heart, and must be cast aside like an old and worn out garment, to make room for one of better materials, and new construction, to be established in its stead.

The next and last class of politicians which I shall notice are the Chartists; whose opinions are entitled to especial consideration on account of the multitudes of people by whom they are espoused. They

have, moreover, at least one merit, which we may look for in vain elsewhere — they are *agreed* so far at least, that they desire the power to govern to be forthwith placed in their own hands ; and, considering their vast numbers, agreement of any kind is no inconsiderable merit.

The objects of the Charter then — I quote from a recent number of the Times newspaper — are :—

I. Universal Suffrage. — To obtain for each man of twenty-one years of age the right of voting for representatives to serve in the Commons House of Parliament.

II. Electoral Districts. — That, for the purpose of securing a fair and equal representation of the people, it is necessary that the whole country be divided into districts, each containing, as nearly as may be, an equal number of electors.

III. Annual Parliaments. — That it is of great importance to secure and maintain the responsibility of members to their constituents ; and that annual parliaments are a proper means for securing this object.

IV. No Property Qualification. — That every elector shall be eligible to be elected.

V. The Ballot. — That the right of voting for a representative shall be exercised secretly by ballot.

VI. Payment of Members. — That each representative of the people shall be paid for his services.

Such is the desiderated Charter ; and the Charter, if we are rightly informed, is at this moment the

political creed of millions of the people of this country : let us examine it a little.

Universal Suffrage. — The rights of all men are by nature equal ; and the first and most inalienable right of man is the possession, use, and enjoyment of the produce of his own industry ; and this right is the foundation of every other. A number of men have an indisputable right to take possession of any part of the earth previously unappropriated ; to give it a name ; to divide it into portions ; every individual being allotted a share or no share, as the parties may agree amongst themselves. I say, *or no share* ; because it is impossible, consistently with the general good, for every man to be an agriculturist ; wherefore many, even in the rudest state of society, may find their advantage in following mechanical or other avocations, selected by themselves, *in preference* to becoming cultivators of the soil ; even where the soil may be had by the mere act of taking possession of it.

Land being thus appropriated, is next cultivated : labour is applied to the earth, seed scattered upon its surface, and a *crop* is the result ; which crop is the *property* of the man by whom it is caused to exist. Or, it may be the property of any man, who, having merely taken undisputed possession of the land, may cultivate it by the hands of others, those others having consented, for a certain remuneration agreed upon with their employer, to cultivate the land for his use and benefit instead of for their own.

And equally, in both these cases, the land must continue to belong to its original possessor, or to

whomsoever he may give it, sell it, or leave it at the time of his death, so long as he or his successors shall think proper to retain it. This seems to be the proper foundation of all landed property.

Personal property, again, may be created by labour, or obtained by traffic. A hunter, provided he trespass not on private property in the exercise of his calling, may obtain the skins of wild animals, useful for clothing, and for various domestic purposes. These skins are *his property*, as much so as his own right hand. But he may give them to another person, or he may sell them for some agreed consideration; then are they the property of the person to whom they may be consigned. Another man may traffic; he may give a price to the hunter for his skins; and he may dispose of them to other persons, who may consent to give him a higher price for them than he is supposed to have given to the hunter; the difference between the two being at once his profit and his *property*.

But, as property comes to be accumulated, and mankind to increase in numbers, laws and regulations are found to be necessary for the protection of property, of the weak against the oppression of the strong, and for the government of society generally. These laws are necessarily of three distinct classes:—those for the protection of the person; those for the protection of property; and those for the adjustment of the rights, duties, and privileges of mankind.

Now, I should like to know in what chapter of the book of nature it is written, — *that a man, who has no property of his own, has yet a right to govern*

that which belongs to other people! In vain shall we look for any such: the very notion is preposterous; and, were we to admit it for a moment, we must admit also, as a necessary consequence, that nature refuses her sanction to the existence of property at all; whilst, at the same time, there is hardly a bird of the air, or wild beast of the forest, that has not a distinct notion of property, in common with all mankind. A man, who has no property, has no more right to claim a voice amidst the assembly of those who meet together to devise measures for the government and regulation of that which is their own, than he has to assume forcible possession of a house he did not build, of a crop which he did not cause to grow, or of a garment which he neither made nor purchased. The foundation of all property is labour, and the right to govern property is theirs, and theirs alone, who have any property to govern — of those who have either produced it, succeeded to it, or obtained it by fair purchase, or by gift.

The *first* requisition, then, of the Chartists is, for the reasons that have been given, *unjust*, therefore should it never be granted; and for the same reason, if it were granted, good could never come of it. Compliance with this requisition would, in a word, be the legalization of robbery; and every thief in the three kingdoms might plead it in justification of whatever fraud or depredation he might think proper to commit.

Electoral Districts. — The foregoing observations apply equally to the electoral district proposition. A man has an estate, but he engages others to

cultivate it for him on terms mutually agreed upon. Here, then, is an electoral district: the proprietor is one, the labourers are many; what is to prevent them from sending a member to Parliament, who will vote the master out of his estate, and his servants into it? Nothing on earth. This is the essence of article number two; and extend the *scale* of operations as much as you please, the principle remains the same.

Annual Parliaments are the next desideratum. New brooms sweep clean, it is said; but there is also a vulgar notion amongst mankind, that old servants are generally the best. A man must be in Parliament more than a year before he can be half at home in it.

An infinitely better thing would be, to make the situation of a member of Parliament permanent, so long as he should continue to perform the duties of his office satisfactorily; being, however, subject to removal at any time by a majority of the votes of his constituents, on a requisition to pass judgment on his conduct being signed by a proportion, a third, perhaps, of their entire number.

No property qualification. — Of this admirable idea I have already disposed.

Vote by ballot comes next. — I have read most of the popular arguments in favour of the ballot, but have hitherto been unable to form any better opinion of it than that the adoption thereof would be a proceeding at once un-English, mean, pitiful, despicable; and that its tendency would be rather to increase than to diminish the evil of

bribery. It would enable every man to do that in secret, which he is now more or less ashamed to do openly ; namely, *for a price* to vote against his known political sentiments. And it is a wild notion to suppose that men would not continue to bribe because they could no longer have *absolute security* for the performance by the voter of his part of the contract. It argues the existence of a very low state of moral feeling and self-respect, that men can be found to sell their votes ; but how infinitely lower a degree of turpitude would be requisite to induce a man to receive payment for doing a certain thing, and then to go forthwith and do the very opposite one. Of the number of those who would consent to vote for a bribe, not one in a hundred would be guilty of the double villainy of accepting the bribe, and cheating the briber.

Moreover, vote by ballot would open the door to at least the possibility of trickery in the electoral process itself, which by open voting is entirely precluded. And if this should not exist in reality, the suspicion of it would be sure to do so. Nothing, perhaps, was ever fairer than the mode of drawing the state lotteries ; yet is it notorious that an opinion very generally prevailed amongst the ignorant — and by no means exclusively amongst the ignorant — that the managers of the affair could give the prizes to whomsoever they pleased.

Were mankind liberated from their present wretched state of poverty, and degradation consequent thereon, there would be little need for the ballot, even if we concede to it all the merit claimed

by its most strenuous advocates. Every person, from the labourer in the field to the richest member of private society, would be independent in his respective station as the Queen upon her throne, were but a rational system of commerce established. Classes of men are far too dependent upon other classes, and upon individuals, at the present time; and the remedy is to be found in the general improvement of their physical condition, out of which would speedily arise a higher degree of mental and moral culture, together with a much higher grade of political virtue than any which now exists. Let mankind possess and enjoy that which they are naturally able and willing to produce, and we shall hear no more of the ballot; *man*, naturally a proud and independent animal, would be ashamed of it. It is his dependence, his poverty, and his wretchedness, that now humble him into the condition of a political tool, to be at once used and loathed by the Parliamentary seat-monger.

Payment of Members.—With respect to the last article of the charter, it is altogether beyond my comprehension how five or six hundred men of respectability can be got, not exactly to abuse each other gratis, but often for the reward of hoots and hisses from their most grateful constituents. Honour there may be much for ought I know, though I think it would sometimes require the aid of a microscope to discern it; but there is more honour far attached to the profession of a bishop, a judge, or a general, than to that of a member of Parliament. Yet members of the sacred, legal, and military professions, seem

to entertain the notion, that if honour be a good thing, a respectable sum of pounds sterling per annum is not a bad one. In their last item I cordially agree with the Chartists, that every member of the Commons House of Parliament should be paid for his services ; and moreover, it is certain that the best and fittest men to fill the office of legislators will never be disposed to accept of it until some profit, as well as honour, shall come to be the accustomed reward of their services.

CHAPTER VIII.

THE APPEAL ; BEING A FEW WORDS IN THE WAY OF SOLICITATION FOR AN
INQUIRY INTO THE MERITS OF THE SYSTEM OF EXCHANGE HEREIN DEVELOPED
— HIS GRACE THE DUKE OF WELLINGTON REMINDED OF A PUBLIC INVITATION.

READER ! to whatever class of society you may belong, deign to listen to a few homely observations.

The world is full of misery ; it meets us at the corner of every street, and penetrates into the remotest recesses of our cities, towns, and villages ; whilst the public press, like a constant flowing river, teems with the details of its existence. The chief cause of all this evil is poverty ; other causes there are, no doubt, but this is the great, the overwhelming one of all. You pity the distress you see, and hear about, and would gladly alleviate it, did you but know how. These are truisms.

Here, then, is a book which sets out with the declaration, that all unmerited poverty may be swept away ; that as mankind are able and willing to create by their labour an abundant supply for all men, all may be supplied. The reason why so many are in poverty at present is pointed out, and the remedy is before you, in the

shape of a new commercial system, by no means intricate in its nature, neither would its adoption be a task of very much difficulty; on the contrary, the plan is at once simple and practicable. The consequence of its establishment would be, to render the production of those things which constitute the necessaries, conveniences, and comforts of life, the unfailing cause of a demand for them. Such is the author's assertion: *Has he made out his case, or has he not?*

If your answer be in the negative, then are we at issue as to the facts, and there is an end to the discussion. But in parting, the author defies your utmost ingenuity to detect an important error, either as respects the reason he assigns for the existence of so much distress, or as to the efficacy of the remedy which he advises to be administered.

It may be, however, that your reply is different. You may be inclined to admit, not merely that the secret evil which afflicts us has been exposed to view, but also that an efficient remedy has been pointed out. Granted, then, on my part, that the project is an extensive one; that it supposes a considerable change in the construction of commercial society; that some pecuniary interests might be affected; that the modes of employing the capital of individuals would be somewhat changed; that a sort of secondary government must be established in the country; and that many other things must come to pass, even to the extent of revolutionizing the whole system of manufactures and commerce as at present carried on. — Granted all this; still, if the chain

which binds us to poverty would be broken by the change, I conceive it to be the bounden duty of every man, from the premier to the peasant, to go boldly to the root of the evil, and to apply the axe thereto with the least possible delay.

Something must be done, ere long, to appease the cravings of a hungry multitude. I write these sentences in August 1842. Look at the state of the country! What is it that fills the columns of half the public prints but accounts of riot, disorder, outrage! True, the evil is just now subsiding, as well it may; because consumption is going on whilst production is at a stand-still. But the same causes will continue to operate, and the same evil will come back upon us, from time to time, with equal and increased violence. Men will be fed so long as there shall be any food on which they may be able to lay their hands; and, if the defective arrangements of commercial society shall continue to prevent them from obtaining food by the exercise of their industry, they will seize it with the lawless arm of the depredator. It is in vain to talk about these things remedying themselves; they will *never* remedy themselves. It is in vain to tell us, that poverty and distress, even though unmerited, are the *natural* accompaniments of an advanced and highly artificial state of society. *I have demonstrated the assertion to be false.* There exists no natural cause for poverty except those of mental or physical incapacity, idleness, vice, and crime. It is in vain for the rich to lull themselves into a false and insecure repose by

the constant reiteration of the common-places of the day — over-production, too great a spirit of speculation, too much machinery, over-population, and the like nonsense. Something of a decided character must be resorted to: the evil must no longer be left in hiding, like a tiger in its den, ready to spring upon us at any moment when chance circumstances may furnish the opportunity. *It must be removed*; and it is the duty of every man to give a helping hand during the performance of the work.

The Duke of Wellington has said — He will peruse with attention information or instruction given to him in writing, upon any subject connected with public affairs.

With the profound respect which is due by a humble individual to the most illustrious and influential man of his time, I beg most respectfully to remind his Grace of the invitation above quoted; and though the contents of this volume are of the nature of an argument, rather than “information or instruction,” yet I here venture to request, that his Grace will do me the honour to peruse the copy of this little book, which I shall not fail to forward to his residence.

But the Duke of Wellington cannot be reasonably expected to take a very active part in public affairs now. In the nature of things, the sun of his Grace's *public* course is on the decline towards the western horizon; and to use the language of another great man of the age, put into the mouth of a third of distinguished talent, the Duke may be supposed ere long

—yet may it be long first!—to exclaim in the words of Sir Walter Scott, written for the late John Kemble—

Higher duties crave
Some space between the theatre and the grave;
That like the Roman in the Capitol,
I may adjust my mantle ere I fall:
My life's brief act in public service flown,
The last, the closing scene, must be my own.

All that I would venture to solicit from the illustrious individual, with whose name I have taken so much liberty, is a declaration, if he should see reason to make it, that, in his opinion, the monetary system herein developed is worthy to receive a full and deliberate *examination*; and thus, as I believe, might his Grace add one benefit more to the many that he has conferred on his country: for whatever *he* should consider worthy of examination, most men would examine; and then the subject must necessarily come before the public in the shape of a pretty general discussion.

Next to the influence to which I have ventured to allude, is that of the public press. I shall not fail to give a considerable number of that respectable fraternity the opportunity of forming an opinion upon this subject; and if the opinions that are expressed in this volume be correct, opposition or approval are very much alike in tendency: for an unsound argument against a sound doctrine is often the best kind of support that can be rendered it—of

which I shall endeavour to give a practical illustration a little farther on — whilst, if these opinions form but an additional chapter to the great book of error, the sooner their fallacies are detected and exposed the better.

But it is to the middle and lower classes of society, rather than the higher, that the subject of this volume particularly addresses itself: they, and especially the latter, are in no condition to treat any proposal, having for its object the removal of their distresses, and having, at the same time, even the semblance of rationality, as a mere philosophical speculation, which may, at some distant period, or may never, have influence upon the practical business of life. If good ever be done, some class or classes of persons must effect it; and whose business is it to set about the work, if it be not the business of those for whose especial benefit the work itself has to be performed?

To ascertain the soundness or fallacy of the doctrine here promulgated, would be no very difficult task. The proposed machine, of which this book may be looked upon as the model, consists of few parts, and may, therefore, be easily examined and understood. If it be a good one, let the labouring classes petition for its adoption, and let them petition, and petition again, until it be adopted: if its qualities be really such as I have represented them to be, refusal will be in vain. The members of the government are the servants of the country — they are not its masters: they hold the power they

possess by the consent and appointment of those they govern; and it is for *the governed* to continue them in office, or to transfer their confidence to others, as they may see fit. If, then, the people can satisfy themselves that any particular plan of operations would alleviate their distresses in the first instance, and gradually bring them into a state of permanent prosperity and enjoyment, they have only to solicit for its adoption, and it must be adopted.

In vain may the Chartists and others adduce as an argument against the correctness of this opinion, the deaf ear that has been ever turned to the petitions of wild and visionary declaimers, whose demands have never been for any specific end or object, but merely for the transference of *power* from the hands of others into their own: which power, if given to them at all, must be ceded upon the ground of their presumed superior wisdom and sagacity to make a better use of it than those persons are doing in whose hands it is at present vested. This class of projectors keep entirely out of view *the use* they would make of power could they but obtain it; and for the best possible reason are they silent upon this point — they do not themselves know what they would be at: they have no specific object, therefore are they unable to define it. Such are the Union Repealers and the Chartists.

The object herein contended for is the reverse of all this. *It is defined.* Any intelligent man, by a careful examination of its nature, may ascertain pretty accurately, by a mere mental process, to

what it would lead, as also to what it would not lead; and as the whole proposition is, in an especial manner, the very reverse of intricate, if there be any error in the author's calculation of its advantage, such error may be very easily detected and exposed.

One observation more, and with this I conclude. Let it not be supposed that I claim for *the precise plan of operations* here very briefly elucidated, any superlative merit: what I contend for is, that the present monetary system must be abolished *in toto*; and that another must be established in its stead, by means of which that condition of things shall be brought about, with respect to *man*, which now exists, and ever has existed, with respect to every beast, bird, fish, and creeping thing upon the face of the earth, and in the waters that divide the earth. Let man enjoy as much wealth as he is able and willing to create; *an artificial cause* prevents him from doing so at present: *this artifice must be abolished.*

It would have been useless and senseless to have broached this principle, without shewing, at the same time, in what manner it could be brought into operation. I have done this to the best of my present ability, and in a manner far preferable to that in which I did the same thing eleven years ago; the present proposition being divested of much that was both intricate and difficult in the former one. But all I contend for is — let production become the cause of demand: it is so *naturally*, let it be so

practically: let the terms buying and selling become synonymous. This must be the *foundation* of our commercial edifice, for upon no other can it permanently stand. As to the superstructure, let every architect be invited to give in his plan; and in the selection of one for our adoption, let substantiality, amplitude, just proportion, and simplicity, be amongst the indispensable conditions of its acceptance.

CHAPTER IX.

OF RATHER AN IRREGULAR CHARACTER ; BEING REPRINTED NOTICES OF THE SOCIAL SYSTEM BY THE PUBLIC PRESS ; NAMELY, BY THE EDINBURGH ADVERTISER, EDINBURGH LITERARY JOURNAL, EDINBURGH SPECTATOR, SCOTS TIMES, EDINBURGH OBSERVER, LONDON SPECTATOR, GLASGOW CHRONICLE, EDINBURGH CHRONICLE, BELFAST WHIG, NEW MONTHLY MAGAZINE, METROPOLITAN MAGAZINE, AND EDINBURGH EVENING POST ; WITH A FEW OBSERVATIONS THEREON.

