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INQUIRY

INTO THE

Nature and Caufes

OF THE

WEALTH OF NATIONS.

By ADAM SMITH, LL. D. and F. R. S. Formerly Professor of Moral Philosophy in the University of GLASGOW.

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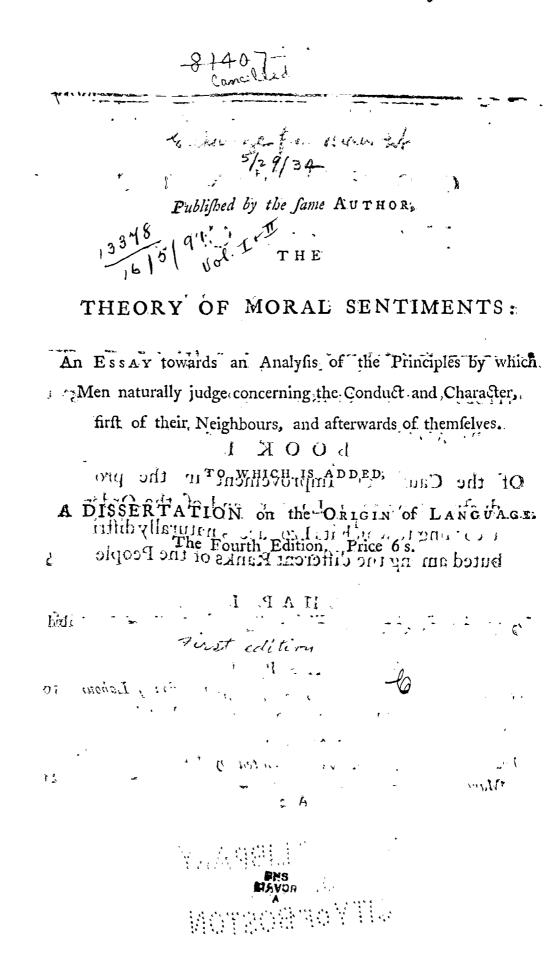
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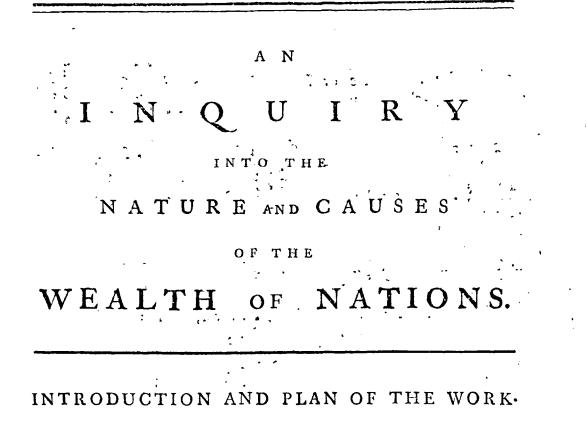
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H E annual labour of every nation is the fund which originally fupplies it with all the neceffaries and conveniencies of life which it annually confumes, and which confift always, either in the immediate produce of that labour, or in what is purchafed with that produce from other nations.

ACCORDING therefore, as this produce, or what is purchased with it, bears a greater or smaller proportion to the number of those who are to confume it, the nation will be better or worse supplied with all the necessaries and conveniencies for which it has occasion.

BUT this proportion must in every nation be regulated by two different circumstances; first, by the skill, dexterity and judgment Vol. I. B with

THE NATURE AND CAUSES OF

Introduction. with which labour is generally applied in it; and, fecondly, by the proportion between the number of those who are employed in ufeful labour, and that of those who are not fo employed. Whatever be the foil, climate, or extent of territory of any particular nation, the abundance or fcantinefs of its annual fupply muft, in that particular fituation, depend upon those two circumstances.

> THE abundance or fcantinefs of this fupply too feems to depend more upon the former of those two circumstances than upon the latter. Among the favage nations of hunters and fifhers, every individual who is able to work, is more or lefs employed in ufeful labour, and endeavours to provide, as well as he can, the neceffaries and conveniencies of life, for himfelf, and fuch of his family or tribe as are either too old, or too young, or too infirm to go a hunting and fishing. Such nations, however, are so miferably poor, that, from mere want, they are frequently reduced, or, at leaft, think themfelves reduced, to the neceffity fometimes of directly deftroying, and fometimes of abandoning their infants, their old people, and those afflicted with lingering diseases, to perish with hunger, or to be devoured by wild beafts. Among civilized and thriving nations, on the contrary, though a great number of people do not labour at all, many of whom confume the produce of ten times, frequently of a hundred times more labour than the greater part of those who work ; yet the produce of the whole labour of the fociety is fo great, that all are often abundantly fupplied, and a workman, even of the loweft and pooreft order, if he is frugal and industrious, may enjoy a greater share of the necessaries and conveniencies of life than it is poffible for any favage to acquire.

THE causes of this improvement, in the productive powers of labour, and the order, according to which its produce is naturally distributed

2

THE WEALTH OF NATIONS.

distributed among the different ranks and conditions of men in the Introduction. fociety, make the fubject of the First Book of this Inquiry.

WHATEVER be the actual flate of the fkill, dexterity, and judgment with which labour is applied in any nation, the abundance or fcantiness of its annual supply, must depend, during the continuance of that flate, upon the proportion between the number of those who are annually employed in useful labour, and that of those who are not so employed. The number of useful and productive labourers, it will hereafter appear, is every where in proportion to the quantity of capital flock which is employed in fetting them to work, and to the particular way in which it is so employed. The Second Book, therefore, treats of the nature of capital flock, of the manner in which it is gradually accumulated, and of the different quantities of labour which it puts into motion, according to the different ways in which it is employed.

NATIONS tolerably well advanced as to fkill, dexterity, and judgment, in the application of labour, have followed very different plans in the general conduct or direction of it; and those plans have not all been equally favourable to the greatness of its produce. The policy of fome nations has given extraordinary encouragement to the industry of the country; that of others to the industry of towns. Scarce any nation has dealt equally and impartially with every fort of industry. Since the downfal of the Roman empire, the policy of Europe has been more favourable to arts, manufactures, and commerce, the industry of towns; than to agriculture, the industry of the country. The circumstances which feem to have introduced and established this policy are explained in the Third Book.

THOUGH those different plans were, perhaps, first introduced by the private interests and prejudices of particular orders of men, with-

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THE NATURE AND CAUSES OF

Introduction. out any regard to, or forefight of, their confequences upon the general welfare of the fociety; yet they have given occafion to very different theories of political æconomy; of which fome magnify the importance of that industry which is carried on in towns, others of that which is carried on in the country. Those theories have had a confiderable influence, not only upon the opinions of men of learning, but upon the public conduct of princes and fovereign flates. I have endeavoured, in the Fourth Book, to explain, as fully and diftinctly as I can, those different theories, and the principal effects which they have produced in different ages and nations.

> In what has confifted the revenue of the great body of the people, or what is the nature of those funds which, in different ages and nations, have fupplied their annual confumption, is treated of in these four first Books. The Fifth and laft Book treats of the revenue of the fovereign, or commonwealth. In this Book I have endeavoured to flow; first, what are the necessary expenses of the fovereign, or commonwealth; which of those expences ought to be defrayed by the general contribution of the whole fociety; and which of them, by that of fome particular part only, or of fome particular members of the fociety : fecondly, what are the different methods in which the whole fociety may be made to contribute towards defraying the expences incumbent on the whole fociety, and what are the principal advantages and inconveniencies of each of those methods : and, thirdly and lastly, what are the reasons and caufes which have induced almost all modern governments to mortgage fome part of this revenue, or to contract debts, and what have been the effects of those debts upon the real wealth, the annual produce of the land and labour of the fociety.

BOOK

4

BOOK I.

Of the Caufes of Improvement in the productive Powers of Labour, and of the Order according to which its Produce is naturally diffributed among the different Ranks of the People.

СНАР. Г.

Of the Division of Labour.

T HE greatest improvements in the productive powers of Labour, and the greater part of the skill, dexterity, and judgment with which it is any where directed, or applied; feem to have been the effects of the division of labour.

THE effects of the division of labour, in the general business of fociety, will be more easily understood, by confidering in what manner it operates in some particular manufactures. It is commonly supposed to be carried furthest in some very trifling ones; not perhaps that it really is carried further in them than in others of more importance : but in those trifling manufactures which are destined to supply the solution of but a small number of people, the whole number of workmen must necessarily be small; and those employed in every different branch of the work can often be collected into the same workhouse, and placed at once under the view of the spectator. In those great manufactures, on the contrary, which are destined to supply the great wants of the great body of the people, every different branch of the work employs fo great a number of workmen, workmen, that it is impoffible to collect them all into the fame workhoufe. We can feldom fee more, at one time, than those employed in one fingle branch. Though in them, therefore, the work may really be divided into a much greater number of parts, than in those of a more triffing nature, the division is not near so obvious, and has accordingly been much lefs observed.

To take an example, therefore, from a very trifling manufacture; but one in which the division of labour has been very often taken notice of, the trade of the pin-maker ; a workman not educated to this business (which the division of labour has rendered a diffinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the fame division of labour has probably given occafion), could fcarce, perhaps, with his utmost industry, make one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewife peculiar trades. One man draws out the wire, another ftraights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three diffinct operations; to put it on, is a peculiar bufinefs, to whiten the pins is another; it is even a trade by itfelf to put them into the paper; and the important bulinefs of making a pin is, in this manner, divided into about eighteen diffinct operations, which in fome manufactories are all performed by diffinct hands, though in others the fame man will fometimes perform two or three of them. I have feen a fmall manufactory of this kind where ten men only were employed, and where fome of them confequently performed two or three diffinct operations. But though they were very poor, and therefore but indifferently accommodated with the neceffary machinery, they could, when they exerted themfelves, make among them about 8 twelve

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twelve pounds of pins in a day. There are in a pound upwards of four thouland pins of a middling fize. Thole ten perfons, therefore, could make among them upwards of forty-eight thouland pins in a day. Each perfon, therefore, making a tenth part of fortyeight thouland pins, might be confidered as making four thouland eight hundred pins in a day. But if they had all wrought feparately and independently, and without any of them having been educated to this peculiar bufinels, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four thouland eight hundredth part of what they are at prefent capable of performing, in confequence of a proper division and combination of their different operations.

In every other art and manufacture, the effects of the division of labour are fimilar to what they are in this very triffing one; though, in many of them, the labour can neither be fo much fubdivided, nor reduced to fo great a fimplicity of operation. The division of labour, however, so far as it can be introduced, occasions, in every art, a proportionable increase of the productive powers of The feparation of different trades and employments from labour. one another, feems to have taken place, in confequence of this This feparation too is generally carried furthest in advantage. those countries which enjoy the highest degree of industry and improvement; what is the work of one man, in a rude flate of fociety, being generally that of feveral, in an improved one. In every improved fociety, the farmer is generally nothing but a farmer; the manufacturer nothing but a manufacturer. The labour too which is neceffary to produce any one complete manufacture, is almost always divided among a great number of hands. How many different trades are employed in each branch of the linen and woollen manufactures, from the growers of the flax and the wool, to the bleachers

CHAP.

THE NATURE AND CAUSES OF

BOOK bleachers and fmoothers of the linen, or to the dyers and dreffers of the cloth ! The nature of agriculture, indeed, does not admit of fo many subdivisions of labour, nor of so complete a separation of one businels from another, as manufactures. It is impossible to feparate fo entirely, the business of the grazier from that of the corn-farmer, as the trade of the carpenter is commonly separated from that of the The fpinner is almost always a diffinct perfor from the finith. weaver; but the ploughman, the harrower, the fower of the feed, and the reaper of the corn, are often the fame. The occasions for those different forts of labour returning with the different featons of the year, it is impossible that one man should be constantly employed in any one of them. This impofibility of making to complete and entire a feparation of all the different branches of labour employed in agriculture, is perhaps the reason why the improvement of the productive powers of labour in this art, does not always keep pace with their improvement in manufactures. The most opulent nations, indeed, generally excel all their neighbours in agriculture as well as in manufactures; but they are commonly more diffinguished by their superiority in the latter than in the former. Their lands are in general better cultivated, and having more labour and expence beftowed upon them, produce more, in proportion to the extent and natural fertility of the ground. But the superiority of produce is feldom much more than in proportion to the fuperiority of labour and expence. In agriculture, the labour of the rich country is not always much more productive than that of the poor; or, at leaft, it is never fo much more productive, as it commonly is in manufactures. The corn of the rich country, therefore, will not always, in the fame degree of goodnefs, come cheaper to market than that of the poor. The corn of Poland, in the fame degree of goodnefs, is as cheap as that of France, notwithflanding the fuperior opulence and improvement of the latter country. The corn of France is, in the corn provinces, fully as good, and in most years :

years nearly about the fame price with the corn of England, CHAP. though, in opulence and improvement, France is perhaps inferior to England. The lands of England, however, are better cultivated than those of France, and the lands of France are faid to be much better cultivated than those of Poland. But though the poor country, notwithstanding the inferiority of its cultivation, can, in fome measure, rival the rich in the cheapness and goodnefs of its corn, it can pretend to no fuch competition in its manufactures; at leaft if those manufactures fuit the foil, climate, and fituation of the rich country. The filks of France are better and cheaper than those of England, because the filk manufacture does not fuit the climate of England. But the hardware and the coarfe woollens of England are beyond all comparison superior to those of France, and much cheaper too in the fame degree of goodnefs. In Poland there are faid to be fearce any manufactures of any kind, a few of those coarser household manufactures excepted, without which no country can well fubfift.

THIS great increase of the quantity of work, which the fame number of people are capable of performing, in consequence of the division of labour, is owing to three different circumstances; first, to the increase of dexterity in every particular workman; fecondly, to the faving of the time which is commonly lost in passing from one species of work to another; and lastly, to the invention of a great number of machines which facilitate and abridge labour, and enable one man to do the work of many.

FIRST, the improvement of the dexterity of the workman neceffarily increases the quantity of the work he can perform, and the division of labour, by reducing every man's business to fome one fimple operation, and by making this operation the fole employment of his life, necessarily increases very much the dexterity

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BOOK of the workman. A common fmith, who, though accustomed to handle the hammer, has never been used to make nails, if upon fome particular occasion he is obliged to attempt it, will scarce, I am affured, be able to make above two or three hundred nails in a day, and those too very bad ones. A smith who has been accustomed to make nails, but whole fole or principal bulinels has not been that of a nailer, can feldom with his utmost diligence make more than eight hundred or a thousand nails in a day. I have feen feveral boys under twenty years of age who had never exercifed any other trade but that of making nails, and who, when they exerted themfelves, could make, each of them, upwards of two thousand three hundred nails in a day. The making of a nail, however, is by no means one of the fimplest operations. The fame perfon blows the bellows, ftirs or mends the fire as there is occasion, heats the iron, and forges every part of the nail: In forging the head too he is obliged to change his tools. The different operations into which the making of a pin, or of a metal button,. is fubdivided, are all of them much more fimple, and the dexterity of the perfon, of whofe life it has been the fole bufinefs to perform them, is ufually much greater. The rapidity with which fome of the operations of those manufactures are performed, exceeds what the human hand could, by those who had never feen. them, be supposed capable of acquiring.

> SECONDLY, the advantage which is gained by faving the time commonly loft in paffing from one fort of work to another, is much greater than we fhould at firft view be apt to imagine it. It is impoffible to pafs very quickly from one kind of work to another, that is carried on in a different place, and with quite different tools. A country weaver, who cultivates a fmall farm, muft lofe a good deal of time in paffing from his loom to the field, and from the field to his loom. When the two trades can be carried

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ried on in the fame workhouse, the loss of time is no doubt much CHAP. less. It is even in this case, however, very confiderable. A man commonly faunters a little in turning his hand from one fort of employment to another. When he first begins the new work he is feldom very keen and hearty; his mind, as they fay, does not go to it, and for fome time he rather trifles than applies to good purpose. The habit of fauntering and of indolent careles application, which is naturally, or rather neceffarily acquired by every country workman who is obliged to change his work and his tools every half hour, and to apply his hand in twenty different ways almost every day of his life; renders him almost always flothful and lazy, and incapable of any vigorous application even on the most preffing occasions. Independent, therefore, of his deficiency in point of dexterity, this caufe alone must always reduce confiderably the quantity of work which he is capable of performing.

THIRDLY, and laftly, every body must be fensible how much labour is facilitated and abridged by the application of proper machinery. It is unneceffary to give any example. I shall, therefore, only observe that the invention of all those machines by which labour is fo much facilitated and abridged, feems to have been originally owing to the division of labour. Men are much more likely to difcover eafier and readier methods of attaining any object when the whole attention of their minds is directed towards that fingle object, than when it is diffipated among a great variety of things. But in confequence of the division of labour, the whole of every man's attention comes naturally to be directed towards fome one very fimple object. It is naturally to be expected, therefore, that some one or other of those who are employed in each particular branch of labour should foon find out easier and readier methods of performing their own particular work wherever the C 2 nature

BOOK nature of it admits of fuch improvement. A great part of the machines employed in those manufactures in which labour is most fubdivided, were originally the inventions of common workmen, who, being each of them employed in fome very fimple operation, naturally turned their thoughts towards finding out eafier and readier methods of performing it. Whoever has been much accustomed to visit such manufactures, must frequently have been fhown very pretty machines, which were the inventions of common workmen in order to facilitate and quicken their own particular part of the work. In the first fire-engines, a boy was constantly employed to open and shut alternately the communication between the boiler and the cylinder, according as the pifton either afcended or defcended. One of those boys, who loved to play with his companions, observed that, by tying a string from the handle of the valve, which opened this communication, to another part of the machine, the valve would open and thut without his affiftance, and leave him at liberty to divert himfelf with his play-fellows. One of the greatest improvements that has been made upon this machine, fince it was first invented; was in this manner the discovery of a boy who wanted to fave his own labour.

> ALL the improvements in machinery, however, have by no means been the inventions of those who had occasion to use the machines. Many improvements have been made by the ingenuity of the makers of the machines, when to make them became the business of a peculiar trade; and some by that of those who are called philosophers or men of speculation, whose trade it is, not to do any thing, but to observe every thing; and who, upon that account, are often capable of combining together the powers of the most distant and dissimilar objects. In the progress of fociety, philosophy or speculation becomes, like every other employment,

ployment, the principal or fole trade and occupation of a particular CHAP. clafs of citizens. Like every other employment too, it is fubdivided into a great number of different branches, each of which affords occupation to a peculiar tribe or clafs of philofophers; and this fubdivifion of employment in philofophy, as well as in every other bufinefs, improves dexterity and faves time. Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of fcience is confiderably increafed by it.

It is the great multiplication of the productions of all the different arts, in confequence of the division of labour, which occasions in a well governed society that universal opulence which extends itself to the lowest ranks of the people. Every workman has a great quantity of his own work to dispose of beyond what he himself has occasion for; and every other workman being exactly in the fame fituation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the fame thing, for the price of a great quantity of theirs. He supplies them abundantly with what they have occasion for, and they accommodate him as amply with what he has occasion for, and a general plenty diffuses itself through all the different ranks of the fociety.

OBSERVE the accommodation of the most common artificer or day-labourer in a civilized and thriving country, and you will perceive that the number of people of whole industry a part, though but a fmall part, has been employed in procuring him this accommodation exceeds all computation. The woollen coat, for example, which covers the day-labourer, as coarse and rough as it may appear, is the produce of the joint labour of a great multitude of workmen. The shepherd, the forter of the wool, the BOOK the wool-comber or carder, the dyer, the fcribbler, the fpinner, . the weaver, the fuller, the dreffer, with many others, must all join their different arts in order to complete even this homely production. How many merchants and carriers, befides, muft have been employed in transporting the materials from some of those workmen to others who often live in a very distant part of the country! how much commerce and navigation in particular, how many fhip-builders, failors, fail-makers, rope-makers, must have been employed in order to bring together the different drugs made use of by the dyer, which often come from the remotest corners of the world! What a variety of labour too is neceffary in order to produce the tools of the meanest of those workmen! To fay nothing of fuch complicated machines as the fhip of the failor, the mill of the fuller, or even the loom of the weaver, let us confider only what a variety of labour is requisite in order to form that very fimple machine, the fhears with which the fhepherd The miner, the builder of the furnace for fineltclips the wool. ing the ore, the feller of the timber, the burner of the charcoal to be made use of in the fmelting house, the brick-maker, the brick-layer, the workmen who attend the furnace, the millwright, the forger, the fmith, must all of them join their different arts in order to produce them. Were we to examine, in the fame manner, all the different parts of his drefs and houfehold furniture, the coarfe linen fhirt which he wears next his fkin, the floes which cover his feet, the bed which he lies on, and all the different parts which compose it, the kitchen grate at which he prepares his victuals, the coals which he makes use of for that purpose, dug from the bowels of the earth, and brought to him perhaps by a long fea and a long land carriage, all the other utenfils of his kitchen, all the furniture of his table, the knives and forks, the earthen or pewter plates upon which he ferves up and divides his victuals, the different hands employed in preparing his bread and

and his beer, the glafs window which lets in the heat and the light, and keeps out the wind and the rain, with all the knowledge and art requifite for preparing that beautiful and happy invention, without which these northern parts of the world could scarce have afforded a very comfortable habitation, together with the tools of all the different workmen employed in producing those different conveniencies; if we examine, I fay, all these things, and confider what a variety of labour is employed about each of them, we fhall. be fenfible that without the affiftance and co-operation of many thousands, the very meanest perfon in a civilized country could not. be provided, even according to what we very falfely imagine the eafy and fimple manner in which he is commonly accommodated. Compared, indeed, with the more extravagant luxury of the great, his accommodation must no doubt appear extremely simple and easy; and yet it may be true perhaps that the accommodation of an European prince does not always fo much exceed that of an induftrious and frugal peafant, as the accommodation of the latter. exceeds that of many an African king, the absolute master of the lives and liberties of ten thousand naked favages.

CHAP.

THE NATURE AND CAUSES OF

CHAP. II.

• Of the Principle which gives Occasion to the Division of Labour.

BOOK I. HIS division of labour, from which so many advantages are derived, is not originally the effect of any human wisdom, which forefees and intends that general opulence to which it gives occasion. It is the necessary, though very flow and gradual confequence of a certain propensity in human nature which has in view no such extensive utility; the propensity to truck, barter, and exchange one thing for another.

> WHETHER this propenfity be one of those original principles in human nature, of which no further account can be given; or whether, as feems more probable, it be the neceffary confequence of the faculties of reafon and fpeech, it belongs not to our prefent fubject to enquire. It is common to all men, and to be found in no other race of animals, which feem to know neither this nor any other fpecies of contracts. Two greyhounds in running down the fame hare, have fometimes the appearance of acting in fome fort of concert. Each turns her towards his companion, or endeavours to intercept her when his companion turns her towards himfelf. This, however, is not the effect of any contract, but of the accidental concurrence of their paffions in the fame object at that particular time. Nobody ever faw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever faw one animal by its geftures and natural cries fignify to another, this is mine, that yours; I am willing to give this for that. When an animal wants to obtain fomething either of a man or of another animal, it has no other means of persuasion but to gain the favour of those whose fervice it requires. A puppy fawns upon its dam, and a spaniel endeavours by a thousand attractions

attractions to engage the attention of its master who is at dinner, when it wants to be fed by him. Man fometimes uses the fame arts with his brethren, and when he has no other means of engaging them to act according to his inclinations, endeavours by every fervile and fawning attention to obtain their good will. He has not time, however, to do this upon every occasion. In civilized fociety he stands at all times in need of the co-operation and affistance of great multitudes, while his whole life is fcarce fufficient to gain the friendship of a few persons. In almost every other race of animals each individual, when it is grown up to maturity, is intirely independant, and in its natural state has occafion for the affiftance 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 intereft their felf-love in his favour, and fhew 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 fuch 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 felf-love, and never talk to them of our own neceffities but of their advantages. Nobody but a beggar chufes to depend chiefly upon the benevolence of his fellow citi-Éven a beggar does not depend upon it entirely. The zens. charity of well disposed people, indeed, supplies him with the whole fund of his fublistence. But though this principle ultimately provides him with all the necessaries of life which he has occasion for, it neither does nor can provide him with them as he has occafion VOL. I. \mathbf{D}

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CHAP.

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BOOK occasion for them: 5 The greater part of his occasional wants are fupplied in the fame manner as those of other people, by treaty, by barter, and by purchase. With the money which one man gives him he purchases food. The old cloaths which another bestows upon him he exchanges for other old cloaths which fuit him better, or for lodging, or for food, or for money, with which he can buy either food, cloaths, or lodging, as he has occasion.

> A's it is by treaty; by barter, and by purchase; that we obtain from one another the greater part of those mutual good offices which we stand in need of, foit is this fame trucking disposition which originally gives occasion to the division of labour. In a tribe of hunters or shepherds a particular person makes bows and arrows, for example, with more readiness and dexterity than any other: He frequently exchanges them for cattle or for venifon with his companions; and he finds at last that he can in this man-'ner get more cattle and 'venifon, than' if he himfelf went to the 'field to catch them. From a regard to his own interest, therefore, the making of bows and arrows grows to be his chief bufinefs, "and he becomes a fort of armourer. Another excels in making 'the frames and covers of their little huts or moveable houses. He is accultomed to be of use in this way to his neighbours, who reward him in the fame manner with cattle and with venifon, till at last he finds it his interest to dedicate himself intirely to this employment, and to become a fort of house-carpenter. In the "fame manner a third becomes a fmith or a brazier, a fourth a tanner or dreffer of hides or skins, the principal part of the cloathing of favages. And thus the certainty of being able to exchange all ethat furplus part of the produce of his own labour, which is over vand above his own confumption, for fuch parts of the produce of nother mens labour as he may, have occasion for, encourages every eman to apply himfelf to a particular occupation; and to cultivate 1 2020 and

and bring to perfection whatever talent for genius he may pollels CHAP; for that particular fpecies of bufinefs. the fit of the buffet م يه م الرز م くてけり • ·.) : 5 Yu 🛉 THE difference of natural talents in different men is, in reality, much lefs than we are aware of; and the very different genius which appears to diffinguish men of different professions, when grown up to maturity, is not upon many occasions to much the cause, as the effect of the division of labour. The difference between the most diffimilar characters, between a philosopher and a' common' street porter, for example, seems to arise not so much from nature, as from habit, cuftom, and education. When they came into' the world, and 'for "the first fix or eight years of their existence, they were perhaps very much alike, and neither their parents' nor play-fellows could perceive any remarkable différence. About That I age' of foon affer, they come to be employed in wert different occupations. The difference of talents comes then to be 'taken notice of, and widens by degrees, still at last the vanity of the philosopher is willing to acknowledge fcarce any refemblance. But without the "difposition to truck, barten, and exchange, every man must have procured to himself every necessary and conveniency of life which he wanted. All must have had the fame duties to perform, and the fame work to do, and there could have been no fuch difference of employment as could alone give זר' ⁺ occasion to any great difference of talents.

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As it is this difpolition which forms that difference of talents, fo remarkable among men of different profeffions, fo it is this fame difpolition which renders that difference uleful. Many tribes of animals acknowledged to be all of the fame fpecies, derive from nature a much more remarkable diffinction of genius, than what, antecedent to cuftom and education, appears to take place among men. By nature a philosopher is not in genius and difpolition D z half

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BOOK half to different from a street porter, as a mastiff is from a greyhound, or a greyhound from a fpaniel, or this last from a shepherd's dog. Those different tribes of animals, however, tho' all of the fame fpecies, are of fcarce any use to one another. The ftrength of the mastiff is not, in the least, supported either by the fwiftness of the greyhound, or by the fagacity of the spaniel, or by the docility of the shepherd's dog. The effects of those different geniuses and talents, for want of the power or disposition to barter and exchange, cannot be brought into a common flock; and do not in the least contribute to the better accommodation and conveniency of the fpecies. Each animal is still obliged to support and defend itself, separately and independently, and derives no fort of advantage from that variety of talents with which nature has diftinguished its fellows. Among men, on the contrary, the most diffimilar geniuses are of use to one another; thedifferent produces of their respective talents, by the general difposition to truck, barter, and exchange, being brought, as it were, into a common ftock, where every man may purchase whatever part of the produce of other men's talents he has ocstalion if the state of the sta 10.7.D 3 . V 1113 1 2 2 1 13 191. 4 ant crub • 23 2 2 2 4 12 4 . . . o' if a set paker baker a f a trachatan w can tear 1 1 1941 40 1 HOL, WITHIN 1 2 and the state of the the leaf. in the near a the to the most that the second strained of . . . 1 · · · · · · • . 1 1 1 1 1 · · · - 19 ⁻ a and show the second star principal and the second star

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haf so different from all eet porter, ava mashiff is from a giver BOOK h .nd, or a rievi surd from a manicilior this laft from a the -Letd's dog. The fe dit. In .9 A.H.D. thinns 3. however, "t - 1 That the Division of Labour is limited by the Extent of the Market. frengt. It the makuff v i tion orred eitner b. 2. ArS it is the power of exchanging that gives occasion to the division of labour, fo the extent of this division must always be limited by the extent of that power, or, in other words siby the extention of the market. When the market is very fmall, no person can have any encouragement to dedicate himself entirely to one employment, for want of the power to exchange all that furplus part of the produce of his own labour, which is over and above his own confumption, for fuch parts of the produce of other mens. tabour'as he has occasion for. wol a contraction guility out or there tracy the most define the vertices are of the to one another the.

'THERE are fome forts of industry, even 'of the lowest kind, which can be carried on no where but in a great town. A porter, for example, than find employment and subsistence in no other place. A' village is by much too narrow ca fiphere for him steven an ordinary market town is fcarce large enough to afford him conftant occupation. In the lone houfes and very fmall villages which are scattered about in so defart a country as the highlands of Scotland, every farmer must be butcher, baker and brewer for his own family. In fuch fituations we can fcarce expect to find even a fmith, a carpenter, or a majon, within lefs than twenty miles of another of the fame trade. The fcattered families that live at eight or ten miles diftance from the nearest of them, must learn to perform themselves a great number of little pieces of work, for which, in more populous countries, they would call in the affiftance of those workmen. Country workmen are almost every where obliged to apply themselves to all the different branches of industry that have so much affinity to one another

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CHAP. III.

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BOOK as to be employed about the fame fort of materials. A country carpenter deals in every fort of work that is made of wood: a country fmith in every fort of work that is made of iron. The former is not only a carpenter, but a joiner, a cabinet-maker, and even a carver in wood, as well as a wheel-wright, a ploughwright, a cart and waggon maker. The employments of the latter are ftill more various. It is impoffible there fhould be fuch a trade as even that of a nailer in the remote and inland parts of the highlands of Scotland. Such a workman at the rate of a thoufand nails a day, and three hundred working days in the year, will make three hundred thoufand nails in the year. But in fuch a fituation it would be impoffible to difpofe of one thoufand, that is, of one day's work in the year.

> As by means of water-carriage a more extensive market is opened to every fort of industry than what land-carriage alone can afford it, fo it is upon the fea coaft, and along the banks of navigable rivers, that industry of every kind naturally begins to fubdivide and improve itfelf; and it is frequently not till a long time after that those improvements extend themselves to the inland parts of the country. A'broad-wheeled waggon, attended by two men and drawn by eight horfes, in about fix weeks time carries and brings back between London and Edinburgh near four ton weight of goods. In about the fame time a fhip navigated by fix or eight men, and failing between the ports of London and Leith, frequently carries and brings back two hundred ton weight of goods. Six or eight men, therefore, by the help of water-carriage, can carry and bring back in the fame time the fame quantity of goods between London and Edinburgh as fifty broad-wheeled waggons, attended by a hundred men, and drawn by four hundred horfes. Upon two hundred tons of goods, therefore, carried by the cheapest land-carriage from London to Edinburgh, there must be charged the

the maintenance of a hundred men for three weeks, and both the CHAP. maintenance, and, what is nearly equal to the maintenance, the wear and tear of four hundred horfes as well as of fifty great Whereas upon the fame quantity of goods carried by waggons. water, there is to be charged only the maintenance of fix or eight men, and the wear and tear of a ship of two hundred tons burden, together with the value of the fuperior rifk or the difference of the infurance between land and water-carriage. Were there no other communication between those two places, therefore, but by landcarriage, as no goods could be transported from the one to the other 'except' fuch whole price was very confiderable in proportion to their weight, they could carry on but a fmall part of that commerce which is at prefent carried on between them, and confequently could give but a fmall part of that encouragement which they at prefent mutually afford to each other's industry. There could be little or no commerce of any kind between the diftant parts of the world. What goods could bear the expence of landcarriage between London and Calcutta?, Or if there was any fo precious as to be able to support this expence, with what fafety could they be transported through the territories of so many barbarous nations? Those two cities; however, at prefent carry on together a very confiderable commerce, and, by mutually affording a market, give a good deal of encouragement, to each other's industry.

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SINCE fuch, therefore, are the advantages of water carriage, it is natural that the first improvements of art and industry should be made where this conveniency opens the whole world for a market to the produce of every fort of labour, and that they should always be much later in extending themselves into the inland parts of the country. The inland parts of the country can for a long time have no other market for the greater part of their

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goods,

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BOOK I. goods, but the country which lies round about them, and feparates them from the fea coaft, and the great navigable rivers. The extent of their market, therefore, must for a long time be in proportion to the riches and populousines of that country, and confequently their improvement must always be posterior to the improvement of that country. In our North American colonies the plantations have constantly followed either the fea coast or the banks of the navigable rivers, and have fcarce any where extended themselves to any considerable distance from both.

