

## APPENDIX E.\*

NOTES FOR A PROPOSED WORK ‘NATIONAL PROSPECTS IN THE FIELD OF  
POLITICAL ECONOMY, OR, PICTURE OF FUTURITY’<sup>a</sup>, AND A RELATED  
TEXTUAL SEQUENCE (JUNE, JULY AND OCTOBER 1800)<sup>1</sup>

[003\_018] [29 June 1800]

☞ Separate<sup>2</sup> this part from the rest, under the title of National Prospects in the Field of Polit.<sup>1</sup>  
Economy, or, Picture of Futurity.

Add? In Appendix or Notes

Practical Inference[s]. *Ex. gr.*

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\* [Editor’s Note: This Appendix reproduces notes from four brouillons drafted by Bentham on 29 June 1800, 24 July 1800, 22 October 1800, and 27 October 1800, together with a sequence of text which he began drafting on 22 July 1800, which directly relates to the second of the brouillons, and follows it in this appendix. All the materials are associated to a greater or lesser degree with an intended but never further developed work in which Bentham proposed to include a discussion of the effects of his Annuity Note scheme on National Wealth, parts of which discussion are reproduced in Appendix D (UC i. 329–36, 349–58, 364–77, above). In the event, Bentham did not pursue the project, and this appendix is something of a melange, but the preparatory materials and text shed light on the development of his ideas in the summer and autumn of 1800, and in particular on the effect of continuing war versus a return to peace on national wealth (a subject to which he returned in ‘Abstract or Compressed View of a Tract intituled *Circulating Annuities*’, (UC ii. 236–8, Ch. XI, below). The final brouillon at UC iii. 84 marks the transition of Bentham’s focus from Annuity Notes to the general discussion of the effects of paper money on prices, and he began working on ‘Paper Mischief’ three days after drafting its drafting: see UC i. 610, a brouillon for the latter work. A brouillon at UC iii. 19 (3 July 1800), headed ‘Wealth—Means of encreasing’, is excluded on the ground that it is more closely related to Bentham’s first efforts to plan ‘Method of an Institute of Political Economy’, and in particular to a series of brouillons headed ‘Analysis’, for which see vol. v.]

<sup>1</sup> This Appendix reproduces notes from four brouillons drafted by Bentham on 29 June 1800, 24 July 1800, 22 October 1800, and 27 October 1800, together with a sequence of text which he began drafting on 22 July 1800, which directly relates to the second of the brouillons, and follows it in this appendix. Although some of the materials were drafted for the Annuity Note scheme, all are associated more or less directly with an intended but never further developed work in which he proposed to include a discussion of the effects of his Annuity Note scheme on National Wealth, parts of which are reproduced in Appendix D, pp. 000–000 above. [To UC i. 329–36, 349–58, 364–77] The first of the brouillons, at UC iii. 18, is headed ‘Annuity Notes. Effects Ordo’. For further details see the Editorial Introduction, pp. 000–000 above.

<sup>2</sup> This note reproduces an addition to the brouillon in the form of a memorandum on how to proceed. Strictly speaking, it might have been more appropriately reproduced in an editorial note, but is presented as a Bentham note for ease of annotation and presentation. For further details see the Editorial Introduction, p. 000 above.

1. No encouragement.

2. Pacific Resolutions[?].

3. International Tribunal.<sup>3</sup>

Prefix?

Manual of Political Economy.<sup>4</sup>

NOTE TO TYPESETTER: Please centre the following line of text.

[*Ordo*]

I. Modes of increase.<sup>5</sup>

II. Tendency of encrease setting aside Wars and Taxes.

II. Tendency under Wars and Taxes without Funding Systems.

III. Tendency under Funding System, without Redemption System.

IV. Tendency under Redemption System.

V. Obstacles to Encrease.—War &c., with its Losses, Destruction, Capture, and Taxation.

VI. Helps to Encrease, real or supposed.

1. Encouragements to particular branches of production.<sup>6</sup>

2. Colonies—taxable and untaxable.<sup>7</sup>

<sup>3</sup> See UC xxv. 26–35 and, for discussion, *Writings on Political Economy: I (CW)*, pp. lii–lviii.

<sup>4</sup> For ‘Manual of Political Economy’ see *Writings on Political Economy: I (CW)*, pp. 165–214.

<sup>5</sup> Bentham compiled a related brouillon at UC iii. 19 (3 July 1800), headed ‘Ann.<sup>y</sup> Notes? Wealth—Means of encreasing’. For further details see the Editorial Introduction, pp. 000–000 above.

<sup>6</sup> See ‘Manual of Political Economy’, pp. 185–211.

<sup>7</sup> See ‘Colonies and Navy’, in *Writings on Political Economy: I (CW)*, pp. 155–63.