THE reader has already been told, that the principle of exchange here advocated was laid before the public, by the present author, several years ago, and that, although the book was a failure, considered as a mercantile speculation, some notice, favourable and otherwise, was taken of it by the public press. Presentation copies were sent, as is usual when a new book comes out, to some of the reviews, magazines, and newspapers, very few of whose editors condescended to notice it at all ; whilst the following are verbatim copies of the few observations upon it that did appear, being *all* that ever met the eye of the author, or that he has any reason to suppose were ever published. To him they are rather an interesting collection ; seeing that, however conflicting the verdict of his critics, his own opinions are only so far altered, after the lapse of eleven years, that what was then clear to his mind is now clearer ; whilst his conviction of the necessity for a total

change in the monetary plans of society, has only assumed, if possible, a more fixed and decided character. He has, moreover, a few observations to offer upon the verdict of *one* of his critics ; and has only farther to declare, by way of introduction to these notices, that, so far as he is aware, not one of them was written, either out of personal favour, or enmity, towards himself. No favourable notice was ever solicited by him from any man, either directly or indirectly, and none will ever be ; whilst it is also the fact, that, without a single exception, the following remarks were written by persons altogether unacquainted with him, that is to say, so far as he is aware, or has any reason to believe.

Some apology is due to the reader for the irregularity of introducing criticisms of one book into the body of another ; but, the theory of both volumes being substantially the same, the author trusts, that a review of what *has already been said upon the subject*, by some public writers, may not be altogether uninteresting.

The Thirty-second number of the Westminster Review. — First in rank and importance is the notice of the Social System by the Westminster Review ; the oracle of free trade, the baneful corn laws, the instrument of exchange, the greatest happiness principle, and so on. But while I thus concede to the Westminster the right of precedence, I shall reserve for it the *last* place instead ; for the same reason, that minor and inconsiderable personages are often quickly attended to and dismissed, that a more important guest may be the better entertained. I shall give the Westminster a chapter to itself.

From the Edinburgh Advertiser of November 18, 1831. — “This is the dream of an ingenious but erratic mind. Mr Gray attempts to shew, that the commercial system at present established, in which the general interest is consulted by the freedom with which each man pursues his own advantage, would be well exchanged for a system of universal comprehension, resolving all commercial transactions into *one firm*, and therefore rendering it as easy at any time to sell goods for money, as it is at this moment to buy. There is but one fallacy in the proposed new scheme: it makes no allowance for the constitution of the human mind, or for the prejudice of habit. If Mr Gray’s system be otherwise good, it could have only been of any effect if published in paradise, carefully inculcated by Adam upon his children, and by them transmitted with earnest recommendations to all subsequent generations. Coming thus late, can any reasonable hope be entertained that it will even get a fair hearing from society? We could have wished that this literary labour and ability — for there are both in Mr Gray’s very elegant volume — had been spent upon a subject more likely to be of service to his kind.”

From the Edinburgh Literary Journal of November 12, 1831. — “Our study table — Who comes first? John Gray and his Social System. Mr Gray is a man of ardent and sanguine temperament — a keen speculator and projector — seldom teased with doubts, and recking little of impediments. His intellect has considerable range and power. But he wants clearness, and, above all, he wants methodical and systematic habits of arrangement. Nor have his studies been very extensive. He sees the failures of others better than how they are to be amended. His Social System is a plan for obviating the slacknesses under which commerce labours, by substituting an artificial system of society for that which has hitherto obtained. Demand, we all know, is the first cause of production. But, in an old established society, where capital has been accumulated, and where labourers have multiplied, production often precedes the demand. This produces gluts, beggary, and bankruptcy. By an ingenious play upon words, it may be said, that these evils might be avoided, could we arrange matters so that production should create

demand. This paradox, this quibbling problem, has Mr Gray gravely attempted to solve. He has drawn up a scheme, by which this inversion of the laws of nature may be effected. He has engaged to turn the world upside down. Entertaining this opinion of the result of his lucubrations, it is however but justice to say, that though by no means an accurate, he is a daring and vigorous thinker. No one can read his book without having new ideas suggested, or being brought to look upon something in a new light. Mr Gray expresses himself strongly, but of this he is himself aware, and his confession of it is one of the most pleasing and manly traits of character we have met with for a long time."

From the Edinburgh Spectator of February 18, 1832: A work of very brief existence, a few numbers only, if I remember right, having been published. — "It is now some time since we first began to dabble a little in political economy; and, by dint of some acquaintance with the great work of Adam Smith, and the speculations of Malthus, Ricardo, Sadler, and M'Culloch, we were beginning to flatter ourselves that we understood something about the matter. The words, exchange, labour, production, consumable and unconsumable commodities, appeared no longer formidable in our eyes, and we had fairly made up our minds that the labours of the political economist certainly tended to promote the advantage of society. It is true, our experience did not warrant our expecting, for some little time, much unanimity among the professors of this science, in regard even to some of its leading principles; but we at least thought they were in the right way, — especially, as they generally agreed to regard the existing state of society as a machine which called for certain alterations and improvements in some of its parts, rather than total demolition and entire reconstruction upon new principles.

But here is a book which adopts a bolder tone, and treats as little better than idle dreams, those modifications and improvements, by means of which former political economists hoped to rectify the inequalities and deficiencies in the present system of things. It seems they were only pruning the branches, when they ought to have been rooting up the tree itself. Mr Gray affirms, that a radical evil has pervaded the whole civil economy

of the world, from the days of Adam till now, and that this great error must first be rectified, before states become prosperous, or man rationally happy. This evil our author undertakes to point out, and, by the introduction of his Social System, entirely to remove. His system appears to us to resemble, in many particulars, the plans of that unfortunate speculator, Mr Owen, of New Lanark, while, in other respects, it differs from them very widely ; but, upon the whole, it bears the impression of original, as well as ingenious thinking. The worst of it is, that although we are satisfied that the whole plan is Utopian,—a sort of Plato's republic, which will never, under any circumstances, be attempted to be carried into effect, it is at the same time so apparently simple, so plausibly supported, and so consistent in its various parts, that we are rather puzzled to point out its fallacy. Under these circumstances, we think it right, in the first instance, to give our readers a short and impartial view of the system, using, where we can do it conveniently, Mr Gray's own words :

‘ A notion appears to prevail amongst mankind, that there exists in our Social System a self-regulating principle, and that the stream of commerce, like that of water, only requires to be let alone to find its own level, and to flow on smoothly and prosperously. Ten years ago, I doubted, and I now deny the existence of any such principle. I also deny the *possibility* of effectually removing the distresses of this country, by any other means whatever than those of association in the employment of capital ; and I affirm, that by such association, under well digested principles, and with an improved plan of exchange, unmerited poverty may be removed, commercial difficulties of every denomination annihilated, and individual, as well as national, prosperity, established upon an ample and imperishable basis.’

“ Mr Gray thinks the present time peculiarly favourable to the introduction of his new system, the prevailing feature in which is, to *make production the cause of demand*, a principle which he elsewhere informs us is to be understood without any limit or restriction, as respects quantity and value, but subject to regulation as to kind. In this way, he proposes to do away the evils which at present arise from the glut in our markets, occasioned by over production, in consequence of the improvements in

machinery. According to the new system, you cannot over produce. You may produce to an indefinite extent; and this very extent of production will *ensure* you a market, instead of destroying it, — in other words, you can always exchange your produce for an equivalent. For this purpose, our author recommends the establishment of a National Chamber of Commerce, somewhat after the manner of a joint stock company, upon an extensive scale. This plan will admit of the investment of capital to any amount, in agriculture, manufactures, &c. of which the produce is to be placed in national *depots*, whence retail shops will be supplied, and where in the way of exchange or barter, a labourer may always receive whatever he wants for an equivalent in whatever he may have to spare. Thus, no one will be obliged to part with a commodity at less than its proper value, as frequently happens under the existing order of things. The chamber of commerce is to have the superintendence of these depots, or warehouses, and to give intimation when the supply of any one article is more than sufficient, that the super-numerary hands employed in it may turn their attention to some luxury, or to a necessary, of which the supply happens to be deficient.

‘It will be already understood, that the Social System recognizes as useful, but one controlling and directing power, but one judge of what it is prudent and proper to bring into the market, either as respects kind or quantity, — the Chamber of Commerce, — who, having the means of ascertaining, at all times, the actual stock of any kind of goods on hand, would always be able to say at once where production should proceed more rapidly, where at its usual pace, and where also it should be retarded.

‘A master manufacturer, therefore, as he is now termed, should be an agent, because he must be liable to increase or decrease the extent of his productions, whenever required to do so, or even to give up his business altogether, if needful.’

“Now, here we must remind our author, that his Social System contemplates the perpetuity of one of the greatest evils to which the manufacturer is at present liable, viz. being checked in the production of his particular manufacture, and obliged to turn his attention to something else. Even under the strictest regulations of his Chamber, there will be an occasional superabundance

of certain articles, and deficiency of others. This is inevitable, from the fluctuations of taste alone. It is easy for the Chamber of Commerce to say, like a theatrical check-giver, — ‘Pit full, — plenty of room in the galleries.’ Our author may tell the workman to turn his attention to such or such a manufacture; but he must know this to be in many cases quite impossible. Can the supernumerary *tailor* become all at once a skilful *optician*, to supply the deficiency in telescopes? Or will the cordwainer, who is advised that there is a sufficient stock of shoes on hand at the depot, be able to avail himself of the intimation conveyed to him at the same time, that there is an extraordinary demand for *lace*? Besides, this shifting from one kind of manufacture to another, even were it at all practicable, would prevent those improvements and that excellence, which can only be attained through undivided attention to one particular branch. As for a national provision for those who are forced to change their employment, this is out of the question, as it may be done as well at present.

“The next great alteration which our author proposes to make, is in the matter of exchange. It is upon this, indeed, that his whole system hinges.

‘Exchange may be denominated the bond and principle of society; but it is a matter of legitimate inquiry, whether the existing plan of exchange is a good one? whether it is founded in right principles? and whether it is calculated to confer upon us all the benefits which the present advanced state of human knowledge and resources entitles us to look for and expect?

‘And these questions I answer with an unequivocal and emphatic *No*. It is our system of exchange which forms the hiding place of that giant of mischief which bestrides the civilized world, rewarding industry with starvation, exertion with disappointment, and the best efforts of our rulers to do good, with perplexity, dismay, and failure; and it is our system of exchange which has produced the worse than Babylonian confusion in the ideas of men upon the subject of their collective interests.’

“Mr Gray, accordingly, proposes to substitute for the present defective system, what he calls an improved plan of exchange,

where *paper* should be the standard, instead of *gold*, and money should be a mere *receipt*, or evidence of stock, in the national depots. We have not room for a detailed account of this system of exchange, or the description of the proposed national bank, which, nevertheless, we esteem the most ingenious part of the whole book, displaying considerable philosophical acuteness, with minute acquaintance with the business of the counting-house. Upon this subject, we refer the reader to the fifth chapter of the *Social System*; and, in the meanwhile, beg to offer a few remarks, which have occurred to us since we took up Mr Gray's volume.

“ We agree with the author of the *Social System*, in thinking the question of exchange one of first-rate importance; and in so far as our domestic economy is concerned, we do not see that his plan of substituting a medium of no intrinsic value, — *paper*, for instance, — instead of gold, is liable to any insuperable objection. In fact, this would be little more than the extension of our present system of bank bills and notes of credit. But then, by making paper instead of gold the standard, or measure of value, we are deprived in our foreign commerce of an *universal medium*. Export your gold, says Mr Gray. True; but, as by his theory gold will be merely a commodity, not a representation of produce, — and as it has not a tendency to multiply in proportion to produce, it will, under the *Social System*, be liable to great alterations in value.

“ Thus, at one time the sixtieth, at another the six hundredth part of an ounce of gold, will be equivalent to the same standard paper. This, as we have already said, may be of little consequence in our domestic commerce, as one six hundredth will, in the one case, purchase as much produce, as one sixtieth in the other. But, in foreign commerce, this would be a serious grievance. Strangers would naturally insist upon receiving gold, instead of our produce, since, if they wished for the latter, they could buy, in our own market, for one sixth hundredth of the gold which they received for a piece of their merchandise, as much gold as they would have got for the whole piece by exchange. The great use of gold at present, is, that it is a *universal medium*; and this universality depends upon its *intrinsic*, or, at least, universally acknowledged intrinsic value; so that the

price of gold throughout the civilized world varies only in a trifling degree. It is idle to say, that under the Social System gold could always be procured in foreign markets for our commodities; for this, in the first place, supposes the certainty of a foreign market for our goods, *the want of which is the very thing which creates our present distress*: and, in the second place, even if gold could thus be obtained to any extent, yet as an unproductive commodity which did not admit of usage, it would lie upon our hands a dead weight, or our trade would suffer from its temporary deficiency. Even under the present system, it is deemed bad policy to export gold instead of native produce and manufactures, and the evil must be still greater under the Social System, unless, indeed, that system could be brought to comprehend the whole civilized world.

“One grand objection, however, to the Social System is, that we conceive it to be altogether impracticable. It supposes that all men may be brought to see, and steadily to pursue, their real interests. Now, were this the case, the present system would correct itself, and there be little suffering in the world, and still less crime. Were it possible to convince men *practically* of what is unquestionably true, that individual happiness would be best secured, by our abandoning what we termed *selfish* views, and acting as part of a beneficent union, really loving our neighbour as ourselves, and regarding our own interest, by promoting his, — no doubt the Social System might come into full operation. Man is neither naturally perfect till spoiled by education, nor is he capable of being *tricked* into perfection, under the industrious habits and beneficial operation of the Social System. Mr M'Culloch and the political economists are undoubtedly in the right, when they look to man's selfishness as the source from which society must expect its most valuable contributions. Men will not regard the interests of society *in the first instance*; and it is only by steadily pursuing their own aggrandizement, that individuals contribute effectually to the creation and support of social union and the public good.

“We, therefore, consider a Social System, other than that which is naturally formed from the acknowledged wants, and the gradual improvements of society, as little better than those quack political *constitutions*, which have sometimes been

imposed, but never with good effect, upon a people who have been *created*, not *nursed*, to freedom. We read Mr Gray's speculations as the dream of an amiable, and, we must add, intelligent man, who wishes to see the commercial embarrassments of his country relieved, but who, in his ardour, forgets, that although society admits of certain and very great improvements, there is an eternal barrier opposed to uniform prosperity and universal happiness, by individual shortsightedness and indolence, by the recklessness of passion, and by the inborn wickedness and depravity of our nature. Where are the men of comprehensive wisdom and exalted virtue, who may be trusted with the management of Mr Gray's Chamber of Commerce? Where will he find his virtuous retail shopkeepers and hinds? — where his versatile manufacturers, who can, with equal skill, use the loom and the furnace, the trowel and the plough? Our author must look for a directing power to regulate society, not in the provisions of his 'Social System,' but in the ordinary provisions of Providence, and in the motives, principles, and passions, which have always led men to combine in social union for mutual advantage, and by means of which society has been rendered, not indeed a paradise of peace and plenty, but that which it has been from the beginning, and, with certain modifications, must continue till the end of time — a mixture of good and evil, where the actors are the great and the insignificant, the weak and the powerful, the industrious and the idle, the prosperous and the unfortunate. It is a state best fitted for probation, since it is continually calling forth the virtues and the vices, the passions and the charities, of our nature.

“ We have confined ourselves to that part of Mr Gray's book, which lays down the principle of his system. The greater part of his volume is taken up with a consideration of the existing evils, with some of the more popular views of political economists, and shewing how the Social System would affect them. His strictures on Mr M'Culloch bear marks of an acute and vigorous mind. But our critique has already extended too far, to permit our following him through this portion of his work.

“ In conclusion, we have only to say, that the author displays extensive and accurate knowledge of commercial business; and that, putting his own peculiar views out of the question, much

useful information upon general subjects may be obtained from his very interesting work."

"Since writing the above, we have been favoured with a sight of letters to the author of the *Social System*, from two eminent individuals, of very opposite political principles, Mr Sadler, M. P. and Mr Attwood of Birmingham. Both speak in very handsome terms of the author; and we are happy to find our own high estimate of Mr Gray's acuteness and intelligence thus confirmed by the testimony of men, whose opinions, especially in matters affecting commerce and civil economy, are so justly entitled to respect."

[The letters here mentioned were borrowed from me by the printer of the *Social System*; by whom they were shewn to his friend the writer of the foregoing notice. — *Author.*]

From the Scots Times of December 27, 1831. — "Mr Gray's volume is full of acute thinking and of clever and frequently vigorous writing; but is thoroughly tainted by the doctrine he advocates, viz. that production may be made the cause of demand by the establishment of a vast commercial constitution, the members of which shall be induced to combine their capital for the supply of the necessaries, conveniences, comforts, and luxuries of life. This, our readers will perceive, is just a modification of the scheme of Mr Owen — certainly stript of some of the most objectionable portions of his theory, but retaining its radical fallacies. We must not, therefore, go over the ground we have already trodden in our examination of Mr Owen's plans — yet we cannot dismiss Mr Gray without observing, that his acuteness, though, in our opinion, ill directed, is obviously very considerable; and that his volume contains so many remarks, not merely able, but true, that we think its perusal may be beneficial even to those who, like us, reject his conclusions. As the feeling that his scheme is a mere reissue of Mr Owen's plans, might warp the judgment of a reader who perused the volume in a regular way, we would suggest to all who examine it the propriety of perusing the preface and appendix before entering into the body of the work."