> THE nations that, according to the best authenticated history, appear to have been first civilized, were those that dwelt round the coaft of the Mediterranean fea. That fea, by far the greatest inlet that is known in the world, having no tides, nor confequently any waves except fuch as are caufed by the wind only, was, by the fmoothnefs of its furface, as well as by the multitude of its iflands, and the proximity of its neighbouring fhores, extreamly favourable to the infant navigation of the world; when from their ignorance of the compass, men were afraid to quit the view of the coaft, and from the imperfection of the art of ship-building, to abandon themselves to the boisterous waves of the ocean. To pass beyond the pillars of Hercules, that is, to fail out of the ftreights of Gibraltar, was, in the antient world, long confidered as a most wonderful and dangerous exploit of navigation. It was late before even the Phenicians and Carthaginians, the most skilful navigators and ship-builders of those old times, attempted it, and they were for a long time the only nations that did attempt it.

OF all the countries on the coaft of the Mediterranean fea, Egypt feems to have been the first in which either agriculture or manufactures were cultivated and improved to any confiderable degree. degree. Upper Egypt extends itself no where above a few miles CHAP. from the Nile, and in Lower Egypt that great river breaks itfelf into many different canals, which, with the affiftance of a little art, feem to have afforded a communication by water carriage, not only between all the great towns, but between all the confiderable villages, and even to many farm houses in the country; nearly in the fame manner as the Rhine and the Maefe do in Holland at prefent. The extent and eafinefs of this inland navigation was probably one of the principal causes of the early improvement of Egypt.

THE improvements in agriculture and manufactures feem likewife to have been of very great antiquity in the provinces of Bengal in the East Indies, and in some of the eastern provinces of China; though the great extent of this antiquity is not authenticated by any histories of whose authority we, in this part of the world, are well affured. In Bengal the Ganges and feveral other great rivers break themfelves into many canals in the fame manner as the Nile does in Egypt. In the eastern provinces of China too feveral great rivers form, by their different branches, a multitude of canals, and by communicating with one another afford an inland navigation much more extensive than that either of the Nile or the Ganges, or perhaps than both of them put together. It is remarkable that neither the antient Egyptians, nor the Indians, nor the Chinese, encouraged foreign commerce, but seem all to have derived their great opulence from this inland navigation.

ALL the inland parts of Africa, and all that part of Afia which lies any confiderable way north of the Euxine and Cafpian feas, the ancient Scythia, the modern Tartary and Siberia, feem in all ages of the world to have been in the fame barbarous and uncivilized state in which we find them at prefent. The fea of Ε

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BOOK Tartary is the frozen ocean which admits of no navigation, and - though fome of the greatest rivers in the world run through that country, they are at too great a diftance from one another to carry commerce and communication through the greater part of it. There are in Africa none of those great inlets such as the Baltic and Adriatic feas in Europe, the Mediterranean and Euxine feas in both Europe and Afia, and the gulphs of Arabia; Perfia, India, Bengal and Siam, in Afia, 'to carry maritime commerce into the interior parts of that great continent: and the great rivers of Africa are at too great a diftance from one another to give occafion to any confiderable inland navigation. The commerce befides which any nation can carry on by means of a river which does not break itfelf into any great number of branches or canals, and which runs into another territory before it reaches the fea, can never be very confiderable; becaufe it is always in the power of the nations who posses that other territory to obstruct the communication between the upper country and the fea. The navigation of the Danube is of very little use to the different states of Bavaria, Auftria and Hungary, in comparison of what it would be if any one of them poffeffed the whole of its course till it falls into the Black fea.

CHAP. IV.

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Of the Origin and Use of Money.

X7 HEN the division of labour has been once thoroughly CHAP. established, it is but a very small part of a man's wants which the produce of his own labour can fupply. He fupplies the far greater part of them by exchanging that furplus part of the produce of his own labour, which is over and above his own confumption, for fuch parts of the produce of other men's labour as Every man thus lives by exchanging, or he has occasion for. becomes in fome measure a merchant, and the fociety itself grows to be what is properly a commercial fociety.

Bur when the division of labour first began to take place, this power of exchanging must frequently have been very much clogged and embarraffed in its operations. One man, we shall fuppose, has more of a certain commodity than he himself has occasion for, while another has lefs. The former confequently would be glad to difpose of, and the latter to purchase, a part of this fuperfluity. But if this latter fould chance to have nothing that the former stands in need of, no exchange can be made between them. The butcher has more meat in his fhop than he himfelf can confume, and the brewer and the baker would each of them be willing to purchase a part of it. But they have nothing to offer in exchange, except the different productions of their refpective trades, and the butcher is already provided with all the bread and beer which he has immediate occasion for. No exchange can, in this cafe, be made between them. He cannot be their merchant, nor they his cuftomers; and they are all of them thus mutually lefs ferviceable to one another. In order to avoid the inconveniency of

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BOOK I. the first establishment of the division of labour, must naturally have endeavoured to manage his affairs in such a manner, as to have at all times by him, besides the peculiar produce of his own industry, a certain quantity of some one commodity or other, such as he imagined few people would be likely to refuse in exchange for the produce of their industry.

> MANY different commodities, it is probable, were fucceffively both thought of and employed for this purpose. In the rude ages of fociety, cattle are faid to have been the common inftrument of commerce; and, though they must have been a most inconvenient one, yet in old times we find things were frequently valued according to the number of cattle which had been given in exchange for them. The armour of Diomed, fays Homer, coft only nine oxen; but that of Glaucus coft a hundred oxen. Salt is faid to be the common inftrument of commerce and exchanges in Abyfinia; a species of shells in some parts of the coast of India; dried cod at Newfoundland; tobacco in Virginia; fugar in fome of our West India colonies; hides or dreffed leather in fome other countries; and there is at this day a village in Scotland where it is not uncommon, I am told, for a workman to carry nails instead of money to the baker's shop or the alehoufe.

> In all countries, however, men feem at laft to have been determined by irrefiftable reafons to give the preference, for this employment, to metals above every other commodity. Metals can not only be kept with as little lofs as any other commodity, fcarce any thing being lefs perifhable than they are, but they can likewife, without any lofs, be divided into any number of parts, as by fufion those parts can eafily be reunited again; a quality

quality which no other equally durable commodities possibles, and CHAP. Which more than any other quality renders them fit to be the inftruments of commerce and circulation. The man who wanted to buy falt, for example, and had nothing but cattle to give in exchange for it, must have been obliged to buy falt to the value of a whole ox, or a whole sheep at a time. He could feldom buy less than this, because what he was to give for it could feldom be divided without loss; and if he had a mind to buy more, he must, for the same reasons, have been obliged to buy double or triple the quantity, the value, to wit, of two or three oxen, or of two or three sheep. If, on the contrary, instead of sheep or oxen, he had metals to give in exchange for it, he could easily proportion the quantity of the metal to the precise quantity of the commodity which he had immediate occasion for.

DIFFERENT metals have been made use of by different nations for this purpose. Iron was the common inftrument of commerce among the antient Spartans; copper among the antient Romans; and gold and filver among all rich and commercial nations.

THOSE metals feem originally to have been made use of for this purpose in rude bars without any stamp or coinage. Thus we are told by Pliny, upon the authority of one Remeus an antient author, that, till the time of Servius Tullius, the Romans had no coined money, but made use of unstamped bars of copper to purchase whatever they had occasion for. These rude bars, therefore, performed at this time the function of money.

THE use of metals in this rude state was attended with two very confiderable inconveniencies; first, with the trouble of weighing them; and, secondly, with the trouble of assigning them. In

BOOK In the precious metals, where a fmall difference in the quantity makes a great difference in the value, even the business of weighing, with proper exactness, requires at least very accurate weights and scales. The weighing of gold in particular is an operation of fome nicety. In the coarfer metals, indeed, where a fmall error would be of little confequence, less accuracy would, no doubt, be neceffary. Yet we should find it excessively troublesome if every time a poor man had occasion either to buy or fell a farthing's worth of goods, he was obliged to weigh the farthing. The operation of affaying is still more difficult, still more tedious, and, unlefs a part of the metal is fairly melted in the crucible, with proper diffolvents, any conclusion that can be drawn from it, is extreamly uncertain. Before the inftitution of coined money, however, unlefs they went through this tedious and difficult operation, people must always have been liable to the groffest frauds and impositions, and instead of a pound weight of pure filver, or pure copper, might receive, in exchange for their goods, an adulterated composition of the coarfest and cheapest materials, which had, however, in their outward appearance, been made to refemble those metals. To prevent fuch abuses, to facilitate exchanges, and thereby to encourage all forts of industry and commerce, it has been found neceffary, in all countries that have made any confiderable advances towards improvement, to affix a publick stamp upon certain quantities of such particular metals, as were in those countries commonly made use of to purchase goods. Hence the origin of coined money, and of those publick offices called mints; inftitutions exactly of the fame nature with those of the aulnagers and stampmasters of woollen and linen cloth. All of them are equally meant to afcertain, by means of a publick stamp, the quantity and uniform goodness of those different commodities when brought to market.

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THE first publick stamps of this kind that were affixed to the CHAP. current metals, feem in many cafes to have been intended to ascertain, what it was both most difficult and most important to ascertain, the goodness or fineness of the metal, and to have refembled the sterling mark which is at prefent affixed to plate and bars of filver, or the Spanish mark which is sometimes affixed to ingots of gold, and which being ftruck only upon one fide of the piece, and not covering the whole furface, afcertains the finenefs, but not the weight of the metal. Abraham weighs to Ephron the four hundred shekels of filver which he had agreed to pay for the field of Machpelah. They are faid however to be the current money of the merchant, and yet are received by weight and not by tale, in the fame manner as ingots of gold and bars of filver are at prefent. The revenues of the antient Saxon kings of England are faid to have been paid, not in money but in kind, that is, in victuals and provisions of all forts. William the conqueror introduced the cuftom of paying them in money. This money, however, was, for a long time, received at the exchequer, by weight and not by tale.

THE inconveniency and difficulty of weighing those metals with exactness gave occasion to the institution of coins, of which the stamp, covering entirely both fides of the piece and sometimes the edges too, was supposed to ascertain not only the fineness, but the weight of the metal. Such coins, therefore, were received by tale as at prefent, without the trouble of weighing.

THE denominations of those coins seem originally to have expressed the weight or quantity of metal contained in them. In the time of Servius Tullius, who first coined money at Rome, the Roman As or pondo contained a Roman pound of good copper. It was divided in the same manner as our Troyes pound, BOOK pound, into twelve ounces, each of which contained a real ounce! of good copper. The English pound sterling, in the time of Edward I. contained a pound, Tower weight, of filver of a known finenefs. The Tower pound feems to have been fomething morethan the Roman pound, and fomething lefs than the Troyes This last was not introduced into the mint of Engpound. land till the 18th of Henry VIII. The French livre contained in the time of Charlemagne a pound, Troyes weight, of filver The fair of Troyes in Champaign was of a known finenels. at that time frequented by all the nations of Europe, and the weights and measures of fo famous a market were generally known and effeemed. The Scots money pound contained, from the time of Alexander the first to that of Robert Bruce, a pound of filver of the fame weight and fineness with the English pound fterling. English, French and Scots pennies too, contained all of them originally a real pennyweight of filver, the twentieth part of an ounce, and the two hundred and fortieth part of a pound. The fhilling too feems originally to have been the denomination of a weight. When wheat is at twelve shillings the quarter, fays an antient statute of Henry III. then wastel bread of a farthing shall weigh eleven shillings and four pence. The proportion, however, between the fhilling and either the penny on the one hand, or the pound on the other, feems not to have been fo conftant and uniform as that between the penny and the pound. During the first race of the kings of France, the French fou or shilling appears upon different occasions to have contained five, twelve, twenty, forty, and forty-eight pennies. Among the antient Saxons a shilling appears at one time to have contained only five pennies, and it is not improbable that it may have been as variable among them as among their neighbours, the antient Franks. From the time of Charlemagne among the French, and from that of William the conqueror among the English, the proportion between the pound, the fhilling, and the penny, feems

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to have been uniformly the fame as at prefent, though the value CHAP. of each has been very different. For in every country of the u world, I believe, the avarice and injustice of princes and fovereign states, abufing the confidence of their subjects, have by degrees diminished the real quantity of metal which had been originally contained in their coins. The Roman As, in the latter ages of the Republick, was reduced to the twenty fourth part of its original value, and, instead of weighing a pound, came to weigh only half an ounce. The English pound and penny contain at prefent about a third only; the Scots pound and penny about a thirty-fixth; and the French pound and penny about a fixty-fixth part of their original value. By means of those operations the princes and fovereign ftates which performed them were enabled, in appearance, to pay their debts and to fulfil their engagements with a fmaller quantity of filver than would otherwife have been requisite. It was indeed in appearance only; for their creditors were really defrauded of a part of what was due to them. All other debtors in the state were allowed the same privilege, and might pay with the fame nominal fum of the new and debased coin whatever they had borrowed in the old. Such operations, therefore, have always proved favourable to the debtor, and ruinous to the creditor, and have fometimes produced a greater and more universal revolution in the fortunes of private persons, than could have been occafioned by a very great publick calamity.

It is in this manner that money has become in all civilized nations the universal instrument of commerce, by the intervention of which goods of all kinds are bought and fold, or exchanged for one another.

WHAT are the rules which men naturally observe in exchanging them either for money or for one another, I shall now proceed F

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to

B.O.O.K: to examine. These rules determine what may be called the relatives or exchangeable value of goods.

THE word VALUE, it is to be observed, has two different meanings, and fometimes expresses the utility of some particular object, and fometimes the power of purchasing other goods which the pofsession of that object conveys. The one may be called, "value in: "use;" the other, "value in exchange." The things which have the greatest value in use have frequently little or no value in exchange; and, on the contrary, those which have the greatest value in exchange have frequently little or no value in ovalue in use frequently little or no value in use. Nothing is more useful than water: but it will purchase for any thing; fearce any thing can be had in exchange for it. A diamond, on the contrary, has fearce any value in use; but as very great quantity of other goods may frequently be had in exchange for it:

In order to inveftigate the principles which regulate the exchange-able value of commodities, I shall endeavour to shew,

FIRST, what is the real measure of this exchangeable value; or, wherein confifts the real price of all commodities.

SECONDLY, what are the different parts of which this real-price: is composed or made up.

AND, laftly, what are the different circumftances which fometimes raife fome or all of these different parts of price above, and, fometimes fink them below their natural or ordinary rate; or, what are the causes which fometimes hinder the market price, that is, the actual price, of commodities, from coinciding exactly with what may be called their natural price.

I SHALL endeavour to explain, as fully and diffinctly as I can, those three subjects in the three following chapters, for which I must mast very' eathestly entreat both the patience and diftention of the C.HAP. reader: his patience in order to examine a detail which may perhaps in some places appear unnecessarily tedious; and his attention in order to underftand what may, perhaps, after the fulleft explication which I am capable of giving of it, appear ftill in fome degree obscure. I am always willing to run some hazard of being tedious in order to be fure that I am perfpicuous; and after taking the utmost pains that I can to be perspicuous, some obscurity may ftill appear to remain upon a fubject which is in its own nature extremely abstracted.

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Of the real and nominal Price of Commodities, or of their Price in Labour, and their Price in Money.

VERY man is rich or poor according to the degree in which he can afford to enjoy the necessaries, conveniencies, and amusements of human life. But after the division of labour has once thoroughly taken place, it is but a very small part of these with which a man's own labour can supply him. The far greater part of them he must derive from the labour of other people, and he must be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchase. The value of any commodity, therefore, to the perfon who poffeffes it and who means not to use or confume it himself, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchase or command. Labour, therefore, is the real measure of the exchangeable value of all commodities. F 2

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THE real price of every thing, what every thing really cofts to the man who wants to acquire it, is the toil and trouble of acquiring it. What every thing is really worth to the man whohas acquired it, and who wants to difpose of it or exchange it for fomething elfe, is the toil and trouble which it can fave to himfelf, and which it can impose upon other people. What is bought with money or with goods is purchased by labour as much as what we acquire by the toil of our own body. That money or those goods indeed fave us this toil. They contain the value of a certain quantity of labour which we exchange for what is - fuppofed at the time to contain the value of an equal quantity. Labour was the first price, the original purchase money that was paid for all things. It was not by gold or by filver, but by labour, that all the wealth of the world was originally purchased; and its value, to those who posses it and who want to exchange it for fome new productions, is precifely equal to the quantity of labour which it can enable them to purchase or command.

¹⁷ But though labour be the real measure of the exchangeable ¹⁷ value of all commodities, it is not that by which their value is ¹⁷ commonly estimated. It is often difficult to ascertain the proportion between two different quantities of labour. The time spent ¹⁷ in two different forts of work will not always alone determine this ¹⁸ proportion. The different degrees of hardship endured, and of ingenuity exercised must likewise be taken into account. There may be more labour in an hour's hard work than in two hours easy business; or in an hour's application to a trade which it cost ten years labour to learn, than in a month's industry at an ordinary and obvious employment. But it is not easy to find any accurate measure either of hardship or ingenuity. In exchanging indeed the different productions of different forts of labour for one another, fome allowance is commonly made for both. It is adjusted, however,

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ever, not by any accurate measure, r but by the higgling and CHAP. bargaining of the market, according to that fort of rough equality which, though not exact, is fufficient for carrying on the business of common life.

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EVERY commodity befides, is more frequently exchanged for, and thereby compared with, other commodities than with labour. It is more natural, therefore, to effimate its exchangeable value by ' the quantity of fome other commodity than by that of the labour which it can purchafe. The greater part of people too underftand better what is meant by a quantity of a particular commodity, than by a quantity of labour.' The one is a plain palpable object; the other an abstract notion, which, though it can be made fufficiently intelligible, is not altogether fo natural and obvious.

BUT when barter ceases, and money has become the common instrument of commerce, every particular commodity is morefrequently exchanged for money than for any other commodity. The butcher feldom carries his beef or his mutton to the baker, or the brewer, in order to exchange them for bread or for beer; but he carries them to the market, where he exchanges them for money, and afterwards exchanges that money for bread and for beer. The quantity of money which he gets for them regulates. too the quantity of bread and beer which he can afterwards purchafe. It is more natural and obvious to him, therefore, to eftimate their value by the quantity of money, the commodity forwhich he immediately exchanges them, than by that of bread and. beer, the commodities for which he can exchange them only by theintervention of another commodity; and rather to fay that his butcher's meat is worth threepence or fourpence a pound, than that it is worth three or four pounds of bread, or three or four quarts of fmall beer. Hence it comes to pass that the exchangeable> 5

BOOK able value of every commodity is more frequently estimated by the quantity of money; than by the quantity either of labour or of any other commodity which can be had in exchange for it.

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'GOLD and filver, however, like every other commodity, vary in their value, are fometimes cheaper and fometimes dearer, fometimes of easier and sometimes of more difficult purchase. The quantity of labour which any particular quantity of them can purchase or command, or the quantity of other goods which it will exchange for, depends always upon the fertility or barrenness of the mines which happen to be known about the time when fuch exchanges are made. The discovery of the abundant mines of America reduced, in the fixteenth century, the value of gold and filver in Europe to about a third of what it had been before. As it coff lefs labour to bring those metals from the mine to the market, fo when they were brought there they could purchase or command lefs labour; and this revolution in their value, though perhaps the greateft, is by no means the only one of which hiftory gives fome account. But as a measure of quantity, such as the natural foot, fathom, or handful, which is continually varying in its own quantity; can never be an accurate measure of the quantity of other things; fo a commodity which is itfelf continually varying in its own value, can never be an accurate measure of the value of other -commodities. Equal quantities of labour must at all times and places be of equal value to the labourer. He must always lay down the fame portion of his eafe, his liberty, and his happinefs. The price which he pays mult always be the fame, whatever may be the quantity of goods which he receives in return for it. Of these, indeed, it may fometimes purchase a greater and fometimes a smaller quantity; but it is their value which varies, not that of the labour which purchafes them. At all times and places that is dear which it is difficult to come at, `or which it cofts much labour to acquire; and that cheap 8 which

which is to be had eafily, or with very little labour. Labour alone CHAP. therefore, never varying in its own value, is alone the ultimate and real flandard by which the value of all commodities can at all times and places be estimated and compared. It is their real price; money. is their nominal price only.

BUT though equal quantities of labour are always of equal value to the labourer, yet to the perfon who employs him they appear fometimes to be of greater and fometimes of fmaller value. He purchases them fometimes with a greater and fometimes with a fmaller quantity of goods, and to him the price of labour feems to vary like that of all other things. It appears to him dear in the one cafe, and cheap in the other.. In reality, however, it is the goods which are cheap in the one cafe, and dear in the other.

In this popular fense, therefore, Labour, like commodities, may be faid to have a real and a nominal price. Its real price may? be faid to confift in the quantity of the neceffaries and conveniencies of life which are given for it; its nominal price; in the quantity of money. The labourer is rich or poor, is well or ill rewarded, in proportion to the real, not to the nominal price of his labour.

THE distinction between the real and the nominal price of commodities and labour, is not a matter of mere speculation, but may fometimes be of confiderable use in practice. The same real price is always of the fame value; but on account of the variations in the value of gold and filver, the fame nominal price is fometimes of very different values. When a landed eftate, therefore, is fold with a refervation, of a perpetual rent, if it is intended that this rent fhould always be of the fame value, it is of importance to the family in whole favour it is referved, that it should not confist in a particular. مأسسابه

BOOK a particular fum of money. Its value would in this cafe be liable to variations of two different kinds; first, to those which arise from the different quantities of gold and filver which are contained at different times in coin of the fame denomination; and, fecondly, to those which arise from the different values of equal quantities of gold and filver at different times.

> PRINCES and fovereign states have frequently fancied that they had a temporary interest to diminish the quantity of pure metal contained in their coins; but they seldom have fancied that they had any to augment it. The quantity of metal contained in the coins, I believe, of all nations has, accordingly, been almost continually diminishing, and hardly ever augmenting. Such variations therefore tend almost always to diminish the value of a money rent.

> THE difcovery of the mines of America diminished the value of gold and filver in Europe. This diminution, it is commonly supposed, though, I apprehend, without any certain proof, is still going on gradually, and is likely to continue to do so for a long' time. Upon this supposition, therefore, such variations are more likely to diminish, than to augment the value of a money rent, even though it should be stipulated to be paid, not in such a quantity of coined money of such a denomination, (in so many pounds sterling, for example) but in so many ounces either of pure filver, or of filver of a certain standard.

THE rents which have been referved in corn have preferved their value much better than those which have been referved in money, even where the denomination of the coin has not been altered. By the 18th of Elizabeth it was enacted, That a third of the rent of all college leases should be referved in corn, to be paid, either in kind, or according to the current prices at the nearest publick market. market. 'The money arifing from this corn rent, though originally but a third of the whole, is in the prefent times, according to Doctor Blackstone, commonly near double of what arises from the other two-thirds. The old money rents of colleges must, according to this account, have funk almost to a fourth part of their antient value; or are worth little more than a fourth part of the corn which they were formerly worth. But fince the reign of Philip and Mary the denomination of the English coin has undergone little or no alteration, and the fame number of pounds, shillings and pence, have contained very nearly the fame quantity of pure filver. This degradation, therefore, in the value of the money rents of colleges, has arifen altogether from the degradation in the value of filver.

WHEN the degradation in the value of filver is combined with the diminution of the quantity of it contained in the coin of the fame denomination, the loss is frequently ftill greater. In Scotland, where the denomination of the coin has undergone much greater alterations than it ever did in England, and in France, where it has undergone ftill greater than it ever did in Scotland, fome antient rents, originally of confiderable value, have in this manner been reduced almost to nothing.

EQUAL quantities of labour will at diftant times be purchafed more nearly with equal quantities of corn, the fubfiftence of the labourer, than with equal quantities of gold and filver, or perhaps of any other commodity. Equal quantities of corn, therefore, will, at diftant times, be more nearly of the fame real value, or enable the poffeffor to purchafe or command more nearly the fame quantity of the labour of other people. They will do this, I fay, more nearly than equal quantities of almost any other commodity; for even equal quantities of corn will not do it exactly. The fubfiftence of the labourer, or the real price of labour, as I fhall Vol. I. G endeavour CHAP.

BOOK I. fions; more liberal in a fociety advancing to opulence than in one that is ftanding ftill; and in one that is ftanding ftill than in one that is going backwards. Every other commodity, however, will at any particular time purchafe a greater or fmaller quantity of labour in proportion to the quantity of fubfiftence which it can purchafe at that time. A rent therefore referved in corn is liable only to the variations in the quantity of labour which a certain quantity of corn can purchafe. But a rent referved in any other commodity is liable, not only to the variations in the quantity of labour which any particular quantity of corn can purchafe, but to the variations in the quantity of corn which can be purchafed by any particular quantity of that commodity.

> THOUGH the real value of a corn rent, it is to be observed however, varies much lefs from century to century than that of a money rent, it varies much more from year to year. The money price of labour, as I shall endeavour to show hereafter, does not fluctuate from year to year with the money price of corn, but feems to be every where accommodated, not to the temporary or occafional, but to the average or ordinary price of that neceffary of life. The average or ordinary price of corn again is regulated, as I fhall likewife endeayour to fhow hereafter, by the value of filver, by the richness or barrenness of the mines which supply the market with that metal, or by the quantity of labour which must be employed, and confequently of corn which must be confumed, in order to bring any particular quantity of it from the mine to the market. But the value of filver, though it fometimes varies greatly from century to century, feldom varies much from year to year, but frequently continues the fame or very nearly the fame for half a century or a century together. The ordinary or average money price of corn, therefore, may, during fo long a period, continue

continue the fame for very nearly the fame too, and along with CHAP, it the money price of labour, provided, at leaft, the fociety continues, in other respects, in the fame or nearly in the fame condition. In the mean time the temporary and occafional price of 'corn, may frequently be double, one year, of what it had been the year before, or fluctuate from five and twenty to fifty fhillings the quarter, for example. But when corn is at the latter price, not only the nominal, but the real value of a corn rent will be double of what it is when at the former, or will command double the quantity either of labour or of the greater part of other commodities; the money price of labour, and along with it that of moft other things, continuing the fame during all thefe fluctuations.-

L'ABOUR, therefore, it appears evidently, is the only universal, ast well as the only accurate measure of value, or the only standard by which we can compare the values of different commodities at all times and at all places." We cannot effimate, it is allowed, the real value of different commodities from century to century by the quantities of filver which were given for them. We cannot estimate it from year to year by the quantities of corn. Βý the quantities of labour we can, with the greatest accuracy, eftimate it both from century to century and from year to year. From century to century, corn is a better measure than filver, because, from century to century, equal quantities of corn will command the fame quantity of labour more nearly than equal quantities of filver. 'From year to year, on the contrary, filver is a better measure than corn, because equal quantities of it will more nearly command the fame quantity of labour.

But though in establishing perpetual rents, or even in letting very long leases, it may be of use to distinguish between real and

nominal

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BOOK nominal) price ; [uit) is of none in buying and felling; the more common and ordinary transactions of human life. 1

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AT the fame time and place the real and the nominal price of all commodities are exactly in proportion to one another.₁₁ The more or lefs money you get for any commodity, in the London market, for example, the more or lefs labour it will at that time and place enable you to purchafe or command. At the fame time and place, therefore, money is the exact measure of the real exchangeable value of all commodities. It is fo, however, at the fame time and place only.

THOUGH at diffant places, there is no regular proportion between the real and the money price of commodities, yet the merchant who carries goods from the one to the other has nothing. to confider but their money price, or the difference between the quantity of filver for which he buys them, and that for which he is likely to fell them. Half an ounce of filver at Canton in China. may command a greater quantity both of labour and of the neceffaries and conveniencies of life, than an ounce at London. At commodity, therefore, which fells for half an ounce of filver at. Canton may there be really dearer, of more real importance to. the man who posses it there, than one which fells for an ounce at Icondon to the man who possesses it at London. If a London: merchant, however, can buy at Canton for half an ounce of filver, a commodity which he can afterwards fell at London for an ounce, he gains a hundred per cent by the bargain juft as much: as if an ounce of filver was at London exactly of the fame value as at Canton. It is of no importance to him that half an ounce of filver at Canton would have given him the command of more: labour and of a greater quantity of the necessaries and conveniencies of life than an ounce can do at London. An ounce as London

London will always give him the command of double the quantity C H A P. of all these which half an ounce could have done there, and this is precisely what he wants.

so re 1 ~1 "As it is the nominal or money price of goods, therefore, which finally determines the prudence or imprudence of all purchafes and fales, and thereby regulates almost the whole business of common life in which price is concerned, we cannot wonder that it should have been so much more attended to than the real price.

In fuch a work as this, however, it may fometimes be of use to compare the different real values of a particular commodity at different times and places, or the different degrees of power over the labour of other people which it may, upon different occasions; have given to those who possessed it. We must in this case compare, not formuch the different quantities of filver for which it was commonly fold, as the different quantities of labour which those different quantities of filver could have purchased. But the current prices of labour at diffant times and places can fcarce ever be known with any degree of exactness. Those of corn, though they have in few places been regularly recorded, are in general better known and have been more frequently taken notice of, by historians and other writers. We must generally, therefore, content ourfelves with them; not as being always exactly in the fame proportion as the current prices of labour, but as being the neareft. approximation which can commonly be had to that proportion. I shall hereafter have occasion to make feveral comparisons of this. kind.

In the progress of industry, commercial nations have found it convenient to coin several different metals into money; gold for larger payments, filver for purchases of moderate value, and copper or. BOOK I. They have always, however, confidered one of those metals as more peculiarly the measure of value than any of the other two; and this preference seems generally to have been given to the metal which they happened first to make use of as the instrument of commerce. Having once begun to use it as their standard, which they must have done when they had no other money, they have generally continued to do so even when the necessity was not the fame.

> THE Romans are faid to have had nothing but copper money till within five years before the first Punic war, when they first began to coin filver. Copper, therefore, appears to have continued always the measure of value in that republick. At Rome all accounts appear to have been kept, and the value of all estates to have been computed either in Affes or in Sestertii. The As was always the denomination of a copper coin. The word Sestertius fignifies two Affes and a half. Though the Sestertius, therefore, was always a filver coin, its value was estimated in copper. At Rome, one who owed a great deal of money, was faid to have a great deal of other people's copper.

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THE northern nations who established themselves upon the ruins of the Roman empire, seem to have had filver money from the first beginning of their settlements, and not to have known either gold or copper coins for several ages thereafter. There were filver coins in England in the time of the Saxons; but there was little gold coined till the time of Edward III. nor any copper till that of James I. of Great Britain. In England, therefore, and for the fame reason, I believe, in all other modern nations of Europe, all accounts are kept and the value of all goods and of all estates is generally computed in filver: and when we mean to express the amount of a person's fortune, we feldom mention the number

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of

of guineas, but the number of pounds which we fuppofe would CHAP. be given for it.

IN all countries, I believe, a legal tender of payment could originally be made in the coin of that metal only which was peculiarly confidered as the ftandard or meafure of value. In England gold was not confidered as a legal tender for a long time after it was coined into money. The proportion between the values of gold and filver money was not fixed by any publick law or proclamation; but was left to be fettled by the market. If a debtor offered payment in gold, the creditor might either reject fuch payment altogether, or accept of it at fuch a valuation of the gold as he and his debtor could agree upon. Copper is not at prefent a legal tender, except in the change of the fmaller filver coins. In this flate of things the diffinction between the metal which was the ftandard, and that which was not the ftandard, was fomething more than a nominal diffinction.

In process of time, and as people became gradually more familiar with the use of the different metals in coin, and consequently better acquainted with the proportion between their respective values, it has, in most countries I believe, been found convenient to aftertain this proportion, and to declare by a publick law that a guinea; for example, of such a weight and fineness, should exchange for one and twenty shillings, or be a legal tender for a debr of that fum. In this state of things, and during the continuance of any one regulated proportion of this kind, the distinction between the metal which is the standard and that which is not the standard, becomes little more than a nominal distinction.

In confequence of any change, however, in this regulated proportion, this diffinction becomes, or at leaft feems to become, fomething more

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BOOK more than nominal again. If the regulated value of a guinea, for example, was either reduced to twenty, or raifed to twoand twenty shillings, all accounts being kept and almost all obligations for debt being expressed in filver money, the greater part of payments could in either cafe be made with the fame quantity of filver' money as before; but would require very different quan-. tities of gold money; a greater in the one cafe, and a smaller in Silver would appear to be more invariable in its value the other. Silver would appear to measure the value of gold, and than gold. gold would not appear to measure the value of filver. The valueof gold would feem to depend upon the quantity of filver which. it would exchange for; and the value of filver would not feem to depend upon the quantity of gold which it would exchange for. This difference however would be altogether owing to the cuftom of keeping accounts and of expressing the amount of all great and fmall fums rather in filver than in gold money. One of Mr. Drummond's notes for five and twenty or fifty guineas would, after an alteration of this kind, be still payable with five and twenty or fifty guineas in the fame manner as before. would, after fuch an alteration, be payable with the fame quantity of gold as before, but with very different quantities of filver. In the payment of fuch a note, gold would appear to be more invariable in its value than filver. Gold would appear to meafure the value of filver, and filver would not appear to measure the value of gold. If the cuftom of keeping accounts, and of expressing promissory notes and other obligations for money in this manner, should ever become general, gold, and not filver, would be confidered as the metal which was peculiarly the standard or measure of value.

