



David Hume's Political Philosophy: A Theory of Commercial Modernization

Carl Wennerlind

Hume Studies Volume XXVIII, Number 2 (November, 2002) 247-270.

Your use of the HUME STUDIES archive indicates your acceptance of HUME STUDIES' Terms and Conditions of Use, available at

<http://www.humesociety.org/hs/about/terms.html>.

HUME STUDIES' Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the HUME STUDIES archive only for your personal, non-commercial use.

Each copy of any part of a HUME STUDIES transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

For more information on HUME STUDIES contact

humestudies-info@humesociety.org

<http://www.humesociety.org/hs/>

David Hume's Political Philosophy: A Theory of Commercial Modernization

CARL WENNERLIND

Introduction

While David Hume explicitly elaborated on the development of a modern commercial society in the *Political Discourses* and the *History of England*, it is more difficult to discern whether Hume had a specific time period or societal transformation in mind when he laid out his political philosophy in *A Treatise of Human Nature*. In the *Treatise*, Hume unambiguously states that he did not believe in the existence of a pre-social stage of human development—he considered such elaborations mere philosophical fiction.¹ The lack of an abrupt demarcation between the pre-social and the social in Hume's thought makes his political philosophy incongruent with an original contract or a first social formation. In this sense, Hume's social theory might be considered a foundational theory for all human coexistence² and the *Treatise* would thus read as an ahistorical text. However, it is plausible that Hume was instead providing a discussion of a particular historical transformation—that of commercial modernization—by emphasizing the construction of a new set of social institutions and ignoring or downplaying the social forms that came before. This paper challenges the ahistorical interpretations and suggests that Hume was indeed providing a philosophical elaboration of the

Carl Wennerlind is Term Assistant Professor, Department of Economics, Barnard College, 3009 Broadway, New York, NY 10027, USA.
e-mail: cwennerl@barnard.edu

central conventions of the nascent commercial society.³ This argument emerges from a recent reinterpretation of Hume's treatment of the conventions in Book 3 of the *Treatise*.⁴ Whereas most scholars interpret Hume as theorizing the conventions of property, exchange, and promises, I argue that Hume is discussing property, exchange, and money. Considering that these three conventions constitute the core of modern society and Hume describes them as being formed by the middling sorts in an evolutionary process, it is reasonable to conclude that Hume was in fact theorizing the process whereby a unified modern commercial society emerged from the scattered remnants of various medieval social forms. The plausibility of this interpretation of the *Treatise* is then gauged by juxtaposing it to Hume's historical account of England in the *History*. We find that, in an important sense, the *History* describes the process of commercial modernization within the parameters set out in the *Treatise*, which strongly suggests that Hume's political philosophy is primarily applicable to the modern commercial society, and not to an ahistorical social form.

Property, Markets, and Money

Writing in the aftermath of the agricultural and financial revolutions and during the midst of an astonishing expansion in national and international commerce, Hume was one of the earliest modern thinkers to theorize the deep structure of the emerging commercial order. Hume supported commercial expansion as he thought it would promote politeness, prosperity, liberty, and civilization. He argues in the *Treatise* that commerce extends the division of labor, improves technology and techniques, and stabilizes society. He elaborates further on the importance of commerce in the essays "Of Commerce" and "Of Refinement in the Arts," suggesting that its most important benefit is that it stimulates the industriousness of people and enlarges the "stock of labor." Since the stock of labor constitutes "all real power and riches" (*Essays*, 288) and "men and commodities are the real strength of any community" (293), the expansion of industry is the basis of "the greatness of the state, and the happiness of its subjects" (255). The "greatness" and "happiness" refers not only to improvements in the standard of living associated with capital expansion, but also to a general societal improvement. For Hume, industry—systematic, methodical, and productive work—plays the role of social and moral police, as well as contributes new vigor to the mind, makes people more sociable, increases humanity, and limits drink and debauchery and other appetites "nourished by ease and idleness" (272). As a civilizing force, industry also contributes to public order by making men more dependent on each other,

thus increasing stability by softening men's tempers, making "factions less inveterate, revolutions less tragical, authority less severe, and seditions less frequent" (274). Hence, proper laws, order, police, and discipline can only be fully established once a society flourishes with industry (273). This meant, for Hume, that commerce and industry provide the necessary conditions for the promotion of prosperity, order, liberty, and civilization.

Hume claims that the process of modernization was natural. However, naturalness does not necessitate inevitability. While he argues that the fundamental parameters of human nature are universal,⁵ he does not assert that it always produces uniform behavior.⁶ As human nature has the capacity to express and manifest itself in a variety of ways, there is a wide array of feasible social outcomes, some more preferable than others. Hence, Hume is not suggesting that a commercial society is natural in the sense that it is inevitable or that it is the *only* possible social form. Instead Hume argues a weaker position, suggesting that a commercial society is natural in the sense that it is the most preferable feasible social form *compatible* with the capacities and limitations of human nature. The rhetoric of naturalness enables him to show that a commercial society is not contradictory to human nature; as such, he mounts a defense of the moral worth and acceptability of commerce against the moralists who claimed that trade and commerce were corrupting influences. By providing a convincing philosophical argument for the legitimacy of commerce, Hume doubtlessly hoped to contribute to the acceleration of commercial modernization.

Hume posits his political philosophy in Book 3 of the *Treatise*. Considering that this section discusses the establishment of justice in an explicitly commercial context, it is possible to read it as an elaboration on the necessary conditions for the development of a commercial society. Positing scarcity and self-love as given, Hume suggests that a Hobbesian chaos can only be avoided if people restrain their "insatiable, perpetual, [and] universal" (T 3.2.2.12; SBN 492) acquisitive drives so that they may act in ways that preserve the commercial order and promote justice. Since Hume finds no real or universal motives for justice embedded in the human mind, he concludes that certain conventions must be established so that positive incentives will spur people to redirect their self-interest toward virtuous ends. The internalization of these artificial virtues as behavioral codes must be grounded in the most forceful passion, that of self-love or love of gain. Since this passion is the source of all injustice and violence when unchecked, it must be harnessed and transformed in order to generate an artificial virtue. When the passion is redirected in a manner that transcends its immediate motive, people realize upon reflection that their desire for economic gain

“is much better satisfy’d by its restraint, than by its liberty, and that by preserving society, we make much greater advances in the acquiring possessions” (T 3.2.2.13; SBN 492).⁷ Hence, if our “insatiable, perpetual, and universal” acquisitive drive is restrained in the near term, it will be better satisfied in the long run. Hume suggests that this restraint is made possible primarily through conventions.