From the Edinburgh Observer of December 2, 1831. — “ Who shall set bounds to the march of intellect, or define the limits of possibilities? In populous and commercial countries teeming with productions, it frequently happens that they exceed the demands, till the markets become glutted, and commerce clogged with unproductive stock. In such cases, what is to be done? This question is answered by Mr Gray, who proposes a scheme, by which demand, instead of being the *cause*, shall be the *consequence* of production. If Mr Gray can make his system ‘work well,’ he will be the first of political economists, and entitled to the gratitude of mankind. His work exhibits much bold and original speculation.”

From the London Spectator of November 26, 1831. — “ The *Social System*, by John Gray, is an elaborate volume, the object of which is to expound to the world a new theory of society. Mr Gray examines the present social system, as far as it is connected with industry and commerce, and exhibits in a forcible manner the various evils to which it is liable. He does not present us with a view of its advantages, by way of compensation; neither does he shew the remedies which may be applied with the hope of a cure, — or state, what is true, that many of these vices are transitory, and only connected with a portion of the progress of mankind. He goes to work more boldly, and invents a perfectly new system of trade, manufactures, and commerce.

“According to the present system of political economy, demand is the cause of production; in Mr Gray’s system, production would be the cause of demand. As the world wags at present, trade and every thing else is managed individually; a manufacturer fabricates broad cloth or any other article until the price falls, and as he has to sustain a competition with another, a race of low prices is run, until one or the other, or both, may be ruined. The excess of supply above demand is one of the frequent causes of bankruptcy. Such is one of the evils of the present system of trade. Another more fertile cause is the nature of the circulating medium; it is a commodity, like all other commodities, subject to fluctuations in value, and consequently causing fluctuations in the price of all marketable commodities,

— a circumstance which introduces confusion, uncertainty, and even injustice, into the affairs of the world.

“For these, and many other evils, Mr Gray has a remedy in a total change of system.

“The whole capital employed in trade, agriculture, and every branch of production, is to be placed in the hands of one company or board; this capital the board will employ in producing all such articles as may be wanted, by means of their agents, who will be conveniently placed at the head of manufacturing, agricultural, and other establishments. The entire production of all the working classes of the country is to be entered into grand depots, from which all retailers are to be supplied. In this way, the directors can always regulate the quantity wanted by the quantity consumed. If stock accumulates, indicating that the demand has ceased, capital is immediately withdrawn from that direction and employed in some other.

“The instrument of exchange is the representative of the capital of the country: it will consist of receipts for property or capital vested in the National Company, and can never vary from the value at which it is estimated in the national books.

“Hence it would appear, that under this system, it is always as easy to sell as to buy. Any person possessing property has simply to enter it on the books of the company; and his receipt is money, which he may either turn into any other property contained in the national warehouse, or employ as he sees fit.

“Connected with the National Company, is a National Bank which manages every thing connected with the instrument of exchange.

“Under this system, wages would be fixed, and price be composed of capital and labour added together, and in the same article would also be fixed.

“This is but a very general outline of Mr Gray’s curious and ingenious theory; for the details of it — for his answers to objections, and also for his objections to the prevailing doctrines of political economy — we must refer to the copious volume itself.

“We may add an objection of our own to Mr Gray’s plan, which we think insurmountable. In the working of his system, it would be found that the stimulus which now excites men to

the discoveries and inventions which have made us what we are, and more than any thing tended to the increase and accumulation of capital, would be altogether taken away. It is not the nature of man to remain stationary; if the exciting motive to progress were relaxed, the *vis inertiae* of contented man would come into play, capital would diminish in comparison with population, and we should ultimately sink into a great nation of systematic paupers. It is the individuality of the present system which is the secret of our acceleration. The alternative of fortune and beggary is the condition under which the greatest enterprises and the most ingenious discoveries are brought into play. True it is, that individual miseries and private losses occur; but on the whole, the nation gains, and greatly."

From the Glasgow Chronicle of October 12, 1832. — "From time to time we have given various notices of Mr Owen's attempt to effect the exchange of commodities, without the use of money, merely by certificates of value, called labour-notes. Mr Owen may thus succeed in exchanging a great many commodities; but we shall be surprised at his success, if his scheme turn out to have any other principle at bottom than that of an ordinary commission shop.

"Mr John Gray, in his able treatise, entitled 'The Social System,' inculcates the great advantage of having warehouses for the deposit of goods, in connection with banks for the issue of a nominal equivalent in paper money; so that any man might carry to them the produce of his industry, whatever it might be, and get a certificate of its value, in the same way as any man now gets bank notes for gold or silver coin. This certificate would enable him to purchase any other commodity in the warehouses, and, having thus effected its object, would be cancelled." [Then follows a long quotation from the book, after which the writer concludes as follows:—]

"The scheme, we fear, is utterly impracticable. It would be next to impossible to fix the amount of labour expended upon many commodities. In the great articles of meat and drink the diversity of seasons would occasion unavoidable fluctuation; and the limitation of the quantity of land would inevitably occasion gluts of manufactured goods. The scheme might go swim-

mingly on for a few months ; but by and by it would be found that the manufactures of cotton, wool, and iron, would be as superabundant as at present."

From the Edinburgh Weekly Chronicle of December 17, 1831. — " Another work on Political Economy, by a bold and strong, though, it may be, on many points, an erroneous thinker. We have gone over this work with some care to be able to give an intelligible account of Mr Gray's speculations on a subject which every one agrees is defective, where it is not positively bad,—though where the fault lies, and how it is to be remedied, as far as it admits of remedy, must for some time longer remain a subject of controversy and doubt. In the science of Society — Political Economy — or, to adopt Mr Gray's apt name, the Social System, mankind is at this moment in the ferment of vast, and, we believe, most advantageous change. His book is a small fragment thrown up in this general fermentation of active and powerful intellects ; and, though we do not think that many will join in his conclusions, or become converts to the doctrines of the new sect or system he would establish, his discussions are likely to meet with much more attention than they would have done even five years back, — but certainly not with more than from their ingenuity they deserve. This is, we are sorry to think, a *dry* subject for newspaper readers, though, in reality, the most interesting and important in which men can engage ; and we shall, therefore, endeavour to give, in one sentence, the principle which forms the basis of Mr Gray's system. It is, ' To make production the uniform and never-failing cause of demand ; or to render it as easy to sell for money, as it is at present to buy for money.' This may be called ' putting the cart before the horse,' in relation to established notions ; but if Mr Gray is able to shew that it is much easier, and, consequently, more profitable and agreeable to make horses propel carts instead of dragging them, the new plan can form no well-grounded objection to his novel doctrine. To learn how this happy change may, according to Mr Gray, be produced, read his book, — especially the first six chapters. The remaining part of the work is devoted to ingenious general discussions on branches of Political Economy, and the method

of organizing Mr Gray's system and bringing it into successful operation. Many superfluous apologies are made for faults of style. We venture to assure Mr Gray that so far as we are aware there is no *Mason Word* in the mechanical part of literature that he does not fully possess. Clear thinking on any subject will make perspicuous writing—strong conviction will 'voluntarily move' forcible sentences; the rest is but leather and prunella. The Lord Chancellor could not have stated Mr Gray's case more clearly than he has done himself; and this is high praise. We commend his work to all who have leisure and taste for such speculations—and wish the latter class was more numerous—and take leave of Mr Gray with very great respect for his natural abilities, and a much higher opinion of his acquirements than he appears to entertain himself. It may, however, be his fate to labour only among the pioneers in the march of society."

From the Belfast Northern Whig, of April 2, 1832: headed, 'From a correspondent.' — "In attempting to analyze the structure of society, and its present commercial arrangements, the Political Economist finds himself, at the very outset, involved in a maze of contradictions and paradoxes. Many of these difficulties, by a close and scrutinizing examination, he is enabled to comprehend and elucidate; whilst there are others which defy the utmost stretch of his ingenuity to unriddle or reconcile. Such, for instance, are the following: Uncultivated lands — Capital unemployed — Redundant population — Over production — Poverty! One would naturally suppose, that in a society where all these exist, an amalgamation would take place, which would neutralize the evils of each, and universally diffuse the benefits that such a combination might be expected to produce: and such would inevitably be the case, were there not some counteracting power to prevent it. The existence, however, of such anomalies as those noticed, proves, wherever it may be, that such society possesses the principal ingredients of prosperity and happiness; and that, whenever arrangements are made, so as cordially to unite them, such will be the effect produced.

"The propounding of a system, and, to a certain extent, ex-

plaining its details, whereby such arrangements may be made, comprises the subject of the work now under notice; and, in my opinion, ably has the author accomplished his task. Being a commercial and a practical man, he has treated his subject in a straightforward and intelligible style. Making no drafts whatever on the expected improvement in our moral attainments, nor resting any thing on the hope, that we may ultimately become all of one mind, he has proved, in the most clear and lucid manner, 'that production may be rendered the uniform and never-failing cause of demand;' or, in other words, 'that to sell for money may be rendered, at all times, precisely as easy as it now is to buy with money; and this, without any limitation or restriction, as respects quantity and value, but not without regulation as to kind. He affirms, that, upon the plan of exchange which he recommends, 'if every man were to work twenty-four hours a-day, and if, moreover, the labour of each man was equal to that of a steam-engine of fifty horse power, *production could never overtake demand*; and neither could the market be overstocked, for a single hour.' He observes, 'the *kind* of produce brought into market might change from necessary to luxury, and from luxury to profusion; professions (not the legal, indeed, nor the medical, but the arts of painting, sculpture, music, and many others,) would multiply to an incredible extent; but there would be no more *gluts*.'

"These announcements are certainly startling; and the feeling with which such theoretical statements are generally received by society, cannot be better characterized than in his own words:"—

[Here follow some long quotations, interspersed with a few words only; and then the writer concludes as follows:—]

"By endeavouring to lay before the readers of your valuable Journal, the main principles of the plan of exchange, or commercial constitution, proposed by Mr Gray, I am necessarily precluded from entering into the details. The chief objections to its immediate introduction and practicability, he has clearly set forth, and ably answered; and I would wish particularly to impress upon the individuals who may peruse this, that before they set it down as an unnecessary or impracticable plan, they will endeavour to obtain and peruse the work itself. This

course is strongly recommended by the enlightened editor of *The New Monthly Magazine*, and I do not think I could render the public a greater service than by seconding his recommendation ; for I feel convinced that those who give it an attentive and unprejudiced perusal, will find good reasons to induce them to agree with the author in thinking, that ‘ England has only to be made acquainted with the immensity of her own strength, to spring, as it were in an instant, from the very depths of poverty and wretchedness, into the heights of commercial prosperity and happiness.’

“ ‘ All she requires, is to let loose her enormous powers of production, which are now tied and bound down by the chain of commercial error. Like a mighty engine wanting a single wheel, she now stands still, the wonderment of those who, ignorant of her construction, are not aware that any wheel is wanting ; but re-arrange her parts, and give her that one wheel, and nations shall awaken, as from the sleep of death, to see her operate and erect her counterpart.’ ”

From the New Monthly Magazine for January, 1832. — “ The title-page of this book prepared us to find the author an Owenite, or, at best, a doctor of the doubting science. But he cares for none of these things ; he has got a crotchet of his own into his head, about the reformation of society, and he stands up for it in a bold, bluff, straight-forward sort of way, that pleases us extremely. The specific object of his book, as he tells us, is to state, to prove, to exemplify, and to force upon public attention the important fact, ‘ That it would be by no means difficult to place the commercial affairs of society upon such a footing, that production would become the uniform and never-failing cause of demand ; or, in other words, that to sell for money may be rendered at all times precisely as easy as it now is to buy with money.’ Assuming that our whole system of exchange is at present founded in the depth of ignorance and folly ; that a proper or rational instrument for effecting exchange between man and man has never existed since the world began ; he undertakes to shew how produce, in quantities without any known or conceivable limit, may be disposed of advantageously, at all times, in a single hour, and without the

chance of the time ever arriving when there can, by any possibility, be a market overstocked, or demand be overtaken by production.

“ ‘England,’ he assures us, ‘has only to be made acquainted with the immensity of her own strength, to spring, as it were, in an instant, from the very depths of poverty and wretchedness, up to the height of prosperity and commercial happiness. All she requires is to let loose her enormous powers of production, which are now tied and bound down by the chain of commercial error.’ ‘Freedom, domestic freedom of exchange,’ he adds, ‘is what this nation chiefly wants to make its people prosperous and happy. No miracle on human nature has to be performed to bring this plan of exchange into operation. Apply that principle of unity of action to the whole that has ever been found indispensable to the right working of every part of man’s affairs, and the thing is done.’ But how is this momentous exchange to be effected? ‘Read the book,’ is the author’s answer, and we cannot conclude with a better.”

From the Metropolitan Magazine for January, 1832.—“ When we take up a book of this kind we scarcely know how to treat it. If we once begin to enter upon the interminable subjects to which it inevitably leads, there is no end to the task, and after all, we leave off little wiser than we began. We mean this as no implied censure on Mr Gray’s book, but on the science of which it treats. From Mr Gray we must travel to Mr Malthus, and then to Mr Sadler, and from these to Mr M’Culloch, until ‘in endless mazes lost.’ We may, however, exerting a quantum of self-denial, which we hardly thought we possessed, just state, that Mr Gray’s book well merits perusal: that his candour respecting his work and himself, in his preface, entitles him to an attentive perusal; and that so far from the character given by his friend to his work, as stated in the preface, being correct, we think there is much which every man interested in the subject will be glad to read and reflect upon. Social science is a distasteful study, perhaps because it is not a fixed science, or rather, a science, the principles of which are well and clearly defined. The sketches of a commercial constitution are ingenious, and we do think, merit a trial. Unfortunately, we cannot

act on great bodies of men as we can do on a few individuals. Our author censures the modern practice of exchange; he censures gold because of the change in its value. Money, he says, should be merely a receipt — money should not be intrinsically valuable. ‘The desideratum in money is,’ says Mr Gray, ‘that it may enable any man, at any time, to exchange any article, of any value, for an equal value of whatever marketable commodity he pleases to have in its stead, with the least possible expense of time, of labour, and of anxiety.’ He then says very truly, that no description of money in use at present comes up to this standard. We must not proceed farther, but recommend the reader to the work itself.”

From the Edinburgh Saturday Evening Post of November 12, 1831. — “The subject of the present volume is, in our opinion, one of such vast importance to society at large, that, in attempting to make a few observations in reference to the principles to which Mr Gray has addressed himself, we cannot but feel our utter inadequacy to the task imposed on us, and we lament that the untowardness of the present time should render it so morally certain, that any thing we may say will be totally unavailing for the purposes of the author. Men are so thoroughly pre-occupied with the political baubles of selfish and narrow-minded partisans, that the true philosopher and economist must be content to have his claims overlooked by the very people who are most interested in them. It is in vain that he demands inquiry — in vain that he calls for attention — he is neglected, despised, treated as a quack, and his labours are consigned to the tomb of all the Capulets. Much as we fear that this will prove the fate of Mr Gray’s important and philosophic work, we earnestly hope for a very different result. He may, however, rest assured that, humble as our good word is, we are very deeply impressed with the great value of his studies.

“To all thinking men, it has long been apparent, that there exists some radical error in the system of human society — something which inevitably prevents the demonstration of what the Benthamites call the ‘Greatest Happiness Principle.’ The beneficence and wisdom of a Divine Providence would

lead us to expect, that the great majority of our fellow beings are living in a state of happiness and contentment. But, strange to say, the reverse is the fact. Accordingly, numerous political sects have lately arisen, each desirous of promulgating its own particular views on this subject. Some — the political economists, for instance — consider over-population, and a paper currency, to be at the root of the evil; others — the Owenites — suppose that the want of co-operation amongst the labouring population is the real source of human misery; and then, again, we have the Radicals and Republicans, who, in their impenetrable ignorance attribute every possible affliction to a particular form of Government. We need not here attempt to demonstrate the utter inefficacy of the various panaceas which these sects would propose for the eradication of our social and political grievances. It is enough to say that, giving them all the credit which their concocters demand, they must ever fall far short of the real necessities of the system under which we live.

“ When we mention that none of these political sects has ever even dreamt that the operation of the present plan of exchange might possibly lie at the bottom of our social evils, we think we shall have said quite enough in proof of the shallowness of their speculations. It is true, that the political economists have advocated certain changes in our monetary system, but they have always professed to consider such changes as of entirely secondary consequence, in comparison with their other theories — such as free trade, emigration, &c. It has apparently never occurred to these sages, that when every body, *save the capitalist*, cries for money, and complains of the want of it, in spite of all exertions to procure it, the great fault may possibly rest with the money itself. We seldom or never hear of any body complaining of a want of commodities — *money* alone is the desideratum. The labourer may be ever so industrious, the consumer may be ever so needy, the merchant ever so well supplied with goods, but unless there is plenty of money, none and all of them must starve. Although nobody ever takes it in his head that he could eat money — that is, gold, or its representative, bank notes — all confess that they cannot possibly do without it. In short, money is the very *pivot* upon which the system of society turns. It is, therefore, important to the last

degree, to ascertain whether *money*, that is, whether the present *material* or *manner* of exchange is properly constituted, in relation to the purposes which it is intended to forward.