> IN reality, during the continuance of any one regulated proportion between the refpective values of the different metals in coin,

coin, the value of the most precious metal regulates the value, CHAP. of the whole coin. Twelve copper pence contain half a pound, avoirdupois, of copper, of not the best quality, which, before it is coined, is feldom worth fevenpence in filver. But as by. the regulation twelve fuch pence are ordered to exchange for a fhilling, they are in the market confidered as worth a fhilling, and a shilling can at any time be had for them. Even before the late reformation of the gold coin of Great Britain, the gold, that part of it at least which circulated in London and its neighbourhood, was in general lefs degraded below its ftandard weight than the greater part of the filver. One and twenty worn and defaced shillings, however, were confidered as equivalent to a guinea, which perhaps, indeed, was worn and defaced too, but feldom fo, much fo. The late regulations have brought the gold coin as near perhaps to its ftandard weight as it is poffible to bring the current coin of any nation; and the order, to receive no gold at the publick offices but by weight, is likely to preferve it fo as long- as that order is enforced. The filver coin still continues in the fame worn and degraded state as before the reformation of the gold coin. In the market, however, one and twenty fhillings of this degraded filver coin are still confidered as worth a guinea of this excellent gold coin.

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THE reformation of the gold coin has evidently raifed the value of the filver coin which can be exchanged for it. 0 > 1

In the English mint a pound weight of gold is coined into fortyfour 'guineas and a half, which at one and twenty shillings the guinea, is equal to forty-fix pounds fourteen shillings and fixpence. An ounce of such gold coin, therefore, is worth 3l. 17s. 10d. $\frac{1}{2}$ in filver. In England no duty or seignorage is paid upon the coinage, and he who carries a pound weight or an ounce weight of

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ftandard

BOOK ftandard gold bullion to the mint, gets back a pound weight, or an ounce weight of gold in coin, without any deduction. Three pounds feventeen fhillings and ten-pence halfpenny an ounce, therefore, is faid to be the mint price of gold in England, or the quantity of gold coin which the mint gives in return for ftandard gold bullion.

> BEFORE the reformation of the gold coin, the price of standard gold bullion in the market had for many years been upwards of 21. 18s. fometimes 31. 19s. and very frequently 41. an ounce; that fum it is probable, in the worn and degraded gold coin, feldom containing more than an ounce of ftandard gold. Since the reformation of the gold coin, the market price of ftandard gold bullion feldom exceeds 31. 17s. 7d. an ounce. Before the reformation of the gold coin the market price was always more or lefs above Since that reformation the market price has the mint price. been constantly below the mint price. But that market price is the fame whether it is paid in gold or in filver coin. The late reformation of the gold coin, therefore, has raifed not only the value of the gold coin, but likewife that of the filver coin in proportion to gold bullion, and probably too in proportion to all other commodities; though the price of the greater part of other commodities being influenced by fo many other caufes, the rife in the value either of gold or filver coin in proportion to them, may not be fo diffinct and fenfible.

> In the English mint a pound weight of standard filver bullion is coined into fixty-two shillings, containing, in the same manner, a pound weight of standard filver. Five shillings and two-pence an ounce, therefore, is faid to be the mint price of filver in England, or the quantity of silver coin which the mint gives in return for standard filver bullion. Before the reformation of the gold coin, the market price of standard filver bullion was, upon 8

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different occasions, five shillings and four-pence, five shillings and CHAP. five-pence, five shillings and fixpence, five shillings and sevenpence, and very often five shillings and eight-pence an ounce. Five shillings and feven-pence, however, feems to have been the most common price. Since the reformation of the gold coin, the market priee of flandard filver bullion has fallen occafionally to five shillings and three-pence, five shillings and four-pence, and five fhillings and five-pence an ounce, which last price it has scarce ever exceeded. Though the market price of filver bullion has fallen confiderably fince the reformation of the gold coin, it has not fallen fo low as the mint price.

In the proportion between the different metals in the English coin, as copper is rated very much above its real value, fo filver is rated fomewhat below it. In the market of Europe, in the French coin and in the Dutch coin, an ounce of fine gold exchanges for about fourteen ounces of fine filver. In the English coin, it exchanges for about fifteen ounces, that is, for more filver than it is worth according to the common estimation of Europe. But as the price of copper in bars is not, even in England, raifed by the high price of copper in English coin, fo the price of filver in bullion is not funk by the low rate of filver in English coin. Silver in bullion still preferves its proper proportion to gold; for the fame reafon that copper in bars preferves its proper proportion to filver.

UPON the reformation of the filver coin in the reign of William III. the price of filver bullion still continued to be for the above the mint price. Mr. Locke imputed this high price to the permiffion of exporting filver bullion, and to the prohibition of exporting filver coin. This permiffion of exporting, he faid, rendered the demand for filver bullion greater than the demand for

BOOK for filver coin. But the number of people who want filver coin for the common ules of buying and felling at home, is furely much greater than that of those who want filver bullion either for the use of exportation or for any other use. There subfirs at prefent a like permission of exporting gold bullion and a like prohibition of exporting gold coin; and yet the price of gold bullion has fallen below the mint price. But in the English coin filver was then, in the fame manner as now, under-rated in proportion to gold; and the gold coin (which at that time too was not fupposed to require any reformation) regulated then, as well as now, the real value of the whole coin. As the reformation of the filver coin did not then reduce the price of filver bullion to the mint price, it is not very probable that a like reformation will do. fo now.

> WERE the filver coin brought back as near to its ftandard weight as the gold, a guinea, it is probable, would, according to the prefent proportion, exchange for more filver in coin than it would purchafe in bullion. The filver coin containing its full ftandard weight, there would in this cafe be a profit in melting it down, in order, first, to fell the bullion for gold coin, and afterwards to exchange this gold coin for filver coin to be melted down in the fame manner. Some alteration in the prefent proportion feems to be the only method of preventing this inconveniency.

> THE inconveniency perhaps would be lefs if filver was rated in the coin as much above its proper proportion to gold as it is at prefent rated below it; provided it was at the fame time enacted that filver fhould not be a legal tender for more than the change of a guinea; in the fame manner as copper is not a legal tender for more than the change of a fhilling. No creditor could in 4

this cafe be cheated in confequence of the high valuation of filver CHAP. in coin; as no creditor can at prefent be cheated in confequence of the high valuation of copper. The bankers only would fuffer by this regulation. When a run comes upon them they fometimes endeavour to gain time by paying in fixpences, and they would be precluded by this regulation from this difcreditable method of evading immediate payment. They would be obliged in confequence to keep at all times in their coffers a greater quantity of cafh than at prefent; and though this might no doubt be a confiderable inconveniency to them, it would at the fame time be a confiderable: fecurity to their creditors.

THREE pounds feventeen shillings and ten-pence halfpenny (the mint price of gold) certainly does not contain, even in our prefent excellent gold coin, more than an ounce of ftandard gold, and it may be thought, therefore, should not purchase more standard bullion. But gold in coin is more convenient than gold in bullion, and though, in England, the coinage is free, yet the gold, which is carried in bullion to the mint, can feldom be returned in coin to the owner till after a delay of feveral weeks. In the prefent hurry of the mint, it could not be returned till after a delay of feveral months. This delay is equivalent to a fmall duty, and , renders gold in coin fomewhat more valuable than an equal quantity of gold in bullion. If in the English coin filver was rated according to its proper proportion to gold, the price of filver bullion would probably fall below the mint price even without any reformation of the filver coin; the value even of the prefent worn and defaced filver coin being regulated by the value of the excellent gold coin for which it can be changed.

A SMALL feignorage or duty upon the coinage of both gold and¹ filver. would probably increase still more the superiority of those metals

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BOOK metals in coin above an equal quantity of either of them in bul- \rightarrow lion. The coinage would in this cafe increase the value of the metal coined in proportion to the extent of this small duty; for the fame reason that the fashion increases the value of plate in proportion to the price of that fashion. The superiority of coin above bullion would prevent the melting down of the coin, and would discourage its exportation. If upon any publick exigency it should become neceffary to export the coin, the greater part of it would foon return again of its own accord. Abroad it could fell only for its weight in bullion. At home it would buy more than that weight. There would be a profit, therefore, in bringing it home again. In France a feignorage of about eight per cent. is impofed upon the coinage, and the French coin, when exported, is faid to return home again of its own accord.

> THE occasional fluctuations in the market price of gold and filver bullion arife from the fame caufes as the like fluctuations in that of all other commodities. The frequent loss of those metals from various accidents by fea and by land, the continual wafte of them in gilding and plating, in lace and embroidery, in the tear and wear of coin, and in the tear and wear of plate; require, in all countries which possess no mines of their own, a continual importation in order to repair this lofs and this wafte. The merchant importers, like all other merchants, we may believe, endeavour, as well as they can, to fuit their occafional importations to what, they judge, is likely to be the immediate demand. With all their attention, however, they fometimes over-do the bufinefs, and fometimes under-do it. When they import more bullion than is wanted, rather than incur the rifk and trouble of exporting it again, they are fometimes willing to fell a part of it for fomething lefs than the ordinary or average price. When, on the other hand, they import lefs than is wanted, they get fomething more than this price.

price. But when, under all those occasional fluctuations, the market price either of gold or filver bullion continues for feveral years together steadily and constantly, either more or less above, or more or less below the mint price; we may be affured that this steady and constant, either superiority or inferiority of price, is the effect of something in the state of the coin, which, at that time, renders a certain quantity of coin either of more value or of less value than the precise quantity of bullion which it ought to contain. The constancy and steadines of the effect, supposes a proportionable constancy and steadines in the cause.

THE money of any particular country is, at any particular time and place, more or lefs an accurate measure of value according as the current coin is more or lefs exactly agreeable to its standard, or contains more or lefs exactly the precife quantity of pure gold or pure filver which it ought to contain. If in England, for example, forty-four guineas and a half contained exactly a pound weight of ftandard gold, or eleven ounces of fine gold and one ounce of alloy, the gold coin of England would be as accurate a measure of the actual value of goods at any particular time and place as the nature of the thing would admit. But if, by rubbing and wearing, forty-four guineas and a half generally contain lefs than a pound weight of standard gold; the diminution, however, being greater in fome pieces than in others; the measure of value comes to be liable to the fame fort of uncertainty to which all other weights and meafures are commonly exposed. As it rarely happens that thefe are exactly agreeable to their standard, the merchant adjusts the price of his goods, as well as he can, not to what those weights and measures ought to be, but to what, upon an average, he finds by experience, they actually are. In confequence of a like diforder in the coin, the price of goods comes, in the fame manner, to be adjusted, not to the quantity of pure gold or filver which the coin

 $\stackrel{BOOK}{\longrightarrow}$ coin ought to contain, but to that which, upon an average, it $\stackrel{I}{\longrightarrow}$ is found by experience, it actually does contain.

'By the money price of goods, it is to be obferved, I underftand always the quantity of pure gold or filver for which they are fold, without any regard to the denomination of the coin. Six fhillings and eight-pence, for example, in the time of Edward I. I confider as the fame money price with a pound fterling in the prefent times; becaufe it contained as nearly as we can judge the fame quantity of pure filver.

CHAP. VI.

Of the component Parts of the Price of Commodities.

I N that early and rude ftate of fociety which preceeds both the accumulation of ftock and the appropriation of land, the proportion between the quantities of labour neceffary for acquiring different objects feems to be the only circumftance which can afford any rule for exchanging them for one another. If among a nation of hunters, for example, it ufually cofts twice the labour to kill a beaver which it does to kill a deer, one beaver fhould naturally exchange for or be worth two deer. It is natural that what is ufually the produce of two days or two hours labour fhould be worth double of what is ufually the produce of one day's or one hour's labour.

IF the one fpecies of labour fhould be more fevere than the other, fome allowance will naturally be made for this fuperior hardfhip; and and the produce of one hour's labour in the one way may frequently exchange for that of two hours labour in the other.

OR if the one fpecies of labour requires an uncommon degree of dexterity and ingenuity, the efteem which men have for fuch talents, will naturally give a value to their produce, fuperior to what would be due to the time employed about it. Such talents can feldom be acquired but in confequence of long application, and the fuperior value of their produce may frequently be no more than a reafonable compensation for the time and labour which must be spent in acquiring them. In the advanced state of society, allowances of this kind, for superior hardship and superior skill, are commonly made in the wages of labour; and something of the fame kind must probably have taken place in its earliest and rudest period.

In this ftate of things the quantity of labour commonly employed in acquiring or producing any commodity, is the only circumftance which can regulate the quantity of labour which it ought commonly to purchase, command, or exchange for.

As foon as flock has accumulated in the hands of particular perfons, fome of them will naturally employ it in fetting to work induftrious people, whom they will fupply with materials and fubliftence, in order to make a profit by the fale of their work, or by what their labour adds to the value of the materials. In exchanging the complete manufacture either for money, for labour, or for other goods, over and above what may be fufficient to pay the price of the materials, and the wages of the workmen, fomething must be given for the profits of the undertaker of the work who hazards his flock in this adventure. The value which the workmen add to the materials, therefore, refolves itself in this Vol. I. I

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cafe into two parts, of which the one pays their wages, the other the BOOK profits of their employer upon the whole ftock of materials and wages which he advanced. He could have no interest to employ them, unlefs he expected from the fale of their work fomething more than what was fufficient to replace his flock to him; and he could have no intereft to employ a great ftock rather than a fmall one, unlefs his profits were to bear fome proportion to the extent of his ftock.

> THE profits of flock, it may perhaps be thought, are only a different name for the wages of a particular fort of labour, the labour of infpection and direction. They are, however, altogether different, are regulated by quite different principles, and bear no proportion to the quantity, the hardship, or the ingenuity of this supposed labour of inspection and direction. They are regulated altogether by the value of the ftock employed, and are greater or fmaller in proportion to the extent of this flock. Let us fuppofe, for example, that in fome particular place, where the common annual profits of manufacturing flock are ten per cent. there are two different manufactures, in each of which twenty workmen are employed at the rate of fifteen pounds a year each, or at the expence of three hundred a year in each manufactory. Let us fuppofe too, that the coarfe materials annually wrought up in the one coft only feven hundred pounds, while the finer materials in the other cost feven thousand. The capital annually employed in the one will in this cafe amount only to one thousand pounds; whereas that employed in the other will amount to feven thousand three hundred pounds. At the rate of ten per cent. therefore, the undertaker of the one will expect an yearly profit of about one hundred pounds only; while that of the other will expect about feven hundred and thirty pounds. But though their profits are fo very different, their labour of infpection and direction may be either

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either altogether, or very nearly the fame. In many great works, almost the whole labour of this kind is frequently committed to fome principal clerk. His wages properly express the value of this labour of infpection and direction. Though in fettling them fome regard is had commonly, not only to his labour and skill, but to the trust which is reposed in him, yet they never bear any regular proportion to the capital of which he overfees the management; and the owner of this capital, though he is thus discharged of almost all labour, still expects that his profits should bear a regular proportion to it. In the price of commodities, therefore, the profits of stock are a source of value altogether different from the wages of labour, and regulated by quite different principles.

In this flate of things, therefore, the quantity of labour commonly employed in acquiring or producing any commodity, is by no means the only circumflance which can regulate the quantity which it ought commonly to purchafe, command, or exchange for. An additional quantity, it is evident, must be due for the profits of the flock which advanced the wages and furnished the materials of that labour.

As foon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never fowed, and demand a rent even for its natural produce. The wood of the foreft, the grafs of the field, and all the natural fruits of the earth, which, when land was in common, cost only the trouble of gathering them, come to have an additional price fixed upon them. Men must then pay for the licence to gather them; and in exchanging them either for money, for labour, or for other goods, over and above what is due, both for the labour of gathering them, and for the profits of the ftock which employs that

labour,

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BOOK labour, fome allowance must be made for the price of the licence, - which conftitutes the first rent of land. In the price, therefore, of the greater part of commodities the rent of land comes in this manner to conftitute a third fource of value.

> In this state of things, neither the quantity of labour commonly employed in acquiring or producing any commodity, nor the profits of the flock which advanced the wages and furnished the materials of that labour, are the only circumstances which can regulate the quantity of labour which it ought commonly to purchase, command, or exchange for. A third circumstance must likewife be taken into confideration; the rent of the land; and the commodity must commonly purchase, command, or exchange for, an additional quantity of labour, in order to enable the perfon who brings it to market to pay this rent.

> THE real value of all the different component parts of price is in this manner measured by the quantity of labour which they can, each of them, purchase or command. Labour measures the value not only of that part of price which refolves itfelf into labour, but of that which refolves itfelf into rent, and of that which refolves itself into profit.

> IN every fociety the price of every commodity finally refolves itself into some one or other, or all of those three parts; and in every improved fociety, all the three enter more or lefs, as component parts, into the price of the far greater part of commodities.

> In the price of corn, for example, one part pays the rent of the landlord, another pays the wages or maintenance of the labourers and labouring cattle employed in producing it, and the third pays the profit of the farmer. These three parts seem either immediately 5

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diately or ultimately to make up the whole price of corn. A fourth C H A P. part it may perhaps be thought, is neceffary for replacing the flock of the farmer, or for compenfating the tear and wear of his labouring cattle, and other inftruments of hufbandry. But it muft be confidered that the price of any inftrument of hufbandry, fuch as a labouring horfe, is itfelf made up of the fame three parts; the rent of the land upon which he is reared, the labour of tending and rearing him, and the profits of the farmer who advances both the rent of this land, and the wages of this labour. Though the price of the corn, therefore, may pay the price as well as the maintenance of the horfe, the whole price ftill refolves itfelf either immediately or ultimately into the fame three parts of rent, labour, and profit.

In the price of flour or meal, we must add to the price of the corn, the profits of the miller, and the wages of his fervants; in the price of bread, the profits of the baker, and the wages of his fervants; and in the price of both, the labour of transporting the corn from the house of the farmer to that of the miller, and from that of the miller to that of the baker, together with the profits of those who advance the wages of that labour.

THE price of flax refolves itfelf into the fame three parts as that of corn. In the price of linen we must add to this price the wages of the flax-dreffer, of the fpinner, of the weaver, of the bleacher, &cc. together with the profits of their respective employers.

As any particular commodity comes to be more manufactured, that part of the price which refolves itfelf into wages and profit, comes to be greater in proportion to that which refolves itfelf into rent. BOOK I. of profits increase, but every fublequent profit is greater than the foregoing; because the capital from which it is derived must always be greater. The capital which employs the weavers, for example, must be greater than that which employs the fpinners; because it not only replaces that capital with its profits, but pays, besides, the wages of the weavers; and the profits must always bear fome proportion to the capital.

> IN the most improved focieties, however, there are always a few commodities of which the price refolves itself into two parts only, the wages of labour, and the profits of flock; and a ftill. fmaller number in which it confifts altogether in the wages of In the price of fea-fifh, for example, one part pays the labour. labour of the fifhermen, and the other the profits of the capital employed in the fifthery. Rent very feldom makes any part of it, though it does fometimes, as I shall shew hereafter. It is otherwife, at least through the greater part of Europe, in river fisheries. A falmon fifhery pays a rent, and rent, though it cannot well be called the rent of land, makes a part of the price of a falmon as well as wages and profit. In fome parts of Scotland a few poor people make a trade of gathering, along the fea fhore, those little variegated stones commonly known by the name of Scotch Pebbles. The price which is paid to them by the ftone-cutter is altogether the wages of their labour; neither rent nor profit make any part of it.

But the whole price of every commodity muft ftill finally refolve itfelf into fome one or other or all of those three parts; as whatever part of it remains after paying the rent of the land, and the price of the whole labour employed in raising, manufacturing, and bringing it to market, must necessarily be profit to fomebody.

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As the price or exchangeable value of every particular commodity, taken feparately, refolves itfelf into fome one or other or all of those three parts; fo that of all the commodities which compose the whole annual produce of the labour of every country, taken complexly, must refolve itself into the fame three parts, and be parcelled out among different inhabitants of the country, either as the wages of their labour, the profits of their flock, or the rent of their land. The whole of what is annually either collected or produced by the labour of every fociety, or what comes to the fame thing, the whole price of it, is in this manner originally diftributed among fome of its different members. Wages, profit, and rent, are the three original fources of all revenue as well as of all exchangeable value. All other revenue is ultimately derived from fome one or other of thefe.

WHOEVER derives his revenue from a fund which is his own. must draw it either from his labour, from his stock, or from his The revenue derived from labour is called wages. land. That derived from flock, by the perfon who manages or employs it, is called profit. That derived from it by the perfon who does not employ it himfelf, but lends it to another, is called the interest or the use of money. It is the compensation which the borrower pays to the lender, for the profit which he has an opportunity of making by the use of the money. Part of that profit naturally belongs to the borrower, who runs the rifk and takes the trouble of employing it; and part to the lender, who affords him the opportunity of making this profit. The interest of money is always a derivative revenue, which, if it is not paid from the profit which is made by the use of the money, must be paid from some other source of revenue, unlefs perhaps the borrower is a fpendthrift, who contracts a fecond debt in order to pay the interest of the first. The revenue which proceeds altogether from land, is called rent, and belongs

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BOOK J. belongs to the landlord. The revenue of the farmer is derived partly from his labour, and partly from his flock. To him, land is only the inftrument which enables him to earn the wages of this labour, and to make the profits of this flock. All taxes, and all the revenue which is founded upon them, all falaries, penfions, and annuities of every kind, are ultimately derived from fome one or other of those three original fources of revenue, and are paid either immediately or mediately from the wages of labour, the profits of flock, or the rent of land.

> WHEN those three different forts of revenue belong to different perfons, they are readily diffinguished; but when they belong to the same they are sometimes confounded with one another, at least in common language.

> A GENTLEMAN who farms a part of his own effate, after paying the expence of cultivation, fhould gain both the rent of the landlord and the profit of the farmer. He is apt to denominate, however, his whole gain, profit, and thus confounds rent with profit, at leaft in common language. The greater part of our North American and Weft Indian planters are in this fituation. They farm, the greater part of them, their own effates, and accordingly we feldom hear of the rent of a plantation, but frequently of its profit.

> COMMON farmers feldom employ any overfeer to direct the general operations of the farm. They generally too work a good deal with their own hands, as ploughmen, harrowers, \mathfrak{G}_c . What remains of the crop after paying the rent, therefore, fhould not only replace to them their flock employed in cultivation, together with its ordinary profits, but pay them the wages which are due to them, both as labourers and overfeers. Whatever remains, however,

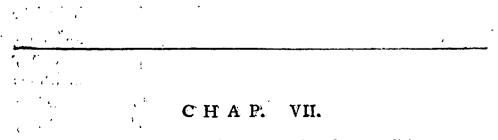
however, after paying the rent and keeping up the ftock, is called CHAP. profit. But wages evidently make a part of it. The farmer, by faving these wages, must necessfarily gain them. Wages, therefore, are in this case confounded with profit.

An independent manufacturer, who has flock enough both to purchafe materials and to maintain himfelf till he can carry his work to market, fhould gain both the wages of a journeyman, who works under a mafter, and the profit which that mafter makes by the fale of his work. His whole gains, however, are commonly called profit, and wages are, in this cafe too, confounded with profit.

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A GARDENER who cultivates his own garden with his own hands, unites in his own perfon the three different characters, of landlord, farmer, and labourer. His produce, therefore, fhould pay him the rent of the first, the profit of the fecond, and the wages of the third. The whole, however, is commonly confidered as the earnings of his labour. Both rent and profit are, in this cafe, confounded with wages.

As in a civilized country there are but few commodities of which the exchangeable value arifes from labour only, rent and profit contributing largely to that of the far greater part of them, fo the annual produce of its labour will always be fufficient to purchafe or command a much greater quantity of labour than what was employed in raifing, preparing, and bringing that produce to market. If the fociety was annually to employ all the labour which it can annually purchafe, as the quantity of labour would increafe greatly every year, fo the produce of every fucceeding year would be of vaftly greater value than that of the foregoing. But there is no country in which the whole annual produce is employed in maintaining the Vol. I. K induftrious. BOOK industrious. The idle every where confume a great part of it and according to the different proportions in which it is annually divided between those two different orders of people, its ordinary or average value must either annually increase, or diminish, or continue the fame from one year to another.



Of the natural and market Price of Commodities.

THERE is in every fociety or neighbourhood an ordinary or average rate both of wages and profit in every different employment of labour and ftock. This rate is naturally regulated, as I fhall flow hereafter, partly by the general circumstances of the fociety, their riches or poverty, their advancing, stationary, or declining condition; and partly by the particular nature of each employment.

THERE is likewife in every fociety or neighbourhood an ordinary or average rate of rent, which is regulated too, as I fhall flow hereafter, partly by the general circumftances of the fociety or neighbourhood in which the land is fituated, and partly by the natural or improved fertility of the land.

THESE ordinary or average rates may be called the natural rates of wages, profit, and rent, at the time and place in which they commonly prevail.

WHEN the price of any commodity is neither more nor lefs than what is fufficient to pay the rent of the land, the wages of the 7 labour,

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labour, and the profits of the flock employed in raifing, preparing, CHAP. and bringing it to market, according to their natural rates, VII. the commodity is then fold for what may be called its natural price.

THE commodity is then fold precifely for what it is worth, or for what it really costs the perfon who brings it to market; for though in common language what is called the prime coft of any commodity does not comprehend the profit of the perfon who is to fell it again, yet if he fells it at a price which does not allow him the ordinary rate of profit in his neighbourhood, he is evidently' a lofer by the trade; fince by employing his flock in fome other way he might have made that profit. His profit, befides, is his revenue, the proper fund of his subfistence. As, while he is preparing and bringing the goods to market, he advances to his workmen their wages, or their fubfistence, fo he advances to himself, in the same manner, his own fubfistence, which is generally fuitable to the profit which he may reafonably expect from the fale of his goods. Unless they yield him this profit, therefore, they do not repay him what they may very properly be faid to have really cost him.

THOUGH the price, therefore, which leaves him this profit, is not always the loweft at which a dealer may fometimes fell his goods, it is the loweft at which he is likely to fell them for any confiderable time; at leaft where there is perfect liberty, or where he may change his trade as often as he pleafes.

THE actual price at which any commodity is commonly fold is called its market price. It may either be above, or below, or' exactly the fame with its natural price.

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BOOK I W THE market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market, and the demand of those who are willing to pay the natural price of the commodity, or the whole value of the rent, labour, and profit, which must be paid in order to bring it thither. Such people may be called the effectual demanders, and their demand the effectual demand; fince it may be fufficient to effectuate the bringing of the commodity to market. It is different from the absolute demand. A very poor man may be faid, in some fense, to have a demand for a coach and fix; he might like to have it; but his demand is not an effectual demand, as the commodity can never be brought to market in order to fatisfy it.

> WHEN the quantity of any commodity which is brought to market falls fhort of the effectual demand, all those who are willing to pay the whole value of the rent, wages, and profit, which muft be paid in order to bring it thither, cannot be fupplied with the quantity which they want. Rather than want it altogether, fome of them will be willing to give more. A competition will immediately begin among them, and the market price will rise more or less above the natural price, according as the greatness of the deficiency increases more or less the eagerness of this competition. The fame deficiency will generally occasion a more or less eager competition, according as the acquisition of the commodity happens to be of more or less importance to the competitors. Hence the exorbitant price of the necessaries of life during the blockade of a town or in a famine.

> WHEN the quantity brought to market exceeds the effectual demand, it cannot be all fold to those who are willing to pay the whole value of the rent, wages and profit, which must be paid in order to bring it thither. Some part must be fold to those who are

are willing to pay lefs, and the low price which they give for it CHAP. muft reduce the price of the whole. The market price will fink more or lefs below the natural price, according as the greatnefs of the excefs increafes more or lefs the competition of the fellers, or according as it happens to be more or lefs important to them to get immediately rid of the commodity. The fame excefs in the importation of perifhable, will occafion a much greater competition than in that of durable commodities; in the importation of oranges, for example, than in that of old iron.

WHEN the quantity brought to market is just fufficient to fupply the effectual demand and no more, the market price naturally comes to be either exactly, or as nearly as can be judged of, the fame with the natural price. The whole quantity upon hand can be difposed of for this price, and cannot be disposed of for more. The competition of the different dealers obliges them all to accept of this price, but does not oblige them to accept of lefs.

THE quantity of every commodity brought to market naturally fuits itfelf to the effectual demand. It is the interest of all those who employ their land, labour, or stock, in bringing any commodity to market, that the quantity never should exceed the effectual demand; and it is the interest of all other people that it never should fall short of it.

IF at any time it exceeds the effectual demand, fome of the component parts of its price must be paid below their natural rate. If it is rent, the interest of the landlords will immediately prompt them to withdraw a part of their land; and if it is wages or profit, the interest of the labourers in the one case, and of their employers in the other, will prompt them to withdraw a part

THE NATURE AND CAUSES OF

BOOK a part of their labour or flock from this employment. The quantity brought to market will foon be no more than fufficient to fupply the effectual demand. All the different parts of its price will rife to their natural rate, and the whole price to its natural price.

> IF, on the contrary, the quantity brought to market fhould at any time fall fhort of the effectual demand, fome of the component parts of its price must rife above their natural rate. If it is rent, the interest of all other landlords will naturally prompt them to prepare more land for the raising of this commodity; if it is wages or profit, the interest of all other labourers and dealers will soon prompt them to employ more labour and stock in preparing and bringing it to market. The quantity brought thither will soon be sufficient to supply the effectual demand. All the different parts of its price will soon fink to their natural rate, and the whole price to its natural price.

THE natural price, therefore, is, as it were, the central price, to which the prices of all commodities are continually gravitating. Different accidents may fometimes keep them fufpended a good deal above it, and fometimes force them down even fomewhat below it. But whatever may be the obftacles which hinder them from fettling in this center of repofe and continuance, they are conftantly tending towards it.

THE whole quantity of industry annually employed in order to bring any commodity to market, naturally fuits itself in this manner to the effectual demand. It naturally aims at bringing always that precise quantity thither which may be fufficient to fupply, and no more than fupply, that demand.

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BUT in some employments the fame quantity of industry will CHAP. in different years produce very different quantities of commodities; while in others it will produce always the fame, or very nearly the fame. The fame number of labourers in hufbandry will, in different years, produce very different quantities of corn, wine, oil, hops, &c. But the fame number of fpinners and weavers will every year produce the fame or very nearly the fame quantity of linen and woollen cloth. It is only the average produce of the one species of industry which can be suited in any respect to the effectual demand; and as its actual produce is frequently much greater and frequently much lefs than its average produce, the quantity of the commodities brought to market will fometimes exceed a good deal, and fometimes fall fhort a good deal of the effectual demand. Even though that demand therefore should continue always the fame, their market price will be liable to great fluctuations, will fometimes fall a good deal below, and fometimes rife a good deal above their natural price. In the other species of industry, the produce of equal quantities of labour being always the fame or very nearly the fame, it can be more exactly fuited to the effectual demand. While that demand continues the fame, therefore, the market price of the commodities is likely to do fo too, and to be either altogether, or as nearly as can be judged of, the fame with the natural price. That the price of linen and woollen cloth is liable neither to fuch frequent nor to fuch great variations as the price of corn, every man's experience will inform him. The price of the one species of commodities varies only with the variations in the demand : That of the other varies, not only with the variations in the demand, but with the much greater and more frequent variations in the quantity of what is brought to market in order to fupply that demand.

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THE NATURE AND CAUSES OF

BOOK The occasional and temporary fluctuations in the market price J of any commodity fall chiefly upon those parts of its price which refolve themfelves into wages and profit. That part which refolves itself into rent is less affected by them. A rent certain in money is not in the least affected by them either in its rate or in its value. A rent which confifts either in a certain proportion or in a certain quantity of the rude produce, is no doubt affected in its yearly value by all the occafional and temporary fluctuations in the market price of that rude produce: but it is feldom affected by them in its yearly rate. In fettling the terms of the leafe, the landlord and farmer endeavour, according to their best judgement, to adjust that rate, not to the temporary and occasional, but to the average and ordinary price of the produce. -

> SUCH fluctuations affect both the value and the rate either of wages or of profit, according as the market happens to be either over-ftocked or under-ftocked with commodities or with labour; with work done, or with work to be done. A publick mourning raifes the price of black cloth (with which the market is almost always under-flocked upon fuch occafions) and augments the profits of the merchants who poffefs any confiderable quantity of It has no effect upon the wages of the weavers, The market it. is under-flocked with commodities, not with labour; with work done, not with work to be done. It raifes the wages of journeymen taylors. The market is here under-stocked with labour. There is an effectual demand for labour, for more work to be done than can be had. It finks the price of coloured filks and cloths, and thereby reduces the profits of the merchants who have any confiderable quantity of them upon hand. It finks too the wages of the workmen employed in preparing fuch commodities, for which all demand is stopped for fix months, perhaps for a twelvemonth.

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twelvemonth. The market is here overftocked both with commo- CHAP. dities and with labour.

But though the market price of every particular commodity is in this manner continually gravitating, if one may fay fo, towards the natural price, yet fometimes particular accidents, fometimes natural caufes, and fometimes particular regulations of police, may, in many commodities, keep up the market price, for a long time together, a good deal above the natural price.

WHEN by an increase in the effectual demand, the market price of fome particular commodity happens to rife a good deal above the natural price, those who employ their stocks in supplying that market are generally careful to conceal this change. If it was commonly known, their great profit would tempt fo many new rivals to employ their flocks in the fame way that, the effectual demand being fully supplied, the market price would foon be reduced to the natural price, and perhaps for fome time even If, the market is at a great diftance from the refidence below it. of those who supply it, they may fometimes be able to keep the fecret for feveral years together, and may fo long enjoy their extraordinary profits without any new rivals. Secrets of this kind however, it must be acknowledged, can feldom be long kept; and the extraordinary profit can last very little longer than they are kept.

SECRETS in manufactures are capable of being longer kept than fecrets in trade. A dyer who has found the means of producing a particular colour with materials which coft only half the price of those commonly made use of, may, with good management, enjoy the advantage of his discovery as long as he lives, and even leave it as a legacy to his posterity. His extraordinary Vol. I. L gains BOOK gains arife from the high price which is paid for his private labour. They properly confift in the high wages of that labour. But as they are repeated upon every part of his flock, and as their whole amount bears, upon that account, a regular proportion to it, they are commonly confidered as extraordinary profits of flock.