Hume posits three conventions as the basis for a just and civilized society, or what amounts to the same thing, a commercial society. The meaning of the first two conventions, private property and market exchange, is somewhat self-evident, while the third convention, discussed in the section “Of the obligation of promises,” requires further elaboration. This section is most frequently read as a treatment of promises in general,⁸ but it has also been interpreted as an elaboration on promises and obligations that form the kernel of the legal system⁹ and commercial contracts,¹⁰ or, alternatively, as a critique of social contract theory.¹¹ However, as will be shown below, this section can also be interpreted as dealing with a subset of commercial contracts, namely, money. More precisely, it can be viewed as an analysis of money in general or a treatment of modern forms of fiduciary money, such as bills of exchange, promissory notes, and private bank notes—the primary means of exchange in merchant transactions during the time Hume was writing.¹²

Hume begins his elaboration on political philosophy by establishing that private property and markets are the foundational conventions of a commercial society. He then proceeds to analyze the exchange mechanism in greater detail. He focuses on transactions in which commodities are delivered in return for promises of reciprocation and inquires whether any binding obligations arise from such promises. That is, if a commodity is received in return for a promise of reciprocation, what is the source of the obligation to honor this promise? Hume argues that “no action can be required of us as our duty, unless there be implanted in human nature some actuating passion or motive, capable of producing the action” (T 3.2.5.6; SBN 518). After some analysis, Hume concludes that there are no such immediate motives to observe promises either from nature or reason, which by extension means that “fidelity is no natural virtue, and that promises have no force, antecedent to human conventions” (T 3.2.5.6; SBN 519). However, given that a modern society cannot function properly without a well-functioning mechanism for making, keeping, and trusting promises, fidelity in commercial relations must be encouraged through a convention. If not, people would find that “here then is the mutual commerce of good offices in a manner lost among mankind, and every one reduced to his own skill and industry for his well being and subsistence” (T 3.2.5.8; SBN 520).

The issue of credibility of promises arises only in particular forms of trade. In barter exchange, where all obligations are discharged at the moment of exchange, promises do not figure. But, as Hume points out, in order for a commercial society to develop, a mechanism must evolve whereby goods and services can be delivered safely and orderly in exchange for promises of repayment. Hume states:

The invention of the law of nature, concerning the *stability* of possession, has already render'd men tolerable to each other; that of the *transference* of property and possession by consent has begun to render them mutually advantageous: But still these laws, however strictly observ'd, are not sufficient to render them so serviceable to each other, as by nature they are fitted to become . . . The *transference* of property . . . can only take place with regard to such objects as are *present* and *individual*, but not to such as are *absent* or *general*. One cannot transfer the property of a particular house, twenty leagues distant; because the consent cannot be attended with delivery, which is a requisite circumstance. Neither can one transfer the property of ten bushels of corn, or five hogsheads of wine, by the mere expression and consent; because these are only general terms, and have no direct relation to any particular heap of corn, or barrels of wine. Besides, the commerce of mankind is not confin'd to the barter of commodities, but may extend to services and actions, which we may exchange to our mutual interest and advantage. (T 3.3.5.8; SBN 520; italics in original)

Hence, in order to transcend the inconveniences of barter, a system of deferred payments must be established in which goods are exchanged for promises of resolution. But as Hume has already pointed out, promises have no force in themselves, as people are under no intrinsic moral obligation to honor them. Consequently, the lack of surety associated with non-barter trade could prevent the establishment of a commercial society.

The solution to this credibility problem is the development of an artifice that gives “new direction to those natural passions, and teach us that we can better satisfy our appetites in an oblique and artificial manner, than by their headlong and impetuous motion” (T 3.2.5.9; SBN 521). In commerce between friends and family, people simply perform and return favors out of love or generosity. However, in commerce between strangers, a commitment mechanism is required, one that allows people to communicate their motives by the very act of participating in the convention.¹³ That is, by using a “*certain*

form of words” (T 3.2.5.10; SBN 522; italics in original)—a symbol—a person signals to the larger community a commitment to the rules of the convention. Hume claims that such a sign or symbol can function as a tangible representation of promises, thus increasing trust and confidence, so that a functional artifice may develop. He argues:

A resolution is the natural act of the mind, which promises express: But were there no more than a resolution in the case, promises wou’d only declare our former motives, and wou’d not create any new motive or obligation. They are the conventions of men, which create a new motive, when experience has taught us, that human affairs wou’d be conducted much more for mutual advantage, were there certain *symbols* or *signs* instituted, by which we might give each other security of our conduct in any particular incident. After these signs are instituted, whoever uses them is immediately bound by his interest to execute his engagements, and must never expect to be trusted any more, if he refuses to perform what he promis’d. (T 3.2.5.10; SBN 522; italics in original)

Here, Hume argues that when a good has been delivered in return for a promise of repayment, the promise given in return only reflects an initial motive. At the time of reciprocation, it is in the interest of the receiver to renege on the promise. However, through experience, people acquire an understanding of the pernicious effects of such precarious commerce, leading them to standardize the exchange of *symbols* for goods and services. The symbol signifies an incomplete transaction and serves as a guarantor of the promise, and as such, increases the confidence and security that the artificial virtue will be upheld, the promise honored, and the transaction completed. It is the motive communicated through the symbol that induces the delivering party to accept the exchange. In this sense, the symbol gives meaning to the promise of resolution, much in the same way as a promissory note.

Through experience and observation, participants in commerce realize the convenience of this commitment mechanism and decide to join, leading to a gradual enlargement of the exchange network. As the symbol begins to function as a universal representation and mediator, and signifies the promise to deliver a certain quantity of *any* commodity to *any* participant, it becomes anonymous. Depersonalized, it now communicates¹⁴ a claim on the general commercial community, like a promissory note on which the name of the drawee has been removed and substituted by the phrase “pay on demand to the holder of this note.” Hume argues that people “are naturally induced to

lay themselves under the restraint of such rules, as may render their commerce more safe and commodious" (T 3.2.2.24; SBN 499). Self-interest should therefore maintain the institution, as it enables people to take advantage of expanded trade, extended division of labor, and economic growth.

Since no other symbolic system can function as an efficient commitment mechanism in non-barter trade, Hume's analysis of promises inevitably gravitates toward the concept of money. More precisely, Hume's exposition proposes a fiduciary concept of money, as the symbolic system is built upon trust and confidence.¹⁵ Even though Hume did not explicitly state in the *Treatise* that the symbol is money, he makes a revealing clarification about the link between promises and money in *An Enquiry concerning the Principles of Morals*. While discussing the three institutions of justice—property, trade, and “contracts and promises”—he exemplifies the latter by referring to bills of exchange¹⁶ and promissory notes¹⁷ (EPM 3.2.33; SBN 196), two of the primary forms of modern money used by merchants in the eighteenth century.