1. State of things in respect of encrease of wealth and population, independently of the measure.
2. i:e: Stock and productive capital in all its branches has a natural tendency to encrease—and is all along upon the encrease.
3. Effects of this encrease upon:
  - i. The absolute quantum of national wealth.
  - ii. The relative d<sup>o</sup>? Quere.
  - iii. The profits of Stock.
  - iv. The rate of interest.
  - v. The income of money'd persons not in trade
4. The tendency of a Sinking Fund is to encrease the accumulation of Stock.
- 5.—and thence to encrease the amount of the several effects abovementioned.
6. Every penny of capital redeemed by Government, whether in the way of buying in or paying off, is so much added to the amount of productive capital.
7. Actual destruction apart—supposing that the debt of a War will be paid off, the effect of the War, upon the whole, as confined to mere[?] expenditure, and taking together the expenditure of the war which is the cause of the borrowing, and the accumulation by reason of the war which is the effect of the paying-off, is the making the quantity of productive stock or capital accumulated—and thence the quantum of National Wealth—greater than if there had been no war.<sup>8</sup>
- 8.—And even, in a territory circumstanced as that of Great Britain (not having been the seat of War), after allowance made for the destruction.
9. The amount of the Year's destruction and loss by capture may be shewn by

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<sup>8</sup> Bentham drafted a discussion of this topic at UC i. 645–8, 638, headed 'War Enrichment', for inclusion in 'Circulating Annuities', from which he compiled a marginal contents sheet at UC iii. 23 (24 July 1800), and which is reproduced at pp. 000–000 below. [This file] On the same day, he compiled the Ordo and brouillon at iii. 22, headed 'Annuity Notes. War-Enrichment', reproduced at pp. 000–000 below. [This file] For further details see the Editorial Introduction, pp. 000–000 above.

- i. The quantum of foreign trade.
- ii. The rate of insurance.
- iii. The rate of profit on insurance, which must be deducted from [...?].
- iii. Deduct from the above the captures from the enemy.

**10.** On the return of peace, the effects of the redemption on the encrease of productive capital will be very rapid and sensible.

**11.**—So are they likewise, even during the war, by reason of the abatement in the quantity borrowed.

**12.** Addition to the quantum of wealth adds to the amount of population.

**13.**—which addition is *pro tanto* a defalcation from the degree of relative opulence.

**14.** But, notwithstanding this, the addition to the mass of absolute wealth is accompanied by an addition to the degree of relative opulence, because the addition to the wealth goes on at a *faster rate* than that to the population.

**15.** The proposed measure,<sup>9</sup> by adding so much to the currency, will add so much to the amount of productive capital—and thence of national wealth.

**16.** Proximate causes by which, or Modes in which, an addition is made to the mass of general wealth.

NOTE TO TYPESETTER: Please centre the following line of text.

Classes prejudiced.

- 1. Stock Annuitants *unwilling* to sell out or to be paid off.
- 2. D<sup>o</sup> *unable* by reason of Settlement &c.
- 3. Unincreasable Incomists of all descriptions; including persons living on *interest*.<sup>a</sup>

<sup>9</sup> i.e. Bentham's Annuity Note proposal.

<sup>a</sup> It would be scarce possible for all unincreasable incomists to save themselves by frugality from the depretiation: because every penny thus saved would augment the depretiation. A hoarder could not reap the benefit of his hoard, without *non*-hoarders.

4. Bankers Country—Quere.

5. Bank of England.

6.<sup>10</sup> Stock-Brokers (after Conversion), i:e: after Period II.<sup>11</sup>

7. Particular Classes incapable of raising the price of their labour or goods in proportion to the general rise.

8. Creditors in general, for money payable at distant periods.

9. Borrowers of Country Bankers.

10. Borrowers of Bank of England—Quere?

NOTE TO TYPESETTER: Please centre the following line of text.

Classes benefited.

1. Stock Annuitants desirous of selling out.

2. Landholders desirous of selling or Mortgaging to improve the rest of their Estates, or go into other businesses.

3. Landholders obliged to sell, to pay fortunes of younger Brothers &c., or debts incurred through extravagance.

4. Landholders charged with Annuities: if not burthened with long Leases.

5. Debtors in general, in respect of money payable at distant periods.

6. Labouring classes in general, in case of a general rise of the wages of labour, the result of the

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<sup>10</sup> Bentham has noted at this point: ‘No brokerage for the Circulating part of the closed issue.’

<sup>11</sup> i.e. ‘From the arrival of 3 per Cent Stock at par to the extinction of the last portion of redeemable Stock Annuities by its conversion into Note Annuities’: see p. 000 above. [To UC iii. 8, ‘Circulating Annuities’, Ch. V]

increase of productive Stock, and of competition among *Employers*—viz: supposing, in the instance of Labourers in Husbandry, the obstacles to the proportionable rise in their instance to be surmounted.

NOTE TO TYPESETTER: Please centre the following line of text.

Public benefited in respect of—

1. Increase of National wealth (absolute) and thence of security against hostilities.
2. Increase of national population and thence  $d^o$ .
3. Reduction of Public debt annually payable by Government to Annuitants out of the produce of Taxes: thence augmentation of the amount capable of being levied by taxes for current service, or interest of fresh Loans—thence further increase of national Security as against hostility.
4. N.B. Security is more increased by accession to relative wealth than by  $d^o$  to absolute wealth.

NOTE TO TYPESETTER: Please centre the following line of text.

Quantities increased.