> SUCH enhancements of the market price are evidently the effects of particular accidents, of which, however, the operation may fometimes laft for many years together.

> Some natural productions require fuch a fingularity of foil and fituation, that all the land in a great country, which is fit for producing them, may not be fufficient to fupply the effectual demand. The whole quantity brought to market, therefore, may be difpofed of to those who are willing to give more than what is fufficient to pay the rent of the land which produced them, together with the wages of the labour, and the profits of the flock which were employed in preparing and bringing them to market, according to their natural rates. Such commodities may continue to be fold at this high price for whole centuries together, and that part of it which refolves itfelf into the rent of land is in this cafe the part which is generally paid above its natural rate. The rent of the land which affords fuch fingular and effeemed productions, like the rent of fome vineyards in France of a peculiarly happy foil and fituation, bears no regular proportion to the rent of other equally fertile and equally well cultivated land in its neighbourhood. The wages of the labour and the profits of the flock employed in bringing fuch commodities to market, on the contrary, are feldom out of their natural proportion to those of the other employments of labour and ftock in their neighbourhood.

SUCH enhancements of the market price are evidently the effect of natural causes which may hinder the effectual demand from from ever being fully supplied, and which may continue, therefore, CHAP. to operate forever.

A MONOPOLY granted either to an individual or to a trading company has the fame effect as a fecret in trade or manufactures. The monopolifts, by keeping the market conftantly underflocked, by never fully supplying the effectual demand, fell their commodities much above the natural price, and raife their emoluments, whether they confift in wages or profit, greatly above their natural rate.

THE price of monopoly is upon every occasion the highest which can be got. The natural price, or the price of free competition, on the contrary, is the lowest which can be taken, not upon every occasion, indeed, but for any considerable time together. The one is upon every occasion the highest which can be squeezed out of the buyers, or which, it is supposed, they will consent to give: The other is the lowest which the sellers can commonly afford to take, and at the same time continue their business.

THE exclusive privileges of corporations, statutes of apprenticefhip, and all those laws which restrain, in particular employments, the competition to a smaller number than might otherwise go into them, have the same tendency, though in a less degree. They are a fort of enlarged monopolies, and may frequently, for ages together and in whole classes of employments, keep up the market price of particular commodities above the natural price, and maintain both the wages of the labour and the profits of the stock employed about them somewhat above their natural rate.

SUCH enhancements of the market price may last as long as the regulations of police which give occasion to them.

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BOOK I. Continue long above, can feldom continue long below its natural price. Whatever part of it was paid below the natural rate, the perfons whofe intereft it affected would immediately feel the lofs, and would immediately withdraw either fo much land, or fo much labour, or fo much flock, from being employed about it, that the quantity brought to market would foon be no more than fufficient to fupply the effectual demand. Its market price, therefore, would foon rife to the natural price. This at leaft would be the cafe. where there was perfect liberty.

> THE fame ftatutes of apprenticeship and other corporation laws indeed, which, when a manufacture is in profperity, enable the workman to raife his wages a good deal above their natural rate; fometimes oblige him, when it decays, to let them down a good deal below it. As in the one cafe they exclude many people from his employment, fo in the other they exclude him from many employments. The effect of fuch regulations, however, is not near fo durable in finking the workman's wages below, as in raifing them above their natural rate. Their operation in the one way may endure for many centuries, but in the other it can laft nolonger than the lives of fome of the workmen who were bred to the bufinefs in the time of its profperity. When they are gone, the number of those who are afterwards educated to the trade will naturally fuit itself to the effectual demand. The police must be as violent as that of Indostan or antient Egypt (where every man was bound by a principle of religion to follow the occupation of his father, and was supposed to commit the most horrid facrilege if he changed it for another) which can in any particular employment, and for feveral generations together, fink either the wages of labour or the profits of flock below their natural rate.

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THIS is all that I think necessary to be observed at present con- C H A P. cerning the deviations, whether occasional or permanent, of the market price of commodities from the natural price.

THE natural price itself varies with the natural rate of each of its component parts, of wages, profit, and rent; and in every fociety this rate varies according to their circumstances, according to their riches or poverty, their advancing, stationary, or declining condition. I shall, in the four following chapters, endeavour to explain, as fully and distinctly as I can, the causes of those different variations.

FIRST, I shall endeavour to explain what are the circumstances which naturally determine the rate of wages, and in what manner those circumstances are affected by the riches or poverty, by the advancing, stationary, or declining state of the society.

SECONDLY, I shall endeavour to show what are the circumftances which naturally determine the rate of profit, and in what manner too those circumstances are affected by the like variations in the state of the society.

THOUGH pecuniary wages and profit are very different in the different employments of labour and flock; yet a certain proportion feems commonly to take place between both the pecuniary wages in all the different employments of labour, and the pecuniary profits in all the different employments of flock. This proportion, it will appear hereafter, depends partly upon the nature of the different employments, and partly upon the different laws' and policy of the fociety in which they are carried on. But though in many refpects dependent upon the laws and policy, this proportion feems to be little affected by the riches or: BOOK or poverty of that fociety; by its advancing, flationary, or de-L clining condition; but to remain the fame or very nearly the fame in all those different flates. I fhall, in the third place, endeavour to explain all the different circumflances which regulate this proportion.

> IN the fourth and last place I shall endeavour to show what are the circumstances which regulate the rent of land, and which either raise or lower the real price of all the different substances which it produces.

C H A P. VIII.

Of the Wages of Labour.

HE produce of labour conftitutes the natural recompence or wages of labour.

In that original state of things, which precedes both the appropriation of land and the accumulation of stock, the whole produce of labour belongs to the labourer. He has neither landlord nor master to share with him.

HAD this ftate continued, the wages of labour would have augmented with all those improvements in its productive powers, to which the division of labour gives occasion. All things would gradually have become cheaper. They would have been produced by a smaller quantity of labour; and as the commodities produced by equal quantities of labour would naturally in this state of 7 things things be exchanged for one another, they would have been purchafed likewife with the produce of a fmaller quantity.

Bur though all things would have become cheaper in reality, in appearance many things might have become dearer than before, or have been exchanged for a greater quantity of other goods. Let us suppose, for example, that in the greater part of employments the productive powers of labour had been improved to tenfold, or that a day's labour could produce ten times the quantity of work which it had done originally; but that in a particular employment they had been improved only to double, or that a day's labour could produce only twice the quantity of work which it had done before. In exchanging the produce of a day's labour in the greater part of employments, for that of a day's labour in this particular one, ten times the original quantity of work in them would purchase only twice the original quantity in it. Any particular quantity in it, therefore, a pound weight, for example, would appear to be five times dearer than before. In reality, however, it would be twice as cheap. Though it required five times the quantity of other goods to purchase it, it would require only half the quantity of labour either to purchase or to produce it. The acquifition, therefore, would be twice as eafy as before.

But this original flate of things, in which the labourer enjoyed the whole produce of his own labour, could not laft beyond the first introduction of the appropriation of land and the accumulation of stock. It was at an end, therefore, long before the most confiderable improvements were made in the productive powers of labour, and it would be to no purpose to trace further what might have been its effects upon the recompence or wages of labour.

As foon as land becomes private property, the landlord demands a fhare of whatever produce the labourer can either raife, or collect $\stackrel{BOOK}{\amalg}$ left from it. His rent makes the first deduction from the produce $\stackrel{I}{\smile}$ of the labour which is employed upon land.

> IT feldom happens that the perfon who tills the ground has wherewithal to maintain himfelf till he reaps the harveft. His maintenance is generally advanced to him from the flock of a mafter, the farmer who employs him, and who would have no intereft to employ him, unlefs he was to fhare in the produce of his labour, or unlefs his flock was to be replaced to him with a profit. This profit makes a fecond deduction from the produce of the labour which is employed upon land.

THE produce of almost all other labour is liable to the like deduction of profit. In all arts and manufactures the greater part of the workmen stand in need of a master to advance them the materials of their work, and their wages and maintenance till it be compleated. He shares in the produce of their labour, or in the value which it adds to the materials upon which it is bestowed; and in this share consists his profit.

Ir fometimes happens, indeed, that a fingle independant workman has flock fufficient both to purchafe the materials of his work, and to maintain himfelf till it be compleated. He is both mafter and workman, and enjoys the whole produce of his own labour, or the whole value which it adds to the materials upon which it is beftowed. It includes what are ufually two diffinct revenues, belonging to two diffinct perfons, the profits of flock, and the wages of labour.

SUCH cafes, however, are not very frequent, and in every part of Europe, twenty workmen ferve under a mafter for one that is independant; and the wages of labour are every where underftood

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to be, what they usually are, when the labourer is one perfon, and CHAP. the owner of the flock which employs him another.

WHAT are the common wages of labour depends every where upon the contract ufually made between those two parties, whose interests are by no means the same. The workmen defire to get as much, the masters to give as little as possible. The former are disposed to combine in order to raise, the latter in order to lower the wages of labour.

IT is not, however, difficult to foresee which of the two parties must, upon all ordinary occasions, have the advantage in the difpute, and force the other into a compliance with their terms. The mafters, being fewer in number, cannot only combine more eafily, but the law authorifes their combinations, or at leaft does not prohibit them, while it prohibits those of the workmen. We have no acts of parliament against combining to lower the price of work; but many against combining to raife it. In all fuch difputes the mafters can hold out much longer. A landlord, a farmer, a master manufacturer, or merchant, though they did not employ a fingle workman, could generally live a year or two upon the flocks which they have already acquired. Many workmen could not fubfift a week, few could fubfift a month, and fcarce any a year without employment. In the long-run the workman may be as neceffary to his mafter as his mafter is to him; but the neceffity is not fo immediate.

WE rarely hear, it has been faid, of the combinations of mafters; though frequently of those of workmen. But whoever imagines, upon this account, that masters rarely combine, is as ignorant of the world as of the fubject. Masters are always and every where in a fort of tacit, but constant and uniform combination, not to Vol. I. M raife

BOOK raife the wages of labour above their actual rate. To violate this combination is every where a most unpopular action, and a fort. of reproach to a master among his neighbours and equals. We feldom, indeed, hear of this combination, becaufe it is the ufual, and one may fay, the natural state of things which nobody ever; hears of. Masters too fometimes enter into particular combinations to fink the wages of labour even below this rate. Thefe are always 'conducted with the utmost filence and fecrecy, till the moment of execution, and when the workmen yield, as they fometimes do, without refiftance, though feverely felt by them, they. are never heard of by other people. Such combinations, however, are frequently refifted by a contrary defensive combination of the workmen; who fometimes too, without any provocation of this. kind, combine of their own accord to raife the price of their labour. Their usual pretences are, fometimes, the high price of provisions; fometimes the great profit which their masters make by their. work. But whether their combinations be offenfive or defenfive they are always abundantly heard of. In order to bring the point to a fpeedy decision, they have always recourse to the loudest clamour, and fometimes to the most shocking violence and outrage. They are defperate, and act with the folly and extravagance of defperate men, who must starve or frighten their masters into an immediate compliance with their demands. The mafters upon these occasions are just as clamorous upon the other fide, and never ceafe to call aloud for the affiftance of the civil magiftrate, and the rigorous execution of those laws which have been enacted with for much feverity against the combinations of 'fervants, labourers, and journeymen. The workmen, accordingly, very feldom derive any advantage from the violence of those tumultuous combinations; which, partly from the interpolition of the civil magistrate, partly from the fuperior steadiness of the masters, partly from the neceffity which the greater part of the workmen are under of fubmitting

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mitting for the fake of prefent subsistence, generally end in no- CHAP. thing, but the punishment or ruin of the ringleaders.

BUT though in difputes with their workmen, mafters muft generally have the advantage, there is however a certain rate below which it feems impossible to reduce, for any confiderable time, the ordinary wages even of the lowest species of labour.

A MAN must always live by his work, and his wages must at least be sufficient to maintain him. They must even upon most occasions be fomewhat more; otherwife it would be impossible to bring up a family, and the race of fuch workmen could not laft beyond the first generation. Mr. Cantillon feems, upon this account, to suppose that the lowest species of common labourers must every where earn at least double their own maintenance, in order that one with another they may be enabled to bring up two children; the labour of the wife, on account of her necessary attendance on the children, being fuppofed no more than fufficient to provide for herfelf. But one-half the children born, it is computed, die before the age of manhood. The poorest labourers, therefore, according to this account, must, one with another, attempt to rear at least four children, in order that two may have an equal chance of living to that age. But the necessary maintenance of four children, it is supposed, may be nearly equal to that of one The labour of an able-bodied flave, the fame author adds, man. is computed to be worth double his maintenance; and that of the meanest labourer, he thinks, cannot be worth less than that of an able-bodied flave. Thus far at least feems certain, that, in order to bring up a family, the labour of the husband and wife together must, even in the lowest species of common labour, be able to earn fomething more than what is precifely neceffary for their own maintenance; but in what proportion, whether in that above M 2 mentioned,

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BOOK mentioned, or in any other, I fhall not take upon me to deter-

THERE are certain circumstances, however, which fometimes give the labourers an advantage, and enable them to raife their wages confiderably above this rate; evidently the lowest which is confistent with common humanity.

WHEN in any country the demand for those who live by wages: labourers, journeymen, servants of every kind, is continually increasing; when every year furnishes employment for a greater number than had been employed the year before, the workmen have no occasion to combine in order to raise their wages. The fcarcity of hands occasions a competition among masters, who bid against one another in order to get them, and thus voluntarily break through the natural combination of masters not to raise wages.

THE demand for those who live by wages, it is evident, cannot increase but in proportion to the increase of the funds which are destined for the payment of wages. These funds are of two kinds; first, the revenue which is over and above what is necessary for the maintenance; and, secondly, the stock which is over and above what is necessary for the employment of their masters.

WHEN the landlord, annuitant, or monied man, has a greater revenue than what he judges fufficient to maintain his own family, he employs either the whole or a part of the furplus in maintaining one or more menial fervants. Increase this furplus, and he will naturally increase the number of those fervants.

WHEN an independant workman, fuch as a weaver or fhoemaker, has got more flock than what is fufficient to purchase 7 the

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the materials of his own work, and to maintain himfelf till he CHAP. can difpole of it, he naturally employs one or more journeymen with the furplus, in order to make a profit by their work. Increase this surplus, and he will naturally increase the number of his journeymen.

The demand for those who live by wages, therefore, necellarily increases with the increase of the revenue and stock of every country, and cannot possibly increase without it. The increase of revenue and stock is the increase of national wealth. The demand for those who live by wages, therefore, naturally increases with the increase of national wealth, and cannot possibly increase without it.

IT is not the actual greatness of national wealth, but its continual increase, which occasions a rife in the wages of labour. It is not, accordingly, in the richeft countries, but in the most thriving or in those which are growing rich the fastest, that the England is certainly, in the prefent wages of labour are higheft. times, a much richer country than any part of North America. The wages of labour, however, are much higher in North America than in any part of England. In the province of New York, common labourers earn three shillings and fixpence currency, equal to two shillings sterling, a day; ship carpenters, ten shillings and fixpence currency, with a pint of rum worth fixpence fterling, equal in all to fix shillings and fixpence sterling; house carpenters and bricklayers, eight shillings currency, equal to four shillings and fixpence sterling; journeymen taylors, five stillings currence, equal to about two shillings and ten-pence sterling. These prices are all above the London price; and wages are faid to be as high in the other colonies as in New York. The price of provisions is every where in North America much lower than in England. A dearth has never been known there. In the worft featons, they Vol. I. have M 3

BOOK I. have always had a fufficiency for themfelves, though lefs for exportation. If the money price of labour, therefore, be higher than it is any where in the mother country, its real price, the real command of the neceffaries and conveniencies of life which it conveys to the labourer, must be higher in a still greater proportion.

> BUT though North America is not yet fo rich as England, it is much more thriving, and advancing with much greater rapidity to the further acquisition of riches. The most decisive mark of the prosperity of any country is the increase of the number of its In Great Britain and most other European countries inhabitants. they are not supposed to double in less than five hundred years. In the British colonies in North America, it has been found, that they double in twenty or five and twenty years. Nor in the prefent times is this increase principally owing to the continual importation of new inhabitants, but to the great multiplication of the fpecies. Those who live to old age, it is faid, frequently fee there from fifty to a hundred, and fometimes many more, defcendants from their own body. Labour is there fo well rewarded that a numerous family of children, instead of being a burthen, is a fource of opulence and profperity to the parents. The labour of each child, before it can leave their houfe, is computed to be worth a hundred pounds clear gain to them. A young widow with four or five young children, who, among the middling or inferior ranks of people in Europe, would have fo little chance for a fecond hufband, is there frequently courted as a fort of fortune. The value of children is the greatest of all encouragements to marriage. We cannot, therefore, wonder that the people in North America should generally marry very young. Notwithstanding the great increase occafioned by fuch early marriages, there is a continual complaint of the fcarcity of hands in North America. The demand for labourers, the funds defined for maintaining them, increase, it feems, still faster than they can find labourers to employ.

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THOUGH the wealth of a country fhould be very great, yet CHAP. if it has been long stationary, we must not expect to find the wages of labour very high in it. The funds defined for the payment of wages, the revenue and ftock of its inhabitants, may be of the greatest extent, but if they have continued for feveral centuries of the fame, or very nearly of the fame extent, the number of labourers employed every year could eafily fupply, and even more than fupply, the number wanted the following year. There could feldom be any fcarcity of hands, nor could the mafters be obliged to bid against one another in order to get them. The hands, on the contrary, would, in this cafe, naturally multiply beyond their There would be a conftant fcarcity of employment; employment. and the labourers would be obliged to bid against one another in order to get it. If in fuch a country the wages of labour had ever been more than fufficient to maintain the labourer and to enable him to bring up a family, the competition of the labourers and the interest of the masters would foon reduce them to this lowest rate which is confiftent with common humanity. China has been long one of the richeft, that is, one of the most fertile, best cultivated, most industrious and most populous countries in the world. It feems, however, to have been long flationary. Marco Polo, who vifited it more than five hundred years ago, defcribes its cultivation, industry and populoufnefs almost in the fame terms in which they are defcribed by travellers in the prefent times. It had perhaps even long before his time acquired that full complement of riches which the nature of its laws and inftitutions permits it to acquire. The accounts of all travellers, inconfiftent in many other respects, agree in the low wages of labour, and in the difficulty which a labourer finds in bringing up a family in China. If by digging the ground a whole day he can get what will purchase a small quantity of rice in the evening, he is contented. The condition of artificers is, if possible, still worfe. Instead of waiting indolently in their workhouses,

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BOOK houses, for the calls of their customers, as in Europe, they are continually running about the ftreets with the tools of their respective trades, offering their service, and as it were begging employment. The poverty of the lower ranks of people in China far furpaffes that of the most beggarly nations in Europe. In the neighbourhood of Canton many hundred, it is commonly faid, many thousand families have no habitation on the land, but live constantly in little fishing boats upon the rivers and canals. The fubfistence which they find there is fo fcanty that they are eager to fifh up the naftieft garbage thrown overboard from any European fhip. Any carrion, the carcafe of a dead dog or cat, for example, though half putrid and ftinking, is as welcome to them as the most wholesome food to the people of other countries. Marriage is encouraged in China, not by the profitableness of children, but by the liberty of deftroying them. In all great towns feveral are every night exposed in the ftreet or drowned like puppies in the water. The performance of this horrid office is even faid to be the avowed bufiness by which some people earn their sublistence.

> CHINA, however, though it may perhaps ftand ftill, does not feem to go backwards. Its towns are nowhere deferted by their inhabitants. The lands which had once been cultivated are nowhere neglected. The fame or very nearly the fame annual labour must therefore continue to be performed, and the funds deftined for maintaining it must not, confequently, be fensibly diminished. The lowest class of labourers, therefore, notwithstanding their fcanty fublistence, must some way or another make shift to continue their race fo far as'to keep up their ufual numbers.

> BUT it would be otherwife in a country where the funds defined for the maintenance of labour were fenfibly decaying. Every year the demand for fervants and labourers would, in all the different claffes

classes of employments, be less than it had been the year before. Many who had been bred in the fuperior claffes, not being able to find employment in their own bufinels, would be glad to feek it in the The lowest class being not only overstocked with its own loweft. workmen, but with the overflowings of all the other classes, the competition for employment would be fo great in it, as to reduce the wages of labour to the most miserable and scanty subsistence of Many would not be able to find employment even the labourer. upon these hard terms, but would either starve, or be driven to feek a fublistence either by begging, or by the perpetration perhaps of the greatest enormities. Want, famine, and mortality would immediately prevail in that class, and from thence extend themselves to all the fuperior claffes, till the number of inhabitants in the country was reduced to what could eafily be maintained by the revenue and ftock which remained in it, and which had efcaped either the tyranny or calamity which had deftroyed the reft. This perhaps is nearly the prefent state of Bengal, and of some other of the English fettlements in the East Indies. In a fertile country which had before been much depopulated, where fubfiftence, confequently, fhould not be very difficult, and where, notwithstanding, three or four hundred thousand people die of hunger in one year, we may be affured that the funds defined for the maintenance of the The difference between the labouring poor are fast decaying. genius of the British constitution which protects and governs North America, and that of the mercantile company which opprefies and domineers in the East Indies, cannot perhaps be better illustrated than by the different ftate of those countries.

THE liberal reward of labour, therefore, as it is the neceffary effect, fo it is the natural fymptom of increasing national wealth. The fcanty maintenance of the labouring poor, on the other hand,' is the natural fymptom that things are at a stand, and their starving condition that they are going fast backwards.

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In Great Britain the wages of labour feem, in the prefent times, to be evidently more than what is precifely neceffary to enable the labourer to bring up a family. In order to fatisfy ourfelves upon this point it will not be neceffary to enter into any tedious or doubtful calculation of what may be the loweft fum upon which it is poffible to do this. There are many plain fymptoms that the wages of labour are nowhere in this country regulated by this loweft rate which is confiftent with common humanity.

FIRST, in almost every part of Great Britain there is a diftinction, even in the lowest species of labour, between summer and winter wages. Summer wages are always highest. But on account of the extraordinary expence of fewel, the maintenance of a family is most expensive in winter. Wages, therefore, being highest when this expence is lowest, it seems evident that they are not regulated by what is necessary for this expence; but by the quantity and supposed value of the work. A labourer, it may be faid indeed, ought to fave part of his summer wages in order to defray his winter expence; and that through the whole year they do not exceed what is necessary for one absolutely dependent on us for immediate subsistence, would not be treated in this manner. His daily subsistence would be proportioned to his daily necessary.

SECONDLY, the wages of labour do not in Great Britain fluctuate with the price of provisions. These vary everywhere from year to year, frequently from month to month. But in many places the money price of labour remains uniformly the fame fometimes for half a century together. If in these places, therefore, the labouring poor can maintain their families in dear years, they must be at their ease in times of moderate plenty, and in affluence in those of extraordinary cheapnels. The high price of provisions during these ten years pass has not in many parts of the kingdom

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kingdom been accompanied with any fenfible rife in the money price of labour. It has, indeed, in fome; owing probably more to the increase of the demand for labour than to that of the price of provisions. ٦ď

THIRDLY, as the price of provisions varies more from year to year than the wages of labour, fo, on the other hand, the wages of labour vary more from place to place than the price of pro-The prices of bread and butcher's meat are generally vifions. the fame or very nearly the fame through the greater part of the united kingdom. These and most other things which are fold by retail, the way in which the labouring poor buy all things, are generally fully as cheap or cheaper in great towns than in the remoter parts of the country, for reafons which I shall have occafion to explain hereafter. But the wages of labour in a great town and its neighbourhood are frequently a fourth or a fifth part, twenty or five and twenty per cent higher than at a few miles diftance. Eighteen pence a day may be reckoned the common price of labour in London and its neighbourhood. At a few miles, distance it falls to fourteen and fifteen pence. Ten-pence may be reckoned its price in Edinburgh and its neighbourhood. At a few miles diftance it falls to eight pence, the usual price of com-, mon labour through the greater part of the low country of Scotland, where it varies a good deal lefs than in England. "Such a difference of prices, which it feems is not always fufficient' to transport a man from one parish to another, would necessarily occafion fo great a transportation of the most bulky commodities, not only from one parish to another, but from one end of the kingdom, almost from one end of the world to the other, as would foon reduce them more nearly to a level. After all that has been faid of the levity and inconstancy of human nature, it appears evidently from experience that a man is of all forts of luggage the most

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difficult

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^{BOOK} difficult to be transported. If the labouring poor, therefore, can in maintain their families in those parts of the kingdom where the price of labour is lowest, they must be in affluence where it is highest.

> FOURTHLY, the variations in the price of labour not only do not correspond either in place or time with those in the price of provisions, but they are frequently quite opposite.

GRAIN, the food of the common people, is dearer in Scotland than in England, whence Scotland receives almost every year very large fupplies. But English corn must be fold dearer in Scotland, the country to which it is brought, than in England, the country from which it comes; and in proportion to its quality it cannot be fold dearer in Scotland than the Scotch corn that comes to the fame market in competition with it. The quality of grain depends chiefly upon the quantity of flour or meal which it yields at the mill, and in this refpect English grain is so much superior to the Scotch that, though often dearer in appearance, or in proportion to the meafure of its bulk, it is generally cheaper in reality or in proportion to its quality, or even to the measure of its weight. The price of labour, on the contrary, is dearer in England than in Scotland. If the labouring poor, therefore, can maintain their families in the one part of the united kingdom, they must be in affluence in the other. Oatmeal indeed fupplies the common people in Scotland with the greatest and the best part of their food, which is in general much inferior to that of their neighbours of the This difference, however, in the mode fame rank in England. of their fubfistence is not the cause, but the effect of the difference in their wages; though, by a strange misapprehension, I have frequently heard it reprefented as the caufe. It is not becaufe one man keeps a coach while his neighbour walks a-foot, that the one 4

one is rich and the other poor; but because the one is rich he CHAP. keeps a coach, and becaufe the other is poor he walks a-foot.

DURING the course of the last century, taking one year with another, grain was dearer in both parts of the united kingdom than during that of the prefent. This is a matter of fact which cannot now admit of any reasonable doubt; and the proof of it is, if poffible, ftill more decifive with regard to Scotland than with regard to England. It is in Scotland fupported by the evidence of the publick fiars, annual valuations made upon oath, according to the actual state of the markets, of all the different forts of grain in every different county of Scotland. If fuch direct proof could require any collateral evidence to confirm it, I would observe that this has likewife been the case in France, and probably in most other parts of Europe. With regard to France there is the clearest proof. But though it is certain that in both parts of the united kingdom grain was fomewhat dearer in the laft century than in the prefent, it is equally certain that labour was much cheaper. If the labouring poor, therefore, could bring up their families then, they must be much more at their ease now. In the last century, the most usual day-wages of common labour through the greater part of Scotland were fixpence in fummer Three shillings a week, the fame price and five-pence in winter. very nearly, still continues to be paid in fome parts of the Highlands and western Islands. Through the greater part of the low: country the most usual wages of common labour are now eightpence a day; ten-pence, fometimes a shilling about Edinburgh, in. the counties which border upon England, probably on account of that neighbourhood, and in a few other places where there has lately been a confiderable rife in the demand for labour, about Glafgow, Carron, Ayr-fhire, &c. In England the improvements of agriculture, manufactures and commerce began much earlier than.

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BOOK than in Scotland. The demand for labour, and confequently its price, must necessarily have increased with those improvements. In the last century, accordingly, as well as in the prefent, the wages of labour were higher in England than in Scotland. They have rifen too confiderably fince that time, though on account of the greater variety cf wages paid there in different places, it is more difficult to ascertain how much. In 1614, the pay of a foot foldier was the fame as in the prefent times, eight pence a day. When it was first established it would naturally be regulated by the usual wages of common labourers, the rank of people from which foot foldiers are commonly drawn. Lord Chief Justice Hales, who wrote in the time of Charles II. computes the necessary expence of a labourer's family, confifting of fix perfons, the father and mother, two children able to do fomething, and two not able, at ten shillings a week, or twenty-fix pounds a year. If they cannot earn this by their labour, they must make it up, he supposes, either by begging or stealing. He appears to have enquired very carefully into this fubject. In 1688, Mr. Gregory King, whole skill in political arithmetick is fo much extolled by Doctor Davenant, computed the ordinary income of labourers and out-fervants to be fifteen pounds a year to a family, which he supposed to confift, one with another, of three and a half perfons. His calculation, therefore, though different in appearance, corresponds very nearly at bottom with that of judge Hales. Both suppose the weekly expence of fuch families to be about twenty-pence a head. Both the pecuniary income and expense of fuch families have increased confiderably fince that time through the greater part of the kingdom; in fome places more, and in fome lefs; though perhaps fcarce any where fo much as fome exaggerated accounts of the prefent wages of labour have lately reprefented ' them to the publick. The price of labour, it must be observed, cannot be afcertained very accurately anywhere, different prices being

being often paid at the fame place and for the fame fort of labour, CHAP. not only according to the different abilities of the workmen, but according to the eafinefs or hardnefs of the mafters. Where wages are not regulated by law, all that we can pretend to determine is what are the most usual; and experience feems to show that law can never regulate them properly, though it has often pretended to do fo.

THE real recompence of labour, the real quantity of the neceffaries and conveniencies of life which it can procure to the labourer, has, during the courfe of the prefent century, increafed perhaps in a still greater proportion than its money price. Not only grain has become fomewhat cheaper, but many other things from which the industrious poor derive an agreeable and wholefome variety of food, have become a great deal cheaper. Potatoes, for example, do not at prefent, through the greater part of the kingdom, cost half the price which they used to do thirty or forty years ago. The fame thing may be faid of turnips, carrots, cabbages; things which were formerly never raifed but by the fpade, but which are now commonly raifed by the plough. All fort of garden stuff too has become cheaper. The greater part of the apples and even of the onions confumed in Great Britains were in the last century imported from Flanders. The great improvements in the coarfer manufactures of both linen and woollencloth furnish the labourers with cheaper and better cloathing; and those in the manufactures of the coarser metals; with cheaper. and better inftruments of trade, as well as with many agreeable. and convenient pieces of household furniture. Soap, falt, candles, leather, and fermented liquors have, indeed, become a good deal dearer; chiefly from the taxes which have been laid upon: The quantity of these however which the labouring; them. poor are under any necessity of confuming, is fo very fmall that: the 7

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BOOK the increase in their price does not compensate the diminution in that of so many other things. The common complaint that luxury extends itself even to the lowest ranks of the people, and that the labouring poor will not now be contented with the fame food, cloathing and lodging which fatisfied them in former times, may convince us that it is not the money price of labour only, but its real recompence which has augmented.

> Is this improvement in the circumftances of the lower ranks of the people to be regarded as an advantage or as an inconveniency to the fociety? The anfwer feems at firft fight abundantly plain. Servants, labourers and workmen of different kinds, make up the far greater part of every great political fociety. But what improves the circumftances of the greater part can never be regarded as an inconveniency to the whole. No fociety can furely be flourifhing and happy, of which the far greater part of the members are poor and miferable. It is but equity, befides, that they who feed, cloath and lodge the whole body of the people, fhould have fuch a fhare of the produce of their own labour as to be themfelves tolerably well fed, cloathed and lodged.

POVERTY, though it no doubt difcourages, does not always prevent marriage. It feems even to be favourable to generation. A half ftarved Highland woman frequently bears more than twenty children, while a pampered fine lady is often incapable of bearing any, and is generally exhaufted by two or three. Barrennefs, fo frequent among women of fashion, is very rare among those of inferior station. Luxury in the fair fex, while it enflames perhaps the passion for enjoyment, feems always to weaken and frequently to destroy altogether the powers of generation.

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- BUT poverty, though it does not prevent the generation, is CHAP. extreamly unfavourable to the rearing of children. The tender plant is produced, but in fo cold a foil and fo fevere a climate, foon withers and dies. It is not uncommon, I have been frequently told, in the Highlands of Scotland for a mother who has borne twenty children not to have two alive. Several officers of great experience have affured me that fo far from recruiting their regiment, they have never been able to fupply it with drums and fifes from all the foldiers children that were born in it. A greater number of fine children, however, is feldom feen anywhere than about a barrack of foldiers. Very few of them, it feems, arrive at the age of thirteen or fourteen. In fome places one half the children born die before they are four years of age; in many places before they are feven; and in almost all places before they are nine or ten. This great mortality, however, will every where be found chiefly among the children of the common people, who cannot afford to tend them with the fame care as those of better station. Though their marriages are generally more fruitful than those of people of fashion, a smaller proportion of their children arrive at maturity. In foundling hospitals, and among the children brought up by parish charities the mortality is still greater than among those of the common people.

EVERY fpecies of animals naturally multiplies in proportion to the means of their fubfiftence, and no fpecies can ever multiply beyond it. But in civilized fociety it is only among the inferior ranks of people that the fcantinefs of fubfiftence can fet limits to the further multiplication of the human fpecies; and it can do fo in no other way than by deftroying a great part of the children which their fruitful marriages produce.