Hume's Historically Specific Social Theory

From the above discussion of Book 3 of the *Treatise* we conclude that Hume viewed private property, markets, and money as the constitutive institutions of a modern commercial society. Hume thought that once this framework was solidified, an appropriate milieu for commerce, industry, and technological advancement would be established, promoting a polite and civilized society and the possibility for political and constitutional liberty. In addition to focusing on the historically specific conventions of private property, markets, and money, the *Treatise* contains further clues suggesting that Hume was primarily concerned with analyzing the process of commercial modernization. As will be shown below, a close reading of the *Treatise* reveals that Hume specified (i) that the conventions are generated in an evolutionary process, (ii) wherein the middling sorts play the primary constitutive role, and (iii) a system of laws is required to ensure compliance from those who do not voluntarily conform to the new social order. That is, Hume did not believe in a universal ahistorical subject—his analysis centers around the newly emerging middle class as the primary historical agent—and he viewed commercial modernization as a gradual development partly engineered by the middling sorts and partly imposed on others through the rule of law. In order to examine the plausibility of this interpretation of the *Treatise*, we can compare it to Hume's historical analysis in *The History of England*. Such a comparative approach reveals that the dynamics of Hume's political philosophy closely resembles that of the actual process of commercial modernization described

in the *History*, to the extent that it seems beyond doubt that his political philosophy was developed to illustrate this historical moment.

Hume suggests in the *History* that the process of commercial modernization had an early beginning at the end of the fifteenth century, but that polices pursued by the Tudor regime retarded its progress.¹⁸ Therefore, it was not until the seventeenth century that the social fabric experienced a fundamental transformation and the pace of commercial modernization accelerated. He writes, “during no preceding period of English history, was there a more sensible encrease, than during the reign of this monarch [James I], of all the advantages which distinguish a flourishing people. Not only the peace which he maintained, was favourable to industry and commerce: His turn of mind inclined him to promote the peaceful arts: And trade being as yet in its infancy, all additions to it must have been the more evident to every eye, which was not blinded by melancholy prejudices” (*History of England*, 5: 142). Subsequent periods experienced an even greater acceleration of economic growth: “the commerce and industry of England encreased extremely during the peaceable period of Charles I’s reign” (6: 148), while “the commerce and riches of England did never, during any period, encrease so fast as from the restoration to the revolution” (5: 537).

In the *Treatise*, Hume argues that the formation of a commercial society is an evolutionary process that “arises gradually, and acquires force by a slow progression” (T 3.2.2.10; SBN 490).¹⁹ People are not immediately disposed to abide by the laws of justice (defined in the commercial context of property, markets, and money);²⁰ indeed a sense of justice and injustice “is not deriv’d from nature, but arises artificially, tho’ necessarily from education, and human conventions” (T 3.2.1.17; SBN 483). Only when a population reaches a “civiliz’d state, and when train’d up according to a certain discipline and education,” (T 3.2.1.9; SBN 479) are the rules of commerce internalized as behavioral norms. However, this evolutionary process is imperfect, as all people cannot be counted on to participate voluntarily in the creation and recreation of the conventions. Although a breach of justice may be remote, “they are, however, never the less real for being remote; and as all men are, in some degree, subject to the same weakness, it necessarily happens, that the violations of equity must become very frequent in society, and the commerce of men, by that means, be render’d very dangerous and uncertain” (T 3.2.7.3; SBN 535). Hume suggests in the *History* that the reign of Henry VIII experienced rampant violations of property rights, with seventy-two thousand people executed for crimes against property. However, he continues, “if these facts be just, there has been a great improvement in morals since the reign of Henry VIII. and this improvement has been chiefly owing to the encrease of

industry and of the arts, which have given maintenance, and, what is almost of equal importance, occupation to the lower classes (*History of England*, 3: 329). Hence, private property and commerce are symbiotically related, the more secure property rights are the greater commerce will be and vice versa. Consequently, people who spark industry and further trade are crucial to the commercialization process. These agents of change included merchants, entrepreneurs, financiers, agricultural improvers, and manufacturers, whom Hume groups together as the “middling rank of men” (*Essays*, 277–8). Not only were these men the impetus behind trade and industry, they also had the strongest incentives to temper their passion for immediate gratification and thus abide by the rules of the property exchange system. As the middling sorts gradually acquired more political authority, they were able to transform the nation’s legal system in ways that codified the changes generated by the commercialization process. As such, the middling rank of men “are the best and firmest basis of public liberty. . . . They covet equal laws, which may secure their property, and preserve them from monarchical, as well as aristocratical tyranny” (*Essays*, 277–8). Hence, it was through the rule of law that the middling sorts, “who, in order to govern men more easily, and preserve peace in human society, have endeavour’d to produce an esteem for justice, and an abhorrence of injustice” (T 3.2.2.25; SBN 500), that is, respect for property, exchange, and money.

By providing an analysis in which the middling rank of men are responsible for weaving the new social fabric, Hume’s social theory accurately represents the agency implicit in the construction of commercial institutions. For Hume, these revolutionary subjects serve as engines of commerce and industry, and thus provide the basis for liberty and progress. As such, this process tends to be self-reinforcing and cumulative in that improvements in commerce, industry, and the arts have the capacity to transform the non-productive members of society, both high and low, to become more like the middling sorts. He explains how

the nobility, instead of vying with each other, in the number and boldness of their retainers, acquired by degrees a more civilized species of emulation, and endeavoured to excel in the splendour and elegance of their equipage, houses, and tables. The common people, no longer maintained in vicious idleness by their superiors, were obliged to learn some calling or industry, and became useful both to themselves and others. And it must be acknowledged, in spite of those who declaim so violently against refinement in the arts, or what they are pleased to call luxury, that . . . an industrious tradesman is both a

better man and a better citizen than one of those idle retainers. (*History of England*, 3: 76)

Hume further elaborates on how the refinements of the arts and the habits of luxury further precipitated this social transformation. He describes how,

as the new methods of expence gave subsistence to mechanics and merchants, who lived in an independant manner on the fruits of their own industry, a nobleman . . . retained only that moderate influence, which customers have over tradesmen, and which can never be dangerous to civil government. The landed proprietors also, having a greater demand for money than for men, endeavoured to turn their lands to the best account with regard to profit, and either inclosing their fields, or joining many small farms into a few large ones, dismissed those useless hands, which formerly were always at their call in every attempt to subvert the government, or oppose a neighbouring baron. By all these means the cities encreased; the middle rank of men began to be rich and powerful. (4: 384)

Hume suggests that the Age of Discovery afforded additional opportunities for people to elevate themselves into the middling ranks. He writes, “the enlargement of commerce and navigation encreased industry and the arts every where. . . . Men of an inferior rank both acquired a share in the landed property, and created to themselves a considerable property of a new kind, in stock, commodities, art, credit, and correspondence” (*History of England*, 3: 80). For this reason, the middling sorts should be given open access to all cities and “parliament had done better to have encouraged foreign merchants and artizans to come over in great numbers to England; which might have excited the emulation of the natives, and have improved their skill” (3: 328). However, it was not until the seventeenth century that it was finally recognized that men of commerce serve as an important force for social improvement and only then was the merchant profession considered “honourable” and country gentlemen began to “bind their sons apprentices to merchants” (6: 148).