“Without going into the complicated considerations which this question ought naturally to embrace, it must be obvious to every person who can connect one thought with another, that gold is altogether inadequate to accomplish the objects of commercial exchange. In a state of society like that which exists over Europe, where the industry of man is taxed to an almost incredible amount, and where every particle of *money* is required, merely to keep the machinery of the different governments in motion, how, it may be asked, is it possible for one nation to increase its exertions, without injuring another? The working of the monetary system which at present exists, can only have one effect—it must cripple and confine the natural powers of society. It imposes an artificial restraint upon the industry of man, it sets a limit to his capacity of production, it puts a chain upon the freedom of his efforts; in short, it has the very opposite effect to that which, no doubt, it is generally supposed to produce. Instead of operating as a convenience to society—instead of facilitating commercial exchanges—instead of being an improvement upon the barbarous practice of barter, it is the very reverse. The reason why this should be the case, is simply, because gold, or any thing which merely represents gold, and which can exist only in a certain quantity, is held alone to be the *measure* of the aggregate wealth of society; a thing which, while gold is valuable on its own account, and at the same time stationary in its amount, must ever place the wealth of the community at the mercy of a particular commodity. Gold has this advantage over every kind of production—it not only is supposed to represent its own value, but is considered as the only representative of every other species of wealth, and its own value, which is fluctuating, regulates every other kind of value, as if we should make the price of coals regulate the price of beef. But to place this anomaly in a still more glaring light, we would ask, how is it possible that the four thousand millions of property which belongs to Britain should find a market, when, if it were attempted to make it change hands, no more than eighty or a hundred millions of money could be

found in the country to pay the price of the purchase? Yet, in this state of things, it is obvious that the L.4,000,000,000 must be exchanged only for the L.100,000,000, with a loss to the sellers of L.3,900,000,000. And if we push the supposition a little farther, we shall find, that were the purchasers to increase their wealth, by eking out their credit one-half, they would not be able to procure in exchange for it more than the sum they originally paid, incurring a loss proportionally greater than that which overtook their precursors!

“These startling facts are of themselves sufficient to explain a great deal of the delusion which exists. But philosophers are too wise in their own conceits generally. They are the very last persons to discover a *practical* evil. That *gold* should be a *bad thing*, must appear to many a pig-headed political economist a most incomprehensible doctrine. But so it is; and we trust the day is not far distant, when the fact will be acknowledged by the civilized world. We confess that we look upon Mr Gray’s work as a most favourable omen. It is to us a powerful proof that the subject does not want for zealous and able investigators. We happen to know, that the very ideas which he has put upon paper, evidently in the belief that they never occurred to another human being but himself, have been previously published by economists. We have been acquainted with the system which Mr Gray has propounded in the volume before us, for years; and we can assure him that it is to us perfectly familiar. We were not, therefore, at all surprised at the views which he has so ably advanced; but we were certainly not a little astonished to find that they had been brooding in the mind of a Scotsman. Whatever other people may think of his volume, we can safely assert, that its novelty is to us its least recommendation.

“Mr Gray sets out with the declaration, that ‘the specific object of this work, is to state, to prove, to exemplify, and to endeavour to call the attention of the public to the important fact, that it would be by no means difficult to place the commercial affairs of society upon such a footing, that production would become the uniform and never failing cause of demand; or, in other words, that *to sell for money*, may be rendered, at all times, precisely as easy as it it now is *to buy with money*.’

“ This is exactly the *desideratum* to which we have before alluded. But it may be asked, how does Mr Gray, or any one else, propose to carry this principle into effect? Mr Gray gives a skeleton of a Commercial Constitution which, if adopted to the extent which he proposes, would enable society to buy and sell at will. The principal features in this document are, that produce of every description should be lodged in national warehouses — that all retail shops should be supplied therefrom — and that the price of commodities should be entirely regulated by the cost of the *material*, the wages of labour, and a per centage by way of *profit*. The author suggests the formation of a joint stock company, as a beginning.

“ We must frankly own, that the idea of erecting national warehouses, however valuable in an abstract point of view, has always appeared to us to be impracticable. No government, we fear, could be sufficiently impressed with a sense of its utility — no nation could comprehend its importance — and, therefore, it might be allowed to languish and die, like many other valuable speculations, for want of that gradual evolvment which would render it familiar to those who are to be benefited by it. By this, we would have Mr Gray to understand, that we fully concur in the utility of establishing departmental warehouses, such as he appears to contemplate; but we, nevertheless, entertain strong fears that the means for calling them into existence cannot be had until the people shall have attained a degree of enlightenment which is scarcely to be expected. The same kind of objections, we are afraid, will apply to the system of national banks, which he proposes shall form part of his commercial scheme. It looks all very well on paper; but it will not be therefore the less objectionable to many.

“ In truth, it is the general object of this work which we so highly approve. That object appears to us to be the complete exposure of the existing system of exchange, which makes *gold* the only represented or representing commodity. It also places in a very clear light the nature of money — or what money ought in fact to be. As Mr Gray observes, it is entirely in the nature of a *receipt*; and so that it represents efficiently and incorruptibly a certain *value* in wealth of any kind, it matters not whether it be paper, leather, or iron. The cheapest and most

plentiful substance which is the most difficult of imitation—and paper seems to be that substance—must ever be considered as the most appropriate material for a currency. The only other point for consideration is what ought to be the criterion of wealth. We can easily conceive that a British government would consent to meet the existing difficulties upon these grounds, which would accommodate themselves to existing habits, and in the end be equally efficacious. Nay, we believe that the best remedy for all the evils with which our commercial operations are impeded, would be an almost unlimited issue of paper money—*limited*, we mean, to the extent of the wealth which is known to exist in the country. Any measure which would tend to widen the circulating medium would, in our eyes, be a blessing; and we think that, in the eyes of Mr Gray, it would be a step towards the completion of the system which he has proposed in the volume under consideration.

“We have not attempted to enter into a lengthened detail of the various points which Mr Gray handles in the work before us. Indeed, although we entertained such a design at one time, on farther consideration, we fear that we must content ourselves with referring the reader to the work itself for a proper idea of its contents. It is full of novel views of society, and displays, generally speaking, more correct knowledge on almost every thing connected with political economy than we ever met with in the compass of a single volume. We shall perhaps take occasion to refer to it at a future time.”

With the exception of a few kind words in the London Courier, which I have lost; a very long and favourable notice in a Birmingham paper, but far too much mixed up with other matters to be suitable for quotation here; and a single sentence in a number of Chambers's Edinburgh Journal, something about *ingenuity*, the foregoing are all the public notices of the Social System that ever came into my hands.

And I now embrace the first opportunity I have

had of doing so, to return my most cordial thanks to the writers of them. I have perused all their observations with attention, but have sought in vain for an argument, worthy of the name, against the principle of exchange, for the adoption of which I have contended. The writers make this objection, and that objection, but it is remarkable, that not one of them ever calls in question the fundamental principle of the book at all. The opposing artillery is, for the most part, directed against certain *imaginary* attendant circumstances, which have just as little to do with any part of my proposal as they have to do with the politics of Pekin. Some declare the plan to be impracticable, whilst it is undeniable, that the whole machinery thereof would not be one-hundredth part as complicated, nor, on any view whatever, so difficult to manage, as the business of *any one department* of the existing executive. Then, as to the *perfectibility* of man, which, according to others, must precede the establishment of any such system as that which I propose; it would really be idle to reply; for it is perfectly obvious, that a nation of very indifferent characters would be much more easily managed, under my system, than a nation of saints under that which now exists: the power to do mischief being reduced a hundred fold on the one hand; whilst, on the other, the temptation to do wrong would be diminished to an equal, or even greater, extent.

I forbear to particularize, but the truth is, that a great many of the foregoing observations upon the theory of the Social System only tend to exhibit the

backward state of the science of political economy ; and to shew how very little that science is either appreciated or understood by even the *public writers* of the day ; many of whom, in objecting to my system, are evidently not aware that their arguments apply with equal force against some of the doctrines of the most celebrated political economists. Several of the critics exclaim, as if at a miracle, at the idea of production *becoming* the cause of demand ! Did these gentlemen ever open a book entitled “The Principles of Political Economy, by J. R. M‘Culloch?” in which it is as strenuously, though erroneously, insisted, that production *is now* the cause of demand, as I insist that it *should become so*.

There is but *one* valid objection to the *plan* of the Social System in the whole of the foregoing criticisms ;—and, as I have already stated, there is not so much as the ghost of an argument against the *principle* of it. The one valid objection to a *portion* of the plan is contained in the article from the *Glasgow Chronicle* ; which, however, in the present work, is entirely obviated. To sweep away every other objection contained in the foregoing criticisms, and to turn the tables a little where something like ridicule has been attempted by some of the writers, would be but child’s-play. The critics, most of them at least, seem to shut their eyes to the astounding fact, that there is a law in the very construction of commercial society, as it exists at present, equivalent to an act of parliament, having for its express object the perpetuation and increase of poverty, distress, and crime. With

this subject they never grapple : and if I have truly pointed to a land of plenty, it is a poor thing to say,— But there are not yet a railroad and steam coaches to convey us thither ! A sufficiently good road is open to us at any time ; if any one can discover a shorter and better one, by all means let it be preferred : if not, it is worse than madness not to avail ourselves of that which is already discovered.

But — one excepted — I am not going to contend with the critics, nor to adventure upon the dangerous ground of provoking their hostility. On the contrary, I would rather humbly crave at their hands a deliberate investigation of the subject here laid before them ; and, at the same time, entreat them, if merely for the argument's sake, to endeavour to suppose it possible that there *may be* some secret cause, in the construction of society itself, for the enormous evils that surround us ; and then, prejudice aside — alas, how hard the task ! — to make inquiry of their own reasoning faculties, whether the proposed alteration in the currency would or would not, if adopted, have the effect that I have ascribed to it.

I would also venture to remind them, that it is worse than childish to say,—The proposition *resembles* this, that, and the other theories, some of which have been put to the test of experiment ; whilst the others have been disposed of long since by the political economists, and other writers. I ask them to judge of my project by *its own* merits or demerits, not by the merits or demerits of other projects. I remind them too, that one thing may be very like

another at first sight, and yet as different from it in reality as chalk from cheese; and they need not go far from home for an example. Let them look to their own printing machines: how *like* they are in general and external appearance to many that have utterly failed! How many attempts were made to construct effective machines for their purposes before the days of König, Cowper, and Napier! whilst, at this hour, one single tooth more or less in some of the important wheels would throw the whole into disorder. May not then the same thing be true with reference to the machinery of commerce?

Neither ought the *magnitude of the advantages* I propose to attain, in the least degree startle them; for the improvement in man's *physical* condition which I contemplate would not be *one atom greater* nor more wonderful, than many improvements which have already taken place in various departments of human art. *Are the means equal to the proposed end?*—This is the one proper question before us; and if the answer be in the affirmative, let us leave it for the gaping multitude, to substitute wonder for argument, and then to fancy it the same thing. It may also be added, that so far from there being any thing to wonder at, should unmerited poverty be wholly expelled from this country, the real marvel is, that any such thing exists.

Call your great-grandfather from his mother earth—tell him that mankind have found out a plan, by means of which they are able to *enjoy* as many of the good things of this life as they are able to *create*; and let the additional piece of information

be given, that during the week ending September 3, 1842, 33,879 people came from Glasgow to Edinburgh—the whole distance, or part of it—in a regiment of coaches drawn by steam, paying £7194, 5s. 1d. for their fare, and see which of the two items of information *he* will be most inclined to disbelieve. I think the latter one would have the least chance of acceptance in his eyes; for it is no long time since a steam coach projector was only, in the estimation of nineteen-twentieths of mankind, another name for a monomaniac.

Tried, I may perhaps be told, the money I recommend has already been, in the shape of something called a labour note, issued somewhere in or about London, by the followers of Mr Owen, upon a no more complete, or better digested plan of operations, than that which regulates the first rude effort of a schoolboy to construct a ship, or to build a village of cards. Put the kettle on the fire; call it a steam engine; say it will not drive a mill; *ergo*, steam as a motive power is powerless. Or, I may be told, that the alteration in the state of things which I propose is *so* great. Gentle critic—Do you really think it is a *small* matter to meet the difficulties of this country? as also, to open a channel for an uninterrupted course of future prosperity?

CHAPTER X.

THE LAPIDARY AND HIS PEBBLES — DEDICATED WITHOUT PERMISSION TO THE
EDITOR OF THE WESTMINSTER REVIEW — CONCLUDING REMARKS.

THERE is, however, one commentator upon the Social System, upon whose lucubrations I shall make a few remarks, and hope to be acquitted both of impropriety and presumption in venturing to do so. Concerning matters of taste, and elegance of thought and diction, it may be for a Byron, and for such only, to review reviewers. Not so as to matters of fact: two and two are four: all the critics in the world can make no more, nor any less of them; and whenever they attempt to do either, they are just as easily refuted as other people. Critics, in general, are necessarily of the omnibus character: they are presumed to examine all things, to understand all things, and to be able to dictate upon all subjects; so that if they do play at blind-man's buff a little sometimes, it is no great wonder: and we all know that political economy is not exactly one of their *pet* subjects.

But there is also the critic *peculiar* — the man who confines himself to one subject, or class of subjects, which he is not merely, in general terms,

supposed to understand, but which he *ought* to understand thoroughly; and if he do not, he is unfit for the office he presumes to fill. Such is the mechanical, the chemical, the medical, and the musical reviewer; and last not least, such also is the *Westminster* reviewer upon all subjects connected with political economy. Here, if any where, are we entitled to look for sound doctrine; seeing, that if it be not found amongst the *professors* of the science, whence are we to direct our steps? Alas! if misrepresentation, misstatement, and nicknames are the best weapons they are capable of wielding, a Westminster schoolboy, with a little common sense in his head, would be a more formidable antagonist. The two former modes of attack will be very easily dealt with here; whilst, for the use of the latter, there exists no patent right. However, had the nonsense I now proceed to laugh at appeared in any publication of less repute, I should have deemed a reply, in any shape, superfluous. But the Westminster has assumed a very high place on the judgment-seat of criticism; and it is, moreover, the oracle of one of those political *faiths*, which are so admirably calculated to save her majesty's subjects the trouble of thinking for themselves.

Under the very comprehensive title, then, of "St Simonianism," &c. are noticed, in the thirty-second number of the Westminster Review,—"*First*, The doctrine of St Simon; *Secondly*, The religion of St Simon; *Thirdly*, The Social System; *Fourthly*, Outline of the rational system of society; and *Fifthly*, the British co-operator."

Leaving the doctrines of St Simon and company, to the vindication of their respective authors or advocates, the reviewer's remarks upon the *Social System* I shall here transcribe verbatim :

“ The opinions of the St Simonians are reproduced on this side of the Channel in an octavo volume ‘ by John Gray ;’ with the addition of a new discovery, on ‘ The Principle of Exchange.’ The principle resolves itself into a proposal that the Government should issue a kind of billets or bank notes to every person who chooses to lodge property in certain warehouses, and the billets are to be circulated as money. The effect of this, it is supposed, would be to produce ‘ a market *ad infinitum*.’

‘ Produce without any limit ; call in the aid of magic, if you please, to increase the respective products of labour, and still the market can never be overstocked, nor can any difficulty be experienced in selling, for a fair price, that which you produce.’

“ The mistake is simply in believing, that such billets, when they came to be multiplied, would go on purchasing the same amount of commodities they were first given for. It is a repetition of the fallacy produced in one form by Pitt and Sinclair, and in another by those who call for the issue of Bank of England notes to any body who will lodge property in return. There is such a thing as *depreciation* ; which the moment the medium of whatever kind in circulation exceeds a certain amount, causes the value of all additions to its numerical volume to be swallowed up, by reducing the value of the whole circulating medium in the pockets of the holders, to the same value as before the increase. Suppose the proposed billets to have superseded all other kinds of circulating medium, and that forty millions of them are just sufficient to carry on the business of the country as at present. Let the number in circulation be made fifty millions, and the exchangeable value of each billet,— the quantity of beef and butter that will be to be had for it in the market, — will fall in exactly the proportion of four to five ;

and what will have been gained by that? Or, in other words, prices will rise, and the same quantity of things that used to be bought with four bits of dirty paper, will now be only to be bought with five. Any simpletons can make bits of paper legal tender, and declare that they are equal in public estimation to something else, though they are passing for three-fourths of the value under their noses. But all the conjurors on earth cannot prevent the rise of prices which will make the increased number of bits of paper buy only the same quantity in the market as the old. Some have tried a *maximum*, which means every body taking what they like; but nobody liked it in the end except the thieves. If it is urged that the billets could not be depreciated, because, on the first hint of depreciation, holders might have the commodities out of the national warehouse on demand, — the question arises, whether they are to have the commodities at the old market prices or to-day's. If at the old, the plan will not go on a week without all the commodities in pledge being taken out, whereby the plan will be put into the category of things non-existent. If at to-day's, nobody will take the trouble of asking for the commodities, and so the depreciation will go on as stated. It is to be feared the plan is thus in the figure the ancients called a crocodile. If the representation was limited to saying that by substituting this paper-money to a certain amount, there might be a saving to somebody of all the gold that would be dispensed with as an instrument of circulation, this is nothing but what it has long been earnestly endeavoured to press upon the public. But it is not; the representation is, that it would give us Fortunatus's wishing-cap. The subject of depreciation is a complicated one, and cannot be gone farther into here, except by reference to the Article in the First Number of this Review, where it has been treated of at large.

“There are probably few schoolboys who have not at some time meditated on the prodigious convenience it would be, if the gingerbread-merchant would only take pebbles instead of half-pence, and if other shopkeepers would only agree to support him by taking them from one another in like manner. And it is likely there may have been considerable racking of youthful brains, to know why so promising a plan should not be immediately reduced to act. The reason is simply here, — *deprecia-*

tion. If the shopkeepers were to start with ever so virtuous a resolution to take each pebble for a halfpenny, they would find, that though they might persist in this, the art of man could not prevent ounce rolls from rising in price, first to two pebbles, then to four, then to eight, and finally to as tremendous a multitude as the farthings that were given for the horse that had eight nails in each shoe. Prices would rise, in fact, till all men became pebble-merchants ; till cart-loads of gravel, and wheelbarrowfuls for small change, circulated in the community at something about the present market price of that commodity. The proposed bank-notes (if not allowed to be returned at the old prices) would go on in the same manner, till they settled at the value per waggon-load, which they might possess as old and by no means cleanly paper.

“ Another of the same author’s mistakes is so odd, that it is impossible to avoid noticing it.

‘ The whole science of political economy, or “ how to make wealth,” may be reduced to a simple receipt, — to one as plain as any in *The Cook’s Oracle*. Thus, — Take due portions of land, labour, and capital, pound them well up together in a mortar, and the wealth is made. *Note* — Capital is made of land and labour, so that your wealth never need be of insufficient quantity, until you have exhausted your stock of one of these two ingredients, provided your mortar be not too small.