1. Stock or productive capital in goods.
2.  $D^o$  in cash, i:e: metallic money.
3.  $D^o$  in Paper money.
4. Quantity of Labour yielded by already employ'd hands.
5.  $D^o$  by till-now unemploy'd hands.
6.  $D^o$  by *nondum*—or non-*amplius* employ'd hands.
7. Absolute amount of National Wealth.
8. Mass of Population.
9. Relative amount of National Wealth.

NOTE TO TYPESETTER: Please centre the following line of text.

Quantities diminished

1. Government Annuities purchasable.
2. D<sup>o</sup> unpurchasable when Annuities bought in have been extinguished.
3. Money levied in Taxes—as taxes are abolished.
4. Rate of Profit on Stock.
5. Rate of interest of money laid out—
  - i. In purchase of land.
  - ii. In Canal and other Joint-Stock Way-improving Companies.
  - iii. In Trading Companies.
  - iv. Lent on Mortgage.
  - v. D<sup>o</sup> to persons in trade by discount of Bills &c.
  - vi. D<sup>o</sup> to d<sup>o</sup> on Bond.
  - vii. D<sup>o</sup> to d<sup>o</sup> on Simple Contract.

NOTE TO TYPESETTER: Please leave a space of two lines, followed by a short rule centred, and another space of two lines.

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[003\_022] [24 July 1800]

*Ordo*

*National Prospects*

*or, a*

*Prospective View of the aggregate amount of the influx of National Wealth that may be expected on the Return of Peace, and of its effects and consequences in respect of National Strength and Security and the conflicting interests of divers classes of individuals<sup>12</sup>*

**I.** Under the redemption principle War adds to *capital* and *wealth*, efflux and influx taken together.

1. Expenditure of money raised by loan[?].
2. Profit and loss by destruction and capture.

**II.** Capital has increased notwithstanding the efflux. What will it during the influx?

**III.** Effects of the influx in respect of:

1. Price of Stocks.
- 2.—and rate of redemption.

**IV.** National Strength.

**V.** Interests of different classes, viz: Money'd-men, Fixed-income men, Landowners &c.

**VI.** Caution in application of *past* results to future. Redemption fund which is the grand engine is entirely new and peculiar to modern times = *Steam-Engine*.

1. The extra-expenditure of the War has been 24 Million a year, being nearly  $\frac{1}{5}$  of the Income of the Country according to Pitt's Income Table, i:e: the income from Rent and Profits of Stock: and a full

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<sup>12</sup> This brouillon, at UC iii. 22 (24 July 1800), is headed 'Annuity Notes. War-Enrichment. Ordo and Brouillon.'

$\frac{1}{10}$ <sup>th</sup>, adding the income by Wages of Labour.<sup>13</sup>

1.\* Make the allowance for Foreigners' purchases from the Income Table.<sup>14</sup>

2. This  $\frac{1}{5}$ <sup>th</sup> or  $\frac{1}{10}$ <sup>th</sup> has been a part only of the savings from income: since notwithstanding this vast annual defalcation from the produce of Stock and the profits of Stock, the income by Rents and profits of Stock has gone on increasing all the while.

3. On the return of Peace, the quantity of Annuities capable of meeting the demand of the quantity of Capital applicable to the purchase of Annuities will be diminished by the whole amount of the money annually raised during the war, added to the difference between the average of the annual purchases by the Commissions of Redemption (viz: £3,000,000) and the growing amount of D<sup>o</sup> (£4,500,000).

4. The less the total annual amount of national saving or addition to productive stock, the greater the ratio of that *part* which had been used to be employ'd in the purchase of Government Annuities to the remainder of d<sup>o</sup>. But how does that apply?—Answer: It will diminish the profits of Stock and Rate of Interest so much the more. No—the force of the efficient cause of elevation will be in the ratio of this defalcation from the habitual supply of Stock combined with the addition to the demand for Stock presented by the encreasing amount of the Sinking Fund, to the remainder of the money habitually employ'd in the purchase of Annuities from private Vendors.

Effect of the application of this mass of Capital thus excluded from the purchase of fresh Annuities, to—

1. Existing mass of Annuities[?].

2. Productive Industry in its several branches, i:e: Employment of Stock: thence to Rate of Interest.

So much has been in use for the 7 or 8 years to be *absorbed* by fresh-created Annuities.

Efflux of capital and influx taken together, War, on the *redemption* plan is here favourable rather than unfavourable to the encrease of the mass of National Capital and Wealth.

<sup>13</sup> Bentham added a note at this point adding 125,000,000 to 101,250,000 to make 226m.: see p. 000 n. above. [To 1800, pp. 45–6 n., 'Abstract or Compressed View of a Tract intituled *Circulating Annuities*']

<sup>14</sup> [Annotation to be finalized]

As the demand for Government annuities rises even in time of war, in virtue of a diminution in the efflux, what will it do at the end of the war after the efflux has altogether ceased, while the influx (by means of the Redemption Funds) continues at an encreasing rate.

Omission.<sup>15</sup>

Interest Compound on War Expenditure.

Omitted in the Account of loss of interest upon interest in the capital diverted from peace-accumulation to War-Expenditure. True it is that this interest upon interest is to be computed *per contrà* in the amount of additions to National Capital by the operation of Redemption principle, and this addition will be very great, at least as soon as the mass redeemed comes to equal the mass expended.