Endowed with the potential to emancipate society from barbarism and poverty, the middling sort was the most central agent for Hume to consider.²¹ Other segments of society, high and low, noble and poor, that did not actively contribute to the establishment of modern society or fought against it, were simply denied agency and subjectivity in Hume’s social theory. In so far as Hume considers other classes, he does so only in terms of how they can be

transformed into something closer to the middling sorts.²² As such, it is only once the commercialization process is complete and all people have been transformed into the middling ranks that a universal subject is created. However, during the time period Hume considered, there were still multiple social groups who did not share the behavioral specificities and motivations of the middle class, e.g., the aristocracy, beggars, Diggers, pirates, commoners, counterfeiterers, etc.

Now that we have established that, for Hume, commercial modernization is a gradual process, is primarily engineered by a certain segment of society, and necessitates a legal system to ensure universal compliance, we turn to his description, in the *History*, of how the core conventions emerged in England. This parallel reading reveals how Hume's account of economic history in the *History* and the *Political Discourses* expands and clarifies his political philosophy articulated in the *Treatise*.

Private Property

Hume argues that the philosophical fiction of a golden age, where property rights were not required, never existed and points out that every society must have restraints and rules regarding the use and distribution of its resources in order to function. However accurate this statement is, Hume's argument that a society needs some property rules is different from insisting that a society can function only under *private* property rules.²³ Nevertheless, he presents a case for individualistic exclusionary property rights that grant the owner full right to possess, use, manage, alienate, transfer, acquire income flows, and exclude others from access.²⁴ For Hume, individualistic exclusionary property rights, where "land marks between my neighbor's field and mine" (EPM 3.6; SBN 185)²⁵ are strictly defined are best suited for establishing proper incentives for industry and commerce. He asks rhetorically, "who sees not . . . that whatever is produced or improved by a man's art or industry ought, for ever, to be secured to him, in order to give encouragement to such *useful* habits and accomplishments?" (EPM 3.28; SBN 195). He also warns that if we "render possessions ever so equal, men's different degrees of art, care, and industry will immediately break that equality. Or if you check these virtues, you reduce society to the most extreme indigence; and instead of preventing want and beggary in a few, render it unavoidable to the whole community" (EPM 3.25; SBN 194). For Hume, societal progress could only begin once the convention of individualistic exclusionary property rights was established. In the *History*, he dates the advent of this process to the end of the fifteenth century, when the nobility and gentry "acquired the power of . . . alienating their estates. By

means of this law, joined to the beginning luxury and refinement of the age, the great fortunes of the barons were gradually dissipated, and the property of the commons increased in England” (*History of England*, 3: 77). Property rights became generalized and more strictly enforced during the sixteenth century, when “a more regular police was established in the reign of Henry VIII. than in any former period, and a stricter administration of justice; an advantage which induced the men of landed property to leave the provincial towns, and to retire into the country . . . [which was] proof of the encrease of riches” (3: 229–30). Hence, the establishment of private property rights coincided with, or rather contributed to, the definite elimination of the remnants of England’s medieval society.

Hume suggests in the *Treatise* that the convention of private property evolves gradually as more and more people become interested in enjoying its benefits. However, he also points out that education, socialization, and political coercion are necessary in order to expand and maintain the convention. As such, he correctly suggests that the history of private property rights is written in the annals of mankind in the letters of both self-interest and violent imposition, a dual explanation of the genesis of private property still prominent in today’s historical debates. While many economic historians focus on how clearer definitions and more efficient execution of property rights create incentives for improved productivity and increased trade,²⁶ social historians tend to focus on the contestation and resistance to the establishment of private property.²⁷ Forms of resistance include anti-enclosure riots and peasant uprisings—which often encountered extensive state violence, but on occasion forced the state to implement and enforce anti-enclosure measures—and attempts to circumvent property rights altogether through theft²⁸—a crime that was punished with particular severity in early-modern England. While Hume focused primarily on the smooth organic evolution of property rights in the *Treatise*, he considered the grievances against the enclosures in the *History*. He states that when pasturage had become more profitable than “unskilful” English farming in the sixteenth century, “whole estates were laid waste by inclosures: The tenants regarded as a useless burden, were expelled their habitations: Even the cottagers, deprived of the commons, on which they formerly fed their cattle, were reduced to misery” (*History of England*, 3: 369). Enraged by their immiseration, the populace frequently took up arms and disturbed the public peace. Ket’s Rebellion, one of the most famous anti-enclosure insurrections of the century, in which more than twenty thousand peasants came together and seriously threatened the public order and the new system of land ownership, figures prominently in Hume’s account.

Hume was utterly unsympathetic to the anti-enclosure riots and opined that “the law enacted against inclosures . . . scarcely deserves . . . high praises” (*History of England*, 3: 79). In fact, he thought that the English peasantry ultimately benefited from the initial misery produced by the enclosures, as it forced them to become more industrious and frugal— “[it was] difficult for the people to shake off their former habits of indolence; and nothing but necessity could compel them to such an exertion of their faculties” (3: 370). In general, Hume thought that limitations on ownership and exchange would never promote employment and prosperity. Hence, the enclosures should be allowed to proceed unchecked, because as long as “husbandmen understand agriculture, and have a ready vent for their commodities, we need not dread a diminution of the people, employed in the country” (3: 79).

The Diggers, or the True Levellers, who in 1649 sought to regain the commons by cultivating the waste lands,²⁹ consequently came under Hume's criticism. Although the Diggers' project, led and formulated by Robert Everard and Gerrard Winstanley, was destroyed by a local militia organized by the land-lords and aided by parliamentary troops, their politically subversive vision of communal property rights lingered on as a threat to the commercial modernization project.³⁰ Hume denounces the Diggers' project and philosophy for this very reason. He describes how

Everard, a disbanded soldier, having preached that the time was now come when the community of goods would be renewed among Christians, led out his followers to take possession of the land. . . . What seemed more dangerous: The army itself was infected with like humours. Though the levellers had for a time been suppressed by the audacious spirit of Cromwel, they still continued to propagate their doctrines among the private men and inferior officers. (*History of England*, 6: 12)

In the *Enquiries*, Hume further considers “the levellers, who claimed an equal distribution of property” (EPM 3.24; SBN 193), as fanatics who quixotically believed that “dominion is founded on grace, and that saints alone inherit the earth” (EPM 3.23; SBN 193). He consequently seemed pleased to note that “the civil magistrate very justly puts these sublime theorists on the same footing with common robbers, and teaches them by the severest discipline, that a rule, which, in speculation, may seem the most advantageous to society, may yet be found, in practice, totally pernicious and destructive” (EPM 3.23; SBN 193). The “very just and severest discipline” the state used to teach respect for private property was founded on a plethora of capital punishments.³¹