‘ The *mortar* is all that is wanted: at present, we have no mortar. See to it, ye politicians and,’ &c.

“ In this there is only the omission, that what comes out of the mortar must be as good as what was put in, and a little more to keep the pounder, — or else what is compounded is not wealth but poverty. The simple existence of this necessity is what brings all this race of apothecaries to a stand-still.”

Disregarding the *apothecary*, which, by the way, would rhyme well enough with *lapidary*, let us see what sort of an impression has been made upon the Social System by the pebbles.

And *first*, we are told, “ That the opinions of the

St Simonians are reproduced on this side the channel, in an octavo volume by John Gray." To which I reply, that if they are reproduced, they have certainly not been copied, seeing that I never read *one word* of St Simon's writings in my life, until I met with them in that said awkward squad of the reviewer, already quoted; neither have I read one word of them since. But, upon the supposition — which, however, is a most unlikely one — that the reviewer has fairly represented the doctrine of St Simon, that doctrine bears about as much resemblance to the theory of the Social System, as the Westminster reviewer thereof bears to any public writer who has any, even the slightest, knowledge of the subject upon which he presumes to dictate.

Secondly. — "The principle of exchange resolves itself into a proposal that government should issue a kind of billets or bank notes to every person who chooses to lodge property in certain warehouses, and the billets are to be circulated as money."

So saith the critic. *There is no such proposition in the book, nor any other bearing the slightest resemblance to it.* And, had there been any such, it could hardly have been a *principle* of exchange of any sort, good, bad, or indifferent. The *principle* of exchange developed in the Social System is, *without the shadow of variation*, the same as that which is presented here: it is to make *labour* instead of gold the standard of value; by the operation of which principle, production may be allowed to become *practically* that which it is, has ever been, and must ever be *naturally*, the cause of demand instead of

the effect of it: whilst "*certain warehouses*," in which "every person who chooses to lodge property," is *not* allowed to do so, certainly form a part of the *plan* of operations. A *part* of a machine, however, is not necessarily *the principle* on which the entire mechanism thereof is constructed: neither is it precisely one and the same, to be *allowed* to do a certain thing, and not allowed to do it. By reading the Westminster account of the Social System, any one might be led to conclude, that I had proposed to remedy all the evils of the country by the establishment of a great overgrown pawnbroker's shop: whilst the currency was in time coming to consist of a vast accumulation of pawn tickets. And I readily allow, that any one disposed to substitute misrepresentation and ridicule for fair statement and argument, could easily draw some kind of parallel between the two cases.

Thirdly.—"*Produce without limit*"—quotes the reviewer from the Social System—"*call in the aid of magic, if you please, to increase the respective products of labour; and still the market can never be overstocked, nor can any difficulty be experienced in selling for a fair price that which you produce.*"—And then he adds, "*The mistake is simply in believing that such billets, when they came to be multiplied, would go on purchasing the same amount of commodities they were first given for.*"

There is no such mistake; and I defy the reviewer, aided by all the reviewers in Christendom, to shew that there is any such. The species of money recommended for the use of society in the book

entitled the Social System — which species of money, be it observed, is not merely described in general terms, as a man would say, Let there be more bank notes, or more gold coin ; it is *defined* as minutely, both as respects kind and quantity, as distance can be defined by feet and inches — *may* be multiplied a thousand or a million fold, and still every pound of it *will* continue to purchase the same amount of commodities that were first given for it ; less only by the *per centage*, *invariably allowed for* in the book itself.

Fourthly. — The “fallacies” of Pitt and Sinclair I leave the reviewer to discuss with whomsoever he may find willing to contend thereon. By the latter — the late Sir John Sinclair I presume he means — shortly after the publication of the Social System, I was favoured with a few lines, accompanied by a copy of his “*Analysis of the Statistical Account of Scotland* ;” on the title page of which was written, “To John Gray, author of the Social System, from the author, John Sinclair, as a mark of his esteem.” I considered this little present, however erroneously, a much greater honour, than I felt it to be either disgrace or danger when I found myself to be within pelt range of the pebbles.

Fifthly. — “There is such a thing as depreciation,” continues the lapidary, “which, the moment the medium, of whatever kind, exceeds *a certain amount*, causes the value of all additions to its numerical volume to be swallowed up, by reducing the value of the whole circulating medium in the pockets of the holders to the same value as before the increase.”

There is no such thing as depreciation, which, in the Social System, has not been taken into account *in all its ramifications*. There is no such thing as depreciation which affects in any way, to the value of an atom, the truth of the assertion:— Adopt my system of exchange, and then Produce *ad infinitum*, and I will find you a Market *ad infinitum*. Here the pivot on which the argument turns is the words *certain amount*:—the lapidary defines the certain amount that is to produce these doleful effects; I may as well define it also, and thus it is:—

Whenever the aggregate of money is increased and circulated *faster than the aggregate of marketable produce is increased*, the price of the latter rises; and, consequently, the “additions to the numerical volume” of bank notes are swallowed up by the value of the whole becoming the same as before the increase.

But how is this to happen, under the control of a system, the *very soul* of which is — *that money shall never increase at all, except in CONSEQUENCE of the increased production of commodities?* My argument is this, and no argument in this world was ever stated in plainer terms:—Produce *ad infinitum*, and I will find you a Market *ad infinitum*: the conditions being, that goods shall be produced in due proportion to each other, *and that money shall be increased as fast as goods are increased, but no faster.*

The continuation of the reviewer’s argument immediately following that above quoted, namely, from the words, “suppose the proposed billets,” down to Fortunatus and his wishing cap, is sheer nonsense — a tissue of absurd, vulgar, conceited,

disingenuous, and unmeaning trash; disingenuous and unmeaning, because it has been written with the view of demolishing a hypothesis which has never been advanced. In fact, the critic has not bestowed *one word* upon the theory of the Social System; but in the absence thereof, he has imagined a theory to suit the present moment—a very absurd one truly, but that appears to be *quite* in his way—then he ridicules his own folly, and calls the act of doing so — *criticism*. Faugh!

Sixthly. — We are told, that “the subject of depreciation is a complicated one, and cannot be gone farther into here, except by reference to the article in the first number of this Review, where it has been treated of at large.” So now we must march to other quarters, namely, to the first number of the Review. Well, the article in question is before me, reprinted as a pamphlet from the original publication: and a more successful effort, in the art of mystification, I have seldom met with. It is full of error: besides which, a well written article on the subject of alchymy, witchcraft, or astrology, would be more amusing, and quite as valuable. For, the author sets out with a fallacy; and, consequently, every part of his argument which is founded thereon is fallacious. A marginal note on the third page of this important document, referring to the instrument of exchange, says — “any thing which is valuable is capable of being used for it.” For *any thing* read *nothing*. By way of introduction, too, we are furnished with the very important and interesting piece of intelligence — “that the following essay

had its origin by *fire light*;" which might go far to account for its obscurity, were it not for the additional assurance, that no less than "*twelve years*" of the author's valuable time were afterwards devoted to the study of the subject.

As this article, however, has not been let loose upon the Social System, I might fairly decline going into its merits here, farther than to remark, that the writer thereof does not appear to understand the subject of depreciation. The entire period of twelve years seems, indeed, to have been exclusively devoted to the examination of one side of it only; for, whilst the writer has perceived and exhibited the ill effects of an undue multiplication of the circulating medium, he has entirely disregarded the incomparably greater evils which have arisen from its not having been sufficiently increased to prevent the desolating consequences of *a falling market*: whilst, as to any *definite principle* of increase or diminution, he has not apparently an idea on the subject.

Seventhly. — "There are probably few schoolboys," says the reviewer, "who have not at some time meditated on the prodigious convenience it would be, if the gingerbread-merchant would only take pebbles instead of halfpence, and if other shopkeepers would only agree to support him by taking them from one another in like manner. And it is likely there may have been considerable racking of youthful brains, to know why so promising a plan should not be immediately reduced to act. The reason is simply here, — *depreciation*. If the shopkeepers were to start with ever so virtuous a resolution to take each pebble for a halfpenny, they would find, that though they might persist in this, the art of man could not prevent ounce rolls from rising in price, first to two pebbles, then to four, then to eight, and finally to as tremendous a multitude as the

farthings that were given for the horse that had eight nails in each shoe. Prices would rise, in fact, till all men became pebble-merchants; till cart-loads of gravel, and wheel-barrow-fuls for small change, circulated in the community at something about the present market price of that commodity. The proposed bank-notes (if not allowed to be returned at the old prices) would go on in the same manner, till they settled at the value per waggon-load, which they might possess as old and by no means cleanly paper."

This extract is quoted from a publication calling itself respectable, and professing to give, as part of its general contents, a *fair* account of such books as it may condescend to notice. Will the reader believe me, when I tell him — that in every sentence of the Social System, in which the subject of the proper quantity of money is alluded to at all, the necessity of *a corresponding increase and decrease* of goods and money is strongly and habitually insisted on? This is one fact: another is, that a grosser misrepresentation of a theory pretended to be reviewed, than that which is implied in the foregoing extract from the Westminster, never yet existed in a form of types.

The reviewer, albeit liberal enough in the act of quotation whenever it suits his own especial purpose to be so, *has not quoted*, for the very good reason that *he could not quote*, one word from the Social System, either expressing or implying a desire to adventure upon an indiscriminate increase of money. But to place him within the ranks of as unscrupulous a libeller of a theory as ever dipped pen into an inkstand, it will only be necessary to do that here, which he would have done in his

review, had it suited his purpose, namely, to give a few quotations from the book itself.

“The want of money — a story in every body’s mouth — is a great evil; and I propose to remedy it by causing the production *and destruction* of goods and money to proceed together.” — *Social System*, p. 24.

“The legitimate use of money is precisely the same as that of scales and weights and measures: it is to measure out and apportion exchanges, to facilitate the giving and obtaining of equivalents: money, therefore, as a necessary of life of the most ordinary and every day description, ought to be as cheap, as common, and as attainable, *by those who have any thing that they wish to exchange, as a pair of scales, or a pound weight.*” — P. 58.

“Great care must always be taken that goods be not made so freely, *as to lower themselves in money price*, because the undertaker would, in that case, lose by his adventure, his object being to gain by it. The man who manufactures goods, does not coin guineas at the same moment: there is no relative increase between the newly created wealth and its representative money; and thus a pound note, like a member of parliament, whose constituents are increased in number, becomes of greater relative importance. The value of an individual vote is lessened in the one case, and the value of an individual piece of goods in the other. Again, as there is no tendency in money, habitually and systematically to increase as other produce increases, *so also is there no habitual tendency in it to decrease as other produce is consumed.* The shilling which buys a loaf of bread, exists in circulation alike before the bread is made, and after it is eaten. Thus, the value of money is continually liable to *change*, and if weights and measures were subject to the same kind of variation, greater confusion and mischief would not be the result.” — P. 61.

“Upon this plan it will be evident, that, as the nominal or money price of all the property in stock would be entirely made up of the money issued by the bank to the respective members of the social community, the quantity of money in

circulation would at all times be *exactly equivalent* to the nominal or money value of the property in store. Money, therefore, would increase as produce should be increased; money *would decrease as produce should be redemanded or consumed*, and demand would ever keep pace with production."—P. 66.

"Money, intrinsically valuable, never can become an immutable standard of value. Money of no intrinsic value, can; and it is only by the adoption of an immutable standard of value that goods, *continuing to cost the same labour in their production, can continue to maintain the same price in the market.*"—P. 85.

"Thus, upon the system of exchange proposed, the various items that have been enumerated under the respective heads of wages, salaries, national charges, and taxes, would form the aggregate of *price*; and, as has been shewn in the last chapter, *the money issued, and the property in the national stores, would always be of exactly the same value*; and therefore demand would ever keep pace with production." — P. 121.

"Thus, try the proposed new principle of exchange in whatever way you will, it answers with mathematical precision to the character that has been given it; 'Production the cause of demand.' Transferring property *does not increase property*. The annual issues of the bank, therefore, would not represent all the *business transactions* of the country, but only its *productions and importations.*" — P. 153.

"Under the Social System, the money in circulation and the goods in the national stores would always be exactly equivalent, *increasing and decreasing together*. The money would be the demand, the property would be the supply, and the one would ever be equal to the other." — P. 251.

"Then, it may be said, suppose the bankers were not liable to pay their notes in specie, what would happen? Why, then, *bank notes would be as plentiful as potatoes*—there would be no end to them; a pound note would soon have to be given for a pound of mutton chops, and the most unutterable confusion would arise from the *other extreme*. Twist and turn this subject, then, in whatever way you please, you will find *that the only species of money that can ever allow production to go on unchecked, must*

be a symbol, not a commodity, increasing as the produce of labour increases, and decreasing as the produce of labour is privately appropriated or consumed." — P. 274.

Here, then, are no less than nine quotations taken respectively from the 24th, 58th, 61st, 66th, 85th, 121st, 153d, 251st, and 274th pages of the Social System, in other words, from the beginning of the work to nearly the end of it; in each, and all of which, a certain rule is laid down with respect to currency. And as there certainly is not one word in the book which seems to *tolerate*, much less to *advise*, a different course of acting, it is utterly inconceivable how any man could have discovered in that volume, a desire on the part of its author to encourage an *undue* increase of money; seeing that, in every passage wherein the subject of money is mentioned at all, the necessity of *keeping down* the amount of the circulating medium to its proper level is as strenuously insisted on, as the necessity of keeping it up to the same point; the desideratum, too, in this respect, being *defined* as plainly as words can define any thing.

It has been already said, that the critic has not quoted any specimen of the notions which led him to conclude, that the adoption of the Social System would give us bank notes upon bank notes, until they should "settle at the value per waggon load, which they might possess as old and by no means cleanly paper." But upon consideration, it may probably have been the *last* paragraph above quoted—that from the 274th page—which satisfied his mind that the author of the Social System was

not aware of the fact — “that *there was such a thing as depreciation.*” Many thanks to him for his kind consideration of my ignorance upon the subject.

Eighthly. — “Another of the same author’s mistakes,” continues the reviewer, “is so odd, that it is impossible to avoid noticing it.

‘The whole science of political economy, or “how to make wealth,” may be reduced to a simple receipt, — to one as plain as any in *The Cook’s Oracle*. Thus, — take due portions of land, labour, and capital, pound them well up together in a mortar, and the wealth is made. *Note* — Capital is made of land and labour, so that your wealth never need be of insufficient quantity, until you have exhausted your stock of one of these two ingredients, provided your mortar be not too small.

‘The *mortar* is all that is wanted: at present, we have no mortar. See to it, ye politicians and,’ &c.

“In this there is only the omission, that what comes out of the mortar must be as good as what was put in, and a little more to keep the pounder, — or else what is compounded is not wealth but poverty. The simple existence of this necessity is what brings all this race of apothecaries to a stand-still.”

There is *no omission*: that which “comes out of the mortar” must ever be “*precisely as good*” as what is put into it, barring the keeping of the mortar; the expense of which is *invariably* taken into the account.

But there *is* something “odd” in all this after all. It is odd, very odd indeed, that in the nineteenth century, a professed critic, when engaged, upon his own especial subject, should be found sufficiently ignorant of the first principles of it, to write and publish such nonsense as that with which I am now amusing myself. The lapidary reminds me of nothing so forcibly

as the conjuror and his cups and balls. You see, says Mr Nimble-finger, here are the cups, and here are the balls, and that I certainly do put a ball under each cup: and now, *presto*, it is gone away. Such is his conjuration: that of the lapidary beats him outright. Here, says he, is a piece of broad-cloth, fifty yards long, quality fine, colour blue: put it into the grand depot, where let it remain three days; when lo! the yards shall be twenty-five, the quality very coarse, and the colour — fled! You put a thing into a place of *security*, and when you want it back again you really expect to find it? Monstrous! quoth the lapidary, *how very odd!* Gentle reader, which is the better conjuror of the two? I say the lapidary, who is so great an enthusiast in his profession, that it is not the absence of the balls, but the presence of them, that surprises him. These are his words — “There is only the omission, that what comes out of the mortar must be *as good as* what was put into it.”

As good! To be sure it will! the cloth will be as long, as broad, and as fine as ever; and if the colour be a fast one, neither will it even make its escape.

Possibly, however, the critic may mean to say, that if we go on and on to increase productions in the manner that has been described, *they* will fall in their *comparative value* with gold! Why *this* is the very point insisted on. This is the great, the overwhelming blunder of the time. This is the law of wrong that keeps us for ever from getting right: the stumbling-block of every class of political

reformers, Whig, Tory, Radical, and Chartist, here, and Republican over the water. This is the commercial curse which political economists ought to have discovered and pointed out centuries ago: the very thing that has kept *them* at a "stand-still" ever since the days of Adam Smith: for if they have made any progress since that period, it has consisted in a very curious and beautiful imitation of the snail's. Lastly, it is the *starting point* from which the author of the Social System sets out; the *motive* for a change of plan to which he constantly refers; and the one and only *reason* why his book was ever written.

But there is yet another *odd* to dispose of, and that the oddest of all. The lapidary seems perfectly aware of the *fact*, that if goods increase faster than money they must fall in money price. Yet is he evidently blind to the *consequences* of that fact. The mind which has selected for the theme of its discourse a subject very like a ravelled ball of twine, and attempted with partial success to account for every twist, still, by some strange perversity, takes no cognizance of the circumstance, that the entanglement upon which he bestows so much time and labour is altogether unworthy of them.

If all sorts of production are stopped at present by a certain condition which pervades society; whether is it better to *obey* the condition or to *abolish* it? I respectfully submit to the reviewer's consideration, that the latter would be the wiser course,—in other words, that it is more desirable that the existing quantity of one thing should *cease* to regulate the

existing quantity of every thing else, than that the existing quantity of every thing, but one, should continue to be regulated, as it is at present, by that one.