Moreover, (still *per contrà*) will not the loss by interest upon interest cease as soon as the mass of annuity redeemed comes to equal the accumulated mass of interest upon interest *up* to that time?

And from the very first year the 1 per Cent stops interest upon interest.<sup>16</sup>

NOTE TO TYPESETTER: Please leave a space of two lines, followed by a short rule centred, and another space of two lines.

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### *War-Enrichment*<sup>17</sup>

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<sup>15</sup> Bentham has added the comment: 'Error? N.B.'

<sup>16</sup> [Annotation to be finalized]

<sup>17</sup> The following sequence corresponds to a marginal contents sheet at UC iii. 23 (24 July 1800), headed 'Annuity Notes. War-Enrichment Contents'. A further sequence at UC i. 641–4, which also corresponds to UC iii. 23, is excluded on the

[001\_645] [22 July 1800]

Important truths can not be announced with too much simplicity.

A proposition which in the course of certain inquiries presented itself to me on a sudden as being as new, as well as true, as it will be allowed to be as important, is as follows, viz:

In a country circumstanced like Great Britain, exempt by situation from being the seat of war, War under the funding system, coupled with the system of assured redemption, is in its effects favourable, and that in a high degree, to the encrease of national wealth.<sup>b</sup>

<sup>b</sup> By *wealth* I do not here mean happiness. I do not say that the money raised for the expenditure of the war might not be made much more conducive to the encrease of national wealth than by being so disposed of: I do not so much as say that of the money expended, or, to keep clear of ambiguity, of the stock actually consumed in the carrying on of the war, any part is contributory in any degree to the result announced—to the encrease of national wealth: but after all these reservations, the proposition is not the less true.

Thus simple is the proposition: and the reason or proof will be found no less so:—it is this, viz: that the saving, or in other words the addition thus made to the aggregate of national capital brought into existence by the redemption of the debt, is greater than the defalcation made from it by the expenditure.

[001\_646]

A corollary is—that, the addition made to the mass of national wealth is the greater, the more disadvantageous the terms of the several loans, in respect of the proportion between money received, and capital created.

Another corollary is—that the amount of the expenditure being given, the greater the amount of disadvantage to government in the terms of contracts entered into for articles furnished by reason of the war, the greater the addition made by the war to the mass of national wealth.

The defalcation in question is made by—and the amount of it is equal to—the amount of the value of the articles actually consumed or lost or destroy'd by reason of the war.

It consists in the amount of articles bought by government, adding those manufactured by stock possessed and labour paid by government.

[001\_647]

The national savings of each year are the difference between the produce of the land and labour of that year with the addition of the gains of the year by traffic, capture and other modes of acquisition, and the expenditure or consumption of the year with the addition of the masses of wealth parted with by the way of traffic, capture, accidental damage and destruction and other modes of loss.<sup>c</sup>

<sup>c</sup> Consumables—though destined for almost immediate consumption—go to the account of *Stock* for the next year, as well as utensils and ground improvements.

Of the average annual amount of the national saving for the seven full years that have elapsed since the commencement of the present war, it is difficult to form any tolerably correct calculation: thus much [is evident], however, that the neat average of the annual amount of the capital lent to Government in the course of this period and employ'd in the expenditure of the war, amounting to about £24,000,000 a year,<sup>18</sup> constitutes but a part of it.

If the amount of national income in its several branches had decreased in each year after the first to the amount of 15 per Cent (being the rate of profit on Stock) on the above 24,000,000, it would have been a proof of the non-existence of all savings, of a decrease in the value of the national capital by the amount of the mass so consumed.

If the amount of income had kept exactly stationary, without encrease or decrease, it would have been a proof of an amount of saving exactly equal to the amount so consumed.

But in every branch of income the produce of which is open to estimation, there appears to have been a very great encrease: an encrease remaining unconsumed, and that to an amount not inferior, perhaps, to the amount of saving so consumed.

[001\_648]

According to M<sup>r</sup> Pitt's supposition, every £100 neat[?] Imported or Exported may be considered

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<sup>18</sup> [Annotation to be finalized]

as a capital yielding to the Merchant Importer or Exporter an income of £15.<sup>19</sup>

And in the other branches of trade he estimates the proportion of income to capital at the same rate, viz: 15 per Cent.

According to this supposition, £100 worth of capital and £15 worth of income made by capital correspond to each other in every line of productive industry: and the existence of either may be inferred from the other: where quantity of capital is known, quantity of income may be inferred from it: where quantity of income is known, quantity of capital may be inferred from it.

Actual increase of capital as above embarked in Foreign Trade	£
as per Rose's Appendix N <sup>o</sup> 1 . . . . .	94,886,000 <sup>20</sup>
Ratio of quantity of supposed income from Home Trade to that from Foreign as 18 to 12 = to as 3 to 2.	
Thence supposed encrease of Capital in Home Trade at the above rate: . . . . .	142,329 000
'Other trade' to Foreign trade, as above, as 10 to 12: viz: as 5 to 6	79,071 667

[001\_638]

Interest (among men of thrift) is that part of the produce of Stock which the owner, on lending out to another to employ in some branch of productive industry, the lender not taking any part of the management of it, receives in return for the use of it: and the rate of interest is expressed in the form of a per Centage on the amount or supposed value of the mass of Stock so lent.