THE liberal reward of labour, by enabling them to provide better for their children, and confequently to bring up a greater number, Vol. I. O naturally

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BOOK naturally tends to widen and extend those limits. It deferves - to be remarked too, that it neceffarily does this as nearly as poffible in the proportion which the demand for labour requires. If this demand is continually increasing, the reward of labour must necessarily encourage in such a manner the marriage and multiplication of labourers, as may enable them to fupply that continually increasing demand by a continually increasing popu-If it should at any time be less than what was requisite lation. for this purpofe, the deficiency of hand's would foon raife it; and if it should at any time be more, their excessive multiplication would foon lower it to this neceffary rate. The market would be fo much understocked with labour in the one cafe, and fo much overftocked in the other, as would foon force back its price to that proper rate which the circumstances of the fociety required. It is in this manner that the demand for men, like that for any other commodity, necessiarily regulates the production of men; quickens it when it goes on too flowly, and ftops it when it advances too fast. It is this demand which regulates and determines the state of propagation in all the different countries of the world, in North America, in Europe, and in China; which renders it rapidly progreffive in the first, flow and gradual in the fecond, and altogether flationary in the laft.

> THE tear and wear of a flave, it has been faid, is at the expence of his mafter; but that of a free fervant is at his own expence. The tear and wear of the latter, however, is, in reality, as much at the expence of his mafter as that of the former. The wages paid to journeymen and fervants of every kind must be such as may enable them, one with another, to continue the race of journeymen and fervants, according as the increasing, diminishing, or stationary demand of the fociety may happen to require. But · though the tear and wear of a free fervant be equally at the expence of

of his mafter, it generally cofts him much lefs than that of a CHAP. The fund deftined for replacing or repairing, if I may fay flave. fo, the tear and wear of the flave, is commonly managed by a negligent master or careless overseer. That destined for performing the fame office with regard to the free man, is managed by the free man himfelf. The diforders which generally prevail in the æconomy of the rich, naturally introduce themfelves into the management of the former : The strict frugality and parsimonious attention of the poor as naturally establish themselves in that of the latter. Under fuch different management, the fame purpose must require very different degrees of expence to execute it. It appears, accordingly, from the experience of all ages and nations, I believe, that the work done by freemen comes cheaper in the end than that performed by flaves. It is found to do fo even at Boston, New York, and Philadelphia, where the wages of common labour are fo very high.

THE liberal reward of labour, therefore, as it is the effect of increasing wealth, so it is the cause of increasing population. To complain of it is to lament over the necessary effect and cause of the greatest publick prosperity.

IT deferves to be remarked, perhaps, that it is in the progreffive state, while the fociety is advancing to the further acquisition, rather than when it has acquired its full complement of riches, that the condition of the labouring poor, of the great body of the people, feems to be the happiest and the most comfortable. It is hard in the ftationary, and miferable in the declining ftate. The progreffive state is in reality the chearful and the hearty state to all the different orders of the fociety. The stationary is dull; the declining, melancholy.

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BOOK THE liberal reward of labour, as it encourages the propagation. fo it increases the industry of the common people. The wages of labour are the encouragement of industry, which, like every other human quality, improves in proportion to the encouragement it receives. A plentiful fubfiftence increases the bodily ftrength of the labourer, and the comfortable hope of bettering his condition, and of ending his days perhaps in ease and plenty, animates him to exert that ftrength to the utmost. Where wages are high, accordingly, we shall always find the workmen more active, diligent, and expeditious, than where they are low; in England, for example, than in Scotland; in the neighbourhood of great towns, than in remote country places. Some workmen, indeed, when they can earn in four days what will maintain them through the week, will be idle the other three. This, however, is by no means the cafe with the greater part. Workmen, on the contrary, when they are liberally paid by the piece, are very apt to over-work themfelves, and to ruin their health and conftitution in a few years. A carpenter in London, and in fome other places, is not fuppofed to last in his utmost vigour above eight years. Something of the fame kind happens in many other trades, in which the workmen are paid by the piece; as they generally are in manufactures, and even in country labour, wherever wages are higher than ordinary. Almost every class of artificers is subject to some peculiar infirmity occafioned by exceffive application to their peculiar species of work. Ramuzzini, an eminent Italian physician, has written a particular book concerning fuch difeafes. We do not reckon our foldiers the most industrious fet of people among us. Yet when foldiers have been employed in fome particular forts of work, and liberally paid by the piece, their officers have frequently been obliged to flipulate with the undertaker, that they should not be allowed to earn above a certain fum every day, according to the rate at which they were paid. Till this stipulation was made, mutual 4

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mutual emulation and the defire of greater gain, frequently prompt- CHAP. ed them to over-work themfelves, and to hurt their health by exceffive labour. Exceffive application during four days of the week, is frequently the real caufe of the idlenefs of the other three, fo much and fo loudly complained of. Great labour, either of mind or body, continued for feveral days together, is in most men naturally followed by a great defire of relaxation, which, if not reftrained by force or by fome ftrong necessity, is almost irrefiftable. It is the call of nature, which requires to be relieved by fome indulgence, sometimes of ease only, but sometimes too of diffipation and diversion. If it is not complied with, the confequences are often dangerous, and fometimes fatal, and fuch as almost always, fooner or later, bring on the peculiar infirmity of the trade. If masters would always listen to the distates of reason and humanity, they have frequently occasion rather to moderate, than to animate the application of many of their workmen. It will be found, I believe, in every fort of trade, that the man who works fo moderately, as to be able to work conftantly, not only preferves his health the longest, but, in the course of the year, executes the greatest quantity of work.

In cheap years, it is pretended, workmen are generally more idle, and in dear ones more induftrious than ordinary. A plentiful fubfiftence, therefore, it has been concluded, relaxes, and a fcanty one quickens their induftry. That a little more plenty than ordinary may render fome workmen idle, cannot well be doubted; but that it fhould have this effect upon the greater part, or that men in general fhould work better when they are ill fed than when they are well fed, when they are difheartened than when they are in good fpirits, when they are frequently fick than when they are generally in good health, feems not very probable. Years of dearth, it is to be obferved, are generally among the common people ^{BOOK} people years of ficknefs and mortality, which cannot fail to dimi-1 nifh the produce of their induftry.

> IN years of plenty, fervants frequently leave their mafters, and truft their fubfiftence to what they can make by their own induftry. But the fame cheapnefs of provisions, by increasing the fund which is defined for the maintenance of fervants, encourages mafters, farmers especially, to employ a greater number. Farmers upon fuch occasions expect more profit from their corn by maintaining a few more labouring fervants, than by felling it at a low price in the market. The demand for fervants increases, while the number of those who offer to supply that demand diminishes. The price of labour, therefore, frequently rifes in cheap years.

> In years of fcarcity, the difficulty and uncertainty of fublistence make all fuch people eager to return to fervice. But the high price of provifions, by diminishing the funds deftined for the maintenance of fervants, disposes masters rather to diminish than to increase the number of those they have. In dear years too, poor independant workmen frequently confume the little stocks with which they had used to fupply themselves with the materials of their work, and are obliged to become journeymen for sublissence. More people want employment than can easily get it; many are willing to take it upon lower terms than ordinary, and the wages of both fervants and journeymen frequently fink in dear years.

> MASTERS of all forts, therefore, frequently make better bargains with their fervants in dear than in cheap years, and find them more humble and dependant in the former than in the latter. They naturally, therefore, commend the former as more favourable to induftry. Landlords and farmers, befides, two of the largeft claffes of mafters, have another reafon for being pleafed with dear 7

years. The rents of the one and the profits of the other depend CHAP. very much upon the price of provisions. Nothing can be more abfurd, however, than to imagine that men in general fhould work lefs when they work for themfelves, than when they work for other people. A poor independant workman will generally be more industrious than even a journeyman who works by the piece. The one enjoys the whole produce of his own industry; the other shares it with his master. The one, in his separate, independant state, is less liable to the temptations of bad company, which in large manufactories fo frequently ruin the morals of the other. The superiority of the independant workman over those fervants who are hired by the month or by the year, and whofe wages and maintchance are the fame whether they do much or do little, is likely to be still greater. Cheap years tend to increase the proportion of independant workmen to journeymen and fervants of all kinds, and dear years to diminish it.

A FRENCH author of great knowledge and ingenuity, Mr. Messance, receiver of the tailles in the election of St. Etienne, endeavours to flow that the poor do more work in cheap than in dear years, by comparing the quantity and value of the goods made upon those different occasions in three different manufactures; one of coarse woollens carried on at Elbeuf; one of linen, and another of filk, both which extend through the whole generality of Rouen. It appears from his account, which is copied from the registers of the publick offices, that the quantity and value of the goods. made in all those three manufactures has generally been greater in cheap than in dear years; and that it has always been greatest in the cheapeft, and leaft in the deareft years. All the three feem to be stationary manufactures, or which, though their produce: may vary fomewhat from year to year, are upon the whole neither going backwards nor forwards.

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THE manufacture of linen in Scotland, and that of coarse wool-BOOK lens in the west riding of Yorkshire, are growing manufactures, of which the produce is generally, though with fome variations, increasing both in quantity and value. Upon examining, however, the accounts which have been published of their annual produce, I have not been able to obferve that its variations have had any fenfible connection with the dearnefs or cheapnefs of the feafons. In 1740, a year of great fcarcity, both manufactures, indeed, appear to have declined very confiderably. But in 1756, another year of great fcarcity, the Scotch manufacture made more The Yorkshire manufacture, indeed, than ordinary advances. declined, and its produce did not rife to what it had been in 1755 till 1766, after the repeal of the American stamp'act. In that and the following year it greatly exceeded what it had ever been before, and it has continued to do fo ever fince.

> THE produce of all great manufactures for diftant fale must neceffarily depend, not fo much upon the dearnefs or cheapnefs of the feafons in the countries where they are carried on, as upon the circumstances which affect the demand in the countries where they are confumed; upon peace or war, upon the profperity or declenfion of other rival manufactures, and upon the good or bad humour of their principal cuftomers. A great part of the extraordinary work, befides, which is probably done in cheap years, never enters the publick registers of manufactures. The men-fervants who leave their mafters become independant labourers. The women return to their parents, and commonly fpin in order to make cloaths for themfelves and their families. Even the independant workmen do not always work for publick fale, but are employed by some of their neighbours in manufactures for family use. The produce of their labour, therefore, frequently makes no figure in those publick registers of which the records are fometimes publifhed

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Tifhed with fo much parade, and from which our merchants and CHAP. manufacturers would often vainly pretend to anounce the profperity or declention of the greateft empires.

THOUGH the variations in the price of labour, not only do not always correspond with those in the price of provisions, but are frequently quite -oppofite, we must not, upon this account, imagine that the price of provisions has no influence upon that of labour. The money price of labour is neceffarily regulated by two circumstances; the demand for labour, and the price of the necessaries and conveniencies of life. The demand for labour, according as it happens to be increasing, flationary, or declining, or to require an increasing, stationary, or declining population, determines the quantity of the necessaries and conveniencies of life which must be given to the labourer; and the money price of labour is determined by what is requifite for purchafing this quantity. Though the money price of labour, therefore, is fometimes high where the price of provisions is low, it would be still higher, the demand continuing the fame, if the price of provisions was high.

IT is becaufe the demand for labour increafes in years of fudden and extraordinary plenty, and diminishes in those of fudden and extraordinary scarcity, that the money price of labour sometimes rifes in the one, and finks in the other.

In a year of fudden and extraordinary plenty, there are funds in the hands of many of the employers of industry, fufficient to maintain and employ a greater number of industrious people than had been employed the year before; and this extraordinary number cannot always be had. Those masters, therefore, who want more workmen bid against one another, in order to get them, Vol. I. P which $\stackrel{BOOK}{\longrightarrow}$ which fometimes raifes both the real and the money price of their labour.

THE contrary of this happens in a year of fudden and extraordinary fcarcity. The funds defined for employing induftry are lefs than they had been the year before. A confiderable number of people are thrown out of employment, who bid against one another in order to get it, which sometimes lowers both the real and the money price of labour. In 1740, a year of extraordinary fcarcity, many people were willing to work for bare subfissence. In the succeeding years of plenty, it was more difficult to get labourers and fervants.

- THE fearcity of a dear year, by diminifhing the demand for labour, tends to lower its price, as the high price of provisions. tends to raife it. The plenty of a cheap year, on the contrary, by increasing the demand, tends to raife the price of labour, as the cheapness of provisions tends to lower it. In the ordinary variations of the price of provisions, those two opposite causes seem to counter-balance one another; which is probably in part the reason. why the wages of labour are every where so much more steady and. permanent than the price of provisions.

THE increase in the wages of labour necessarily increases the price of many commodities, by increasing that part of it which resolves itself into wages, and so far tends to diminish their confumption both at home and abroad. The same cause, however, which raises the wages of labour, the increase of stock, tends to increase its productive powers, and to make a smaller quantity of labour produce a greater quantity of work. The owner of the stock which employs a great number of labourers, necessarily endeavours, for his own advantage, to make such a proper division and distribution of employment, that they may be enabled to produce.

duce the greatest quantity of work possible. For the same reason, CHAP. he endeavours to fupply them with the best machinery which either he or they can think of. What takes place among the labourers in a particular workhoufe, takes place, for the fame reafon, among those of a great fociety. The greater their number, the more they naturally divide themselves into different classes and subdivisions of More heads are occupied in inventing the most employment. proper machinery for executing the work of each, and it is, therefore, more likely to be invented. There are many commodities, therefore, which, in confequence of these improvements, come to be produced by fo much lefs labour than before, that the increase of its price does not compensate the diminution of its quantity.

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CHAP. IX.

Of the Profits of Stock.

BOOK I. THE rife and fall in the profits of flock depend upon the fame caufes with the rife and fall in the wages of labour, the increasing or declining state of the wealth of the fociety; but those caufes affect the one and the other very differently.

> THE increase of flock, which raises wages, tends to lower profit. When the flocks of many rich merchants are turned into the fame trade, their mutual competition naturally tends to lower its profit; and when there is a like increase of flock in all the different trades carried on in the fame fociety, the fame competition must produce the fame effect in them all.

IT is not eafy, it has already been obferved, to afcertain what are the average wages of labour even in a particular place, and at a particular time. We can, even in this cafe, feldom determine more than what are the most usual wages. But even this can feldom be done with regard to the profits of stock. Profit is fovery fluctuating, that the perfon who carries on a particular tradecannot always tell you himfelf what is the average of his annual profit. It is affected, not only by every variation of price in the commodities which he deals in, but by the good or bad fortune both of his rivals and of his customers, and by a thousfand other accidents accidents to which goods when carried either by fea or by land, or even when ftored in a warehoufe, are liable. It varies, therefore, not only from year to year, but from day to day, and almost from hour to hour. To afcertain what is the average profit of all the different trades carried on in a great kingdom, must be much more difficult; and to judge of what it may have been formerly, or in remote periods of time, with any degree of precision, must be altogether impossible.

But though it may be impoffible to determine, with any degree of precifion, what are or were the average profits of flock, either in the prefent, or in antient times, fome notion may be formed of them from the intereft of money. It may be laid down as a maxim, that wherever a great deal can be made by the ufe of money, a great deal will commonly be given for the ufe of it; and that wherever little can be made by it, lefs will commonly be given for it. According, therefore, as the ufual market rate of intereft varies in any country, we may be affured that the ordinary profits of flock muft vary with it, muft fink as it finks, and rife as it rifes. The progrefs of intereft, therefore, may lead us to form fome notion of the progrefs of profit.

By the 37th of Henry VIII, all interest above ten per cent. was declared unlawful. More, it seems, had sometimes been taken before that. In the reign of Edward VI, religious zeal prohibited all interest. This prohibition, however, like all others of the same kind, is faid to have produced no effect, and probably rather increased than diminiss the evil of usury. The statute of Henry VIII was revived by the 13th of Elizabeth cap. 8, and ten per cent. continued to be the legal rate of interest till the 21st of James I. when it was restricted to eight per cent. It was reduced to

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BOOK to fix per cent. foon after the reftoration, and by the 12th of Queen Anne, to five per cent. All these different statutary regulations feem to have been made with great propriety. They feem to have followed and not to have gone before the market rate of interest, or the rate at which people of good credit usually borrowed. Since the time of Queen Anne, five per cent. state to have been rather above than below the market rate. Before the late war, the government borrowed at three per cent.; and people of good credit in the capital, and in many other parts of the kingdom, at three and a half, four, and four and a half per cent.

> SINCE the time of Henry VIII, the wealth and revenue of the country have been continually advancing, and, in the courfe of their progrefs, their pace feems rather to have been gradually accelerated than retarded. They feem, not only to have been going on, but to have been going on fafter and fafter. The wages of labour have been continually increasing during the fame period, and in the greater part of the different branches of trade and manufactures the profits of flock have been diminishing.

> It generally requires a greater flock to carry on any fort of trade in a great town than in a country village. The great flocks employed in every branch of trade, and the number of rich competitors, generally reduce the rate of profit in the former below what it is in the latter. But the wages of labour are generally higher in a great town than in a country village. In a thriving town the people who have great flocks to employ, frequently cannot get the number of workmen they want, and therefore bid against one another in order to get as many as they can, which raifes the wages of labour, and lowers the profits of stock. In the remote parts of the country there is frequently not flock fufficient to employ all the people, who therefore bid against one another in order

order to get employment, which lowers the wages of labour, and CHAP. IX. raifes the profits of ftock.

IN Scotland, though the legal rate of interest is the same as in England, the market rate is rather higher. People of the beft' credit there feldom borrow under five per cent. Even private bankers in Edinburgh give four per cent. upon their promiffory notes, of which payment either in whole or in part may be demanded at pleasure. Private bankers in London give no interest for the money which is deposited with them. There are few trades which cannot be carried on with a fmaller flock in Scotland than The common rate of profit, therefore, must be in England. The wages of labour, it has already been fomewhat greater. observed, are lower in Scotland than in England. The country too is not only much poorer, but the fteps by which it advances to a better condition, for it is evidently advancing, feem to be much. flower and more tardy.

THE legal rate of interest in France has not, during the course of the prefent century, been always regulated by the market rate. In 1720 interest was reduced from the twentieth to the fiftieth penny, or from five to two per cent. In 1724 it was raifed to the thirtieth penny, or to $3\frac{1}{3}$ per cent. In 1725 it was again raifed to the twentieth penny, or to five per cent. In 1766, during the administration of Mr. Laverdy, it was reduced to the twenty-fifth penny, or to four per cent. The Abbe Terray raifed it afterwards to the old rate of five per cent. The supposed purpose of many of those violent reductions of interest was to prepare the way for reducing that of the public debts; a purpose which has sometimes been executed. France is perhaps in the prefent times not fo rich a country as England; and though the legal rate of interest has in.

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BOOK in France frequently been lower than in England, the market rate has generally been higher; for there, as in other countries, they have feveral very fafe and eafy methods of evading the law. The profits of trade, I have been affured by British merchants who had traded in both countries, are higher in France than in England; and it is no doubt upon this account that many British subjects chuse rather to employ their capitals in a country where trade is in difgrace, than in one where it is highly refpected. The wages of labour are lower in France than in England. When you go from Scotland to England, the difference which you may remark between the drefs and countenance of the common people in the one country and in the other, fufficiently indicates the difference in their condition. The contrast is still greater when you return from France. France, though no doubt a richer country than Scotland, feems not to be going forward fo fast. It is a common and even a popular opinion in the country that it is going backwards; an opinion which, I apprehend, is ill founded even with regard to France, but which nobody can poffibly entertain with regard to Scotland, who fees the country now and who faw it twenty or thirty years ago.

> THE province of Holland, on the other hand, in proportion to the extent of its territory and the number of its people, is a richer country than England. The government there borrow at two per cent. and private people of good credit at three. The wages of labour are faid to be higher in Holland than in England; and the Dutch, it is well known, trade upon lower profits than any people in Europe. The trade of Holland, it has been pretended by fome people, is decaying, and it may perhaps be true that fome particular branches of it are fo. But these fymptoms feem to indicate fufficiently that there is no general decay. When ?

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profit diminishes, merchants are very apt to complain that trade CHAP. decays; though the diminution of profit is the natural effect of its prosperity, or of a greater stock being employed in it than before. During the late war the Dutch gained the whole carrying trade of France, of which they still retain a very large share. The great property which they poffess both in the French and English funds, about forty millions, it is faid, in the latter; (in which I fufpect, however, there is a confiderable exaggeration), the great fums which they lend to private people in countries where the rate of interest is higher than in their own, are circumstances which no doubt demonstrate the redundancy of their stock, or that it has increafed beyond what they can employ with tolerable profit in the proper business of their own country: but they do not demonstrate that that bufinefs has decreafed. As the capital of a private man, though acquired by a particular trade, may increase beyond what he can employ in it, and yet that trade continue to increafe too; fo may likewife the capital of a great nation.

IN our North American and West Indian colonies, not only the wages of labour; but the intereft of money, and confequently the profits of flock are higher than in England. In the different colonies both the legal and the market rate of interest run from fix to eight per cent. High wages of labour and high profits of ftock, however, are things, perhaps, which fcarce ever go together, except in the peculiar circumstances of new colonies. A new colony must always for some time be more understocked in proportion to the extent of its territory, and more underpeopled in proportion to the extent of its flock, than the greater part of other countries. They have more land than they have flock to cultivate. What they have, therefore, is applied to the cultivation only of what is most fertile and most favourably fituated, the lands near the fea fhore, and along the banks of navigable rivers. Such land too is frequently purchased at a price below the value even of its natural

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BOOK produce. Stock employed in the purchase and improvement of fuch lands muft yield a very large profit, and confequently afford to pay a very large interest. Its rapid accumulation in so profitable an employment enables the planter to increase the number of his hands faster than he can find, them, in a new settlement. Thofe whom he can find, therefore, are very liberally rewarded. As the colony increases, the profits of stock gradually diminish.' When, the most fertile and best fituated lands have been all occupied, lefs. profit can be made by the cultivation of what is inferior both in, foil and fituation, and less interest can be afforded for the stock which is fo employed. In the greater part of our colonies, accordingly, both the legal and the market rate of intereft have been confiderably reduced during the courfe of, the prefent century. As riches, improvement, and population have increased, interest has declined. The wages of labour do not fink with the profits of flock. The. demand for labour increases with the increase of stock whatever be its profits; and after these are diminished, stock may not only continue to increase, but to increase much faster than before. It is with industrious nations, who are advancing in the acquisition of riches, as with industrious individuals. A great flock, though with fmall profits, generally increases faster than a small stock with great profits. Money, fays the proverb, makes money. When you have got a little, it is often eafy to get more. The great difficulty is to get that little. The connection between the increase of flock and that of industry, or of the demand for useful labour, has partly been explained already, but will be explained more fully hereafter in treating of the accumulation of flock.

> THE acquifition of new territory, or of new branches of trade, may fometimes raife the profits of flock, and with them the interest of money, even in a country which is fast advancing in the acquisition of riches. The stock of the country not being sufficient 8 for

for the whole accession of business, which such acquisitions present to the different people among whom it is divided, is applied to those particular branches only which afford the greatest profit. Part of what had before been employed in other trades, is necessarily withdrawn from them, and turned into fome of the new and more profitable ones. In all those old trades, therefore, the competition comes to be lefs than before. The market comes to be lefs fully fupplied with many different forts of goods. Their price neceffarily rifes more or lefs, and yields a greater profit to those who deal in them, who can, therefore, afford to borrow at a higher interest. For some time after the conclusion of the late war, not only private people of the best credit, but some of the greatest companies in London, commonly borrowed at five per cent. who before that had not been used to pay more than four, and four and a half per cent. The great acceffion both of territory and trade, by our acquifitions in North America and the West Indies, will fufficiently account for this, without supposing any diminution in the capital ftock of the fociety. So great an acceffion of new bufinefs to be carried on by the old ftock, must neceffarily have diminished the quantity employed in a great number of particular branches, in which the competition being lefs, the profits must I fhall hereafter have occafion to mention have been greater. the reafons which difpofe me to believe that the capital flock of Great Britain was not diminished even by the enormous expence of the late war.

THE diminution of the capital flock of the fociety, or of the funds defined for the maintenance of induftry, however, as it lowers the wages of labour, fo it raifes the profits of flock, and confequently the interest of money. By the wages of labour being lowered, the owners of what flock remains in the fociety can bring their goods cheaper to market than before, and lefs flock Q_2 being

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being employed in fupplying the market than before, they can ВООК fell them dearer. Their goods coft them lefs, and they get more for them. Their profits, therefore, being augmented at both ends, can well afford a large intereft. The great fortunes fo fuddenly and fo eafily acquired in Bengal and the other British fettlements in the East Indies, may fatisfy us that as the wages of labour are very low, fo the profits of ftock are very high in those ruined countries. The interest of money is proportionably fo. In Bengal, money is frequently lent to the farmers at forty, fifty, and fixty per cent. and the fucceeding crop is mortgaged for the payment. As the profits which can afford fuch an intereft must eat up almost the whole rent of the landlord, fo fuch enormous usury must in its turn eat up the greater part of those profits. Before the fall of the Roman republick, a usury of the fame kind feems to have been common in the provinces, under the ruinous administration of their proconfuls. The virtuous Brutus lent money in Cyprus at five and forty per cent. as we learn from the letters of Cicero.

> IN a country which had acquired that full complement of riches which the nature of its foil and climate and its fituation with refpect to other countries allowed it to acquire; which could, therefore, advance no further, and which was not going backwards, both the wages of labour and the profits of ftock would probably be very low. In a country fully peopled in proportion to what either its territory could maintain or its ftock employ, the competition for employment would neceffarily be fo great as to reduce the wages of labour to what was barely fufficient to keep up the number of labourers, and, the country being already fully peopled, that number could never be augmented. In a country fully flocked in proportion to all the bufiness it had to transact, as great a quantity of flock would be employed in every particular branch as the nature and extent of the trade would admit. The competition, 7

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competition, therefore, would everywhere be as great, and confequently the ordinary profit as low as poffible. C H A P.

BUT perhaps no country has ever yet arrived at this degree of opulence. China feems to have been long flationary, and had probably long ago acquired that full complement of riches which is confistent with the nature of its laws and inftitutions. But this complement may be much inferior to what, with other laws. and inftitutions, the nature of its foil, climate, and fituation might admit of. A country which neglects or defpifes foreign commerce, and which admits the veffels of foreign nations into one or twoof its ports only, cannot transact the fame quantity of business which it might do with different laws and inftitutions. In a country too, where, though the rich or the owners of large capitals enjoy a good deal of fecurity, the poor or the owners of fmall capitals enjoy fcarce any, but are liable, under the pretence of justice, to be pillaged and plundered at any time by the inferior mandarines, the quantity of stock employed in all the different branches of business transacted within it, can never be equal towhat the nature and extent of that bufinefs might admit. In every different branch, the oppreffion of the poor must establish the monopoly of the rich, who, by engroffing the whole trade to themfelves, will be able to make very large profits. Twelve per cent. accordingly is faid to be the common interest of money in China, and the ordinary profits of flock must be fufficient to afford this large interest.

A DEFECT in the law may fometimes raife the rate of interest confiderably above what the condition of the country, as to wealth or poverty, would require. When the law does not enforce the performance of contracts, it puts all borrowers nearly upon the fame footing with bankrupts or people of doubtful credit in better BOOK better regulated countries. The uncertainty of recovering his money makes the lender exact the fame ufurious intereft which is ufually required from bankrupts. Among the barbarous nations who overrun the weftern provinces of the Roman empire, the performance of contracts was left for many ages to the faith of the contracting parties. The courts of juffice of their kings feldom intermeddled in it. The high rate of intereft which took place in thofe antient times may perhaps be partly accounted for from this caufe.

> WHEN the law prohibits intereft altogether, it does not prevent it. Many people must borrow, and nobody will lend without fuch a confideration for the use of their money as is fuitable, not only to what can be made by the use of it, but to the difficulty and danger of evading the law. The high rate of interest among all Mahometan nations is accounted for by Mr. Montesquieu, not from their poverty, but partly from this, and partly from the difficulty of recovering the money.

> THE loweft ordinary rate of profit must always be fomething more than what is fufficient to compensate the occasional loss to which every employment of stock is exposed. It is this furplus only which is neat or clear profit. What is called gross profit comprehends frequently, not only this furplus, but what is retained for compensating such extraordinary loss. The interest which the borrower can afford to pay is in proportion to the clear profit only.

> THE loweft ordinary rate of intereft muft, in the fame manner, be fomething more than fufficient to compensate the occasional loffes to which lending, even with tolerable prudence, is exposed. Were it not more, charity or friendship could be the only motives for lending.

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IN a country which had acquired its full complement of riches, CHAP. where in every particular branch of bufinefs there was the greatest quantity of flock that could be employed in it, as the ordinary rate of clear profit would be very fmall, fo the usual market rate of interest which could be afforded out of it, would be so low. as to render it impossible for any but the very wealthiest people to live upon the interest of their money. All people of fmall or middling fortunes would be obliged to fuperintend themfelves the employment of their own ftocks. It would be neceffary that almost every man should be a man of business, or engage in some fort of trade. The province of Holland feems to be approaching near to this state. It is there unfashionable not to be a man of busines. Neceffity makes it usual for almost every man to be fo, and cuftom every where regulates fashion. As it is ridiculous not to drefs, fo is it, in fome measure, not to be employed, like other people. As a man of a civil profession feems aukward in a camp or a garrifon, and is even in fome danger of being defpifed. there, fo does an idle man among men of bufinefs.

THE highest ordinary rate of profit may be fuch as, in the price of the greater part of commodities, eats up the whole of what should go to the rent of the land, and leaves only what is fufficient to pay the labour of preparing and bringing them to market,, according to the lowest rate at which labour can any where be paid, the bare subsistence of the labourer. The workman must always have been fed in some way or other while he was about the work; but the landlord may not always have been paid. The profits of the trade which the fervants of the East India Company carry on in Bengal may not perhaps be very far from this s rate.

THE proportion which the ufual market rate of interest ought to bear to the ordinary rate of clear profit, necessarily varies as profit

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profit rifes or falls. Double interest is in Great Britain reckoned, what the merchants call, a good, moderate, reasonable profit; terms which I apprehend mean no more than a common and usual profit. In a country where the ordinary rate of clear profit is eight or ten per cent. it may be reasonable that one half of it fhould go to interest wherever business is carried on with borrowed money. The flock is at the rifk of the borrower, who, as it were, infures it to the lender; and four or five per cent. may in the greater part of trades, be both a fufficient profit upon the rifk of this infurance, and a fufficient recompence for the trouble of employing the flock. But the proportion between intereft, and clear profit might not be the fame in countries where the ordinary rate of profit was either a good deal lower, or a good deal higher. If it were a good deal lower, one half of it perhaps could not be afforded for intereft; and more might be afforded if it were a good deal higher.

In countries which are fast advancing to riches, the low rate of profit may, in the price of many commodities, compensate the high wages of labour, and enable those countries to fell as cheap as their less thriving neighbours, among whom the wages of labour may be lower.

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Of Wages and Profit in the different Employments of Labour and Stock.

THE whole of the advantages and difadvantages of the dif- CHAP. ferent employments of labour and flock must, in the fame neighbourhood, be either perfectly equal or continually tending to equality. If in the fame neighbourhood, there was any employment either evidently more or lefs advantageous than the reft, fo many people would crowd into it in the one cafe, and fo many would defert it in the other, that its advantages would foon return to the level of other employments. This at least would be the cafe in a fociety where things were left to follow their natural courfe, where there was perfect liberty, and where every man was perfectly free both to chufe what occupation he thought proper, and to change it as often as he thought proper. Every man's interest would prompt him to feek the advantageous and to fhun the difadvantageous employment.

PECUNIARY wages and profit, indeed, are every where in Europe extreamly different according to the different employments of labour and ftock. But this difference arifes partly from certain circumstances in the employments themselves, which, either really, or at least in the imaginations of men, make up for a small pecuniary gain in fome, and counter-balance a great one in others; and partly from the policy of Europe, which nowhere leaves things at perfect liberty.

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^{BOOK} The particular confideration of those circumstances and of that policy will divide this chapter into two parts.

PART I.

Inequalities arifing from the Nature of the Employments themselves.

THE five following are the principal circumstances which, fo far as I have been able to observe, make up for a small pecuniary gain in some employments, and counter-balance a great one in others: first, the agreeableness or disagreeableness of the employments themselves; secondly, the easiness and cheapness, or the difficulty and expence of learning them; thirdly, the constancy or inconstancy of employment in them; fourthly, the sinall or great trust which must be reposed in those who exercise them; and, fifthly, the probability or improbability of fuccess in them.

FIRST, The wages of labour vary with the ease or hardship, the cleanliness or dirtiness, the honourableness or dishonourableness of the employment. Thus in most places, take the year round, a journeyman taylor earns lefs than a journeyman weaver. His work is much eafier. A journeyman weaver earns lefs than a journeyman smith. His work is not always easier, but it is much cleanlier. A journeyman blackfmith, though an artificer, feldom earns fo much in twelve hours as a collier, who is only a labourer, does in eight. His work is not quite fo dirty, is lefs. dangerous, and is carried on in day-light, and above ground. Honour makes a great part of the reward of all honourable profeffions. In point of pecuniary gain, all things confidered, they are generally under-recompenfed, as I shall endeavour to show by and by. Difgrace has the contrary effect. The trade of a · butcher

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butcher is a brutal and an odious bufinefs; but it is in most places CHAP. more profitable than the greater part of common trades. The Xmost detertable of all employments, that of public executioner, is, in proportion to the quantity of work done, better paid than any common trade whatever.

HUNTING and fifting, the moft important employments of mankind in the rude ftate of fociety, become in its advanced ftate their moft agreeable amufements, and they purfue for pleafure what they once followed from neceffity. In the advanced ftate of fociety, therefore, they are all very poor people who follow as a trade, what other people purfue as a paftime. Fifthermen have been fo fince the time of Theocritus. A poacher is every where a very poor man in Great Britain. In countries where the rigour of the law fuffers no poachers, the licenfed hunter is not in a much better condition. The natural tafte for thofe employments makes more people follow them than can live comfortably by them, and the produce of their labour, in proportion to its quantity, comes always too cheap to market to afford any thing but the moft fcanty fubfiftence to the labourers.