There is no law of nature, neither is there an eleventh commandment, which says — ‘And *price* shall be the value of a thing in gold.’ This condition is a mere artificial contrivance, being also one of the most especial errors that the erring race of man has ever yet had the ingenuity to fall into.

In making the admission I refer to, the critic is, however—although quite right—altogether at variance with his co-professors, Mr M’Culloch, and the late Mr Mill, author of the History of British India ; both of whom reason as if a universal system of barter pervaded society. In the article *gluts*, Social System, pages 269 to 284, I have shewn how both these gentlemen have, as it were, stumbled over the truth, and yet without perceiving it ; in which particular the Westminster Review has copied them to a nicety. The errors of these gentlemen upon that point, and some others, I have refuted in the chapter entitled Political Economy, (Social System, pages 226 to 299.) The reviewer does not meddle with that chapter ; I venture to recommend the argument therein on gluts to his especial consideration.

But the article on the instrument of exchange—the text book of the critic to which he refers us for farther information upon the subject of depreciation. Here is the first paragraph of the preface to the re-published article, unadulterated and entire :—

“ The following essay had its origin in a conversation by fire-light among three brothers, all members of the same college in

the University of Cambridge, in the year 1811, when the depreciation of the currency was an object of general attention ; in which the question started was, ‘ Whether we should ever have to give a five-pound note to a waiter for bringing a cup of coffee ; and if not, why not ? ’ Preferring the pleasure of investigation to the labour of reading, the author employed a considerable portion of his leisure for the next twelve years, in endeavouring to make his own discovery of the principles on which the solution must be founded ; in which period there was no portion of the argument that was not modelled and remodelled a number of times, for the purpose of securing its congruity with facts. That the ultimate result should accord with the opinions of one party of the previous disputants, is much less extraordinary than would have been the contrary event. But however this may reduce the expectation of novelty, an original investigation will always present some points of interest to those who are concerned in the conclusion.”

One fantastical notion may perhaps be as good as another.

Whether we shall ever have to give a five-pound note to a waiter for bringing a cup of coffee ; and if not, why not ? — *Critic.*

Whether we shall ever have to give the whole annual produce of the labour of this country to the national creditor, in payment of the interest of the public debt ; and if not, why not ? — *Author.*

Take then your golden project : let it, for the sake of the argument, be granted *ad extremum*. Be gold at once the standard of value, and the instrument of exchange. No bank-notes. No bills of exchange. No book debts. No credit in any shape. Some silver and copper for small change, of course ; the rest gold — gold — gold. Put all Europe, at least, and America into the bargain,

upon the same footing. This is but fair: nothing like a trial upon a large scale.

Under these circumstances, *would* the annual produce of the labour of the country pay the interest claims of the national creditor?—I doubt it, and so, I suspect, will most other people, who shall bestow a thought upon the subject. People do not, in general, demand gold now, because they really, on many accounts, prefer paper: but were it to become law that gold only should be used, where bank-notes and bills of exchange are used, at the present time, an enormous advance would forthwith take place in the price of gold. Oh, dear no! I had forgotten! Gold is the standard of value, immutably *it* is L.3, 17s. 10½d. per ounce, it altereth not. I should have said, an enormous *fall* would forthwith take place in the price of marketable commodities in general.

Apply the same test, an extreme case, to my monetary system. *You cannot*: it does not admit of any such. Ounces of gold and silver; standard and other bank-notes; and silver and copper coins for small change; *all as defined*; are equal to *every* purpose of a nation, without the aid of a single bill of exchange, book debt, or other money substitute. Yet could no increase or diminution of the circulating medium affect the price of commodities, or the right working of the system, even for a moment. The supply of money would proceed upon a principle as invariable in its operation as that of gravitation; and, though simple in character as a child's toy, this kind of money would, at the same time, if adopted, be

sufficient for all the commercial purposes of every civilized nation upon the earth.

Want you a specimen of your golden projects? Here is one: — a paragraph recently went the round of the papers, copied from the *Ohio Republican*, mentioning that, — “ Within a few days past, some property had been sold by the Sheriff of Muskingum county, *for which specie was required*, that shews a pressure scarcely credible. A four horse waggon was sold for 5 dollars 50 cents; hogs for 6½ cents each; horses, 3 dollars each; colts, 2 to 3 dollars; cows, 1 dollar 50 cents, to 2 dollars each. Besides these there was a store of goods said to have cost several hundred dollars, sold for less than twenty. The sales were made on three different days, and in two or three different townships; the result in each being nearly the same. The horses were such as have heretofore sold for 50 to 75 dollars each.”

So much for the lapidary and his pebbles. When he has more to dispose of, I advise him to cast them with a more correct aim: whilst “ *the cart-loads of gravel*” can hardly be better used than *in the mending of his own ways*.

It may be superfluous to observe, that I should not thus venture to defy a Westminster reviewer, if there were any chance of our fighting with equal weapons. He is an adept in his art; the practised advocate, who can write upon any side of a question and come off respectably. For what man has ever visited a court of justice without observing, with surprise, the power of talent, even when exerted in

a bad cause. I have written this and one other small volume: add to these a trifling pamphlet or two, and a few newspaper scraps, and the extent of my literary efforts is defined.

But my trust is in the power of truth. I know, that in the main statement so often insisted on, I am right: nature, observation, my reasoning faculties, combine to assure me, that *false* is the foundation of the commercial fabric as it at present stands; and where the error lies, it has been my anxious endeavour to make out. In the pursuit of this inquiry, it is freely confessed, that I have trusted far more to observation, and to the native energies of my own mind, than to the examination of books; but I have not failed sufficiently to examine books for the purpose of discovering wherein I might be in error. The examination has been made in vain: I am not in error. Here, within these few pages, is an exposition of the great cause of human suffering in all civilized countries; and sooner or later the world will admit the truth of this assertion. For myself individually, I have no reason to desire any change whatever. Far from it. I began the world with less than sixpence, and am not entitled to complain of my own want of success; whilst the establishment of what is here denominated the standard system of commerce, would not necessarily affect my situation or prospects in life at all. But in placing these opinions and arguments before the public eye, I conceive that a duty is performed, about which no man, with similar convictions on his mind, could, or ought, to hesitate. If the public shall see fit to

disregard these opinions, I shall be sorry for it, but cannot help it; and if the perhaps too bold manner of expressing myself, with respect to the opinions of others, in which I have indulged, should tend to excite the wrath of any commentators, I cannot help that either: and though not less sensitive, perhaps, to praise or blame than other people, I shall continue to value all such strictures at a straw, when I consider that they are but the natural accompaniments of that free and fearless discussion, by means of which truth is ever best elicited and disseminated amongst mankind.

CHAPTER XI.

POSTSCRIPT — THE ATLAS PRIZE ESSAY, AND THE ATLAS AND SIR ROBERT PEEL
— AN ESSAY UPON A SMALL SCALE.

THE foregoing pages were written, and nearly ready for the printing office, when, by a private letter from a friend, then in Dumfries, dated September 27, 1842, I was informed that the proprietors of the Atlas newspaper had offered a premium of a hundred pounds for the best essay that might be placed in their hands on or before January 5, 1843, upon the causes of, and remedy for, the existing distresses of the country; referring for particulars to said paper of August 27th, and September 10th. These papers I immediately procured; and it was not a little gratifying to find, that the subject on which I had been occupied for many previous weeks, was thus about to become one of especial public interest.

Whether to convert my manuscript into a competition essay, or to publish it as originally intended, was then the question; or would a copy of the *book itself* be received by the judges? No, it would not; for it is distinctly stated in the Atlas conditions—
“That no paper previously published can be re-

ceived as a competition essay." Besides which, the Atlas papers are all to be anonymous, and as such, they must not contain reference to any previously printed work of their respective authors: that is to say, such work must not be spoken of as their own composition. In its original form, therefore, or in any other at all resembling it, the manuscript of this book could not have been received by the Atlas; and for the very small chance of success which any one person must have amongst so many competitors, I did not feel inclined to cancel the foregoing pages, and to rewrite the whole argument under a new and totally different arrangement.

On hearing of the Atlas premium, I immediately wrote the following notice thereof, for one of the Edinburgh newspapers; see Supplement to the *North British Advertiser* of October 8, 1842.

"THE ATLAS PRIZE ESSAY.—As a sign of the times, one of the most remarkable circumstances that we have heard of for many a day past, is the offer of one hundred pounds by the proprietors of the *Atlas* newspaper for the best essay—[subsequently increased to £175 for the *three* best Essays: £100 for the best, £50 for the second best, and £25 for the third best essay]—‘on the causes of, and remedies for, the existing distresses of the country,’ that may be delivered to their office on or before the 5th January, 1843. The particulars respecting the form of application, and so on, are given in their papers of 27th August and 10th September.

"This liberal offer is in the highest degree creditable to the proprietors of the Atlas. They have set an example which the Government might have honour in copying; and we observe that not a few well-merited encomiums have been passed upon them by the public press throughout the kingdom.

"But oh, what a libel is this offer upon the science of political economy! Here is *public ignorance* declared, upon a point of

the very first importance—the causes of, and remedy for, national distress—and information sought for, like lost property, *by public advertisement and a reward!* What a shoal of contradictory opinions will this offer bring into the office of the Atlas! Will the mystery be solved—why a nation, the richest in power, in wealth, and resources, is yet poor, distressed, miserable? Verily we incline to the opinion, that the Atlas will have the merit of starting a fox, which, however swift and cunning he may prove, will yet have a hard run for his life; and we even question whether he will survive the chase. It is not to the pecuniary inducement that we look, so much as to the tendency of the competition to fix the public mind for a time to the great question at issue. Hence much public discussion will probably result.

“But it may be asked—will the *really* best essay obtain the premium? We doubt this much. Can the editor of the Atlas favour us with the name of a single one great and important discovery, that was not for a century or so mere quackery in the estimation of half mankind, including *always* the *learned* part of them? Who are to be the judges? The Atlas assures us that they will be “*highly competent and distinguished.*” But where, it may be asked, are we to find a “distinguished” man who has not his ready prepared square and rule by which to test the soundness or fallacy of whatever doctrine may be placed before him!

“Many of the disciples of Mr Malthus are distinguished men. Is the proposed remedy a law to make it hanging without benefit of clergy for poor people to marry? No: then put that essay aside. Mr McCulloch is a distinguished man. The editors of the Edinburgh and Westminster Reviews are distinguished men. But what chance has the essayist before such judges as these, if it happen that he point blank oppose their own doctrines! We fear that the square and rule will be applied in every case, and that the essayists will come off ill, very much in proportion as they may chance to differ in opinion from the great men of the day: *all of whom are wrong*; and for this one, but very sufficient reason, that were any of them right, they are in possession of so much real talent, that they would ere now have made the right *so apparent*, that *truth* would

not have had to be sought for by public advertisement at this time of day.

“ Then if wise men are unfit to award the premium, for the reason that, in such capacity, they would be placed in the awkward situation of being both accused and judge, to whom can the essays with any propriety be submitted? The answer is difficult; but we are quite satisfied that the proprietors of the Atlas will do their utmost to obviate this and every other difficulty. And we observe that in an early number of their paper the *names* of the judges are to be given.

“ The Prize Essay is to be published in the Atlas, in one or more numbers according to its length: and the second and third best essays are also to have the same advantage, provided their authors shall desire it.”

The *names* of the adjudicators, four of which appeared shortly after the foregoing paragraph was printed, are not such as to alter, but to confirm, the opinions here stated: three out of the four are now, or have been, professors of political economy; whilst the name of the fifth — the last — has not been published when this sheet is sent to press. With the most profound respect for these gentlemen, I nevertheless affirm, that their *science* is at present the especial science of contradiction and error; that it is not in a whit better state at this hour, than was the science of medicine no very long time since, when hot rooms, close shut doors and windows, bed-curtains closely drawn, and long-time used linen, were the *orthodox* remedies for typhus-fever and the small-pox. The man who shall ever benefit his country, must do so *in spite of* many of the existing doctrines of the economists; and it is hard to ask the professors to pass sentence of condemnation upon their own errors.

We need not go far, indeed, for confirmation strong of the correctness of the opinion stated as to the difficulty of obtaining proper judges; for the particulars of the Prize Essay are given, as has been already said, in the Atlas of August 27th, and September 10th; and in the former of these papers, it is virtually declared, *that the premier of these realms*, Sir Robert Peel, is one unfit person to sit in judgment upon the essays.

As partial quotation is often little better than wilful lying, I here insert the whole of the article to which I refer —

“ In reference to the statement of Sir Robert Peel, that he possessed the ability to create a temporary prosperity by the issue of one pound notes, and by encouraging the bank to make large issues of paper, it can scarcely be imagined by any reflecting person, that this statement could be made with that deliberation and calm judgment which usually characterize the observations of the premier. He must have overlooked the fact, *that there was no scarcity of money in the country*. He must have in some unaccountable manner allowed himself to forget that the Bank of England had nearly £19,000,000 of notes in circulation, and nearly £9,000,000 of gold in its coffers. He must also have forgot that numbers such as these have characterized the state of the bank in the most prosperous periods of our trade and commerce. He must have been unconscious that the present may be safely designated ‘ a period of full currency.’ In allowing his imagination to be clouded by the gloomy pictures of distress and suffering among the working-classes—drawn and painted in the blackest colours by the opposition—he has not recognized the bright cloud in the horizon, nor permitted his mind to dwell upon the glowing lines of light that indicated the approach of returning day. Reflecting upon the sufferings of the working-classes, and remembering that the favourite prescription of *a certain class of popular doctors* was, that the currency should

be increased, and an issue of one pound notes authorized; and also remembering, that the present was the period when an effective declaration of his power and his wisdom might, in this particular, be advantageously announced—‘I might create,’ he said, ‘a temporary prosperity by the issue of one pound notes.’ In this declaration he must have been entirely carried away by his imagination, as those who advocate the increase of the currency by an issue of one pound notes do so only at the periods of a deficient currency, or a *high price in the value of money*. According to the doctrine held by the Directors of the Bank of England, and the statements delivered by them before committees of the House of Commons, there is such a thing as ‘an undue increase of the issues of paper;’ and this is explained by them to mean ‘more paper issued than private individuals may employ with just profit to themselves: if so large a sum of paper is issued as to induce men to speculate improperly, that would be an undue issue.’ *The criterion of this superabundant issue is declared to be ‘when money will not produce a sufficient interest—when, in fact, there is no demand for money—*it will very soon discover itself in the money market whether there is a superabundance or not.’ The manner of this discovery will be, that money will be ‘hawked about at a lower rate of interest than is usual.’ Now, if we contrast these statements with the present condition of the money market, we should be inclined to say, that, according to the definitions here given, *the present is exactly the period of an undue issue, because money will not produce a sufficient interest, and because ‘it is being hawked about at a lower rate of interest than is usual.’* Sir Robert Peel had evidently not consulted the Directors of the Bank of England previous to stating in the House of Commons that he could create prosperity by issuing one pound notes. Had he done so, those gentlemen must unquestionably have told him, that whatever personal importance he expected to derive from such a statement, or however much he might consider it was calculated to impose upon the credulity of the public, that as a practical measure it was impossible it could be of any utility, because, in point of fact, there was not the slightest call for it, *as money was already almost at the lowest possible value in the market.* They must have told him also, that such a doctrine would be at

variance with the opinions which they had already declared before the committee of the House of Commons, and by calling his attention to the fact, they must have satisfied him, *that there may exist, at the same moment, an abundance of money—indeed, an undue increase in the issues of paper, and an utter prostration—a complete stagnation of trade.* In his self-sufficiency, however, the Prime Minister has not condescended to ask the opinions of practical men, but, *inflated* with the consciousness or belief of the correctness of his own ideas, and the influence of his station, he has promulgated a doctrine which, *however it may impose upon the credulity of the multitude, and impress them with respect for the fancied knowledge and capabilities of its promulgator,* is untenable in relation to present circumstances, and incapable of being carried into effect. The introduction of one pound notes, at the present moment, we feel justified in declaring, would not create any prosperity, not even temporary prosperity, in trade or commerce, as has been asserted by Sir Robert Peel. The greatest advocates of one pound notes have never, to our knowledge, spoke of their introduction at a period of full currency, such as the present, as a measure that could be desirable and calculated to benefit trade. They have never recommended their being issued at a moment when there is more money in the country than is required by the wants of trade. They have never said, at a time when money was superabundant, and could not find employment, ‘throw out still more money, and prosperity must ensue.’ The abettors of a large issue of paper, and particularly of an issue of one pound notes, rest their arguments upon the presumption, that there is an insufficient supply of money, as indicated by its high value in the market. The general cause of a depression of trade, they assert, is, that the value of money is too high, in consequence of which, no adequate remuneration is obtained for productions that bring labour into employment. But this doctrine may happen not to be of universal application, *as in the present circumstances of the country, where we have a great fall in the value of commodities co-existent with a great increase in the amount and a consequent fall in the value of money.* Thus, it appears, that the value of money does not necessarily bear any relation to the state of trade; and a large issue of paper can never be recommended, because not

required, at a time when money is being ‘hawked about at a lower rate of interest than usual.’ The only ground upon which the advocates for improving the trade and condition of the working-classes insist, at any time, upon the necessity of enlarging the currency, is, that the value of money is too high. When this is the case, they presume, as a natural consequence, that more money is required, and that, if more is brought into the market, it will have the usual effect that arises from the additional supply of any other commodity, of reducing the value. In this way, when there is a scarcity of gold, they clamour for an issue of one pound notes as a substitute. The views of the premier are, however, somewhat different from these — they are, indeed, of an entirely novel character. At a period of a full currency, and when money is so abundant as actually to be ‘hawked about,’ *when there is no adequate employment for it*, and when trade is in a state of great depression, arising from entirely different causes, he throws out the statement, that he possesses the power to create prosperity by making money still more abundant. It is gratifying to observe, that there are other more certain indications of returning prosperity, arising from causes of a more unequivocal and enduring character than any that could be capable of being produced by the system adverted to by Sir Robert Peel.”