Markets

In as much as Hume's discussion of private property reveals that the *History* is written within the same theoretical structure as the *Treatise* and *Enquires*, we find a similar pattern in Hume's discussion of markets. In the *Treatise*, Hume shows that the establishment of private property rights is not sufficient to ensure that people are as serviceable to each other as they have the capacity to become. Hume points out that "different parts of the earth produce different commodities; and not only so, but different men both are by nature fitted for different employments, and attain to greater perfection in any one, when they confine themselves to it alone. All this requires a mutual exchange and commerce" (T 3.2.4.1; SBN 514). While some form of exchange has always existed, whether it was barter, gift giving, administrative trade, or market exchange, an international market society with a developed division of labor, in which all important features of society are distributed through markets, is a more recent institution.³² The market expansion was the result of a gradual process whereby merchants, entrepreneurs, and manufacturers extended their activities to include more facets of human life and to cover additional regions, to the point when nearly anything could be sold almost anywhere in the world.³³

Hume argues in the *History* that markets should be open to all members of society, as trade "ought to be common to all" (*History of England*, 4: 376). All restrictions on commerce, whether domestic or international, are detrimental to all parties involved. He argues that "the enlargement of commerce and navigation encreased industry and the arts every where . . . [and] in all places, the conditions of the people . . . received great improvement, and they acquired, if not entire liberty, at least the most considerable advantages of it" (3: 80). Hume therefore viewed the mercantile state's practice of raising revenues through the sale of monopoly rights to specific trade routes as a particularly pernicious policy, as it "enslaved the nation to those exclusive companies, which confined so much every branch of commerce and industry" (5: 144). The state should also abstain from the temptation to regulate market interaction domestically. In the spirit of the invisible hand, Hume argues that "most of the arts and professions in a state are of such a nature, that, while they promote the interest of the society, they are also useful or agreeable to some individuals; and in that case, the constant rule of the magistrate, except, perhaps, on the first introduction of any art, is, to leave the profession to itself, and trust its encouragement to those who reap the benefit of it" (3: 135).

As in the case of private property, there was a significant number of people who resisted the establishment of markets. With the accelerated confluence of modernizing forces and the elimination of Tudor paternalism,³⁴ there was a sharp increase in the number of people who became dependent on the market for access to their basic needs. However, the poorer sorts did not passively accept the new logic of the market, as they viewed Tudor paternalism as a common-right substitute ensuring their sustenance in periods of food shortages. Hume acknowledged their resistance to the market, noticing that during economic depressions the destitute often became “tumultuous for want of bread” (3: 327), and resorted to bread riots,³⁵ or what Eric Hobsbawm called “collective bargaining by riot.”³⁶ Although the state generally used force to quell such unrest, occasionally they were pressured into alleviating the people’s grievances by regulating exports, prices, and wages.³⁷ Hume, however, did not view the vicissitude of the market as a problem necessitating government intervention, but rather thought that an increase in the prices of basic commodities would provide an incentive for the poor to exert more industry. Accordingly, attempts to fix wages and prices to protect the poor only served to protect the idleness and laziness of the English working class and thus dilute the benefits of commercial modernization. Hume exemplifies this phenomenon by referring to Henry VIII’s statutes to fix prices on poultry, cheese, butter, and beef. While these measures were intended to “remedy the evil . . . [of a] decay of commerce, and industry” (*History of England*, 3: 330), the statutes ended up only exacerbating the problem. This led Hume to conclude that “it is evident, that these matters [wage and price setting] ought always to be left free, and be entrusted to the common course of business and commerce” (3: 78).³⁸

Money

Like private property and markets, money was established through a process that was partly organic and partly imposed. As outlined above, Hume argues that the crucial ingredients in the establishment of money, both metallic and paper, is trust and confidence in the continued exchangeability of the money object. Consequently, any action that threatens the fiduciary component has the capacity to undermine the entire convention. The process Hume describes in the *Treatise*, whereby the middling sorts of men established a system of exchange based on fiduciary symbols, closely resembles the financial apparatus established during the seventeenth-century financial revolution. As merchants, tradesmen, entrepreneurs, manufacturers, and agricultural improvers sought ways to expand commerce, industry, and capital accumulation,

they devised a system of financial instruments that could mediate their transactions. The bill of exchange, a holdover from the medieval fairs in Europe, continued to grow in importance,³⁹ while goldsmiths and pawnshops began to issue promissory notes designated for business use. Goldsmiths also allowed depositors to draw upon their accounts in writing and to use these checks to pay creditors,⁴⁰ while private banks soon after began to issue bank notes.⁴¹ In addition, numerous forms of money were issued by the state, including Bank of England notes, tallies, and Exchequer orders. At the time Hume wrote, the bulk of domestic commerce in Britain was transacted by means of paper money and certainly “by the time Adam Smith’s *Wealth of Nations* was published in 1776, bank money clearly exceeded metallic money.”⁴²

Considering that Hume’s *History* ends prior to the financial revolution, it does not provide a suitable occasion for Hume to elaborate on the expansion of the monetary system. However, the essay “Of the Balance of Trade” contains additional reflections on the introduction of new forms of paper-money. In this essay, Hume argues that the new financial instruments “render paper equivalent to money, circulate it throughout the whole state, [and] make it supply the place of gold and silver” (*Essays*, 316). Hence, paper-money has the capacity to partly substitute for precious metals without damaging the nation’s commerce and industry, since “it is only in our public negotiations and transactions with foreigners, that a great stock of [metallic] money is advantageous . . . as our paper is there absolutely insignificant” (316–17).

Hume notes the existence of different forms of paper-money—bills of exchange, private bank note, and Bank of England bills—and describes the underlying credit mechanisms that secure each instrument.⁴³ In addition, Hume provides a detailed account of the formation of bank-credit, or what we today would call checking-credit, by the banks in Edinburgh.⁴⁴ Calling it “one of the most ingenious ideas that has been executed in commerce” (*Essays*, 319), Hume claims that “the advantages, resulting from this contrivance, are manifold” (319). He suggests that,

as a man may find surety nearly to the amount of his substance, and his bank-credit is equivalent to ready money, a merchant does hereby in a manner coin his houses, his household furniture, the goods in his warehouse, the foreign debts due to him, his ships at sea; and can, upon occasion, employ them in all payments, as if they were the current money of the country. (319)

However, there is always a possibility that paper-money could be overissued, a problem experienced by several companies of merchants in Glasgow

who “associated themselves into different banks, and issued notes so low as ten shillings, which they used in all payments for goods, manufactures, tradesmen’s labour of all kinds; and these notes, from the established credit of the companies, passed as money in all payments throughout the country” (320). This expansion of credit came at the cost of banishing a third of Scotland’s precious metals and “at the risk of losing all by the failing of that credit, as must happen upon any violent shock in public affairs” (317). In order to avoid compromising the credibility of paper-money, credit expansion had to be disciplined. In a letter to Abbé Morellet, Hume proposes that the preferred mechanism to ensure adequate discipline is to require money to consist of or be backed by “some materials, which have intrinsic value, otherwise it would be multiplied without end, and would sink to nothing.”⁴⁵ Hence, only if paper-money is governed by a legal code that requires all bills to be backed by some asset, such as precious metals, merchandise, or land, can we avoid situations similar to that of

our colonies in America, [which] for want of specie, used to coin a paper currency; which were not bank notes, because there was no place appointed to give money in exchange: yet this paper currency passed in all payments, by convention; and might have gone on, had it not been abused by the several assemblies, who issued paper without end, and thereby discredited the currency. (*Letters* 1: 204)

