

- 1.1 jean baptiste was mercantilism, which discouraged wars?
- 1.2 france had large foreign presence
- 3.1 what is this colbert's point of writing this letter?

Jean-Baptiste Colbert, *Memoir on Finances*, 1670

*Jean-Baptiste Colbert (1619-1683) came from a wealthy family of merchants. He first rose to prominence in the service of Cardinal Jules Mazarin, Louis XIV's political mentor and advisor. Following Mazarin's death in 1661, Louis assumed personal control of France's government, and Colbert served him as both minister of finance and minister of marine and colonies until his death in 1683. He was a staunch proponent of mercantilism, in which the state regulates economic activities in order to increase its wealth. Virtually all of his policies had this aim in view. The memorandum that follows was written for Louis's consideration.*

There is only a given quantity of money which circulates in Europe and this quantity is increased from time to time by what comes in from the West Indies. It is certain and clear that if there are only 150,000,000 livres which circulate publicly in France, one cannot increase it by 20,000,000, 30,000,000 and 50,000,000 without at the same time taking the same quantity from neighboring states, a fact which explains the double elevation which has been seen to go on so notably in the past few years: The one augmenting the power and greatness of your Majesty, the other lowering that of your enemies and those envious of you...

*econ*

I beg your Majesty to permit me to say that it appears to me that since you have taken charge of the administration of finances, you have undertaken a war of money....against all the states of Europe. You have already conquered Spain, Italy, Germany, England, and some other in which you have caused great misery and want, and by despoiling them you have enriched yourself, whereby you have gained the means to do all the great things which you have done and still continue to do every day. Only Holland is left, and it fights with great resources. Your Majesty has formed companies which, like armies, attack them everywhere.

*foreign presence*

In the North, the company has already a capital of a million livres and 20 vessels; in Guinea, there are 6 French vessels which have begun their trading; in the West, your Majesty has excluded them from all the islands under your authority, and the company which you have formed already furnishes the entire kingdom with sugar, tobacco, and other merchandise which is sold in northern Italy and other foreign countries. In the Orient, your Majesty has 20 vessels employed... Those trading in the Levant have a capital of 12,000,000 livres and 12 vessels.

Your manufactures, your canal for navigation between the seas, and all the other new establishments which your Majesty makes are so many reserve corps that your Majesty creates to do their duty in this war, in which your Majesty can see clearly that he is winning every year some great advantage.

- 1.1 specialization is useful
- 2.1 humans don't need altruism to have trade
- 2.2 free markets are always better
- 2.3 the duties of government

Adam Smith, *The Wealth of Nations*, 1776

### On the division of labor

This division of labor, from which so many advantages are derived, is not originally the effect of any human wisdom, which foresees and intends that general opulence to which it gives occasion. It is the necessary, though very slow and gradual consequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to ... barter and exchange one thing for another.

.. It is common to all men, and to be found in no other race of animals, which seem to know neither this nor any other species of contracts. . Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine, that yours; I am willing to give this for that. ... In almost every other race of animals each individual, when it is grown up to maturity, is entirely independent, and in its natural state has occasion for the assistance of no other living creature.

But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favor, and show them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages ...

### On trade

To give the monopoly of the home market to the produce of domestic industry, in any particular art or manufacture, is in some measure to direct private people in what manner they ought to employ their capital, and must, in almost all cases, be either a useless or a hurtful regulation. If the produce of domestic [industry] can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is the maxim of every prudent master of a family, never to attempt to make at home what it will cost him more to make than to buy ....

free market

What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage ...

### On the duties of government

According to the system of natural liberty, the sovereign has only three duties to attend to...  
First, the duty of protecting the society from the violence and invasion of other independent societies;  
secondly the duty of protecting, as far as possible, every member of the society from the injustice or oppression of every other member of it, or the duty of establishing an exact administration of justice; and  
thirdly, the duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual, or small number of individuals, to erect and maintain, because the profit could never repay the expense to any individual or small number of individuals, though it may frequently do much more than repay it to a great society.