The *Italics* in the foregoing quotation from the Atlas are so marked by myself. Here then is the “Banking and Monetary Atlas” verdict, by anticipation, upon “*An Efficient Remedy for the Distress of Nations* ;” and a very respectable set down for Sir Robert Peel into the bargain. Be it so ; no part of the hundred and seventy-five pounds will come my way ; I shall not enter into the competition ; therefore it will not prejudice my own case, even though the editor of the banking and monetary Atlas were himself sole adjudicator, to declare the foregoing observations, quoted from his department of said paper, to be literally full of error.

It is rather amusing, by the way, that the writer who talks so complacently of the self-sufficiency and inflation of the premier, should himself write so precisely in the style of a dictator, that I could almost fancy I had again fallen in with my old friend of the Westminster. How does the self-sufficiency of the banking and monetary editor of the Atlas, as exhibited in the foregoing article, square with an advertisement in his own paper, of *ignorance declared, and information wanted*, upon the subject respecting which he writes so confidently ! for the subject of money surely constitutes, at least, *a part* of the grand inquiry. The writer talks of nineteen millions, and nine millions, as if, in Dominie Sampson phrase, they were "*prodigious !*" What will he say to precisely as many millions of notes in value as there are existing millions of marketable wealth to represent them ! Most sincerely do I wish, that with the next return of this kind the Atlas would favour us with two sides of the picture instead of one ; in other words, with the amount of *money in circulation* on the one hand, and with the estimated amount of *demand for it* on the other ; which demand consists of every acre of land ; every house, factory, or other building ; every ship, boat, or barge, in dock or on the water ; and every inch of merchandise in the three kingdoms ; *seeking to be exchanged for money.*

It does not form any part of the plan of this book to fight piecemeal with every error and sophism its author may chance to meet with. The present scheme of affairs, so far as *the principle of exchange* is concerned, is here declared to be wrong, and it is

proved to be so by the best of all possible tests ; *it works badly*. Another scheme has been laid down, which is affirmed to be a good one : *how it would work* has been declared, falsely or truly, and it is rather for the critic to shew that I am wrong in affirming that it would work well, than for me to contend with every statement that may seem to contradict my own opinions. But even at the risk of being placed in the ranks of the "*certain class of popular doctors*" aforesaid — a grade higher, by the way, than I stand in the books of the Westminster, being there only an apothecary — I shall take leave to contend, that the premier critic just quoted is no doctor himself.

It being admitted, then, and not merely admitted, but affirmed, *that no increase whatever* in the quantity of money, so long as it shall continue to be issued in accordance with the existing commercial plan, will ever do any permanent good, I nevertheless assert : —

That so far from a low rate of interest — the burden of the foregoing song — being any criterion of an abundant supply of money, it is quite possible for an extreme scarcity of money to cause the rate of interest thereof to fall down to almost nothing.

In investigating this subject, it must be specially kept in mind, that money is used for two distinct and totally dissimilar purposes. It is used as *capital*, by means of which manufacturing operations and commercial speculations are carried on ; and it is also used as *income*, to be expended in the purchase of commodities for private use and consumption.

Now, it is not the *rule* of mankind to *expend* capital, but only to employ or to invest it. Hence, whenever the capital of a nation comes to have accumulated to an enormous amount, *the power of production* becomes so great that marketable produce is capable of being increased, *beyond all comparison*, faster than either gold or notes payable in fixed quantities thereof. Hence, at one and the same time, the money capital (production) may be *profuse*, and the money *income* (demand) so scarce, that not a sixpence of *interest* can be got for capital, because not a sixpence of *profit* can be obtained by the employment of it; and thus may a scarcity of money have the effect of reducing the rate of interest to nothing.

The true criterion of a scarcity of money is, that it fails to increase as fast as *the aggregate power of production*, by means of which goods are made to fall in price, *without any other cause* for their doing so; *loss* instead of profit being then the reward of their manufacturers. Will any man affirm, that money — gold and bank notes as at present constituted — can, by any human contrivance, be made to increase as fast as mankind *could increase* the aggregate products of their industry? I think not: then I affirm, that until the adopted money of society, be it whatever it may, *shall* be capable of such increase, money will be scarce, even though the coffers of all the banks in Europe be crammed with bullion, seeking to be employed at any rate of interest however humble.

And hence the explanation of the fact stated

by the Atlas — “That there may be, at the same moment, an [*apparent*] abundance of money, and an utter prostration — a complete stagnation — of trade.”

Then, as to Sir Robert Peel’s notion of an extensive issue of one pound notes, I really do not see what is to be done with them. There is plenty of money already, as the Atlas says, *such as it is*; and Sir Robert must, I suspect, change it in *kind* first, and increase it in *quantity* afterwards, before he can do any good. Periods of great prosperity have co-existed with prodigious issues of paper money; but then, much of the money was *expended*, not sent forth, as I presume it must be at present, to seek for profitable *investment*. If we go back to the period of the late war, when an enormous addition was made to the public debt, what do we find but prosperity, almost without example, during a considerable part of the time at least. But the borrowed money was *expended* then, and a great and general demand for goods was the consequence.

And the same thing might be done now. Another hundred millions might be borrowed, added to the debt, and expended in the purchase of commodities to feed and clothe an army, or to throw into the sea, it matters not which; and general prosperity, for a time, would be one result, and additional taxation to the extent of three or four millions per annum, another. But I have shewn, in this book, how *the very utmost* powers of production, which this or any other nation upon earth possesses, may be called forth without the creation of any debt whatever;

whilst, by precisely the same process, the annual income of the country may be so greatly increased, that the *public witch* herself—as I have called the debt, in the Social System—may be paid a good round number of millions per annum, in money *quite as valuable* as that, the borrowing of which brought her into existence. For, if a rational system of exchange were established, so that the productive resources of the country could be called into active operation, the taxes might be increased immensely—*by one half at least*—without inconvenience to a human being.

For the reasons that have been given, I deny that a low rate of interest is any criterion whatever of the value of money, or of its abundance. The one and only criterion of its *abundance* is a fully employed population and a steady market, in other words, a *fair* rate of profit. The criterion of its *superabundance* is a rising market—the market being previously good—in other words, a *high* rate of profit; and the criterion of its *deficiency* is an insufficiently employed population, and a falling market; or, in other words, a *low* rate of profit, or else no profit at all. In short, it is not the current rate of *interest*, but the current rate of *profit*, that is the criterion of an abundant supply of money; and so far from there not being at present *any demand for money*, as stated by the Atlas, I repeat, that every marketable commodity in the three kingdoms, which its owner desires to sell, is just *a demand for money*. Where the money is to come from to meet that demand, perhaps the Atlas will be so kind as to tell us; as also by what means

the enormous masses of existing goods may be exchanged for each other without loss to many of their proprietors. I fear he may not be able to do either. Of the whole amount of idle money "hawked about," as described by the writer in the Atlas, how much does he think is hawked about in the pursuit of *goods*? — Verily not one sixpence: the whole article, indeed, which I have quoted might have been written in these three words, — '*Capital* is superabundant.'

Having, for the reasons that have been given, declined to enter into the Atlas field of competition, I shall conclude this postscript with

AN ESSAY UPON A SMALL SCALE.

What are the causes of our national difficulties? what are the remedies which the case requires? So inquires the Atlas.

To which I reply — *The evil* complained of is the existing want, by vast numbers of mankind, of good and sufficient food, clothing, habitation, and furniture; together with the total absence, on their part, of any certainty of being able, in time coming, to secure a proper supply of these things, in exchange for a reasonable amount of industry and general good conduct. Now, the four principal desiderata are compounded of the ingredients, land, capital, skill, and industry. Nationally speaking, then—our possessions abroad as well as at home being taken into the account—we have a superabundance of land. We have also a superfluity of capital; witness the

Atlas's own specimen of millions of money hawked about in search of employment. Farther, we have a superabundance of skill, so people say; and, besides all these, we have a superabundance of industry, labourers of all denominations seeking for employment.

If this be true — if it be true that the *thing wanted* has been rightly defined, and that the thing wanted is composed of *the ingredients* that have been mentioned; and if it be true that all these ingredients *exist* in superabundance, then it follows, that somewhere or other there must be an *obstruction*; somewhere there must be a *barrier* standing between mankind and those good things which are *naturally* within his reach.

Answer first. — *That obstruction is a defective method of exchanging one thing for another.*

Answer second. — *Demolish the obstruction, and so allow mankind to enjoy whatever he may be able and willing to create.*

How this may be done I have already shewn.

To which remedy add one other, a national system of education upon a grand scale. To effect this, let schools be established and supported at the public expense, sufficient for the whole population, male and female: let the routine of education be at least equal to the best that now exists. To these schools every parent and guardian should be compelled, by law, to send their children, for a period of at least seven years, or else to give them *a good education*, defining the same, in many particulars, elsewhere. A man or woman, mentally and morally unculti-

vated, has no more right to be allowed to go at large in any civilized country, *in which mental and moral cultivation may be had for nothing*, than has an untamed bear or a she wolf.

If the adjudicators of the Atlas essays will take the trouble to turn to *Mr M'Culloch's Principles of Political Economy*, second edition, page 184, they will find an attempt to prove that effective demand depends upon production — that it does so *now*: and if they will turn to the late *Mr Mill's Elements of Political Economy*, second edition, preface, page iv. they will find these words:—

“I have endeavoured, by new illustrations, to render more palpable what appears to me to be demonstration of that most important doctrine, *that the aggregate demand and supply of a nation are always equal*, that production can never be too rapid for the market; in other words, that there never can be a general glut of commodities.”

Oddly enough, the very book from which the above passage is quoted, contains also, in its 162d page, the following:—

“Whenever any addition takes place in the quantity of goods, without any addition to the quantity of money, *the price falls*, and, of necessity, in the exact proportion of the addition which has been made. If this is not clear to every apprehension already, it may be rendered palpable by adducing a simple case. Suppose the market to be a very narrow one; of bread solely on the one side, and money on the other. Suppose that the ordinary state of the market is 100 loaves on the one side, and 100 shillings on the other; the price of bread accordingly a shilling a loaf. Suppose, in these circumstances, that the quantity of loaves is increased to 200, while the money remains the same; it is obvious that the price of the bread must fall one half, or to sixpence per loaf.”

No human being can reconcile these two paragraphs except by *supposing the existence* of some species of money which may be increased as fast as the *aggregate* of every thing else. No such money exists at present; and therefore, if the injunction implied in the first paragraph were to be obeyed; if producers of every class were to take the late Mr Mill's doctrine for their guide, and, in accordance therewith, to increase for a time their goods as fast as possible, the result would be, *that every atom thereof would fall in price*; ruin to themselves would ensue, demand would speedily come to a stand-still, production itself would be compelled to stop, and the industrious classes would be consigned, as usual, to starvation and wretchedness.

Alter the nature of the currency in the manner that is here pointed out, and the assertion contained in Mr Mill's first quoted paragraph *will be perfectly true*; whilst the argument in the latter quotation will become elucidation and confirmation of that truth.

With this astounding state of things staring them in the face — the disease so obvious, the remedy so plain; a disease, the existence of which is proclaimed by the state of every fair, market, manufactory, warehouse, shop, depot, and newspaper, in the kingdom; a disease which affects the amount of production in this kingdom, and its dependencies, to the extent of hundreds of millions of pounds value, *I verily believe I may add the words per annum* — it is absolutely pitiable to see the rulers of this country busying themselves, and monopolizing the attention

of the entire political press, with a set of *paltry expedients*, in the shape of a small reduction of taxation here, a little freedom of trade permitted there, and some trifling boon granted in another place; which remedies, compared with the disease, are but as an unit to infinity; if indeed *remedies* they are at all. One bold and comprehensive measure applied at once to the root of the evil — in other words, *to the currency* — would do more good than centuries of the dribbling legislation to which we are now accustomed.

Again, if the adjudicators will turn to Mr M'Culloch's book already named, page 157, they will find it in effect stated, that *because* production and demand *are* one and the same thing, Irish absenteeism is no evil. In the eleventh chapter of the Social System I have demonstrated the error of both these gentlemen — Mr M'Culloch, and the late Mr Mill — and if they were not in error, whence the object of the Atlas essay? If, as a nation, *we have already* every thing that we are naturally able to create, what on earth can we have more? We may desire more, truly, but to have more is impossible, unless we may be able to increase the power of production itself — of the *deficiency* of which we are not at present in the habit of hearing — and the proprietor of the Atlas might as well have advertised for the philosopher's stone. The plan of division might, indeed, be different, but even this is comparatively unimportant.

But the truth is, that effectual demand does *not* depend upon production. There is no tendency in the former to keep pace with the latter; it is always,

in the aggregate, more easy, at fair prices, *to buy with money than to sell for money*; whereas, if effectual demand really depended on production, it would always, in the aggregate, be *precisely as easy* to sell as to buy. Effectual demand *ought* to depend upon production, and moreover, it *must* do so, before, *by any conceivable possibility*, any efficient and permanent remedy can be found for the distresses of this nation. It is a false system of exchange which afflicts this country; at least, this evil exists in the proportion of five hundred to a fraction, as compared with any other. It is a false system of exchange, unperceived by Mr M'Culloch, which has caused his book, already quoted, to be, from beginning to end, a tolerably equal compound of truth and error. It was a false system of exchange, unperceived by the late Mr Malthus, which caused him to write his elaborate, but most illogical and unphilosophical *Essay on Population*; and to the circumstance of this false system of exchange not being taken into account, are owing, at least, nineteen-twentieths of the contradictory opinions which now pervade society upon the subjects of population, emigration, importation, exportation, taxation, absenteeism, pauperism, and many others.

Upon which mentioned subjects I remark, that God Almighty has declared the universal propriety of marriage, by the act of implanting in the species the universality of the desire to marry. If, therefore, marriage, in any case, produces evil now, it does so for precisely the same reason, that good and wholesome food is sometimes injurious to an indi-

vidual. In the latter case, the human body is diseased, and poison, in moderate quantities, may answer better than roast beef. So in the former case, a diseased state of the body politic is the one and only cause of even a question upon the subject. The theory of Mr Malthus is not one atom more rational, either in kind or in degree, than the Chinese custom of contracting the feet of women. The few arguments I have adduced against that theory, in the Social System, are irrefutable; whilst the late Mr Michael Thomas Sadler, amongst others, has demonstrated its fallacy, in his little treatise, entitled, "*A Dissertation upon the Balance of Food and Numbers of Animated Nature,*" wherein it is incontestably proved, if any thing was ever proved in the world, that the Creator has kept the regulation of this matter entirely in his own hands.

With respect to Mr Sadler's *own* theory of Population, (*Law of Population, by Michael Thomas Sadler, M.P.*) I offer no opinion. I incline to the belief, that after having written about thirteen hundred pages in support of a certain position, Mr Sadler has let fall the truth, as if by accident, in the 586th page of his second volume. I think it probable, that whenever nations shall be set free to *enjoy* whatever they may be able to *produce*, the whole human race will, by degrees, become more and more intellectual, and less subjected to the endurance of hard labour; and that, with the increase of intellectuality and ease, the average births to a marriage will be diminished.

With respect to Emigration, I deny that it is yet

proved that there is one individual too many in these realms. Great Britain and Ireland *may* be overpopulated even now ; but no human being will be able to answer the question, whether they be so or not, with any thing better than the merest conjecture, until the way shall have been cleared to it by the establishment of freedom of exchange. The truth upon this point is at present hidden in the centre of our commercial chaos.

Of Exportation and Importation I remark, that if there were not some fatal error at the root of our commercial institutions, no man in his senses would ever have imposed a barrier to the free interchange of commodities. If the importers had any law to compel us *to buy* their articles, whether we want them or not, there would be some wisdom in prohibitions. What we prohibit is, in fact, *the offer* of commodities, which no man ever consents to take, unless he wants them ; and if wanted, why prohibit their importation ? I speak, however, with reference to sound commercial principles ; I am far from saying, that there are not two sides of this question now.

The Taxes — In the present unnatural state of things, whatever *creates demand*, does good. The late Mr J. C. Colquhoun, in his *Wealth and Resources of the British Empire*, contends, that taxes and the national debt are the two greatest blessings upon the face of the earth. I am disposed to think, that a national capital, yielding a national revenue, sufficient for all government purposes, with no taxes at all, would answer quite as well or better,

(*Appendix*, No. XI.) but poison, it has already been said, is capital food under certain circumstances. Upon the subject of taxes, I shall adventure to prophesy, that in just one hundred years from this date, *if any*, there will be precisely *one* tax in this country, namely, an equal per centage upon the *wholesale price* of staple commodities of every kind; and farther, that the said tax will be collected at the expense of rather less than one shilling per annum, by its amount being paid into the treasury quarterly, in four equal sums, by a national bank to be established before that day shall arrive, on principles rather different from those on which the Bank of England is at present founded.

Absenteeism would not be any evil, were production the cause of demand: it is an evil now, because, wherever income is *expended*, a corresponding amount of *demand* is created: see *Social System*, page 259. With respect to pauperism, I shall be glad to study the subject whenever I shall have been able to discover any irremediable cause for poverty, other than those of mental or physical incapacity: for which hospitals, supported by the nation at large, are the proper resource.

For the reasons that have been given, I trust that the Atlas Prize Essay will comprehend *a thorough exposition of the subject of supply and demand*. If it should not do this, however clever it may be in other respects, it will be just a new edition of the play of Hamlet, the part of Hamlet, Prince of Denmark, omitted: for whoever may be in quest of the *greatest* error in our Social state *can find it here alone*.