In addition to overissuance posing a threat to the exchangeability of money, the work of counterfeiters also has the capacity to compromise the trust and confidence in money. As counterfeiters seek access to unearned property, they insert a virus-like moment of doubt and insecurity that has the capacity to undermine the fiduciary component of money. Counterfeiters had always been a threat to the functionality of money, but with the rapid development of financial instruments in the eighteenth century, new possibilities for committing crimes against the currency were now available. In fact, forgeries of the various forms of paper-money were viewed as “more serious than coining on account of the greater sums involved and the greater difficulty of detecting the spurious notes.”⁴⁶ Although great efforts were made to outsmart the forgers of paper-money, such as altering the type and quality of the paper and experimenting with the engraving and watermarks, it was quickly considered necessary to pronounce counterfeiting a capital offence.⁴⁷ Hume was adamantly in favor of applying the most draconian punishment to convicted money-manipulators. In his celebration of Henry I’s “rigorous” execution of justice, he describes how “False coining, which was then a very

common crime, and by which the money had been extremely debased, was severely punished by Henry” (*History of England*, 1: 277). He proceeded to claim that these laws were well received by the population and, despite not being carried out universally, yielded rather favorable results. He writes, “Near fifty criminals of this kind were at one time hanged or mutilated; and though these punishments seem to have been exercised in a manner somewhat arbitrary, they were grateful to the people, more attentive to present advantages, than jealous of general laws” (1: 277–8)

Conclusion

This paper argues that Hume’s political philosophy centers around the process of commercial modernization. It interprets the *Treatise* as containing a theory of social change in which the middling sorts transform the social fabric in ways that allow them to better pursue their aims. In the process, they would transform the old political and economic order—an insight about which Adam Smith would later write: “Mr. Hume is the only writer who, so far as I know, has hitherto taken notice of.”⁴⁸ While Hume presents his theory of social change in the *Treatise* without directly referencing any specific time or place, in the *History* and the *Political Discourses* he implicitly uses the same theoretical framework in describing the evolution of property rights, markets, and money in England. This means that the *Treatise* and the *History* can usefully be read as companion texts, and when they are, it becomes clear that Hume’s political philosophy is an explicit treatment of the process of commercial modernization.

NOTES

The author is grateful for comments provided during the 2001 meeting of the 18th Century Scottish Studies Society at George Mason University and the 2000 meeting of the Hume Society at the College of William and Mary. Thanks also to Andrew Cunningham, Samuel Fleischacker, and two anonymous referees for valuable suggestions. This work was partly financed by a grant from Handelsbankens Forskningsstiftelser.

1 Hume notes in the *Treatise*; “this *state of nature*, therefore, is to be regarded as a mere fiction, not unlike that of the *golden age*, which poets have invented” (T 3.2.2.15; SBN 493). Passages from the *Treatise* (hereafter T) are identified by book, part, section, and paragraph number, and are quoted from David Hume, *A Treatise*

of *Human Nature*, ed. David Fate Norton and Mary J. Norton (Oxford: Oxford University Press, 2000). I also provide page references to the second edition prepared by L. A. Selby-Bigge and P. H. Nidditch (Oxford: Clarendon Press, 1978), cited as SBN.

2 This matter is frequently discussed in the literature on Hume's social theory. See, for example, L. A. Scaff, "Hume on Justice and the Original Contract" *Philosophical Studies* 33 (1978): 101–8; Rachel Cohon, "Hume's Difficulty with the Virtue of Honesty," *Hume Studies* 23 (1997): 91–112; and Michael Gill, "Hume's Progressive View of Human Nature," *Hume Studies* 26 (2000): 87–108.

3 Loren Gatch suggests that "there is, in Hume's writing, no 'smoking gun' such as the famous chapter 5 of Locke's *Second Treatise* that has inspired scholars from Laski to Appleby to regard Locke as a theorist of bourgeois capitalism" ("To Redeem Metal with Paper: David Hume's Philosophy of Money," *Hume Studies* 22 [1996]: 169–92; 171). Although a smoking gun may be missing, this paper argues that Hume's analytical framework is, as much as Locke's, a theory of commercial modernization.

4 Carl Wennerlind, "The Link between David Hume's *A Treatise of Human Nature* and his Fiduciary Theory of Money," *History of Political Economy* 33 (2001): 139–60.

5 Hume notes in *An Enquiry Concerning Human Understanding*, "It is universally acknowledged that there is a great uniformity among the actions of men, in all nations and ages, and that human nature remains still the same, in its principles and operations. The same motives always produce the same actions: the same events follow from the same causes. Ambition, avarice, self-love, vanity, friendship, generosity, public spirit: these passions, mixed in various degrees, and distributed through society, have been, from the beginning of the world and still are, the source of all the actions and enterprises, which have ever been observed among mankind" (EHU 8.7; SBN 83). Passages from *An Enquiry concerning Human Understanding* (EHU) are cited in the text by section and paragraph number, and quoted from the edition prepared by Tom L. Beauchamp (Oxford: Oxford University Press, 1999). I also provide page references to the third edition of the *Enquiries concerning Human Understanding and concerning the Principles of Morals* prepared by L. A. Selby-Bigge and P. H. Nidditch (SBN) (Oxford: Clarendon Press, 1975).

6 Hume exemplifies this notion in his discussion of the diversity of national characters in "A Dialogue." He metaphorizes: "The Rhine flows north, the Rhone south; yet both spring from the *same* mountain, and are also actuated, in their opposite directions, by the *same* principle of gravity. The different inclinations of the ground, on which they run, cause all the difference of their courses" (EPM, "A Dialogue," paragraph 26; SBN 333). Passages from *An Enquiry concerning the Principles of Morals* (EPM), including "A Dialogue," are cited by section and paragraph number, and are quoted from the edition prepared by Tom L. Beauchamp (New York: Oxford University Press, 1998). I also provide page references to the third edition of the *Enquiries* prepared by L. A. Selby-Bigge and P. H. Nidditch (SBN) (Oxford: Clarendon Press, 1975). The same idea appears in "The Platonist": "To some philosophers it appears matter of surprise, that all mankind, possessing the same nature, and being endowed with the same faculties, should yet differ so

widely in their pursuits and inclinations“ (*Essays: Moral, Political, and Literary*, ed. Eugene L. Miller [Indianapolis: Liberty Fund, 1985], 155). Hume seems to suggest that it is only after people are organized within a well-defined societal structure with incentives for particular behavior, that their actions become predictable and tractable. He notes in the essay “That Politics May be Reduced to a Science,” “so great is the force of laws, and of particular forms of government, and so little dependence have they on the humours and tempers of men, that consequences almost as general and certain may sometimes be deduced from them, as any which the mathematical sciences afford us” (*Essays*, 16).