The national rate of interest (i:e: the quantity expressive of the standard rate of interest allowed on the several species of security in a nation) is inversely in the ratio of Stock to income: i:e: as the aggregate amount of the whole quantity of Stock existing at the end of the year capable of being employd in the shape of productive capital (fixed included as well as circulating) in the production of income, to the mass of income produced in the course of the year.

If, then, the quantity of Stock in 1810 should be double the quantity existing in 1800, and the income in 1810 equal and no more to what it was in 1800, and the rate of interest in 1800 4½, the rate

<sup>19</sup> See p. 000 n. above. [To note to UC i. 299, 'Circulating Annuities', Ch. V]

<sup>20</sup> [Annotation to be finalized]

of interest in 1810 should be  $2\frac{1}{4}$  and no more:

But if in 1810 the quantity of income be also double that of 1800, the rate of interest will still be  $4\frac{1}{2}$  per cent, as before.<sup>d</sup>

[001\_639] [22 July 1800]

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NOTE TO TYPESETTER: Please centre the following three lines of text, which constitute two subheadings.

Account<sup>21</sup> of Defalcations from and Additions to the National Wealth in Great Britain under the  
Funding System.

War Defalcations.

1. Amount of money annually raised during the war, by loans made for the expenditure of the war and expended accordingly, except as herein after excepted.

2. Amount of interest annually paid during and after the war paid on the fictitious capital of the Annuities created and granted in return for the price of the money so raised or borrowed.

3. Amount of savings that would have been made on the amount of extra expenditure produced by the annual amount of goods annually captured or destroy'd by the enemy.

4. Amount of savings made by Prize Agents, Sea-Officers and privates (if any thing in this case) on the annual amount prize-money for goods captured from the enemy during the war.

5. Amount of savings made on the saving in the price of prize goods, as above, produced by sale of d<sup>o</sup>.

[001\_640] [22 July 1800]

NOTE TO TYPESETTER: Please centre the following two lines of text, which constitute two subheadings.

Amount of National Capital by War, as coupled with the System of assured Redemption.

Exceptions from Defalcations.

1. Merchants' and Manufacturers' profit upon amount of goods of all kinds sold and delivered to Government for the expenditure of the war, at 15 per Cent upon the amount of the price.

N.B. In this item may be included provisions and other articles bought with the pay of the extra number of Sailors, Soldiers, Dock Yard and other Artificers and other hands kept in pay by government by reason of the War.

2. Amount of money, i:e: quantity and value of the matter of wealth saved up, in the course of each year, on the amount of Annuities or Interest money as above—saved up, and thence added to the amount of productive capital or National Stock—the efficient cause of National wealth.

NOTE TO TYPESETTER: Please centre the following line of text, which constitute two subheadings.

Additions.

3. Amount of addition made to the quantity and value of the money, or rather matter of wealth, employ'd in the shape of productive capital or national Stock, as above, by payments made to possessors of Government Annuities, in return for their Annuities bought-in or paid-off by Government with the produce of the Sinking or Redemption Fund.

NOTE TO TYPESETTER: Please insert two lines of space, followed by a short rule centred, followed by two lines of space.

[003\_083] [22 October 1800]

### *National Prospects. Polit. Economy. Topics*

#### **I. National progress.**

<sup>21</sup> This note reproduces a related passage at UC i. 339–40. Strictly speaking, the passage might have been more appropriately presented in an editorial note, but for ease of annotation and presentation it is presented as a Bentham note. For further details see the Editorial Introduction, p. 000 above.

## II. Room for improvement

1. By averting evil.
2. By producing good.<sup>e</sup>

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NOTE TO TYPESETTER: Please centre the following line of text.

### Conduct<sup>22</sup>

Crimination to be avoided. Pitt's errors to be quoted *verbatim* without reference to his name.

1<sup>st</sup>. Poor's right to Child-money.<sup>23</sup>

2. Indemnity for past, as well security for the future.<sup>24</sup>

The Branchings off to Codes Civil, Penal &c. to be in a Note.

Definition of fundamental terms such as *The legislator*—Matter of Wealth &c. to be in Notes to be inserted on the first occasion on which each term is employ'd.

In the Introduction, list of such topics on which the doctrines are thought to be *new*.

NOTE TO TYPESETTER: Please centre the following line of text.

### Introduction. Beginning.<sup>25</sup>

<sup>22</sup> This note reproduces an addition to the brouillon in the form of a memorandum on how to proceed. Strictly speaking, it should appear in an editorial footnote, but is presented as a Bentham note for ease of annotation and presentation. For further details see the Editorial Introduction, p. 000 above.