DISAGREEABLENESS and difgrace affect the profits of ftock in the fame manner as the wages of labour. The keeper of an inn or tavern, who is never mafter of his own houfe, and who is exposed to the brutality of every drunkard, exercises neither a very agreeable nor a very creditable business. But there is fcarce any common trade in which a small stock yields fo great a profit.

SECONDLY, The wages of labour vary with the eafiness and cheapness or the difficulty and expense of learning the busines.

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ВООК І. WHEN any expensive machine is erected, the extraordinary work to be performed by it, before it is worn out, it muft be expected, will replace the capital laid out upon it, with at leaft its ordinary profits. A man educated at the expence of much labour and time to any of those employments which require extraordinary dexterity and skill, may be compared to one of those expensive machines. The work which he learns to perform, it must be expected, over and above the usual wages of common labour, will replace to him the whole expence of his education, with at least the ordinary profits of an equally valuable capital. It must do this tooin a reasonable time, regard being had to the very uncertain duration of human life, in the fame manner as to the more certain: duration of the machine.

THE difference between the wages of fkilled labour and those of common labour, is founded upon this principle.

THE policy of Europe confiders the labour of all mechanicks; artificers, and manufacturers, as skilled labour; and that of all country labourers as common labour. It feems to suppose that of the former to be of a more nice and delicate nature, than that of the latter. It is fo perhaps in fome cafes; but in the greater part it is quite otherwife, as I shall endeavour to shew by and by. The · laws and cuftoms of Europe, therefore, in order to qualify any. perfon for exercifing the one fpecies of labour, impose the necesfity of an apprenticeship, though with different degrees of rigour. in different places. They leave the other free and open to every: body. During the continuance of the apprenticeship, the wholelabour of the apprentice belongs to his mafter. In the mean time he must, in many-cases, be maintained by his parents or relations, and in almost all cases must be cloathed by them. Some money too is commonly given to the mafter for teaching him his trade. They: who 4

who cannot give money, give time, or become bound for more CHAP. than the usual number of years; a confideration which, though it is not always advantageous to the master, on account of the usual idleness of apprentices, is always difadvantageous to the apprentice. In country labour; on the contrary, the labourer, while he is em-ployed about the easier, learns the more difficult parts of his bufiness, and his own labour maintains him through all the different ftages of his employment. It is reafonable, therefore, that in Europe the wages of mechanicks, artificers, and manufacturers, should be fomewhat higher than, those of common labourers. They are fo accordingly, and their fuperior gains make them in most places be confidered as a fuperior rank of people. This fuperiority, however, is generally very fmall; the daily or weekly earnings of journeymen in the more common forts of manufactures, fuch as those of plain linen and woollen cloth, computed at an average, are, in most places, very little more than the day wages of common labourers? Their employment, indeed, is more steady and uniform, and the fuperiority of their earnings, taking the whole year together, may be fomewhat greater. It feems evidently, however, to be no greater than what is fufficient to compensate the superior expence of their education.

EDUCATION in the ingenious arts and in the liberal profeffions, is ftill more tedious and expensive. The pecuniary recompence, therefore, of painters and fculptors, of lawyers and physicians, ought to be much more liberal, and it is fo accordingly.

THE profits of flock feem to be very little affected by the eafinefs or difficulty of learning the trade in which it is employed. All the different ways in which flock is commonly employed in great towns feem, in reality, to be almost equally easy and equally

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> THIRDLY, The wages of labour in different occupations vary with the conftancy or inconftancy of employment.

> EMPLOYMENT is much more conftant in fome trades than in others. In the greater part of manufactures, a journeyman may be pretty fure of employment almost every day in the year that he is able to work. A majon or bricklayer, on the contrary, can work neither in hard froft nor in foul weather, and his employment at all other times depends upon the occasional calls of his cu-. ftomers. He is liable, in confequence, to be frequently without any. What he earns, therefore, while he is employed, must not only maintain him while he is idle, but make him fome compensation for those anxious and desponding moments which the thought of fo precarious a fituation must fometimes occasion. Where the computed earnings of the greater part of manufacturers, accordingly, are nearly upon a level with the day wages of common labourers, those of masons and bricklayers are generally from onehalf more to double those wages. Where common labourers earn four and five shillings a week, masons and bricklayers frequently earn feven and eight; where the former earn fix, the latter often earn nine and ten; and where the former earn nine and ten, as in London, the latter commonly earn fifteen and eighteen. No fpecies of skilled labour, however, seems more easy to learn than that of masons and bricklayers. Chairmen in London, during the fummer season, are faid sometimes to be employed as bricklayers. The high wages of those workmen, therefore, are not so much the recompence of their skill, as the compensation for the inconstancy of their employment.

A HOUSE

THE WEALTH OF NATIONS.

A HOUSE carpenter feems to exercise rather a nicer and more CHAP. ingenious trade than a mason. In most places, however, for it X. is not univerfally so, his day-wages are somewhat lower. His employment, though it depends much, does not depend so entircly upon the occasional calls of his customers; and it is not liable to be interrupted by the weather.

WHEN the trades which generally afford conftant employment, happen in a particular place not to do fo, the wages of the workmen always rife a good deal above their ordinary proportion to those of common labour. In London almost all journeymen artificers are liable to be called upon and difmissed by their masters from day to day, and from week to week, in the fame manner as day-labourers in other places. The lowest order of artificers, journeymen taylors, accordingly earn there half a crown a-day, though eighteen-pence may be reckoned the wages of common labour. In small towns and country villages, the wages of journeymen taylors frequently fearce equal those of common labour; but in London they are often many weeks without employment, particularly during the fummer.

WHEN the inconftancy of employment is combined with the hardfhip, difagreeablenefs and dirtinefs of the work, it fometimes raifes the wages of the moft common labour above thole of the moft fkilful artificers. A collier working by the piece is fuppofed, at Newcaftle, to earn commonly about double, and in many parts of Scotland about three times the wages of common labour. His high wages arife altogether from the hardfhip, difagreeablenefs, and dirtinefs of his work. His employment may, upon moft occafions, be as conftant as he pleafes. The coal-heavers in London exercife a trade which in hardfhip, dirtinefs, and difagreeablenefs, almoft equals that of colliers; and from the unavoidable irregularity

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BOOK irregularity in the arrivals of coal fhips, the employment of the greater part of them is neceffarily very inconftant. If colliers, _ therefore, commonly earn double and triple the wages of common labour, it ought not to feem unreafonable that coal-heavers fhould fometimes earn four and five times those wages. In the enquiry made into their condition a few years ago, it was found that at the rate at which they were then paid, they could earn from fix to ten shillings a-day. Six shillings are about four times the wages of common labour in London, and in every particular trade, the loweft common earnings may always be confidered as those of the far greater number. How extravagant foever those earnings may appear, if they were more than fufficient to compenfate all the difagreeable circumstances of the bufines, there would foon be fo great a number of competitors as, in a trade which has no exclusive privilege, would quickly reduce them to a lower rate.

> THE conftancy or inconftancy of employment cannot affect the ordinary profits of flock in any particular trade. Whether the flock is or is not conftantly employed depends, not upon the trade, but the trader.

> FOURTHLY, The wages of labour vary according to the fmall or great truft which muft be reposed in the workmen.

THE wages of goldfmiths and jewellers are every where fuperior to those of many other workmen, not only of equal, but of much fuperior ingenuity; on account of the precious materials with which they are intrusted.

WE truft our health to the physician; our fortune and fometimes our life and reputation to the lawyer and attorney. Such confidence

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confidence could not fafely be reposed in people of a very mean or CHAP. low condition. Their reward must be such, therefore, as may give them that rank in the fociety which fo important a truft re-The long time and the great expence which must be quires. laid out in their education, when combined with this circumstance, necessarily enhance still further the price of their labour.

WHEN a perfon employs only his own flock in trade, there is no truft; and the credit which he may get from other people, depends, not upon the nature of his trade, but upon their opinion of his fortune, probity, and prudence. The different rates of profit, therefore, in the different branches of trade, cannot arife from the different degrees of truft reposed in the traders.

FIFTHLY, The wages of labour in different employments vary according to the probability or improbability of fuccefs in them.

THE probability that any particular perfon shall ever be qualified for the employment to which he is educated, is very different in different occupations. In the greater part of mechanick trades, fuccefs is almost certain; but very uncertain in the liberal profeffions. Put your fon apprentice to a shoemaker, there is little doubt of his learning to make a pair of fhoes: But fend him to ftudy the law, it is at least twenty to one if ever he makes such proficiency as will enable him to live by the bufinefs. In a perfectly fair lottery, those who draw the prizes ought to gain all that is loft by those who draw the blanks. In a profession where twenty fail for one that fucceeds, that one ought to gain all that fhould have been gained by the unfuccefsful twenty. The VOL. I. counfellor S

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BOOK counfellor at law who, perhaps, at near forty years of age, begins. to make fomething by his profession, ought to receive the retribution, not only of his own fo tedious and expensive education, but of that of more than twenty others who are never likely to make any thing by it. How extravagant foever the fees of counfellors at law may fometimes appear, their real retribution is never equal Compute in any particular place, what is likely to be. to this. annually gained, and what is likely to be annually fpent, by all thedifferent workmen in any common trade, fuch as that of fhoemakers. or weavers, and you will find that the former fum will generally exceed the latter. But make the fame computation with regard to all the counfellors and fludents of law, in all the different inns of court, and you will find that their annual gains bear but a very fmail proportion to their annual expence, even though you rate the former as high, and the latter as low, as can well be done: The lottery of the law, therefore, is very far from being a perfectly fair lottery; and that, as well as many other liberal and honourable professions, are, in point of pecuniary gain, evidently under-recompenced.

> THOSE professions keep their level, however, with other occupations, and, notwithstanding these discouragements, all the most generous and liberal spirits are eager to crowd into them. Two different causes contribute to recommend them. First, the defire of the reputation which attends upon superior excellence in any of them; and, secondly, the natural confidence which every man has more or less, not only in his own abilities, but in his own good fortune.

> To excel in any profession, in which but few arrive at mediocrity, is the most decifive mark of what is called genius or superior talents. The publick admiration which attends upon such diftinguished

tinguished abilities, makes always a part of their reward; a greater CHAP. or fmaller in proportion as it is higher or lower in degree. It 🖵 makes a confiderable part of it in the profession of physick; a ftill greater perhaps in that of law; in poetry and philosophy it makes almost the whole.

THERE are fome very agreeable and beautiful talents of which the poffession commands a certain fort of admiration; but of which the exercise for the fake of gain is confidered; whether from reafon or prejudice, as a fort of publick proftitution. The pecuniary recompence, therefore, of those who exercise them in this manner, must be fufficient, not only to pay for the time, labour, and expence of acquiring the talents, but for the difcredit which attends the employment of them as the means of fublistence. The exorbitant rewards of players, opera-fingers, opera-dancers, &c. are founded upon those two principles; the rarity and beauty of the talents, and the difcredit of employing them in this manner. It feems abfurd at first fight that we should despise their persons, and yet reward their talents with the most profuse liberality. While we do the one, however, we must of necessity do the other. Should the publick opinion or prejudice ever alter with regard to fuch occupations, their pecuniary recompence would quickly diminish. More people would apply to them, and the competition would quickly reduce the price of their labour. 5. Such talents, though far from being common, are by no means fo rare as is imagined. Many people poffers them in great perfection, who difdain to make this use of them; and many more are capable of acquiring them, if any thing could be made honourably by them.

THE over-weening conceit which the greater part of men have of their own abilities, is an antient evil remarked by the philofophers and moralists of all ages. Their abfurd prefumption in S 2 their ~**~**

BOOK their own good fortune, has been lefs taken notice of. It is, howi. ever, if poffible, ftill more univerfal. There is no man living who, when in tolerable health and fpirits, has not fome fhare of it. The chance of gain is by every man more or lefs over-valued, and the chance of lofs is by moft men under-valued, and by fcarce , any man, who is in tolerable health and fpirits, valued more than it is worth.

> THAT the chance of gain is naturally overvalued, we may learn from the universal success of lotteries. The world neither ever faw, nor ever will fee, a perfectly fair lottery; or one in which. the whole gain compensated the whole loss; because the undertaker could make nothing by it. In the ftate lotteries the tickets are really not worth the price which is paid by the original fubfcribers, and yet commonly fell in the market for twenty, thirty, and. fometimes forty per cent. advance. The vain hope of gaining fome of the great prizes is the fole caufe of this demand. The foberest people scarce look upon it as a folly to pay a small sum for the chance of gaining ten or twenty thousand pounds; though they know that even that fmall fum is perhaps twenty or thirty per cent. more than the chance is worth. In a lottery in which no prize exceeded twenty pounds, though in other refpects it approached much nearer to a perfectly fair one than the common state lotteries, there would not be the fame demand for tickets. In order to have a better chance for fome of the great prizes, fome people purchafe feveral tickets, and others, fmall fhares in a ftill greater number. There is not, however, a more certain proposition in mathematicks than that the more tickets you adventure upon, the more likely you are to be a lofer. Adventure upon all the tickets. in the lottery, and you lofe for certain; and the greater the number of your tickets the nearer you approach to this certainty.

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THAT the chance of loss is frequently undervalued, and fcarce CHAP. ever valued more than it is worth, we may learn from the very moderate profit of infurers. In order to make infurance, either from fire or fea rifk, a trade at all, the common premium must be fufficient to compensate the common loss, to pay the expense of management, and to afford fuch a profit as might have been drawn from an equal capital employed in any common trade. The perfor who pays no more than this, evidently pays no more than the real value of the rifk, or the loweft price at which he can reafonably expect to infure it. But though many people have made a little money by infurance, very few have made a great fortune; and from this confideration alone it feems evident enough that the ordinary balance of profit and lofs is not more advantageous in this than in other common trades by which fo many people make fortunes. Moderate, however, as the premium of infurance commonly is, many people: defpife the rifk too much to care to pay it. Taking the whole: kingdom at an average, nineteen houfes in twenty, or rather perhaps ninety-nine in a hundred, are not infured from fire. Sea: rifk is more alarming to the greater part of people, and the proportion of thips infured to those not infured is much greater. Many fail, however, at all feafons and even in time of war, with--This may fometimes, perhaps, be done without out any infurance. any imprudence. When a great company, or even a great merchant, has twenty or thirty fhips at fea, they may, as it were, infure one another. The premium faved upon them, all, may more than compensate such loss as they are likely to meet with in: the common course of chances. The neglect of infurance upon: fhipping, however, in the fame manner as upon houfes, is, in: most cases, the effect of no such nice calculation, but of merethoughtless rashness and prefumptuous contempt of the risk.

THE contempt of risk and the prefumptuous hope of fuccess, are in no period of life more active than at the age at which young; people: BOOK people chufe their profeffions. How little the fear of misfortune is then capable of balancing the hope of good luck, appears ftill more evidently in the readinefs of the common people to enlift as foldiers or to go to fea, than in the eagernefs of those of better fashion to enter into what are called the liberal professions.

> WHAT a common foldier may lofe is obvious enough. Without regarding the danger, however, young volunteers never enlift fo readily as at the beginning of a new war; and though they have fcarce any chance of preferment, they figure to themfelves in their youthful fancies a thoufand occasions of acquiring honour and distinction which never occur. These romantick hopes make the whole price of their blood. Their pay is less than that of common labourers, and in actual fervice their fatigues are much greater.

 \mathbf{T}_{HE} lottery of the fea is not altogether fo difadvantageous as that of the army. The fon of a creditable labourer or artificer may frequently go to fea with his father's confent; but if he enlifts as a foldier, it is always without it. Other people fee fome chance of his making fomething by the one trade: Nobody but himfelf fees any of his making any thing by the other. The great admiral is lefs the object of publick admiration than the great general, and the higheft fuccess in the sea fervice promises a lefs brilliant fortune and reputation than equal fuccefs in the land. The fame difference runs through all the inferior degrees of prefer-By the rules of precedency a captain in the navy ment in both. ranks with a colonel in the army : but he does not rank with him in the common estimation. As the great prizes in the lottery are lefs, the fmaller ones must be more numerous. Common failors, therefore, more frequently get fome fortune and preferment than . common foldiers; and the hope of those prizes is what principally recommends the trade. Though their skill and dexterity are much fuperior £

fuperior to that of almost any artificers, and though their whole CHAP. life is one continual fcene of hardship and danger, yet for all this dexterity and fkill, for all those hardships and dangers, while they remain in the condition of common failors, they receive fcarce any other recompence but the pleafure of exercifing the one and of furmounting the other. Their wages are not greater than those of common labourers at the port which regulates the rate of feamens wages. As they are continually going from port to port, the monthly pay of those who fail from all the different ports of -Great Britain, is more nearly upon a level than that of any other workmen in those different places; and the rate of the port to and from which the greatest number fail, that is the port of London, regulates that of all the reft. At London the wages of the greater part of the different claffes of workmen are about double those of the fame classes at Edinburgh. But the failors who fail from the port of London feldom earn above three or four shillings a month more than those who fail from the port of Leith, and the difference is frequently not fo great. In time of peace, and in the merchant fervice, the London price is from a guinea to about feven and twenty shillings the calendar month. A common labourer in London, at the rate of nine or ten shillings a week, may earn in the calendar month from forty to five and forty shillings. The failor, indeed, over and above his pay, is fupplied with provisions. Their value, however, may not perhaps always exceed the difference between his pay and that of the common labourer; and though it fometimes fhould, the excess will not be clear gain to. the failor, because he cannot share it with his wife and family, whom he must maintain out of his wages at home.

THE dangers and hair-breadth escapes of a life of adventures, instead of disheartening young people, seem frequently to recommend a trade to them. A tender mother, among the inferiorranks 135

BOOK ranks of people, is often afraid to fend her fon to fchool at a feaport town, left the fight of the fhips and the conversation and adventures of the failors fhould entice him to go to fea. The diftant prospect of hazards, from which we can hope to extricate ourfelves by couragé and address, is not difagreeable to us, and does not raife the wages of labour in any employment. It is otherwife with those in which courage and address can be of no avail. In trades which are known to be very unwholesome, the wages of labour are always remarkably high. Unwholesomeness is a species of difagreeableness, and its effects upon the wages of labour are to be ranked under that general head.

> In all the different employments of flock, the ordinary rate of profit varies more or lefs with the certainty or uncertainty of the returns. These are in general less uncertain in the inland than in the foreign trade, and in fome branches of foreign trade than in others; in the trade to North America, for example, than in that to Jamaica. The ordinary rate of profit always rifes more or lefs with the rifk. It does not, however, feem to rife in proportion to it, or fo as to compendate it compleatly. Bankruptcies are most frequent in the most hazardous trades. The most hazardous of all trades, that of a fmuggler, though when the adventure fucceeds it is likewife the most profitable, is the infallible road to banktuptcy. The prefumptuous hope of fuccess feems to act here as upon all other occafions, and to entice fo many adventurers into those hazardous trades, that their competition reduces the profit below what is fufficient to compenfate the rifk. To compenfate it compleatly, the common returns ought, over and above the ordinary profits of stock, not only to make up for all occasional loss, but to afford a furplus profit to the adventurers of the fame nature with the profit of infurers. But if the common returns were fufficient 7

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ficient for all this, bankruptcies would not be more frequent in CHAP. these than in other trades.

OF the five circumstances, therefore, which vary the wages of labour, two only affect the profits of flock; the agreeableness or difagreeablenefs of the bufinefs, and the rifk or fecurity with which it is attended. In point of agreeableness or disagreeableness, there is little or no difference in the far greater part of the different employments of flock; but a great deal in those of labour; and the ordinary profit of flock, though it rifes with the rifk, does not always feem to rife in proportion to it. It fhould follow from all this, that, in the fame fociety or neighbourhood, the average and ordinary rates of profit in the different employments of ftock fhould be more nearly upon a level than the pecuniary wages of the different forts of labour. They are fo accordingly. The difference, between the earnings of a common labourer and those of a well employed lawyer or phyfician, is evidently much greater, than that, between the ordinary profits in any two different branches of trade. The apparent difference, befides, in the profits of different trades, is generally a deception arising from our not always diffinguishing what ought to be confidered as wages, from what ought to be confidered as profit.

APOTHECARIES profit is become a bye-word, denoting fomething uncommonly extravagant. This great apparent profit, however, is frequently no more than the reafonable wages of labour. The skill of an apothecary is a much nicer and more delicate matter than that of any artificer whatever; and the truft which is repofed in him is of much greater importance. He is the phylician of the poor in all cafes, and of the rich when the diffress or danger is not very great. His reward, therefore, ought to be fuitable to his skill and his trust, and it arises generally from the price at \mathbf{T} which

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> In a small fea-port town, a little grocer will make forty or fifty per cent. upon a ftock of a fingle hundred pounds, while a confiderable wholefale merchant in the fame place will fcarce make eight or ten per cent. upon a ftock of ten thoufand. The trade of the grocer may be neceffary for the conveniency of the inhabitants, and the narrownefs of the market may not admit the employment of a larger capital in the business. The man, however, must not only live by his trade, but live by it fuitably to the qualifications which it requires. Befides poffeffing a little capital, he must be able to read, write, and account, and must be a tolerable judge too of, perhaps, fifty or fixty different forts of goods, their prices, qualities, and the markets where they are to be had cheapeft. He must have all the knowledge, in short, that is necessary for a great merchant, which nothing hinders him from becoming but thewant of a fufficient capital. Thirty or forty pounds a year cannot. be confidered as too great a recompence for the labour of a perfon fo accomplished. Deduct this from the feemingly great profits of his capital, and little more will remain, perhaps, than the ordinary. profits of flock. The greater part of the apparent profit is, in. this cafe too, real wages.

THE difference between the apparent profit of the retail and that of the wholefale trade, is much lefs in the capital than in fmall fmall towns and country villages. Where ten thoufand pounds CHAP. can be employed in the grocery trade, the wages of the grocer's labour make but a very trifling addition to the real profits of fo great a ftock. The apparent profits of the wealthy retailer, therefore, are there more nearly upon a level with those of the wholefale merchant. It is upon this account that goods fold by retail are generally as cheap and frequently much cheaper in the capital than in fmall towns and country villages. Grocery goods, for example, are generally much cheaper; bread and butcher's-meat frequently as cheap. It cofts no more to bring grocery goods to the great town than to the country village; but it cofts a great deal more to bring corn and cattle, as the greater part of them must be brought from a much greater diffance. The prime coft of grocery goods, therefore, being the fame in both places, they are cheapeft where the least profit is charged upon them. The prime cost of bread and butcher's-meat is greater in the great town than in the country village; and though the profit is lefs, therefore, they are not always cheaper there, but often equally cheap. In fuch articles as bread and butcher's-meat, the fame caufe, which diminishes apparent profit, increases prime cost. The extent of the market, by giving employment to greater ftocks, diminishes apparent profit; but by requiring supplies from a greater distance, it increases prime cost. This diminution of the one and increase of the other feem, in most cases, nearly to counter-balance one another; which is probably the reafon that, though the prices of corn and cattle are commonly very different in different parts of the kingdom, those of bread and butcher's-meat are generally very nearly the fame through the greater part of it.

THOUGH the profits of flock both in the wholefale and retail trade are generally lefs in the capital than in finall towns and country villages, yet great fortunes are frequently acquired from finall

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BOOK fmall beginnings in the former, and fcarce ever in the latter. In fmall towns and country villages, on account of the narrownefs of the market, trade cannot always be extended as flock extends. In fuch places, therefore, though the rate of a particular perfon's profits may be very high, the fum or amount of them can never be very great, nor confequently that of his annual accumulation. In great towns, on the contrary, trade can be extended as flock and the credit of a frugal and thriving man inincreases. creafes much faster than his stock. His trade is extended in proportion to the amount of both, and the fum or amount of his profits is in proportion to the extent of his trade, and his annual accumulation in proportion to the amount of his profits. It feldom happens, however, that great fortunes are made even in great towns by any one regular, eftablished, and well known branch of business, but in confequence of a long life of industry, frugality, and attention. Sudden fortunes, indeed, are fometimes made in fuch places by what is called the trade of fpeculation. The fpeculative merchant exercifes no one regular, established, or well known branch of busines. He is a corn merchant this year, and a wine merchant the next, and a fugar, tobacco, or tea merchant the year after. He enters into every trade when he forefees that it is likely to be more than commonly profitable, and he quits it when he forefees that its profits are likely to return to the level of other trades. His profits and loss, therefore, can bear no regular proportion to those of any one established and well known branch of buliness. A bold adventurer may fometimes acquire a confiderable fortune by two or three fuccessful fpeculations; but is just as likely to lose one by two or three unfuccessful ones. This trade can be carried on no where but in great towns. It is only in places of the most extensive commerce and correspondence that the intelligence requifite for it can be had.

> THE five circumftances above mentioned, though they occasion confiderable inequalities in the wages of labour and profits of flock,

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occasion none in the whole of the advantages and difadvantages, CHAP. real or imaginary, of the different employments of either. The nature of those circumstances is such, that they make up for a fmall pecuniary gain in some, and counter-balance a great one in others.

In order, however, that this equality may take place in the whole of their advantages or difadvantages, three things are requifite even where there is the most perfect freedom. First, the employments must be well known and long established in the neighbourhood; fecondly, they must be in their ordinary, or what may be called their natural state; and, thirdly, they must be the sole or principal employments of those who occupy them.

FIRST, this equality can take place only in those employments which are well known, and have been long established in the neighbourhood.

WHERE all other circumstances are equal, wages are generally higher in new than in old trades. When a projector attempts to establish a new manufacture, he must at first entice his workmen from other employments by higher wages than they can either earn in their own trades, or than the nature of his work would otherwife require, and a confiderable time must pass away before he can venture to reduce them to the common level. Manufactures for which the demand arifes altogether from fashion and fancy, are continually changing, and feldom laft long enough to be confidered as old established manufactures. Those, on the contrary, for which the demand arifes chiefly from use or necessity, are lefs liable to change, and the fame form or fabrick may continue in demand for whole centuries together. The wages of labour, therefore, are likely to be higher in manufactures of the former, than:

BOOK than in those of the latter kind. Birmingham deals chiefly in manufactures of the former kind; Sheffield in those of the latter; and the wages of labour in those two different places, are faid to be fuitable to this difference in the nature of their manufactures.

> THE establishment of any new manufacture, of any new branch of commerce, or of any new practice in agriculture, is always a fpeculation, from which the projector promifes himfelf extraordinary profits. These profits fometimes are very great, and fometimes, more frequently, perhaps, they are quite otherwife; but in general they bear no regular proportion to those of other old trades in the neighbourhood. If the project fucceeds, they are commonly at first very high. When the trade or practice becomes thoroughly established and well known, the competition reduces them to the level of other trades.

> SECONDLY, this equality in the whole of the advantages and difadvantages of the different employments of labour and ftock, can take place only in the ordinary, or what may be called the natural ftate of those employments.

> THE demand for almost every different species of labour, is fometimes greater and fometimes lefs than ufual. In the one cafe the advantages of the employment rife above, in the other they fall below the common level. The demand for country labour is greater at hay-time and harvest, than during the greater part of the year; and wages rife with the demand. In time of war, when forty or fifty thousand failors are forced from the merchant fervice into that of the king, the demand for failors to merchant fhips neceffarily rifes with their fcarcity, and their wages upon fuch occasions commonly rife from a guinea and feven and twenty fhillings, to forty shillings and three pounds a month. In a decaying

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caying manufacture, on the contrary, many workmen, rather CHAP. than quit their old trade, are contented with fmaller wages than would otherwife be fuitable to the nature of their employment.

THE profits of flock vary with the price of the commodities in which it is employed. As the price of any commodity rifes above the ordinary or average rate, the profits of at least fome part of the flock that is employed in bringing it to market, rife above their proper level, and as it falls they fink below it. All commodities are more or less-liable to variations of price, but some are much more fo than others. In all commodities which are produced by human industry, the quantity of industry annually employed is neceffarily regulated by the annual demand, in fuch a manner that the average annual produce may, as nearly as poffible, be equal to the average annual confumption. In fome employments, it has already been obferved, the fame quantity of induftry will always produce the fame, or very nearly the fame quantity of commodities. In the linen or woollen manufactures, for example, the fame number of hands will annually work up very nearly the fame quantity of linen and woollen cloth. The variations in the market price of fuch commodities, therefore, can arife only from fome accidental variation in the demand. A publick mourning raifes the price of black cloth. But as the demand for most forts of plain linen and woollen cloth is pretty uniform, fo is likewife the price. But there are other employments in which the fame quantity of industry will not always produce the fame quantity of commodities. The fame quantity of industry, for example, will, in different years, produce very different quantities of corn, wine, hops, fugar, tobacco, &c. The price of fuch commodities, therefore, varies not only with the variations of demand, but with the much greater and more frequent variations of quantity, and is confequently extreamly fluctuating. But the profit of fome of the dealers muft neceffarily,

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BOOK neceffarily fluctuate with the price of the commodities. The operations of the fpeculative merchant are principally employed about fuch commodities. He endeavours to buy them up when he forefees that their price is likely to rife, and to fell them when it is likely to fall.

> THIRDLY, This equality in the whole of the advantages and difadvantages of the different employments of labour and ftock, can take place only in fuch as are the fole or principal employments of those who occupy them.

> WHEN a perfon derives his fubfiftence from one employment, which does not occupy the greater part of his time; in the intervals of his leifure he is often willing to work at another for lefs wages than would otherwife fuit the nature of the employment.

> THERE still subsists in many parts of Scotland a set of people called Cotters or Cottagers, though they were more frequent fome years ago than they are now. They are a fort of out-fervants of the landlords and farmers. The ufual reward which they receive from their mafters is a houfe, a finall garden for pot-herbs, as much grafs as will feed a cow, and, perhaps, an acre or two of bad arable land. When their mafter has occasion for their labour, he gives them, befides, two pecks of oatmeal a week, worth about fixteen-pence sterling. During a great part of the year he has little or no occafion for their labour, and the cultivation of their own little possession is not sufficient to occupy the time which is left at their own difpofal. When fuch occupiers were more numerous than they are at prefent, they are faid to have been willing to give their fpare time for a very finall recompence to any body, and to have wrought for lefs wages than other labourers. In an-• tient ٠ż

tient times they feem to have been common all over Europe. In CHAP, countries ill cultivated and worfe inhabited, the greater part of landlords and farmers could not otherwife provide themfelves with the extraordinary number of hands, which country labour requires at certain feafons. The daily or weekly recompence which fuch labourers occasionally received from their masters, was evidently not the whole price of their labour. Their small tenement made a confiderable part of it. This daily or weekly recompence, however, feems to have been confidered as the whole of it, by many writers who have collected the prices of labour and provisions in antient times, and who have taken pleasure in representing both as wonderfully low.

THE produce of fuch labour comes frequently cheaper to market than would otherwife be fuitable to its nature. Stockings in many parts of Scotland are knit much cheaper than they can any where be wrought upon the loom. They are the work of fervants and labourers, who derive the principal part of their fubliftence from fome other employment. More than a thoufand pair of Shetland ftockings are annually imported into Leith, of which the price is from five-pence to feven-pence a pair. At Learwick, the fmall capital of the Shetland iflands, ten-pence a day, I have been affured, is a common price of common labour. In the fame iflands they knit worfted ftockings to the value of a guinea a pair and upwards.

THE fpinning of linen yarn is carried on in Scotland nearly in the fame way as the knitting of ftockings, by fervants who are chiefly hired for other purpofes. They earn but a very fcanty fubfiftence, who endeavour to get their whole livelihood by either of those trades. In most parts of Scotland she is a good spinner who can earn twenty-pence a week.

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In opulent countries the market is generally fo extensive, that any one trade is fufficient to employ the whole labour and ftock of those who occupy it. Instances of people's living by one employment, and at the fame time deriving fome little advantage from another, occur chiefly in poor countries. The following inftance, however, of fomething of the fame kind is to be found in the capital of a very rich one. There is no city in Europe, I believe, in which house-rent is dearer than in London, and yet I know no capital in which a furnished apartment can be hired to cheap. Lodging is not only much cheaper in London than in Paris; it is much cheaper than in Edinburgh of the fame degree of goodnefs; and what may feem extraordinary, the dearness of house-rent is the caufe of the cheapnefs of lodging. The dearnefs of houfe-rent in London, arifes, not only from those causes which render it dear in all great capitals, the dearnefs of labour, the dearnefs of all the materials of building, which must generally be brought from a great distance, and above all the dearness of ground-rent, every landlord acting the part of a monopolist, and frequently exacting a higher rent for a fingle acre of bad land in a town, than can be had for a hundred of the beft in the country; but it arifes in part from the peculiar manners and cuftoms of the people, which oblige every master of a family to hire a whole house from top to bottom. A dwelling-houfe in England means every thing that is contained under the fame roof. In France, Scotland, and many other parts of Europe, it frequently means no more than a fingle ftory. A tradefman in London is obliged to hire a whole houfe in that part of the town where his customers live. His shop is upon the groundfloor, and he and his family fleep in the garret; and he endeavours to pay a part of his house-rent by letting the two middle stories to He expects to maintain his family by his trade, and not lodgers. by his lodgers. Whereas, at Paris and Edinburgh, the people who let lodgings, have commonly no other means of fubfistence; and

and the price of the lodging must pay, not only the rent of the CHAP. house, but the whole expence of the family.

PART II.

Inequalities occasioned by the Policy of Europe.

SUCH are the inequalities in the whole of the advantages and difadvantages of the different employments of labour and ftock, which the defect of any of the three requifites above mentioned must occasion, even where there is the most perfect liberty. But the policy of Europe, by not leaving things at perfect liberty, occasions other inequalities of much greater importance.