7 Albert Hirschman, in *The Passions and the Interests* (Princeton, N.J.: Princeton University Press, 1977), elaborates on this facet of Enlightenment reasoning. For Hume, the process of redirecting the passions was not just beneficial from the point of view of increasing output; it was fundamental to the very constitution of the modern social form.

8 Knud Haakonssen, *The Science of Legislator: The Natural Jurisprudence of David Hume and Adam Smith* (Cambridge: Cambridge University Press, 1981); William Vitek, “The Humean Promise: Whence Comes Its Obligations?,” *Hume Studies* 12 (1986): 160–76 and Anthony Pitson, “Hume on Promises and their Obligations,” *Hume Studies* 14 (1988): 176–90.

9 Haakonssen, *Science of a Legislator*, 29–35, and F. A. Hayek, “The Legal and Political Philosophy of David Hume,” in *Hume*, ed. V. C. Chappell (London: University of Notre Dame Press, 1966), 346–7.

10 John Stewart, *The Moral and Political Philosophy of David Hume* (New York: Columbia University Press, 1963), 119–20.

11 James Moore, “Hume’s Theory of Justice and Property,” *Political Studies*, 24 (1976): 103–109, 107.

12 Glyn Davies, *A History of Money* (Cardiff: University of Wales Press, 1994), 238.

13 Hume notes that “it is only a general sense of common interest; which sense all the members of the society express to one another, and which induces them to regulate their conduct by certain rules” (T 3.2.2.10; SBN 490).

14 Hume was an early semiotician of money. He suggests that money is a language of morality, a signaling mechanism that facilitates the maintenance of sociability and commerce between strangers. This communicative capacity of money was later theorized by the Austrian economists. For an analysis of various types of semiotic theories of money, see Carl Wennerlind, “Money Talks, but what is it Saying? The Semiotics of Money and Social Control,” *Journal of Economic Issues* 35 (2001): 357–574.

15 The conceptualization of money as a subset of contracts was not unique to Hume. His discussion of contracts and obligations resembles that of Francis Hutcheson in *A System of Moral Philosophy* (Glasgow: Foulis Press, 1755). Hutcheson discusses the necessity of contracts for a society to function and suggests that “breaches of faith, were they frequent in society, must destroy all social commerce”

(3). For Hutcheson, promises and intentions can be communicated through language, spoken or written, but they can “also be declared abundantly by any other *signs* previously agreed upon by the parties as evidences of consent. When any *sign* is agreed upon and used with that professed design, it is an express[ed] contract” (6, emphasis added). Much like Hume, Hutcheson claims that these communication signs or commitment signs are instituted through custom and that people maintain the fiduciary solidity of the sign once they realize that failure to do so means loss of mutual confidence and an end of the institution. What is most important for the purposes of this discussion, however, is that Hutcheson then goes on to discuss *money* as a subset of the general category of signs used in contracts. He discusses various forms of commercial exchange and notes the importance that the sign used in monetary exchange should not be manipulated, either by the state or by counterfeiters (53–77).

16 The bill of exchange functions in the following way, “a merchant writes a short note asking another merchant to make a specific payment to yet another merchant who can, if he wishes, sell it and assign it to another, and so on, until payment falls due” (Henry Roseveare, *The Financial Revolution, 1661–1760* [New York: Longman, 1991], 107).

17 Promissory notes “made payable only to the depositor on his order, were invariably endorsed, and the endorsement often witnessed by a third party. Gradually, however, the practice of making them payable to a named payee or bearer increased, and by the year 1729 . . . a space was left on the form for the name of the payee, and also for ‘order’ or ‘bearer’ to be inserted in manuscript as required, showing that at that time bearer notes had become common” (Albert Feavearyear, *The Pound Sterling* [Oxford: Oxford University Press, 1963], 108). It would take another few years before these notes were payable simply to the bearer, without any payee’s name appearing at all.

18 Hume argues that the breakup of feudal social relations during the fifteenth century initiated the modernization process. At this point, the state also became more interested in the promotion of commerce. However, Hume points out that “trade and industry were rather hurt than promoted” by the laws enacted (*The History of England*, 6 vols. [Indianapolis: Liberty Fund, 1983], 3: 77). However, this was only to be expected, since “the principles of commerce are much more complicated, and require long experience and deep reflection to be well understood in any state” (3: 74). Hereafter, references to Hume’s *History* will be provided in the text, by volume and page number in the Liberty Fund edition.

19 Haakonsson notes that this process evolves slowly through the ages and he takes it “as self-evident that Hume is talking of the extension of justice to more and more people, not to the extension of the concept of justice to new areas” (*Science of a Legislator*, 193).

20 Hume clarifies in the essay “Of the Original Contract” that men are not naturally disposed to abide by the laws of commerce. He suggests that “were all men possessed of so inflexible a regard to justice, that, of themselves, they would totally abstain from the properties of others; they had for ever remained in a state of absolute liberty, without subjection to any magistrate or political society: But

this is a state of perfection, of which human nature is justly deemed incapable" (*Essays*, 474).

21 Emma Rothschild, in *Economic Sentiments, Adam Smith, Condorcet, and the Enlightenment* (Cambridge: Harvard University Press, 2001), describes just how revolutionary Hume (and Adam Smith) viewed the middling sorts, in terms of their catalytic role in transforming the economy, politics, morals, and culture.

22 Constant Stockton reads even more into Hume's class analysis and suggests that "Hume offers an almost Marxist dialectic" ("Economics and the Mechanism of Historical Progress in Hume's *History*," in *Hume: A Re-evaluation*, ed. Donald Livingston and James King [New York: Fordham University Press, 1976], 315). Although this proposition may extend beyond the textual evidence, Stockton is correct in pointing out that "Hume sees the struggles between the old nobility and the new middle class and clearly sympathizes with the latter. . . . But, like most writers of his day and class, he felt less sympathy for the common people. Assuming that they are naturally lazy and need the threat of imminent starvation to goad them into increased productivity, Hume concluded that the sufferings of the poor during this period of economic growth were beneficial to the nation as a whole" (315).

23 Scaff suggests that "Hume only succeeds in demonstrating the necessity of a convention, not the particular *kind* of convention it should be" ("Hume on Justice and the Original Contract," 211).

24 Hume suggests that "we are said to be in possession of any thing, not only when we immediately touch it, but also when we are so situated with respect to it, as to have it in our powers to use it; and may move, alter, or destroy it, according to our present pleasure or advantage" (T 3.2.3.7; SBN 506). He further adds, "an object must either be in the possession of one person or another" (T 3.2.6.8; SBN 530).