<sup>23</sup> Pitt's Poor Bill, introduced in December 1796 but withdrawn in February 1797, had included the provision that Fathers with more than two children and Widows with more than one child, in receipt of parochial relief, should receive an additional weekly allowance of 1s. for every such child: see *House of Commons Sessional Papers of the Eighteenth Century*, ciii. 163–4. Bentham had criticized the provision in his unpublished 'Observations on the Poor Bill': see *Writings on the Poor Laws*: I, ed. M. Quinn, Oxford, 2001 (CW), pp. 228–32.

<sup>24</sup> Bentham had in mind Pitt's statement of Britain's war aims in the House of Commons on 25 April 1793, when he declared that 'indemnification for an unjust aggression, and future security, were the objects of the war': see *Parliamentary Debates* (1793) xxxv. 312.

<sup>25</sup> The following three paragraphs, headed 'Introduction', have been moved here from later in the brouillon.

In an old Book of History I have in my possession, the Nuremberg Chronicle, the end of the work being then approaching, a few blank pages are, by a provident care, left to receive the fruits of the industry of a historian who should find himself disposed to fill up the gap.<sup>26</sup> The following is an attempt to fill up a gap of that sort by an anticipated view.

When a man writes a history, he places his particular department[?] in the general mass of history. So, in legislation, I place this department in the general mass of legislation.

To be written last as being an abridged view of the whole.

Necessity of a compleat and exhaustive view of the subject. All wrong views and measures are right as far as they go: their erroneusness is the result of want of comprehensiveness.

NOTE TO TYPESETTER: Please centre the following line of text.

#### Topics

1. Quantum of wealth not pecuniary, Capital.
2. Income.
3. Population.
4. Rent of Land.
5. Profits of Stock.
6. Rate of Interest.
7. Quantum of money, metallic.
8. Quantum of money, paper.
9. Prices of labour and goods collectively.
10. Prices of goods separately and comparatively.

<sup>26</sup> See Hartmann Schedel, *Liber chronicarum*, Nuremberg, 1493, pp. cclix<sup>r</sup>–cclxi<sup>v</sup>. The Chronicle subdivided the history of the world into seven stages, with the six leaves of the seventh stage left blank to accommodate the history of the world from

11. Price of land in number of Year's purchase.
12. Price of Stocks.
13. Price of Life Annuities.
14. Interest in joint Stock Shares—in Groundworks.
- 15.—in Manufactures and Trades.
16. Price of goods of unchangeable value: *ex. gr.* provisions &c.
- 17.—of fancy value: *ex. gr.* fine Clothes. Quere Wines? &c.
18. Division of wealth—Proportion as between Fortunes.

NOTE TO TYPESETTER: Please centre the following line of text.

Use of these investigations.

1. *Prevention.* That preventible evils may be *prevented*.
2. *Preparation.* That for unpreventible [evils] men may be prepared.

NOTE TO TYPESETTER: Please centre the following line of text.

Ends in view.

1. Subsistence.
2. Security.
3. Opulence {
  1. Absolute
  2. Relative
4. Equality: i:e: maximum of opulence of the lower classes.

5. *Liberty*: i:e: freedom of action—detach this from *Security*.

Therefore the higher the wages of labour the better consistent with national *security*: i:e: the continuance of that very blessing.

Impossibility of raising the wages of ordinary labour beyond mere subsistence.

The state of the poorest is an acquisition in comparison of the savage state which is the natural state.

Equality is procured:

1. By raising up
2. By pulling down.
  1. Raising the bulk higher than they are is impossible.
  2. Pulling down others is mischievous.

Equalizing Laws of Succession go only to the higher classes. 1. They apply not to the great mass, the labouring classes.

Grand source of error—the considering the opulent state as the standard—in comparison of which the condition of the labouring classes is a *decline*.

Whereas the true standard is the Savage state—in comparison of which the state of the labouring classes is an *elevation*.

In a superior *climate* the condition of the mass will be better than in an *inferior*.

Scotland	Oats	} with pinching in regard to Cloathing and Fewel
England	Wheat	
Hindostan	Rice	without pinching in regard to Cloathing and Fewel

What can and what can not be done in favour of Equality i:e: towards ameliorating the condition of the lower orders.

**I. Impossibilia.**<sup>27</sup>

1. Raising their condition above what is sufficient for bare subsistence to a family of the average size.

**II. Possibilia and Facienda.**<sup>28</sup>

1. Giving security to that measure of subsistence.

2. Security as against injustice, by giving accessible justice.

Efficient cause of accumulation: Propensity to hoard protected by the laws and customs that produce security as to property.

Progress of this propensity as deduced from historical facts.

Insufficiency of the general propensity to accumulation to ensure a sufficiency of the principal subsistence for man, i.e: corn.

Necessity of the interference of Government for that purpose.

Measures proper to be taken by Government for that purpose.

Exertion of Government in the view of augmenting opulence.

How far *inefficacious*: viz so far as concerns the directing capital and labour to particular branches of production.

How far *efficacious*—viz: so far as concerns the encrease of capital: by forcing *savings* from pleasurable expenditure, and applying the amount in the shape of capital. Egyptian Pyramids.—Cathedrals.

Disturbance given to the natural progress

**I.** By War, in respect of particular destruction.

**II.**—By War, in respect of Taxation

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<sup>27</sup> i.e. 'Things impossible'.