There is not an evil which now afflicts society, originating either in the actual poverty of the labouring classes, or in the commercial embarrassment and distress which affect the manufacturing, commercial, and agricultural interests, which is not *fully and completely accounted for* by the all pervading error in our monetary system. There is no anomaly before us: the terms, false principle of exchange, superabundance and want, over-production and starvation, are as perfectly reconcilable with each other as any cause and consequence in this world can be: and as to a *remedy* for the existing difficulties of this country, which shall not comprehend a radical change — principle and plan — in our system of exchange, it will be discovered on the self-same day when the proprietor of the Atlas newspaper shall breakfast with the Emperor of China, dine in the principal city of the silver moon, and sup at his own residence in London. The word *impossible* is superlative; and betwixt a number of impossibilities there is not the value of a pin to choose.

I can hardly, perhaps, conclude this essay better than by earnestly requesting the adjudicators, and every other inquirer into the nature and causes of our present situation, to peruse, with attention, the article entitled, “Consumption co-extensive with Production,” *Mill’s Elements of Political Economy*, second edition, page 222; *taking along with them* the monetary system that is here defined. *With* that system Mr Mill’s clear and beautiful argument forms an unanswerable demonstration: *without it* the whole is a delusion, demolished in these few

words — “ *You have not taken the nature of money, as it exists at present, into the account.* ” — The argument to which I refer is concluded in these words, — “ It appears, therefore, by accumulated proof, that production can never be too rapid for demand. Production is the cause, and the sole cause, of demand. It never furnishes supply without furnishing demand, both at the same time, and both to an equal extent. ” — *Elements aforesaid*, p. 231.

APPENDIX.

CONSISTING CHIEFLY OF QUOTATIONS FROM THE SOCIAL SYSTEM, REFERRED TO IN THE PREVIOUS CHAPTERS.

Note I. — NOT EXACTLY EVERY BODY. Page 4.

IN the Social System, page 269, there is a quotation from Mr M'Culloch's Principles of Political Economy, wherein he asserts, that Gluts are merely the effect of *miscalculation*. And, farther on, at page 281, there is another quotation to the same purpose, from a work by the late Mr Mill. They speak, of course, with reference to the existing system of exchange. I have combated their opinions; but, as the article in answer to them occupies fourteen pages, I consider it too long for quotation here; whilst a mere extract from it would be useless.

Note II. — SO FAR AS NATURAL CAUSES ARE CONCERNED.
Page 4.

THE natural limits to production are the exhaustion of our industry, or of our productive powers and resources, or else, the satisfaction of our wants. This subject occupies a distinct chapter; see the sixth.

Note III. — BUT BY WHOLESALE ONLY. Page 8.

THIS implies a very important simplification of the plan developed in the Social System; where it was proposed to extend the control of the trade commissioners much farther

than is here contemplated; and, as it now appears to me, unnecessarily so.

Note IV.—STANDARD NOTES A LEGALIZED TENDER.
Pages 9 and 75.

“FOR example, a physician, a surgeon, or an artist, when employed by a private member of society, would obtain from his customer, in the shape of money, his right and title to such a portion of the national stock of wealth, as he should agree to give in exchange for the professional benefit conferred upon him; the giving of the money by the one party, and the receiving of it by the other, being the evidence, or proof, that A, an associated member, who had received money for contributing to the national stock of wealth, had *assigned his right* to withdraw his contribution out of the national stores to B, a professional man, as a remuneration for some service, or benefit, real or supposed, conferred by the latter upon the former.” — S. S., p. 148.

Note V.—VALUE OF STANDARD NOTES. Page 19.

“THE national debt having been in course of contraction for a long period, during which, owing chiefly to variations in the amount of paper issues, money was sometimes of one value, and sometimes of another; the national creditors, speaking of them individually, never can be justly repaid, because it is impossible to ascertain now what was the value of the different sums when they were borrowed. The government, therefore, should institute an inquiry into this subject, and, having ascertained, as nearly as may be practicable, the various values of a pound sterling *in wages* during the time the debt was contracting, they should strike a general average as equitably as they can, and having declared their opinion that, on an average of the whole period, a pound sterling, or whatever sum it prove to be, would have purchased an *average* week’s labour of a mechanic or labourer, *that sum*, be it whatever it may, ought to be the price now fixed as the average wages of labour, in paper money.” — S. S., page 97.

Note VI.—POUNDS, SHILLINGS, AND PENCE. Page 24.

I AM well aware, that the mode of computation by tenths is considered by many people to be far preferable to our own; and it is, doubtless, by much the easier way of keeping accounts. But the worst possible time for introducing a change of this kind would be in connection with a new monetary system; because, whatever inconvenience or perplexity should be occasioned by the change to tenths, would be forthwith put down to the account of the standard plan of exchange: let every beast bear its own burden.

Note VII.—PREVENTION OF FORGERY. Page 35.

There is a chapter on this subject in the Social System; a mere quotation from which, however, would be scarcely intelligible; and, indeed, the whole chapter should, properly, have been illustrated by an engraved specimen note; and would have been so but for the great expense of such a thing.

Note VIII.—VARIATIONS IN THE WAGES OF LABOUR. Page 40.

“BUT to the general rule of paying an average price for labour,—that is, a fixed sum for a certain number of ordinary hours’ work weekly,—there would, of necessity, be some exceptions, arising from the inequalities of the employment itself. In the celebrated work of Dr Adam Smith, these inequalities are thus described:—‘The five following are the principal circumstances which, as far as I have been able to observe, make up a small pecuniary gain in some employments, and counterbalance a great one in others. First, the agreeableness or disagreeableness of the employments themselves; second, the easiness and cheapness, or the difficulty and expense, of learning them; third, the constancy or inconstancy of employment in them; fourth, the small or great trust which may be reposed in those who exercise them; and, fifth, the probability or improbability of success in them.’—S. S., p. 103.

Note IX. — FIXED RATE OF WAGES. Page 67.

“ ‘THE property of a landlord,’ says Mr M’Culloch, ‘is violated, when he is compelled to adopt any system of cultivation, even though it were really preferable to that which he was previously following; the property of a capitalist is violated when he is obliged to accept a particular rate of interest for his stock; and the property of a labourer is violated when he is obliged to employ himself in any particular occupation, or for a fixed rate of wages.’

“ The property of no man can be violated by the formation of such arrangements as shall have the effect of fixing the rate of wages at *the result* of labour, subject to the smallest possible deduction for the support of unproductive labour. Not only would the property of the labourer not be violated by his wages being thus fixed, but it must ever continue to be violated until they are thus fixed. The existing system of commerce has precisely the same effect as an act of parliament would have, fixing the price of labour at the lowest sufficient quantity to support life, and to continue the same miserable race of labourers. Indeed, this is the definition given by the political economists to the *natural* rate of wages. In opposition to this, I hold the natural rate of wages to be *the whole that is produced* by labour, subject only to the above defined deduction.” — S. S., p. 248.

Note X. — ABILITY TO PRODUCE. Page 106.

IN works on political economy, the word *produce*, is sometimes synonymous with *procure* or *obtain*; whilst, at other times, the latter terms have a very different signification. A man cannot, strictly speaking, be said to produce fish or wild-fowl. He merely procures or obtains them by his skill and industry. Yet the result is the same as if he actually made them with his hands; seeing that he *adds* to the stock of marketable produce, as clearly so indeed, as if he were an agricultural labourer, or an artisan. In cases such as these, therefore, producing and procuring or obtaining, are essentially the same. But in others,

as for instance, in the case of a medical man receiving payment for his advice, the meaning is quite different. *He* obtains remuneration without adding to the stock of marketable wealth at all. He merely obtains property that pre-existed in the hands of some one else ; he does not add to its actual quantity in any way. The distinction is sometimes important.

Note XI.— NATIONAL CAPITAL YIELDING NATIONAL
REVENUE. Page 216.

The present system of *railway* legislation is about as absurd as any thing can be. The *railroads themselves* should belong solely to the government ; in other words, to the nation at large ; and each of them should be *let on lease* every fifteen or twenty years, on proper terms and conditions, to railway *conveyance companies*. If government cannot now afford the capital wherewith to make railways, what is to prevent it from opening a railway fund, yielding so much, and no more, per cent interest ? Plenty of money would flow into it, and the result would be, that government might obtain a handsome profit by the difference between the interest of railway bonds, and the rent of the railways ; whilst individuals would still be railway proprietors, but not proprietors of any particular railway.

Oh ! then, I may be told, you would fetter the right of private enterprise and private speculation ; you would destroy the liberty of the subject ! I confess my inability to comprehend the principle upon which the *liberty of the subject* is promoted by the act of allowing one set of subjects to take forcible possession of the lands and other property of another set of subjects. An act of Parliament is asked to allow *a company of private proprietors* to make a railroad from A to B. Query, will the liberty of the subject be most effectually promoted by the grant or refusal of such act ? I can very well understand how the government may have an undoubted right, for public purposes, to compel the sale of private interests *to the public*, for a price to be determined by a jury. But a joint stock railway, however much it may benefit the public, is not undertaken for a public

purpose at all, but for private advantage ; and — the liberty of the subject being the text — probably a strong case might be made out against the practice of seizing upon one private right for the purpose of making room for another private right : whilst the act of allowing the great public thoroughfares of the kingdom to become any thing but public property, has certainly more of novelty than of wisdom to recommend it.

THE END.

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PRICE SEVEN SHILLINGS,

THE SOCIAL SYSTEM ;

A TREATISE ON

THE PRINCIPLE OF EXCHANGE.

To the above named work, frequent reference is made in the present one: see also some notices of it by the public press in the ninth and tenth chapters of this volume; from which notices the following are extracts, —

EXTRACT FROM THE WORK.

“ The specific object of this work is, to state, to prove, to exemplify, and to endeavour to call the attention of the public to the important fact, that it would be by no means difficult to place the commercial affairs of society upon such a footing, that production would become the uniform and never-failing cause of demand: or, in other words, that *to sell goods for money*, without any limit or restriction as respects quantity or value, but not without regulation as to kind, may be rendered, at all times, precisely as easy as it now is to *buy them with money*.” — *Social System*, p. 16.

EXTRACTS FROM THE PUBLIC PRESS.

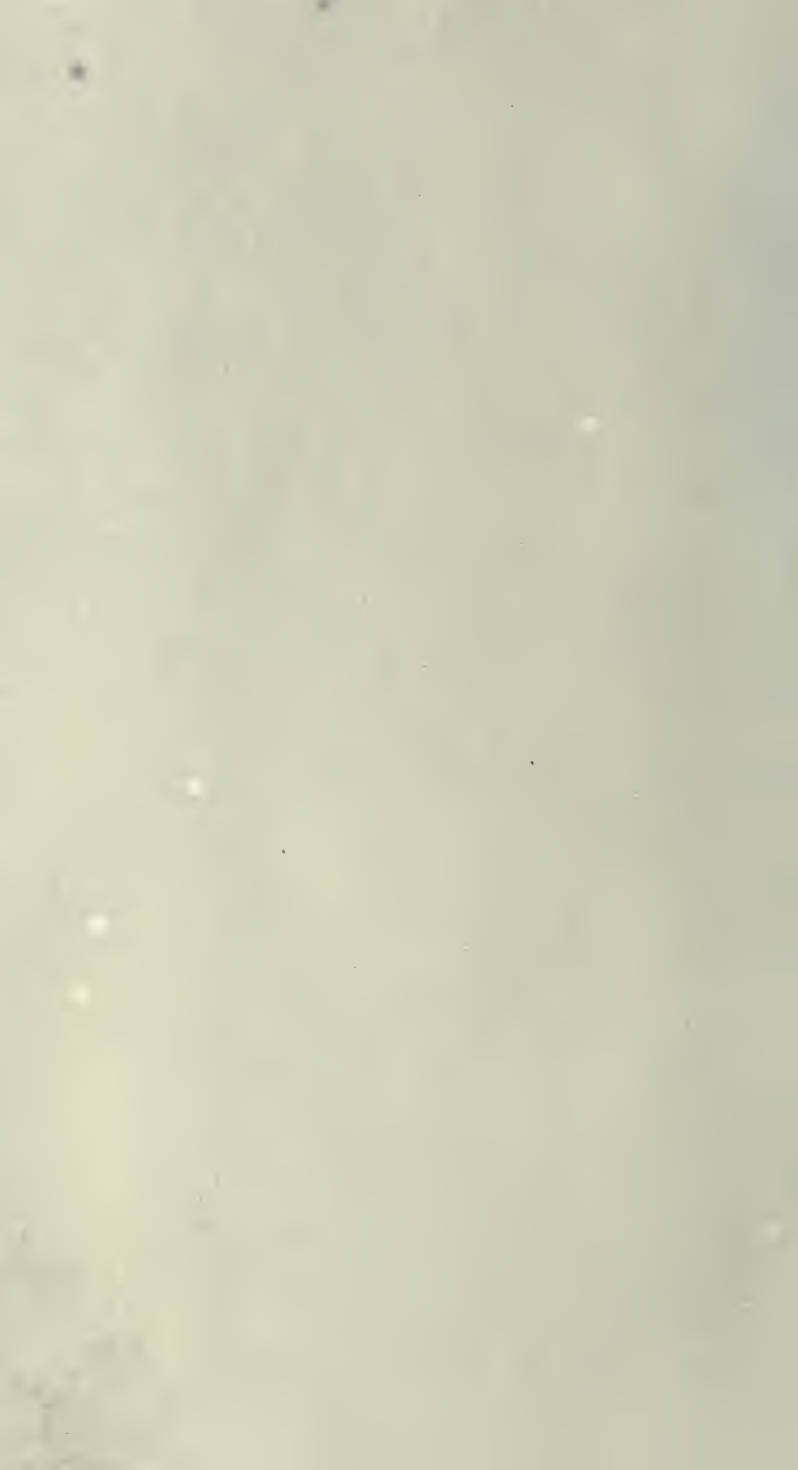
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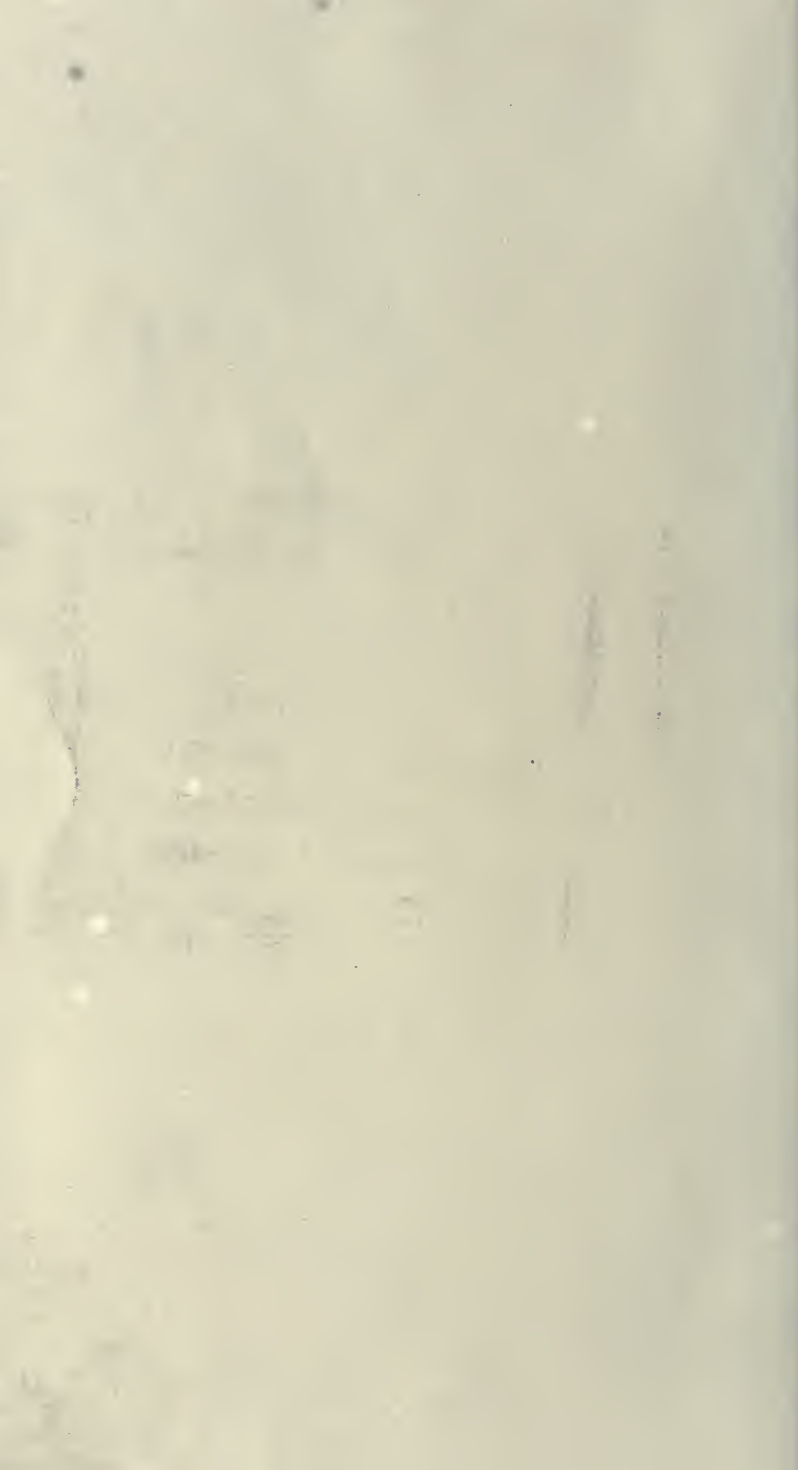
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“ Mr Gray does not content himself with throwing out *Delphic* hints, oracular of what may take place, by some possibility, in some indefinite future, but he goes at once into the *quo modo*, and shews that the Millennium of the Useful Knowledge Society may as well begin five years hence as five hundred.” — *Birmingham Journal*.

“ An important and philosophic work. It is full of novel views of society, and displays, generally speaking, more correct knowledge on almost every thing connected with political economy, than we ever met with in the compass of a single volume.” — *Edinburgh Post*.





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