25 Hume discusses the impossibility of collective property rights in both the *Treatise* (Book 3) and the second *Enquiry*.

26 For example, Douglass North, *Structure and Change in Economic History* (New York: Norton, 1981), and Nathan Rosenberg and L. E. Birdzell, *How the West Grew Rich* (New York: Basic Books, 1986).

27 For example, Rodney Hilton, *Class Conflict and the Crisis of Feudalism* (London: Verso, 1990), and Christopher Hill, *Reformation to Revolution* (Harmondsworth: Penguin, 1967).

28 E. P. Thompson, *Whigs and Hunters* (Harmondsworth: Penguin, 1977).

29 Christopher Hill, *The World Turned Upside Down* (London: Penguin, 1972).

30 David Petegorsky, *Left-wing Democracy in the English Civil War: Gerrard Winstanley and the Digger Movement* (Oxford: Alden Press, 1940).

31 See Peter Linebaugh, *The London Hanged: Crime and Civil Society in the Eighteenth Century* (Cambridge: Cambridge University Press, 1992), and Leon Radzinowicz, *A History of English Criminal Law and its Administration from 1750*

(London: Stevens and Sons, 1948), vol. 1, for analyses of capital punishment for property crimes.

32 Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1944).

33 Throughout the *History*, Hume notes the first appearance in England of a number of new commodities. For example, he records that silk knit stockings, pocket watches, and coaches were first introduced during the reign of Elizabeth (4: 380), while the first mention of tea, coffee, chocolate, asparagus, artichokes, and cauliflower occurs during the reign of Charles II (6: 148).

34 Tudor paternalism refers to laws for consumer protection, such as regulations against forestalling for speculative purposes, priority of use-value motivated purchases before millers and bakers, and officially standardized weights and measures (Buchanan Sharp, *In Contempt of All Authority* [Berkeley: University of California Press, 1980]).

35 Food riots took on different forms: (1) blockages of grain intended for exports, (2) *taxation populaire*, where people expropriated grain and sold it to the locals for a just price and then returned the revenues to the merchant who had been dispossessed, (3) market riots in which grain was forcefully removed without payment, and (4) looting of warehouses (John Walton and David Seddon, *Free Markets and Food Riots: The Politics of Global Adjustment* [Oxford: Blackwell, 1994], 25).

36 Hobsbawm, "The Machine Breakers," in *Labouring Men: Studies in the History of Labour* (London: Weidenfeld and Nicolson, 1964), 9. Food riots rapidly became "one of the most common forms of popular protest" (Sharp, *In Contempt of All Authority*, 10), prompting E.P. Thompson to claim that the marketplace was as much a terrain of class war as the factory and mine became during the industrial revolution (*Customs in Commons* [New York: New Press, 1993], 239).

37 All price increases were not met by rioting. It appears that little unrest occurred in direct response to high prices caused primarily by bad harvests, while shortages generated by enclosures (John Walter and Keith Wrightson, "Dearth and the Social Order in Early Modern England," *Past and Present* 71 [1976]: 22–42, 30) and by exports (Charles Tilly, "Food Supply and Public Order in Modern Europe," in *The Formation of National States in Western Europe*, ed. Charles Tilly [Princeton: Princeton University Press, 1975], 389) more frequently served as instigators. Such profit motivated causes of shortages were viewed as unjust and in violation of the moral economy. David Underdown points out that "food rioters and petitioners were inspired by the value of a vaguely sensed 'moral economy,' in contrast to the values of the market economy now [seventeenth century] being adopted by increasing numbers of the middling sort" (*Revel, Riot, and Rebellion: Popular Politics and Culture in England, 1603–1660* [Oxford: Oxford University Press, 1987], 118).

38 This concern was also present in Hume's condemnation of the corn laws during his own lifetime. In a recently surfaced manuscript, Hume argues that we should regard "the Merchant who deals in that Commodity [corn], as a very useful Member of Society. His Purpose, no doubt, is to acquire Profit: But how can he acquire it? By buying Corn where it is cheap, and selling where it is dear.

Now can any thing be more useful than to make thus an equal Distribution of that Commodity, so essential to Life, and thereby enabling one Part of the Community to assist another" (untitled, ed. David Raynor, *TLS*, [Aug. 14, 1998]: 22).

39 Roseveare describes the bill of exchange as the principal means of transferring payments between merchants during the seventeenth century (*The Financial Revolution*, 107).

40 In describing these early checks, Feavearyear explains that "at first the banker sometimes required some token such as a signet ring, in addition to the written draft, before he would pay" (*The Pound Sterling*, 109).

41 Charles Kindleberger informs that "these notes were not intended for hand-to-hand circulations, but as a substitute for gold in large transactions" (*The Financial History of Western Europe* [London: George Allen, 1984], 76–7). Feavearyear corroborates this, suggesting that "in the first half of the eighteenth century credit currency was confined to large business transactions" (*The Pound Sterling*, 160).

42 Davies, *History of Money*, 238.

43 Hume writes that "it is well known of what advantage it is to a merchant to be able to discount his bills upon occasion; and every thing that facilitates this species of traffic is favourable to the general commerce of a state. But private bankers are enabled to give such credit by the credit they receive from the depositing of money in their shops; and the bank of ENGLAND in the same manner, from the liberty it has to issue its notes in all payments" (*Essays*, 318–19).

44 Hume describes the system of bank-credit in the following way: "A man goes to the bank and finds surety to the amount, we shall suppose, of a thousand pounds. This money, or any part of it, he has the liberty of drawing out whenever he pleases, and he pays only the ordinary interest for it, while it is in his hands. He may, when he pleases, repay any sum so small as twenty pounds, and the interest is discounted from the very day of the repayment" (*Essays*, 319).

45 *The Letters of David Hume*, ed. J. Y. T. Grieg (Oxford: Oxford University Press: 1932), 2 vols., 1: 204.

46 Henry Rhodes, *The Craft of Forgery* (London: John Murray, 1934), 85.

47 Counterfeiting Bank of England notes became a capital offence in 1697, only three years after the notes were first issued (8 & 9 Will. 3, c. 20, s. 36). Three decades later, false making, forging, or counterfeiting of any bill of exchange or promissory note were made punishable by death (2 Geo. 2, c. 25, s. 1). For a discussion of the role of the death penalty against clipping and counterfeiting during the financial revolution, see Carl Wennerlind, "The Death Penalty as Monetary Policy: The Practice and Punishment of Monetary Crime, 1690–1830," *History of Political Economy*, 36 (2004): 2. See also George Caffentzis, *Clipped Coins, Abused Words and Civil Government: John Locke's Philosophy of Money* (New York: Autonomedia, 1989).

48 *An Inquiry into the Nature and Causes of the Wealth of Nations* (Chicago: University of Chicago Press, 1976), 433.