<sup>28</sup> i.e. 'Things possible and to be done'.

- a. On expenditure.
- b. On capital.
- c. On both together, i:e: on income.
- 1. On the Non-funding System.
- 2. On the Funding System without the Sinking Fund.
- 3. On the Funding System [with]<sup>29</sup> the Sinking Fund.

**III.** By ill-directed endeavours towards any of the *four* ends.

Mutual opposition and subserviency as between the four subordinate ends.

Where there is opposition, preference to be given according to the degree of subserviency to the common superior end.

No sacrifice to be made of any one but in subserviency to some other of the four.

The superior end consists in the *maximum* of all four put together.

Security—its branches—Divided according to

**I.** The *source* of mischief—as against [I.] Human Agency

- 1. Hostility *ab extra*.<sup>30</sup>
- 2. Hostility *ab intra*<sup>31</sup> or delinquency.

**II.** Agency not human.

3. Calamity.

**II.** The object exposed to mischief. viz:

- 1. Person.

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<sup>29</sup> MS 'without'.

<sup>30</sup> i.e 'from outside'.

2. Property.

3. Reputation.

4. Condition in life.

Convenience in having four words containing in some sort the substance of a vast science.

Changes feasible in the existing plan of *distribution, salvâ[?] securitate*:<sup>32</sup>

1. In disposition *post mortem, ad totum usque*.<sup>33</sup>

2. So in future contracts.

3. In other matters, *ex parte tantum*:<sup>34</sup> viz: to the extent of taxes.

‘*The legislator*’ includes all forms of government.<sup>35</sup>

The legislator is supposed to have the greatest good on all occasions in view.—How far this supposition quadrates with the truth of things.

The state of things in view is not an ideal state of things—but the *actual*—the actual *every where*, if it were known and the reference to it could be comprized within a moderate sized work.

Neither being the case—the state of things in Britain is put—1. for its own sake: 2. to serve by way of example and standard of comparison for the state of things in other countries.

Axioms expressive of *pathological* observations on which the claim of the several alledged subordinate *ends* to be received in that character—i.e: as being those the pursuit of which is subservient to the attainment of the maximum of happiness as far as depends on legislation—are grounded.

1. The quantity of the matter of wealth being stationary in the cases compared, happiness as far as wealth is concerned—is as the quantity of wealth.

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<sup>31</sup> i.e. ‘from inside’.

<sup>32</sup> i.e. ‘security unharmed’.

<sup>33</sup> i.e. ‘up to the whole’.

<sup>34</sup> i.e. ‘from a part only’.

<sup>35</sup> Bentham has noted at this point ‘Note? *ad verbum* [i.e. to the word] *legislator*’.

Proofs—

1. No man would change with the condition below him, as proved by his not doing so.
2. Marks of polarity[?] stronger in the higher classes.

Data reciprocal.

Among the collections of facts which constitute the requisite groundwork for legislation, observe which serve with reference to each other as *data*, for the indication of each other.

Rise of Prices a *defalcation from Security*: not a *Shock to Security*.

Causes—

**I.** Unencreasable incomists.

1. Influx of Metal money—*irremediable*.
2. Influx of Paper money—*remediable*.

**II.** Money'd Incomists.

Reduction of rate of interest—*irremediable*.

NOTE TO TYPESETTER: Please leave a space of two lines, followed by a short rule centred, and another space of two lines.

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*Polit. Economy. Ann<sup>y</sup> Notes*

[003\_084] [27 October 1800]

If the quantity of money had remained without encrease, there would have been the same quantity of

wealth then as now, and vendible articles would have been cheaper and cheaper instead of dearer and dearer. But land or other sources of income would have been the same number of years' purchase as now.

1. That a quantity of extra influx money flowing in in a year can make no addition to the mass of vendible commodities within the year except in as far as it gives birth to an extra influx of labour.

2. That it is not clear that in the present state of things the existing stock of money would not without any such extra-influx be sufficient for bringing into employment as great a quantity of capacity for labour as is capable, in the existing state of things, of being brought into employment in the term.

For that,

3. The existing stock of money in a country, how small soever, would without receiving any encrease be capable of bringing into actual employment the growing quantity of capacity for labour.

and that:

4. The quantity of vendible commodities in a country depends—not on the absolute quantity of money but on the application made of it [in] respect of the sort of labour it is employ'd to purchase.

5. The application of the stock of money remaining unchanged, no addition to the quantity could make any addition to the quantity of vendible commodities.

6. By appropriate application of the existing stock of money without any encrease, as great an addition could be made to the stock of vendible commodities, as by an addition to any amount to the quantity of money.

7. The reason of the greater apparent facility of making a given addition to the mass of wealth by an additional mass of money than without it is that an addition to productive capital to a certain amount could not be made without a direct tax: nor consequently but by an authority having the power of imposing taxes.

Whereas with and by money such an addition may be made to any amount by the application of the money alone, and consequently by any body who possesses the money, and without any appearance of a tax, but with the real though disguised effect of one.

*Without* an accession to the mass of money, great and rapid additions to the mass of wealth could

not be made without taxes not only conspicuous but *antecedent* to the accession to non-pecuniary wealth: by means of additional money, an addition to non-pecuniary wealth may be made in the first instance, the tax being subsequent as well as unperceived.