IT does this chiefly in the three following ways. First, by reftraining the competition in some employments to a smaller number than would otherwise be disposed to enter into them; secondly, by increasing it in others beyond what it naturally would be; and, thirdly, by obstructing the free circulation of labour and stock, both from employment to employment and from place to place.

FIRST, The policy of Europe occasions a very important inequality in the whole of the advantages and difadvantages of the different employments of labour and stock, by restraining the competition in some employments to a smaller number than might otherwise be disposed to enter into them.

THE exclusive privileges of corporations are the principal means it makes use of for this purpose.

THE exclusive privilege of an incorporated trade necessarily restrains the competition, in the town where it is established, to

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BOOK I. those who are free of the trade. To have ferved an apprenticefhip in the town, under a mafter properly qualified, is commonly the neceffary requifite for obtaining this freedom. The bye-laws of the corporation regulate fometimes the number of apprentices which any mafter is allowed to have, and almost always the number of years which each apprentice is obliged to ferve. The intention of both regulations is to reftrain the competition to a much fmaller number than might otherwise be disposed to enter into the trade. The limitation of the number of apprentices reftrains it directly. A long term of apprenticefhip reftrains it more indirectly, but as effectually, by increasing the expence of education.

> IN Sheffield no mafter cutler can have more than one apprentice at a time, by a bye-law of the corporation. In Norfolk and Norwich no mafter weaver can have more than two apprentices, under pain of forfeiting five pounds a month to the king. No mafter hatter can have more than two apprentices any where in England, or in the Englifh plantations, under pain of forfeiting five pounds a month, half to the king, and half to him who fhall fue in any court of record. Both thefe regulations, though they have been confirmed by a publick law of the kingdom, are evidently dictated by, the fame corporation fpirit which enacted the bye-law of, Sheffield in The filk weavers in London had fcarce been incorporated a year when they enacted a bye-law reftraining any mafter from having more than two apprentices at a time. It required a particular act of parliament to refcind this bye-law.

> SEVEN years feem antiently to have been, all over Europe, the ufual term established for the duration of apprentices in the greater part of incorporated trades. All such incorporations were antiently called universities; which indeed is the proper Latin name for any incorporation whatever. The university of so finiths, the university of taylors, &c. are expressions which we commonly meet

meet with in the old charters of antient towns. When those part CHAP. ticular incorporations which are now peculiarly called univerfities of were first established, the term of years which it was necessary to ftudy, in order to obtain the degree of master of arts, appears evidently to have been copied from the term of apprenticeship in common trades, of which the incorporations were much more As to have wrought feven years under a mafter properly antient. qualified, was neceffary in order to intitle any perfon to become a master and to have himself apprentices in a common trade; so to have studied feven years under a master properly qualified, was neceffary to entitle him to become a master, teacher, or doctor (words antiently fynonimous) in the liberal arts, and to have fcholars or apprentices (words likewife originally fynonimous) to ftudy under him.

By the 5th of Elizabeth, commonly called the Statute of Apprenticeship, it was enacted, that no perfon should for the future exercise any trade, craft, or mistery at that time exercised in England, unless he had previously ferved to it an apprenticeship of feven years at least; and what before had been the bye-law of many particular corporations, became in England the general and public law of all trades carried on in market towns. For though the words of the statute are very general, and seem plainly to include the whole kingdom, by interpretation its operation has been limited to market-towns, it having been held that in country villages a perfon may exercise several different trades, though he has not ferved a feven years apprenticeship to each. they being necessary for the conveniency of the inhabitants, and the number of people frequently not being fufficient to fupply each with a particular fett of hands.

By a first interpretation of the words too the operation of this statute has been limited to those trades which were established in

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BOOK in England before the 5th of Elizabeth, and has never been extended to fuch as have been introduced fince that time. This s limitation has given occasion to feveral diffinctions which, confidered as rules of police, appear as foolifh as can well be imagined. It has been adjudged, for example, that a coach-maker can neither himfelf make nor employ journeymen to make his coachwheels, but must buy them of a master wheel-wright; this latter trade having been exercifed in England before the 5th of Elizabeth. But a wheel-wright, though he has never ferved an apprenticeship to a coach-maker, may either himself make or employ journeymen to make coaches; the trade of a coachmaker not being within the statute, because not exercised in England at the time when it was made. The manufactures of Manchefter, Birmingham, and Wolverhampton, are many of them, upon this account, not within the statute; not having been exercifed in England before the 5th of Elizabeth.

> IN France, the duration of apprenticefhips is different in different towns and in different trades. In Paris, five years is the term required in a great number; but before any perfon can be qualified to exercife the trade as a mafter, he muft, in many of them, ferve five years more as a journeyman. During this latter term he is called the companion of his mafter, and the term itfelf is called his companionship.

> IN Scotland there is no general law which regulates univerfally the duration of apprentices flips. The term is different in different corporations. Where it is long, a part of it may generally be redeemed by paying a small fine. In most towns too a very small fine is fufficient to purchase the freedom of any corporation. The weavers of linen and hempen cloth, the principal manufactures of the country, as well as all other artificers subservient to them, wheel-makers, reel-makers, &c. may exercise their trades in any 4

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town corporate without paying any fine. In all towns corporate CHAP. all perfons are free to fell butchers-meat upon any lawful day of the week. Three years is in Scotland a common term of apprentices fhip even in fome very nice trades, and in general I know of no country in Europe in which corporation laws are fo little oppreffive.

THE property which every man has in his own labour, as it is the original foundation of all other property, fo it is the moft facred and inviolable. The patrimony of a poor man lies in the ftrength and dexterity of his hands; and to hinder him from employing this ftrength and dexterity in what manner he thinks proper without injury to his neighbour, is a plain violation of this moft facred property. It is a manifeft encroachment upon the juft liberty both of the workman, and of thofe who might be difpofed to employ him. As it hinders the one from working at what he thinks proper, fo it hinders the other from employing whom they think proper. To judge whether he is fit to be employed, may furely be trufted to the difcretion of the employers whofe intereft it fo much concerns. The affected anxiety of the law-giver left they fhould employ an improper perfon, is evidently as impertinent as it is oppreflive.

THE inftitution of long apprenticefhips can give no_1 fecurity that infufficient workmanfhip fhall not frequently be exposed to publick fale. When this is done it is generally the effect of fraud, and not of inability; and the longest apprenticefhip can give nofecurity against fraud. Quite different regulations are necessary to prevent this abuse. The sterling mark upon plate, and the stamps upon linen and woollen cloth, give the purchaser much greater fecurity than any statute of apprenticeship. He generally looks at these, but never thinks it worth while to enquire whether the workman had ferved a feven years apprenticeship.

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The inflitution of long apprenticefhips has no tendency to form young people to induftry. A journeyman who works by the piece is likely to be induftrious, becaufe he derives a benefit from every exertion of his induftry. An apprentice is likely to be idle, and almost always is fo, becaufe he has no immediate interest to be otherwife. In the inferior employments, the fweets of labour confist altogether in the recompence of labour. They who are foonest in a condition to enjoy the fweets of it, are likely foonest to conceive a relish for it, and to acquire the early habit of industry. A young man naturally conceives an aversion to labour, when for a long time he receives no benefit from it. The boys who are put out apprentices from publick charities are generally bound for more than the usual number of years, and they generally turn out very idle and worthles.

APPRENTICESHIPS were altogether unknown to the antients. The reciprocal duties of mafter and apprentice make a confiderable article in every modern code. The Roman law is perfectly filent with regard to them. I know no Greek or Latin word (I might venture, I believe, to affert that there is none) which expresses the idea we now annex to the word Apprentice, a fervant bound to work at a particular trade for the benefit of a master, during a term of, years, upon condition that the master shall teach him that trade.

LONG apprenticefhips are altogether unneceffary. The arts, which are much fuperior to common trades, fuch as those of making clocks and watches, contain no fuch mystery as to require a long course of instruction. The first invention of fuch beautiful machines, indeed, and even that of some of the instruments employed in making them, must, no doubt, have been the work of deep thought and long time, and may justly be confidered as among the happiest

happiest efforts of human ingenuity. But when both have been CHAP. fairly invented and are well understood, to explain to any young -man, in the compleateft manner, how to apply the inftruments and how to conftruct the machines, cannot well require more than the leffons of a few weeks: perhaps those of a few days might be fufficient. In the common mechanick trades, those of a few days might certainly be fufficient. The dexterity of hand, indeed, even in common trades, cannot be acquired without much practice and experience. But a young man would practife with much more diligence and attention, if from the beginning he wrought as a journeyman, being paid in proportion to the little work which he could execute, and paying in his turn for the materials which he might fometimes fpoil through aukwardness and inexperience. His education would generally in this way be more effectual, and always lefs tedious and expensive. The master, indeed, would be a lofer. He would lofe all the wages of the apprentice, which he now faves, for feven years together. In the end, perhaps, the apprentice himfelf would be a lofer. In a trade fo eafily learnt he would have more competitors, and his wages, when he came to be a compleat workman, would be much lefs than at prefent. The fame increase of competition would reduce the profits of the masters as well as the wages of the workmen. The trades, the crafts, the mysteries, would all be losers. But the public would be a gainer, the work of all artificers coming in this way much cheaper to market.

IT is to prevent this reduction of price, and confequently of wages and profit, by reftraining that free competition which would moft certainly occasion it, that all corporations, and the greater part of corporation laws, have been established. In order to erect a corporation, no other authority in antient times was requisite in many parts of Europe, but that of the town corporate in which it was established. Vol. I. X In

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BOOK In England, indeed, a charter from the king was likewife neceffary. But this prerogative of the crown feems to have been referved rather for extorting money from the fubject, than for the defence of the common liberty against fuch oppressive monopolies. Upon paying a fine to the king, the charter feems generally to have been readily granted; and when any particular class of artificers or traders thought proper to act as a corporation without a charter, fuch adulterine guilds, as they were called, were not always diffranchifed. upon that account, hut obliged to fine annually to the king for permission to exercise their usurped privileges. The immediate inspection of all corporations, and of the bye-laws which they might think proper to enact for their own government, belonged to the town corporate in which they were established; and whatever difcipline was exercifed over them, proceeded commonly, not from the. king, but from that greater incorporation of which those subordinate ones were only parts or members.

> THE government of towns corporate was altogether in the hands of traders and artificers ; and it was the manifest interest of every particular class of them, to prevent the market from being overstocked, as they commonly express it, with their own particular fpecies of industry; which is in reality, to keep it always under-Each class was eager to establish regulations proper for ftocked. this purpole, and, provided it was allowed to do fo, was willing to confent that every other class should do the fame. In confequence of fuch regulations, indeed, each clafs was obliged to buy the goods they had occasion for from every other within the town, fomewhat dearer than they otherwife might have done. But in recompence, they were enabled to fell their own just as much dearer ;, fo, that fo, far it was as broad as long, as they fay; and in the dealings of the different classes within the town with one another, none of them were lofers by these regulations. But in their dealings with the country 4

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country they were all great gainers; and in these latter deal- CHAP. ings confists the whole trade which supports and enriches \xrightarrow{X} every town.

EVERY town draws its whole fubfiftence, and all the materials of its industry, from the country. It pays for these chiefly in two ways: first, by fending back to the country a part of those materials wrought up and manufactured; in which cafe their price is augmented by the wages of the workmen, and the profits of their masters or immediate employers: fecondly, by fending to it a part both of the rude and manufactured produce, either of other countries, or of diftant parts of the fame country, imported into the town; in which cafe too the original price of those goods is augmented by the wages of the carriers or failors, and by the profits of the merchants who employ them. In what is gained upon the first of those two branches of commerce, confists the advantage which the town makes by its manufactures; in what is gained upon the fecond, the advantage of its inland and foreign trade. The wages of the workmen, and the profits of their different employers, make up the whole of what is gained upon both. Whatever regulations, therefore, tend to increase those wages and profits beyond what they otherwife would be, tend to enable the town to purchase, with a smaller quantity of its labour, the produce of a greater quantity of the labour of the country. They give the traders and artificers in the town an advantage over the landlords, farmers, and labourers in the country, and break down that natural equality which would otherwife take place in the commerce which is carried on between them. The whole annual produce of the labour of the fociety is annually divided between those two different setts of people. By means of those regulations a greater share of it is given to the inhabitants of the town than would otherwife fall to them; and a lefs to those of the country.

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THE price which the town really pays for the provisions and materials annually imported into it, is the quantity of manufactures and other goods annually exported from it. The dearer the latter are fold, the cheaper the former are bought. The industry of the town becomes more, and that of the country lefs advantageous.

THAT the induftry which is carried on in towns is, every where in Europe, more advantageous than that which is carried on in the country, without entering into any very nice computations, we may fatisfy ourfelves by one very fimple and obvious obfervation. In every country of Europe we find, at leaft, a hundred people who have acquired great fortunes from fmall beginnings by trade and manufactures, the induftry which properly belongs to towns, for one who has done fo by that which properly belongs to the country, the raifing of rude produce by the improvement and cultivation of land. Induftry, therefore, muft be better rewarded, the wages of labour and the profits of flock muft evidently be greater in the one fituation than in the other. But flock and labour naturally feek the moft advantageous employment. They naturally, therefore, refort as much as they can to the town, and defert the country.

THE inhabitants of a town, being collected into one place, can eafily combine together.? The most infignificant trades carried on in towns have accordingly, in fome place or other, been incorporated; and even where they have never been incorporated, yet the corporation spirit, the jealous of strangers, the aversion to take apprentices, or to communicate the fecret of their trade, generally prevail in them, and often teach them, by voluntary affociations and agreements, to prevent that free competition which they cannot prohibit by bye-laws. The trades which employ but a small number of hands, run most easily into such combinations. Half a dozen wool-combers perhaps are necessary to keep a thousand spinners and

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and weavers at work. By combining not to take apprentices they C H A P. can not only engrofs the employment, but reduce the whole manufacture into a fort of flavery to themfelves, and raife the price of their labour much above what is due to the nature of their work.

THE inhabitants of the country, difperfed in diffant places, cannot eafily combine together. They have not only never been incorporated, but the corporation fpirit never has prevailed among them. No apprenticeship has ever been thought necessary to qualify for hufbandry, the great trade of the country! After what are called the fine arts, and the liberal professions, however, there is perhaps no trade which requires fo great a variety of knowledge and experience. The innumerable volumes which have been written upon it in all languages, may fatisfy us, that among the wifest and most learned nations, it has never been regarded as a matter very eafily underftood. And from all those volumes we shall in vain attempt to collect that knowledge of its various and complicated operations, which is commonly poffeffed even by the common farmer; how contemptuoufly foever the very contemptible authors of fome of them may fometimes affect to fpeak of him. There is fcarce any common mechanick trade, on the contrary, of which all the operations may not be as compleatly and diffinctly explained in a pamphlet of a very few pages las it is poffible for words illustrated by figures to explain them?" In the hiftory of the arts, now publishing by the French academy of sciences, several of them are actually explained in this manner. The direction of operations, befides, which must be varied with every change of the weather, as well as with many other accidents, requires much more judgement and difcretion, than that of those which are always the fame or very nearly the fame.

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BOOK Not only the art of the farmer, the general direction of the operations of hufbandry, but many inferior branches of country labour require much more skill and experience than the greater part of mechanick trades. The man who works upon brafs and iron, works with inftruments and upon materials of which the temper is always the fame, or very nearly the fame. But the man who ploughs the ground with a team of horfes or oxen, works with inftruments of which the health, ftrength, and temper are very different upon different occasions. The condition of the materials which he works upon too is as variable as that of the inftruments which he works with, and both require to be managed with much judgement and difcretion. The common ploughman, though generally regarded as the pattern of flupidity and ignorance, is feldom defective in this judgement and difcretion. He is lefs accustomed, indeed, to focial intercourse than the mechanick who lives in a town. His voice and language are more uncouth and more difficult to be understood by those who are not used to them. His understanding, however, being accustomed to confider a greater variety of objects, is generally much fuperior to that of the other, whole whole attention from morning till night is commonly occupied in performing one or two very fimple operations. How much the lower ranks of people in the country are really fuperior to those of the town, is well known to every man whom either bufiness or curiosity has led to converse much with both. In China and Indoftan accordingly both the rank and the wages of country labourers are faid to be fuperior to those of the greater part of artificers and manufacturers. They would probably be fo every where, if corporation laws and the corporation fpirit did not prevent it.

> THE fuperiority which the industry of the towns has every where in Europe over that of the country, is not altogether owing

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to corporations and corporation laws. It is fupported by many CHAP. other regulations. The high duties upon foreign manufactures and upon all goods imported by alien merchants, all tend to the fame purpole. Corporation laws enable the inhabitants of towns to raife their prices, without fearing to be under-fold by the free competition of their own countrymen. Those other regulations fecure them equally against that of foreigners. The enhancement of price occasioned by both is every where finally paid by the landlords, farmers, and labourers of the country, who have feldom opposed the establishment of fuch monopolies. They have commonly neither inclination nor fitness to enter into combinations; and the clamour and fophistry of merchants and manufacturers easily perfuade them that the private interest of a part, and of a fubordinate part of the fociety, is the general interest of the whole.

In Great Britain the fuperiority of the industry of the towns over that of the country, feems to have been greater formerly than in the prefent times. The wages of country labour approach nearer to those of manufacturing labour, and the profits of ftock employed in agriculture to those of trading and manufacturing flock, than they are faid to have done in the laft century, or in the beginning of the prefent. This change may be regarded as the neceffary, though very late confequence of the extraordinary encouragement given to the industry of the towns10 Theoftock. accumulated in them comes in time to be fo great, that'it can no longer be employed with the antient profit in that fpecies of induftry which is peculiar to them. That induftry has its limits. like every other; and the increase of flock, by increasing the competition, neceffarily reduces the profit. The lowering of profit in the town forces out flock to the country, where, by creating a: new demand for country labour, it neceffarily raifes its wages. It then fpreads itfelf, if I may fay fo, over the face of the land, and by being

BOOK I: the expence of which, in a great meafure, it had originally been accumulated in the town. That every where in Europe the greateft improvements of the country have been owing to fuch overflowings of the ftock originally accumulated in the towns, I fhall endeavour to fhow hereafter; and at the fame time to demonftrate, that though fome countries have by this courfe attained to a confiderable degree of opulence, it is in itfelf neceffarily flow, uncertain, liable to be difturbed and interrupted by innumerable accidents, and in every refpect contrary to the order of nature and of reafon. The interefts, prejudices, laws and cuftoms which have given occafion to it, I fhall endeavour to explain as fully and diftinctly as I can in the third and fourth books of this enquiry.

> PEOPLE of the fame trade feldom meet together, even for merriment and diversion, but the conversation ends in a confpiracy against the publick, or in fome contrivance to raife prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be confistent with liberty and justice. But though the law cannot hinder people of the fame trade from sometimes affembling together, it ought to do nothing to facilitate such affemblies; much less to render them neceffary.

> A REGULATION which obliges all those of the fame trade in a particular town to enter their names and places of abode in a publick register, facilitates such assemblies. It connects individuals who might never otherwise be known to one another, and gives every man of the trade a direction where to find every other man of it.

A REGULATION

A REGULATION which enables those of the fame trade to tax CHAP. themselves in order to provide for their poor, their fick, their widows and orphans, by giving them a common interest to manage, renders fuch assessments necessary.

An incorporation not only renders them neceffary, but makes the act of the majority binding upon the whole. In a free trade an effectual combination cannot be eftablished but by the unanimous confent of every fingle member of it, and it cannot last longer than every fingle member of it continues of the fame mind. The majority of a corporation can enact a bye-law with proper penalties, which will limit the competition more effectually and more durably than any voluntary combination whatever.

THE pretence that corporations are necessary for the better government of the trade, is without any foundation. The real and effectual discipline which is exercised over a workman, is not that of his corporation, but that of his cuftomers. It is the fear of losing their employment which restrains his frauds and corrects his negligence. An exclusive corporation necessarily weakens the force of this discipline. A particular fett of workmen must then be employed, let them behave well or ill. It is upon this account that in many large incorporated towns no tolerable workmen are to be found, even in fome of the most necesfary trades. If you would have your work tolerably executed, it must be done in the fuburbs, where the workmen having no exclusive privilege, have nothing but their character to depend upon, and you must then smuggle it into the town as well as you can.

Ir is in this manner that the policy of Europe, by reftraining the competition in fome employments to a fmaller number than Vol. I. Y would BOOK would otherwife be difpoled to enter into them, occalions a very important inequality in the whole of the advantages and difadvantages of the different employments of labour and flock.

> SECONDLY, The policy of Europe, by increasing the competition in fome, employments beyond what it naturally would be, occasions, another inequality of an opposite kind in the whole of the advantages and difadvantages of the different employments of labour and stock.

IT has been confidered as of fo much importance that a proper number of young people should be educated for certain profeffions, that, fometimes the publick, and fometimes the piety of private founders have established many pensions, scholarships, exhibitions, burfaries, &c. for this purpofe, which draw many more people into those trades than could otherwise pretend to follow In all christian countries, I believe, the education of the them. greater part of churchmen is paid for in this manner. Very.few of them are educated altogether at their own expence. The long, tedious and expensive education, therefore, of those who are, will not always procure them a fuitable reward, the church being crowded with people who, in order to get employment, are willing to accept of a much fmaller recompence than what fuch an education, would notherwife have entitled them to; and in this manner the competition of the poor takes away the reward of the rich. It would be indecent, no doubt, to compare either a curate or a chaplain with a journeyman in any common trade. The pay of a curate or chaplain, however, may very properly be confidered as of the fame nature with the wages of a journeyman, They are, all three, paid for their work according to the contract which , they may happen to make with their refpective fuperiors. Till after the middle of the fourteenth century, five merks, containing about

about as much filver as ten pounds of our prefent money, was in CHAP. England the ufual pay of a curate or flipendiary parish priest, as we find it regulated by the decrees of feveral different national councils. At the fame period four-pence a day, containing the fame quantity of filver as a shilling of our prefent money, was declared to be the pay of a mafter mafon, and three-pence a day, equal to nine-pence of our prefent money, that of a journeyman The wages of both these labourers, therefore, fupposing maſon. them to have been conftantly employed, were much fuperior to those of the curate. The wages of the master mason, supposing him to have been without employment one-third of the year, would have fully equalled them. By the 12th of Queen Anne, c. 12, it is declared, " That whereas for want of fufficient main-" tenance and encouragement to curates, the cures have in feveral " places been meanly fupplied, the bifhop is, therefore, empow-" ered to appoint by writing under his hand and feal a fufficient " certain stipend or allowance, not exceeding fifty and not less than " twenty pounds a year." Forty pounds a year is reckoned at prefent very good pay for a curate, and notwithstanding this act of parliament, there are many curacies under twenty pounds a year. There are journeymen shoe-makers in London who earn forty pounds a year, and there is fcarce an industrious workman of any kind in that metropolis who does not earn more than twenty. This last fum indeed does not exceed what is frequently earned by common labourers in many country parifhes. Whenever the law has attempted to regulate the wages of workmen, it has always been rather to lower them than to raife them. But the law has upon many occasions attempted to raife the wages of curates, and for the dignity of the church, to oblige the rectors of parishes to give them more than the wretched maintenance which they themfelves might be willing to accept of. And in both cafes the law feems to have been equally ineffectual, and has never either been able Y 2

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BOOK able to raife the wages of curates or to fink those of labourers to the degree that was intended; because it has never been able to hinder either the one from being willing to accept of lefs than the legal allowance, on account of the indigence of their fituation and - the multitude of their competitors; or the other from receiving more, on account of the contrary competition of those who expected to derive either profit or pleafure from employing them.

> THE great benefices and other ecclefiaftical dignities support. the honour of the church, notwithstanding the mean circumstances of fome of its inferior members. The respect paid to the profession too makes some compensation even to them for the meanness of their pecuniary recompence. In England, and in all Roman Catholick countries, the lottery of the church is in reality much more advantageous than is neceffary. The example of the churches of Scotland, of Geneva, and of several other protestant churches, may fatisfy us that in fo creditable a profession, in which education is fo eafily procured, the hopes of much more moderate benefices will draw a fufficient number of learned, decent and respectable men into holy orders.

> In professions in which there are no benefices, such as law and phyfick, if an equal proportion of people were educated at the publick expence, the competition would foon be fo great, as to fink very much their-pecuniary reward. It might then not be worth any man's while to educate his fon to either of those profeffions at his own expence. They would be entirely abandoned to fuch as had been educated by those publick charities, whose numbers and neceffities would oblige them in general to content themselves with a very miserable recompence, to the entire degradation of the now respectable professions of law and physick.

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THAT unproferous race of men commonly called men of letters, are pretty much in the fituation which lawyers and phyficians probably would be in upon the foregoing fuppolition. In every part of Europe the greater part of them have been educated for the church, but have been hindered by different reafons from entering into holy orders. They have generally, therefore, been educated at the publick expence, and their numbers are every where fo great as commonly to reduce the price of their labour to a very paultry recompence.

BEFORE the invention of the art of printing, the only employment by which a man of letters could make any thing by his. talents, was that of a publick teacher, or by communicating toother people the curious and useful knowledge which he had acquired himfelf: And this is still furely a more honourable, a more useful, and in general even a more profitable employment' than that other of writing for a bookfeller, to which the art of printing has given occafion. The time and ftudy, the genius, knowledge and application requisite to qualify an eminent teacher of the fciences, are at least equal to what is necessary for the greatest practitioners in law and phylick. But the usual reward of the eminent teacher bears no proportion to that of the lawyer or phyfician; becaufe the trade of the one is crowded with indigent people, who have been brought up to it at the publick expence; whereas those of the other two are incumbered with very few who have not been educated at their own. The ufual recompence, however, of publick and private teachers, fmall as it may appear, would. undoubtedly be lefs than it is, if the competition of those yet more indigent men of letters who write for bread was not taken out of the market. Before the invention of the art of printing, a fcholar and a beggar feem to have been terms very nearly fynonymous. The different governors of the universities before that time appear to have often granted licences to their fcholars to beg.,

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THE NATURE, AND CAUSES OF

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BOOK In antient times, before any charities of this kind had been eftablished for the education of indigent people to the learned profeffions, the rewards of eminent teachers appear to have been much more confiderable. Ifocrates, in what is called his difcourfe against the fophifts, reproaches the teachers of his own times with inconfiftency. "They make the most magnificent promifes to their scholars, fays he, and undertake to teach them to be wife, to be happy, and to be just, and in return for fo important a fervice they flipulate the paultry reward of four or five minæ. They who teach wildom, continues he, ought certainly to be wife themfelves; but if any man was to fell fuch a bargain for fuch a price, he would be convicted of the most evident folly." "He certainly does not mean here to exaggerate the reward, and we may be affured that it was not lefs than he represents it. Four minæ were equal to thirteen pounds fix shillings and eight pence : five minæ to fixteen pounds thirteen shillings and four pence. Something not lefs than the largest of those two sums, therefore, must at that time have been ufually paid to the most eminent teachers at Athens. Isocrates himself demanded ten minæ, or thirty-three pounds fix fhillings and eight pence, from each fcholar. When he taught at Athens, he is faid to have had an hundred fcholars. I understand this to be the number whom he taught at one time, or who attended what we would call one courfe of lectures, a number which will not appear extraordinary from fo great a city to fo famous a teacher, who taught too' what was at that time the most fashionable of all sciences, rhetorick. He must have made, therefore, by each course of lectures, a thousand minæ, or 33331. 6s. 8d. A thoufand minæ, accordingly, is faid by Plutarch in another place, to have been his Didactron or usual price of teaching. Many other eminent teachers in those times appear to have acquired great fortunes. Gorgias made a prefent to the temple of Delphi of his own statue in folid gold. We must not, I presume, suppose that it was

was as large as the life. His way of living, as well as that of CHAP. Hippias and Protagoras, two other eminent teachers of those times, is reprefented by Plato as fplendid even to oftentation. Plato himfelf is faid to have lived with a good deal of magnificence. Aristotle, after having been tutor to Alexander and most munificently rewarded, as it is univerfally agreed, both by him and his father Philip, thought it worth while, notwithstanding, to return . to: Athens, in order to refume the teaching of his fchool. Teachers of the fciences were probably in those times less common than they came to be in an age or two afterwards, when the competition had probably fomewhat reduced both the price of their labour and the admiration for their perfons. The most eminent of them, however, appear always to have enjoyed a degree of confideration. much fuperior to any of the like profession in the present times. The Athenians fent Carneades the academick, and; Diogenes the ftoick, upon a folemn embaffy to Rome; and though their city had then declined from its former grandeur, it was still an independent and confiderable republick. Carneades too was a Babylonian by birth, and as there never was a people more jealous of admitting foreigners to publick offices than the Athenians, their confideration, for him must have been very great.

¹ THIS inequality is upon the whole, perhaps, rather advantageous than hurtful to the publick. It may fomewhat degrade the profefion of a publick teacher, but the cheapnels of literary education is furely, an advantage which greatly over-balances this trifling inconveniency. The publick too might derive full greater benefit from it, if the conftitution of those schools and colleges, in which education is carried on, was more reasonable than it is at prefent through the greater part of Europe.

THIRDLY, The policy of Europe, by obstructing the free circulation of labour and stock both from employment to employment, , and 167

BOOK and from place to place, occasions in some cases a very inconvenient inequality in the whole of the advantages and difadvantages of their different employments.

> THE statute of apprentices sport obstructs the free circulation of labour from one employment to another, even in the same place. The exclusive privileges of corporations obstruct it from one place to another, even in the same employment.

IT frequently happens that while high wages are given to the workmen in one manufacture, those in another are obliged to content themselves with bare subfistence. The one is in an advancing state, and has, therefore, a continual demand for new hands: The other is in a declining state, and the super-abundance of hands is continually increasing. Those two manufactures may fometimes be in the fame town, and fometimes in the fame neighbourhood, without being able to lend the least affistance to one another. The flatute of apprenticeship may oppose it in the one cafe, and both that and an exclusive corporation in the other. In many different manufactures, however, the operations are fo much alike, that the workmen could eafily change trades with one another, if those absurd laws did not hinder them. The arts of weaving plain linen and plain filk, for example, are almost entirely That of weaving plain woollen is fomewhat different; the fame. but the difference is fo infignificant that either a linen or a filk weaver might become a tolerable workman in a very few days. If any of those three capital manufactures, therefore, were decaying, the workmen might find a refource in one of the other two which was in a more profperous condition; and their wages would neither rife too high in the thriving, nor fink too low in the decaying manu-The linen manufacture indeed is, in England, by a facture. particular statute, open to every body; but as it is not much cultivated

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tivated through the greater part of the country, it can afford no CHAP. general refource to the workmen of other decaying manufactures, who, wherever the flatute of apprenticefhip takes place, have no other choice but either to come upon the parifh, or to work as common labourers, for which, by their habits, they are much worfe qualified than for any fort of manufacture that bears any refemblance to their own. They generally, therefore, chufe to come upon the parifh.

WHATEVER obstructs the free circulation of labour from one employment to another, obstructs that of stock likewife; the quantity of stock which can be employed in any branch of business depending very much upon that of labour which can be employed in it. Corporation laws, however, give less obstruction to the free circulation of stock from one place to another than to that of labour. It is every where much easier for a wealthy merchant to obtain the privilege of trading in a town corporate, than for a poor artificer to obtain that of working in it.

THE obstruction which corporation laws give to the free circulation of labour is common, I believe, to every part of Europe. That which is given to it by the poor laws, fo far as I know, is peculiar to England. It confists in the difficulty which a poor man finds in obtaining a fettlement, or even in being allowed to exercise his industry in any parish but that to which he belongs. It is the labour of artificers and manufacturers only of which the free circulation is obstructed by corporation laws. The difficulty of obtaining fettlements obstructs even that of common labour. It may be worth while to give fome account of the rife, progress, and prefent state of this diforder, the greatest perhaps of any in the police of England.

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BOOK WHEN by the deftruction of monasteries the poor had been deprived of the charity of those religious houses, after some other ineffectual attempts for their relief, it was enacted by the 43d of Elizabeth, c. 2, that every parish should be bound to provide for its own poor; and that overseers of the poor should be annually appointed, who, with the churchwardens, should raise by a parish rate, competent some for this purpose.

> By this statute the necessity of providing for their own poor was indispensibly imposed upon every parish. Who were to be confidered as the poor of each parish, therefore, became a question of some importance. This question, after some variation, was at last determined by the 13th and 14th of Charles II. when it was enacted that forty days undisturbed residence should gain any person a settlement in any parish; but that within that time it should be lawful for two justices of the peace, upon complaint. made by the church-wardens or overseers of the poor, to remove any new inhabitant to the parish where he was last legally settled; unless he either rented a tenement of ten pounds a year, or could give such security for the discharge of the parish where he was then living, as those justices should judge sufficient.

> Some frauds, it is faid, were committed in confequence of this ftatute; parifh officers fometimes bribing their own poor to go clandeftinely to another parifh, and by keeping themfelves concealed for forty days to gain a fettlement there, to the difcharge of that to which they properly belonged. It was enacted, therefore, by the 1ft of James II. that the forty days undifturbed refidence of any perfon neceffary to gain a fettlement, fhould be accounted only from the time of his delivering notice in writing, of the place of his abode and the number of his family, to one of the churchwardens or overfeers of the parifh where he came to dwell.

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THE WEALTHAOF NATIONS.