**8.** That even in so far as the extra money, say a million, is employ'd in the giving birth to extra labour, and thence to an extra mass of vendible commodities, the extra quantity of vendible commodities produced by it in the year is Equal—not to the whole million thus employ'd in the shape of principal money in making an addition to the mass of national capital, but only to the interest upon that principal at the high rate of interest which includes profit on Stock, say 15 per Cent. Produce of the million per Year, upon an average, not more than 15 per Cent: viz.,  $\frac{1}{6}^{\text{th}} + \frac{2}{3}$  of  $\frac{1}{6} = \text{£}150,000$ :<sup>36</sup> and in the first year not so much by more than half.

It follows that,

**9.** That part of the extra-influx which finds no correspondent quantity of capacity for labour to bring into act, operates solely in the production of a rise of prices.

And that,

**10.** The part which does find a quantity of unemploy'd capacity for labour, which it does accordingly bring into act, operates also in the production of the rise of prices by its whole amount, with the deduction of no more than between  $[\frac{1}{5}]$ <sup>37</sup> and  $\frac{1}{6}^{\text{th}}$ .

**11.** That a considerable quantity of capacity for labour does, it is true, remain every year unconverted into actual labour: but that conversion can not be produced in any degree by any encrease in the quantity of money, not even by any encrease in the proportion of money employ'd in the shape of capital, but only by establishments of a particular nature, calculated for the collection and employment of such fragments of capacity for labour as must otherwise be lost.

**12.** The mass of national capital is composed of the sum of the savings of individuals.

**13.** The addition made to the mass of national capital in each year is the sum of the savings made by individuals in that year of the fortunes made—or the steps made towards the making of a fortune in that year.

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<sup>36</sup> Bentham's arithmetic appears to have betrayed him: £1m. divided by 6 = £166,666 13s. 4d.;  $\frac{2}{3}$  of that total = £111,110 13s. 4d.; adding these figures produces £277,777 6s. 8d. In addition, one-sixth, without any addition, is bigger than 15%.

**14.** In each year a certain quantity of capital is dissipated by prodigals and unsuccessful projectors.

**15.** But after allowance made for all such dissipation it appears beyond dispute, not only in this country but in time of peace at least in every civilized country, that a certain very large proportion of the incomes of each year is saved up, and added to Capital: expended in such productive improvements the effect of which is to make an annual addition to the income of succeeding years.

**16.** In this country in the present period the amount of such annual addition is probably not less than  $\frac{1}{12}$  of the whole mass of income, income[?] from mere labour, without stock included: and if so it would be more than  $\frac{1}{6}$  of the income resulting from the employment of Stock.

**17.** On reflection, it will hardly appear probable that the proportion between saving and unproductive expenditure in a community will depend upon the absolute quantity of money: or that if the country were precluded from making any accession to the quantity of money for a year or any greater quantity of time, it would be precluded from making as great an addition to the mass of its capital as it did before: since whatever were the ratio of that addition—i:e: the ratio of money to income—say  $\frac{1}{12}$ , that addition might equally be made by means of the existing quantity of money—whatever it were, as well as by the means of any greater.

**18.**<sup>38</sup> The savings of any two periods will be equal, if, *cæteris paribus*, the ratio of the money employ'd in the purchase of productive labour to that of the money employ'd in the purchase of [un]productive labour—and, of the money employ'd in the purchase of productive labour, the part employ'd in the purchase of labour employ'd in the production of articles of slow consumption to that employ'd in the purchase of articles of quick consumption—is the same in the one year as in the other.

**19.** The addition to capital by paper money, and by extra influx even of metallic money is fallacious: since where it adds to capital in the lump in the instance of A, it takes from capital to equal amount in driblets in the instance of B. C. D &c. by rise of prices, and thence diminution in the savings that can be made out of income.

**20.** The rise of prices consequent on the extra influx of paper-money is felt without compensation by the possessors of unincreasable income:

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<sup>37</sup> MS ' $\frac{6}{5}$ '.

**21.** It is felt, and were it not for whatever compensation it may bring with it, would be felt in equal degree by such of the possessors of encreasable income whose incomes are raised by the same cause, but even where the amount of the accession or compensation is equal to the amount of the defalcation, the relief afforded by the accession is never equal to the sense of pressure produced by the defalcation. The amount of the defalcation is known and the pressure of it is felt to its full amount in the character of a hardship and a loss. The accession is felt as a gain flowing from industry in the natural course of things, and, not being seen to flow from the same cause as the loss, is not set against that loss.

**22.** By a law in the constitution of man's nature, the enjoyment produced by a gain to a certain amount is never equal to the suffering produced by a loss to the same amount. Hence it is that when gain and loss to the same amount are viewed separately and no connection *between* them observed, suffering predominates: were they to be seen coming at once and from the same cause, they would be compleatly destructive of each other, and no suffering would be produced.

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<sup>38</sup> Bentham placed the numeral indicating paragraph 18 in the middle of the word 'equally' in the previous paragraph. whence it has been moved to avoid confusion.