BUT parish officers, it feems, were not always more honess with CHAP. regard to their own, than they had been with regard to other parishes, and sometimes connived at such intrusions, receiving the notice, and taking no proper steps in confequence of it. As every perfon in a parish, therefore, was supposed to have an interest to prevent as much as possible their being burdened by such intruders, it was further enacted by the 3d of William III, that the forty days residence should be accounted only from the publication of such notice in writing on Sunday in the church immediately after divine fervice.

" AFTER all, fays Doctor Burn, this kind of fettlement, by continuing forty days after publication of notice in writing, is very feldom obtained; and the defign of the acts is not fo much for gaining of fettlements, as for the avoiding of them, by perfons coming into a parifh clandeftinely: for the giving of notice is only putting a force upon the parifh to remove. But if a perfon's fituation is fuch, that it is doubtful whether he is actually removeable or not, he fhall by giving of notice compel the parifh either to allow him a fettlement uncontefted, by fuffering him to continue forty days; or, by removing him, to try the right."

THIS ftatute, therefore, rendered it almost impracticable for a poor man to gain a new fettlement in the old way, by forty days inhabitancy. But that it might not appear to preclude altogether the common people of one parish from ever establishing themselves with fecurity in another, it appointed four other ways by which a fettlement might be gained without any notice delivered or published. The first was, by being taxed to parish rates and paying them; the fecond, by being elected into an annual parish office and ferving in it a year; the third, by ferving an apprentices parish;

 $\stackrel{BOOK}{I}$ parifh; the fourth, by being hired into fervice there for a year; and continuing in the fame fervice during the whole of it.

> NOBODY can gain a fettlement by either of the two first ways, but by the publick deed of the whole parish, who are too well aware of the confequences to adopt any new comer who has nothing but his labour to support him, either by taxing him to parish rates, or by electing him into a parish office.

> No married man can well gain any fettlement in either of the two laft ways. An apprentice is fcarce ever married, and it is exprefly enacted, that no married fervant fhall gain any fettlement by being hired for a year. The principal effect of introducing fettlement by fervice, has been to put out in a great meafure the old fafhion of hiring for a year, which before had been fo cuftomary in England, that even at this day, if no particular term is agreed upon, the law intends that every fervant is hired for a year. But mafters are not always willing to give their fervants a fettlement by hiring them in this manner; and fervants are not always willing to be fo hired, becaufe as every laft fettlement difcharges all the foregoing, they might thereby lofe their original fettlement in the places of their nativity, the habitation of their parents and relations.

> No independent workman, it is evident, whether labourer or artificer, is likely to gain any new fettlement either by apprenticefhip or by fervice. When fuch a perfon, therefore, carried his induftry to a new parifh, he was liable to be removed, how healthy and induftrious foever, at the caprice of any churchwarden or overfeer, unlefs he either rented a tenement of ten pounds a year, a thing impoffible for one who has nothing but his labour to live by; or could give fuch fecurity for the difcharge of the parifh as

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two juffices of the peace fhould judge fufficient. What fecurity CHAP. they fhall require, indeed, is left altogether to their difcretion; but they cannot well require lefs than thirty pounds, it having been enacted, that the purchafe even of a freehold eftate of lefs thanthirty pounds value, fhall not gain any perfon a fettlement, as not being fufficient for the difcharge of the parifh. But this is a fecurity which fcarce any man who lives by labour can give; and much greater fecurity is frequently demanded.

IN order to reftore in fome measure that free circulation of labour which those different statutes had almost entirely taken away, the invention of certificates was fallen upon. By the 8th and 9th of William III. it was enacted, that if any perfon fhould bring a certificate from the parish where he was last legally fettled, subscribed. by the churchwardens and overfeers of the poor, and allowed by two juffices of the peace, that every other parish should be obliged. to receive him; that he fhould not be removable merely upon account of his being likely to become chargeable, but only upon his becoming actually chargeable, and that then the parish which. granted the certificate fhould be obliged to pay the expence both of his maintenance and of his removal. And in order to give the most perfect fecurity to the parish where such certificated man fhould come to refide, it was further enacted by the fame ftatute, that he should gain no fettlement there by any means whatever, except either by renting a tenement of ten pounds a year, or by ferving upon his own account in an annual parish office for one : whole year; and confequently neither by notice, nor by fervice, nor by apprenticeship, nor by paying parish rates. By the 12th ... of Queen Anne too, stat. 1. c. 18. it was further enacted, that. neither the fervants nor apprentices of fuch certificated man should . gain any fettlement in the parish where he refided under fuch cer-tificate.

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How

BOOK How far this invention has restored that free circulation of labour which the preceeding statutes had almost entirely taken away, we may learn from the following very judicious obfervation of Doctor Burn. " It is obvious, fays he, that there are " divers good reafons for requiring certificates with perfons com-" ing to fettle in any place; namely, that perfons refiding under " them can gain no fettlement, neither by apprenticeship, nor by " fervice, nor by giving notice, nor by paying parish rates; that " they can fettle neither apprentices nor fervants; that if they " become chargeable, it is certainly known whither to remove " them, and the parish shall be paid for the removal, and for " their maintenance in the mean time; and that if they fall fick; " and cannot be removed, the parish which gave the certificate " must maintain them: None of all which can be without a cer-" tificate. Which reafons will hold proportionably for parifhes " not granting certificates in ordinary cafes; for it is far more " than an equal chance, but that they will have the certificated " perfons again, and in a worfe condition." The moral of this observation feems to be, that certificates ought always to be required by the parish where any poor man comes to refide, and that they ought very feldom to be granted by that which he propofés to leave. " There is fomewhat of hardship in this matter " of certificates," fays the fame very intelligent author in his Hiftory of the poor laws, " by putting it in the power of a parish " officer, to imprison a man as it were for life; however incon-" venient it may be for him to continue at that place where he " has had the misfortune to acquire what is called a fettlement, or " whatever advantage he may propole to himfelf by living elfe-" where."

> THOUGH a certificate carries along with it no testimonial of good behaviour, and certifies nothing but that the perfon belongs

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to the parifh to which he really does belong, it is altogether difcretionary in the parifh officers either to grant or to refufe it. A mandamus was once moved for, fays Doctor Burn, to compel the churchwardens and overfeers to fign a certificate; but the court of King's Bench rejected the motion as a very ftrange attempt.

THE very unequal price of labour which we frequently find in England in places at no great distance from one another, is probably owing to the obstruction which the law of settlements gives to a poor man who would carry his industry from one parish to another without a certificate. A fingle man, indeed, who is healthy and industrious, may fometimes refide by fufferance without one; but a man with a wife and family who should attempt to do for would in most parishes be fure of being removed, and if the fingle man should afterwards marry, he would generally be removed likewife. The fcarcity of hands in one parish, therefore, cannot always be relieved by their fuper-abundance in another, as it is constantly in Scotland, and, I believe, in all other countries where there is no difficulty of fettlement. In fuch countries, though wages may fometimes rife a little in the neighbourhood of a great town, or wherever elfe there is an extraordinary demand for labour, and fink gradually as the diftance from fuch places increafes; till they fall back to the common rate of the country; yet we never meet with those fudden and unaccountable differences in the wages of neighbouring places which we fometimes find in England, where it is often more difficult for a poor man to pass the artificial boundary of a parish, than an arm of the sea or a ridge of high mountains, natural boundaries which fometimes feparate very diftinctly different rates of wages in other countries.

To remove a man who has committed no mildemeanour from the parish where he chuses to refide, is an evident violation of natural BOOK I. ever, fo jealous of their liberty, but like the common people of most other countries never rightly understanding wherein it confifts, have now for more than a century together fuffered themfelves to be exposed to this oppression without a remedy. Though men of reflection too have fometimes complained of the law of fettlements as a publick grievance; yet it has never been the object of any general popular clamour, such as that against general warrants, an abusive practice undoubtedly, but such a one as was not likely to occasion any general oppression. There is fearce a poor man in England of forty years of age, I will venture to fay, who has not in fome part of his life felt himself most cruelly oppress by this ill contrived law of fettlements.

> I SHALL conclude this long chapter with obferving, that though anciently it was ufual to rate wages, first by general laws extending over the whole kingdom, and afterwards by particular orders of the justices of peace in every particular county, both these practices have now gone intirely into difuse. "By the experience of "above four hundred years, fays Doctor Burn, it seems time to above four hundred years, fays Doctor Burn, it feems time to in its own nature feems incapable of minute limitation: for if all perfons in the fame kind of work were to receive equal wages, there would be no emulation, and no room left for industry or ingenuity."

> PARTICULAR acts of parliament, however, ftill attempt fometimes to regulate wages in particular trades and in particular places. Thus the 8th of George III. prohibits under heavy penalties all mafter taylors in London, and five miles round it, from giving, and their workmen from accepting, more than two fhillings and feven-

feven-pence halfpenny a day, except in the cafe of a general mourn- CHAP. ing. Whenever the legislature attempts to regulate the differences between masters and their workmen, its counfellors are always the masters. When the regulation, therefore, is in favour of the workmen, it is always just and equitable; but it is fometimes otherwife when in favour of the mafters. Thus the law which obliges the masters in feveral different trades to pay their workmen in money and not in goods, is quite just and equitable. It imposes no real hardship upon the masters. It only obliges them to pay that value in money, which they pretended to pay, but did not always really pay, in goods. This law is in favour of the workmen; but the 8th of George III. is in favour of the mafters. When masters combine together in order to reduce the wages of their workmen, they commonly enter into a private bond or agreement, not to give more than a certain wage under a certain penalty. Were the workmen to enter into a contrary combination of the fame kind, not to accept of a certain wage under a certain penalty, the law would punish them very feverely; and if it dealt impartially it would treat the masters in the fame manner. But the 8th of George III. enforces by law that very regulation .which mafters fometimes attempt to establish by such combinations. The complaint of the workmen, that it puts the ableft and most induftrious upon the fame footing with an ordinary workman, feems perfectly well founded.

In antient times too it was ufual to attempt to regulate the . profits of merchants and other dealers, by rating the price both of provifions and other goods. The affize of bread is, fo far as I know, the only remnant of this ancient ufage. Where there is an exclusive corporation, it may perhaps be proper to regulate the price of the first neceffary of life. But where there is none, the competition will regulate it much better than any affize. The Vol. I. A a method 178

BOOK method of fixing the affize of bread eftablished by the 31st of George II. could not be put in practice in Scotland, on account of a defect in the law; its execution depending upon the office of clerk of the market, which does not exist there. This defect was not remedied till the 3d of George III. The want of an affize occafioned no fensible inconveniency, and the eftablishment of one, in the few places where it has yet taken place, has produced no fensible advantage. In the greater part of the towns of Scotland, however, there is an incorporation of bakers who claim exclusive privileges, though they are not very ftrictly guarded.

> THE proportion between the different rates both of wages and profit in the different employments of labour and ftock, feems not to be much affected, as has already been obferved, by the riches or poverty, the advancing, flationary, or declining flate of the fociety. Such revolutions in the publick welfare, though they affect the general rates both of wages and profit, muft in the end affect them equally in all different employments. The proportion between them, therefore, muft remain the fame, and cannot well be altered, at leaft for any confiderable time, by any fuch revolutions.

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CHAP. XI.

Of the Rent of Land.

ENT, confidered as the price paid for the use of land, is CHAP. Inaturally the higheft which the tenant can afford to pay in the actual circumstances of the land. In adjusting the terms of the léafe, the landlord endeavours to leave him no greater fhare of the produce than what is fufficient to keep up the flock from which he furnishes the feed, pays the labour, and purchases and maintains the cattle and other inftruments of hufbandry, together with the ordinary profits of farming flock in the neighbourhood. This is evidently the fmalleft fhare with which the tenant can content himfelf without being a lofer, and the landlord feldom means to leave him any more. Whatever part of the produce, or, what is the fame thing, whatever part of its price, is over and above this fhare, he naturally endeavours to referve to himfelf as the rent of his land, which is evidently the highest the tenant can afford to pay in the actual circumstances of the land. Sometimes, indeed, the liberality, more frequently the ignorance, of the landlord, makes him accept of fomewhat lefs than this portion; and fometimes too, though more rarely, the ignorance of the tenant makes him undertake to pay fomewhat more, or to content himself with fomewhat lefs than the ordinary profits of farming flock in. the neighbourhood. This portion, however, may still be confidered. as the natural rent of land, or the rent for which it is naturally. meant that land fhould for the most part be lett..

THE rent of land, it may be thought, is frequently no more than a reasonable profit or interest for the stock laid out by the landlord upon its improvement. This, no doubt, may be partly the cafe upon fome occafions; for it can fcarce ever be more than partly

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BOOK the cafe. The landlord demands a rent even for unimproved land, i. and the fuppofed intereft or profit upon the expence of improvement is generally an addition to this original rent. Those improvements, besides, are not always made by the stock of the landlord, but sometimes by that of the tenant. When the lease comes to be renewed, however, the landlord commonly demands the same augmentation of rent, as if they had been all made by his own.

> HE fometimes demands rent for what is altogether incapable of human improvement. Kelp is a fpecies of fea-weed, which, when burnt, yields an alkaline falt, ufeful for making glafs, foap, and for feveral other purpofes. It grows in feveral parts of Great Britain, particularly in Scotland, upon fuch rocks only as lie within the high water mark, which are twice every day covered with the fea, and of which the produce, therefore, was never augmented by human induftry. The landlord, however, whofe eftate is bounded by a kelp fhore of this kind, demands a rent for it as much as for his corn fields.

> THE fea in the neighbourhood of the islands of Shetland is more than commonly abundant in fifh, which make a great part of the fubfiftence of their inhabitants. But in order to profit by the produce of the water, they must have a habitation upon the neighbouring land. The rent of the landlord is in proportion, not to what the farmer can make by the land, but to what he can make both by the land and the water. It is partly paid in fea fish; and one of the very few inftances in which rent makes a part of the price of that commodity, is to be found in that country.

> THE rent of land, therefore, confidered as the price paid for the use of the land, is naturally a monopoly price. It is not at all proportioned to what the landlord-may have laid out upon the improvement

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improvement of the land, or to what he can afford to take; but to $C \underset{XI}{H \land P}$. what the farmer can afford to give.

SUCH parts only of the produce of land can commonly be brought to market of which the ordinary price is fufficient to replace the flock which must be employed in bringing them thither, together with its ordinary profits. If the ordinary price is more than this, the furplus part of it will naturally go to the rent of the land. If it is not more, though the commodity may be brought to market, it can afford no rent to the landlord. Whether the price is, or is not more, depends upon the demand.

THERE are fome parts of the produce of land for which the demand must always be fuch as to afford a greater price than what is fufficient to bring them to market; and there are others for which it either may or may not be fuch as to afford this greater price. The former must always afford a rent to the landlord. The latter fometimes may, and fometimes may not, according to different circumftances.

RENT, it is to be observed, therefore, enters into the compofition of the price of commodities in a different way from wages and profit. High or low wages and profit, are the causes of high or low price; high or low rent is the effect of it. It is because high or low wages and profit must be paid, in order to bring a particular commodity to market, that its price is high or low. But it is because its price is high or low; a great deal more, or very little more, or no more, than what is sufficient to pay those wages and profit, that it affords a high rent, or a low rent, or no rent at all.

THE particular confideration, first, of those parts of the produce of land which always afford some rent; secondly, of those which sometimes BOOK fometimes may and fometimes may not afford rent; and, thirdly, of the variations which, in the different periods of improvement, naturally take place, in the relative value of those two different forts of rude produce, when compared both with one another, and with manufactured commodities, will divide this chapter into three parts.

PART. I.

Of the Produce of Land which always affords Rent:

A^S men, like all other animals, naturally multiply in proportion to the means of their fubfiftence, food is always, more or lefs, in demand. It can always purchafe or command a greater or fmalles quantity of labour, and fomebody can always be found who is willing to do fomething in order to obtain it. The quantity of labour, indeed, which it can purchafe, is not always equal to what it could maintain, if managed in the most economical manner; on account of the high wages which are fometimes given to labour. But it can always purchafe fuch a quantity of labour as it can maintain, according to the rate at which that fort of labour is commonly maintained in the neighbourhood.

But land, in almost any fituation, produces a greater quantity of food than what is fufficient to maintain all the labour neceffary for bringing it to market, in the most liberal way in which that labour is ever maintained. The furplus too is always more than fufficient to replace the stock which employed that labour, together with its profits. Something, therefore, always remains for a rent: to the landlord.

THE most defart moors in Norway and Scotland produce fome fort of pasture for cattle, of which the milk and the increase are 4, always. always more than fufficient, not only to maintain all the labour neceffary for tending them, and to pay the ordinary profit to the farmer or owner of the herd or flock; but to afford fome fmall rent to the landlord. The rent increases in proportion to the goodness of the pasture. The fame extent of ground not only maintains a greater number of cattle, but as they are brought within a smaller compas, less labour becomes requisite to tend them, and to collect their produce. The landlord gains both ways; by the increase of the produce, and by the diminution of the labour which must be maintained out of it.

THE rent of land varies with its fertility, whatever be its produce, and with its fituation, whatever be its fertility. Land in the neighbourhood of a town, gives a greater rent than land equally fertile in a diftant part of the country. Though it may coft no more labour to cultivate the one than the other, it must always cost more to bring the produce of the diftant land to market. A greater quantity of labour, therefore, must be maintained out of it; and the furplus, from which are drawn both the profit of the farmer and the rent of the landlord, must be diminished. But in remote parts of the country the rate of profit, as has already been shown, is generally higher than in the neighbourhood of a large town. A finaller proportion of this diminished furplus, therefore, must belong to the landlord.

GOOD roads, canals, and navigable rivers, by diminifhing the expence of carriage, put the remote parts of the country more nearly upon a level with those in the neighbourhood of the town. They are upon that account the greatest of all improvements. They encourage the cultivation of the remote, which must always be the most extensive circle of the country. They are advantageous to the town, by breaking down the monopoly of the country in its neighbourhood. CHAP.

XI.

BOOK neighbourhood. They are advantageous even to that part of the country. Though they introduce fome rival commodities into the old market, they open many new markets to its produce. Monopoly, befides, is a great enemy to good management, which can never be univerfally eftablished but in confequence of that free and univerfal competition which forces every body to have recours to it for the fake of felf-defence. It is not more than fifty years ago that fome of the counties in the neighbourhood of London, petitioned the parliament against the extension of the turnpike roads into the remoter counties. Those remoter counties, they pretended, from the cheapness of labour, would be able to fell their grafs and corn cheaper in the London market than themselves, and would thereby reduce their rents and ruin their cultivation. Their rents, however, have rifen, and their cultivation has been improved fince that time.

> A CORN field of moderate fertility produces a much greater quantity of food for man, than the beft pafture of equal extent. Though its cultivation requires much more labour, yet the furplus which remains after replacing the feed and maintaining all that labour, is likewife much greater. If a pound of butcher's meat, therefore, was never fuppofed to be worth more than a pound of bread, this greater furplus would every where be of greater value, and conftitute a greater fund both for the profit of the farmer and the rent of the landlord. It feems to have done fo univerfally in the rude beginnings of agriculture.

> But the relative values of those two different species of food, bread and butcher's-meat, are very different in the different periods of agriculture. In its rude beginnings, the unimproved wilds, which then occupy the far greater part of the country, are all abandoned to cattle. There is more butcher's-meat than bread, 7 and

and bread, therefore, is the food for which there is the greatest competition, and which confequently brings the greatest price. At Buenos Ayres, we are told by Ulloa, four reals, one and twenty pence halfpenny sterling, was, forty or fifty years ago, the ordinary price of an ox, chosen from a herd of two or three hundred. He fays nothing of the price of bread, probably because he found nothing remarkable about .it. An ox there, he fays, cofts little more than the labour of catching him. But corn can no where be raifed without a great deal of labour, and in a country which lies upon the river Plate, at that time the direct road from Europe to the filver mines of Potofi, the money price of labour could not be very cheap. It is otherwife when cultivation is extended over the greater part of the country. There is then more bread than butcher's-meat. The competition changes its direction, and the price of butcher's-meat becomes greater than the price of bread.

By the extension besides of cultivation, the unimproved wilds become infufficient to fupply the demand for butcher's-meat. A great part of the cultivated lands muft be employed in rearing and fattening cattle, of which the price, therefore, must be fufficient to pay, not only the labour necessary for tending them, but the rent which the landlord and the profit which the farmer could have drawn from fuch land employed in tillage. The cattle bred upon the most uncultivated moors, when brought to the fame market, are, in proportion to their weight or goodness, fold at the same price as those which are reared upon the most improved land. The proprietors of those moors profit by it, and raise the rent of their land in proportion to the price of their cattle. It is not more than a century ago that in many parts of the highlands of Scotland, butcher's-meat was as cheap or cheaper than even bread made of oatmeal. The union opened the market of England to the high-VOL. I. land B b

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BOOK L land cattle. Their ordinary price is at prefent about three times greater than at the beginning of the century, and the rents of many highland eftates have been tripled and quadrupled in the fame time. In almost every part of Great Britain a pound of the best butcher'smeat is, in the present times, generally worth more than two pounds of the best white bread; and in plentiful years it is sometimes worth three or four pounds.

> It is thus that in the progress of improvement the rent and profit of unimproved pasture come to be regulated in some measure by the rent and profit of what is improved, and these again by the rent and profit of corn. Corn is an annual crop. Butcher's-meat, a crop which requires four or five years to grow. As an acre of land, therefore, will produce a much smaller quantity of the one species of food than of the other, the inferiority of the quantity must be compensated by the superiority of the price. If it was more than compensated, more corn land would be turned into pasture; and if it was not compensated, part of what was in pasture would be brought back into corn.

> THIS equality, however, between the rent and profit of grafs and those of corn; of the land of which the immediate produce is food for cattle, and of that of which the immediate produce is food for men; must be understood to take place only through the greater part of the improved lands of a great country. In fome particular local fituations it is quite otherwise, and the rent and profit of grafs are much superior to what can be made by corn.

> THUS in the neighbourhood of a great town, the demand for milk and for forage to horfes, frequently contribute, along with the high price of butcher's-meat, to raife the value of grafs above what may be called its natural proportion to that of corn. This 7 local

CHAP. local advantage, it is evident, cannot be communicated to the lands at a distance.

PARTICULAR circumstances have sometimes rendered some countries fo populous, that the whole territory, like the lands in the neighbourhood of a great town, has not been fufficient to produce. both the grass and the corn necessary for the sublistence of their Their lands, therefore, have been principally eminhabitants. ployed in the production of grafs, the more bulky commodity, and which cannot be fo eafily brought from a great diftance; and corn, the food of the great body of the people, has been chiefly imported from foreign countries. Holland is at prefent in this fituation, and a confiderable part of antient Italy feems to have been fo during the prosperity of the Romans. To feed well, old Cato faid, as we are told by Cicero, was the first and most profitable thing in the management of a private eftate; to feed tolerably well, the fecond; and to feed ill, the third. To plough, he ranked only in the fourth place of profit and advantage. Tillage, indeed, in that part of antient Italy which lay in the neighbourhood of Rome, must have been very much difcouraged by the diftributions of corn which were frequently made to the people, either gratuitoufly, or at a very low This corn was brought from the conquered provinces, of price. which feveral, instead of taxes, were obliged to furnish a tenth part of their produce at a stated price, about fixpence a peck, to the republick. The low price at which this corn was diffributed to the people, must necessarily have funk the price of what could be brought to the Roman market from Latium, or the antient territory of Rome, and must have discouraged its cultivation in that country.

In an open country too, of which the principal produce is corn, a well enclosed piece of grafs will frequently rent higher than any Bb 2 corn X1.

BOOK I. Corn field in its neighbourhood. It is convenient for the maintenance of the cattle employed in the cultivation of the corn, and its high rent is, in this cafe, not fo properly paid from the value of its own produce, as from that of the corn lands which are cultivated by means of it. It is likely to fall, if ever the neighbouring lands are compleatly enclosed. The prefent high rent of enclosed land in Scotland feems owing to the fearcity of enclosure, and will probably laft no longer than that fearcity. The advantage of enclosure is greater for pasture than for corn. It faves the labour of guarding the cattle, which feed better too when they are not liable to be disturbed by their keeper or his dog.

> BUT where there is no local advantage of this kind, the rent and profit of corn, or whatever elfe is the common vegetable food of the people, must naturally regulate, upon the land which is fit for producing it, the rent and profit of pasture.

THE use of the artificial graffes, of turnips, carrots, cabbages, and the other expedients which have been fallen upon to make an equal quantity of land feed a greater number of cattle than when in natural grafs, should fomewhat reduce, it might be expected, the fuperiority which, in an improved country, the price of butcher's-meat naturally has over that of bread. It feems accordingly to have done fo; and there is fome reason for believing that, at least in the London market, the price of butcher's meat in proportion to the price of bread is a good deal lower in the prefent times than it was in the beginning of the last century.

IN the appendix to the Life of prince Henry, Doctor Birch has given us an account of the prices of butcher's meat as commonly paid by that prince. It is there faid, that the four quarters of of an ox weighing fix hundred pounds ufually coft him nine CHAP. pounds ten fhillings or thereabouts; that is, thirty-one fhillings and eight pence per hundred pounds weight. Prince Henry died on the 6th of November, 1612, in the nineteenth year of his age.

IN March, 1764, there was a parliamentary enquiry into the caufes of the high price of provisions at that time. It was then, among other proof to the fame purpofe, given in evidence by a Virginia merchant, that in March, 1763, he had victualled his fhips for twenty-four or twenty-five fhillings the hundred weight of beef, which he confidered as the ordinary price; whereas, in that dear year he had paid twenty-feven fhillings for the fame weight and fort. This high price in 1764, is, however, four fhillings and eight-pence cheaper than the ordinary price paid by prince Henry; and it is the beft beef only, it must be observed, which is fit to be falted for those distant voyages.

THE price paid by prince Henry amounts to $3\frac{4}{5}d$. per pound weight of the whole carcafe, coarfe and choice pieces taken together; and at that rate the choice pieces could not have been fold by retail for lefs than $4\frac{1}{5}d$. or 5d. the pound.

In the parliamentary enquiry in 1764, the witneffes flated the price of the choice pieces of the beft beef to be to the confumer 4d. and $4\frac{1}{4}d$, the pound; and the coarfe pieces in general to be from feven farthings to $2\frac{1}{2}d$, and $2\frac{3}{4}d$; and this they faid was in general one half-penny dearer than the fame fort of pieces had ufually been fold in the month of March. But even this high price is ftill a good deal cheaper than what we can well fuppofe, the ordinary retail price to have been in the time of prince. Henry.

DURING

BOOK DURING the twelve first years of the last century, the average price of the best wheat at the Windsor market was 1/. 18s. $3\frac{1}{s}d_{\infty}$ the quarter of nine Winchester bushels.

But in the twelve years preceeding 1764, including that year, the average price of the fame measure of the best wheat at the fame market was 2*l*. 1 s. $9\frac{1}{2}d$.

In the twelve first years of the last century, therefore, wheat appears to have been a good deal cheaper, and butchers meat a good deal dearer than in the twelve years preceeding 1764, including that year.

IN all great countries the greater part of the cultivated lands are employed in producing either food for men or food for cattle. The rent and profit of these regulate the rent and profit of all other cultivated land. If any particular produce afforded less, the land would foon be turned into corn or pasture; and if any afforded more, fome part of the lands in corn or pasture would foon be turned to that produce.

THOSE productions, indeed, which require either a greater original expence of improvement, or a greater annual expence of cultivation, in order to fit the land for them, appear commonly to afford, the one a greater rent, the other a greater profit than corn or pafture. This fuperiority, however, will feldom be found to amount to more than a reafonable intereft or compensation for this fuperior expence.

IN a hop garden, a fruit garden, a kitchen garden, both the rent of the landlord, and the profit of the farmer, are generally greater than in a corn or grass field. But to bring the ground into this this condition requires more expence. Hence a greater rent becomes due to the landlord. It requires too a more attentive and fkilful management. Hence a greater profit becomes due to the farmer. The crop too, at leaft in the hop and fruit garden, is more precarious. Its price, therefore, befides compenfating all occafional loffes, muft afford fomething like the profit of infurance. The circumftances of gardeners, generally mean, and always moderate, may fatisfy us that their great ingenuity is not commonly over-recompenfed. Their delightful art is practifed by fo many rich people for amufement, that little advantage is to be made by thofe who practife it for profit; becaufe the perfons who fhould naturally be their beft cuftomers, fupply themfelves with all their moft precious productions.

THE advantage which the landlord derives from fuch improvements feems at no time to have been greater than what was fufficient to compendate the original expence of making them. lnthe antient husbandry, after the vineyard, a well watered kitchen garden feems to have been the part of the farm which was fupposed to yield the most valuable produce. But Democritus, who wrote upon hufbandry about two thousand years ago, and who was regarded by the antients as one of the fathers of the art. thought they did not act wifely who enclosed a kitchen garden. The profit, he faid, would not compenfate the expence of a ftone wall; and bricks (he meant, I fuppofe, bricks baked in the fun) mouldered with the rain, and the winter ftorm, and required continual repairs. Columella, who reports this judgement of Democritus, does not controvert it, but propofes a very frugal. method of enclosing with a hedge of thorns and briars, which, he fays, he had found by experience to be both a lafting and an impenetrable fence; but which, it feems, was not commonly known in the time of Democritus. Palladius adopts the opinion of Columella,

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BOOK Columella, which had before been recommended by Varro. In the judgement of those antient improvers, the produce of a kitchen garden had, it feems, been little more than fufficient to pay the extraordinary culture and the expence of watering; for in countries fo near the fun, it was thought proper, in those times as in the prefent, to have the command of a ftream of water, which could be conducted to every bed in the garden. Through the greater part of Europe, a kitchen garden is not at prefent fuppofed to deferve a better enclofure than that recommended by Columella. In Great Britain, and fome other northern countries, the finer fruits cannot be brought to perfection but by the affiftance of a wall. Their price, therefore, in fuch countries must be fufficient to pay the expence of building and maintaining what they cannot be had without. The fruit-wall frequently furrounds the kitchen garden, which thus enjoys the benefit of an inclofure which its own produce could feldom pay for.

> THAT the vineyard, when properly planted and brought to perfection, was the most valuable part of the farm, seems to have been an undoubted maxim in the antient agriculture, as it is in the modern through all the wine countries. But whether it was advantageous to plant a new vineyard, was a matter of dispute among the antient Italian husbandmen, as we learn from Columella. He decides, like a true lover of all curious cultivation, in favour of the vineyard, and endeavours to flow, by a comparifon of the profit and expence, that it was a most advantageous improvement. Such comparisons, however, between the profit and expense of new projects, are commonly very fallacious; and in nothing more fo than in agriculture. Had the gain actually made by fuch plantations been commonly as great as he imagined it might have been, there could have been no difpute about it. The fame point is frequently at this day a matter of controverfy in

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in the wine countries. Their writers on agriculture, indeed, the CHAP. lovers and promoters of high cultivation, feem-generally difpofed u to decide with Columella in favour of the vineyard. In France the anxiety of the proprietors of the old vineyards to prevent the planting of any new ones, feems to favour their opinion, and to indicate a confcioufnefs in those who must have the experience, that this fpecies of cultivation is at prefent in that country more profitable than any other. It feems at the fame time, however, to indicate another opinion, that this fuperior profit can last no longer than the laws which at present restrain the free In 1731, they obtained an order of cultivation of the vine. council prohibiting both the planting of new vineyards, and the renewal of those old ones of which the cultivation had been interrupted for two years; without a particular permiffion from the king, to be granted only in confequence of an information from the intendant of the province, certifying that he had examined the land, and that it was incapable of any other culture. The pretence of this order was the fcarcity of corn and pasture, and the fuper-abundance of wine. But had this fuper-abundance been real, it would, without any order of council, have effectually prevented the plantation of new vineyards, by reducing the profits of this fpecies of cultivation below their natural proportion to those of corn and pasture. With regard to the supposed scarcity of corn occafioned by the multiplication of vineyards, corn is no where in France more carefully cultivated than in the wine provinces, where the land is fit for producing it; as in Burgundy, Guienne, and the Upper Languedoc. The numerous hands employed in the one fpecies of cultivation neceffarily encourage the other, by affording a ready market for its produce. To diminish the number of these who are capable of paying for it, is furely a most unpromising expedient for encouraging the cultivation of corn. It is like the policy VOL. I. Сc

BOOK policy which would promote agriculture by difcouraging manu-🖌 factures.

> THE rent and profit of those productions, therefore, which require either a greater original expense of improvement in order to fit the land for them, or a greater annual expence of cultivation, though often much superior to those of corn and pasture, yet when they do no more than compensate such extraordinary expence, are in reality regulated by the rent and profit of those common crops.

> IT fometimes, happens, indeed, that the quantity of land which can be fitted for fome particular produce, is too fmall tofupply the effectual demand. The whole produce can be difpofed of to those who are willing to give fomewhat more than what is fufficient to pay the whole rent, wages, and profit neceffary for raifing and bringing it to market, according to their natural rates, or according to the rates at which they are paid in the greater part of other cultivated land. The furplus part of the price which remains after defraying the whole expence of improvement and cultivation may commonly, in this cafe, and in this cafe only, bear no regular proportion to the like furplus in corn or pafture, but may exceed it in almost any degree; and: the greater part, of this excels naturally goes to the rent of the landlord. (T, ne r 5 11 14

> ' THE usual and natural proportion, for example, between the rent and profit of wine and those of corn and pasture, must be underftood to take place only with regard to those vineyards which produce nothing but good common wine, fuch as can be raifed. almost any where upon any light, gravelly, or fandy foil, and which has nothing to recommend it but its ftrength and wholefomnefs.

nefs. It is with fuch vineyards only that the common land of the CHAP. country can be brought into competition; for with those of a peculiar quality it is evident that it cannot.

THE vine is more affected by the difference of foils than any other fruit tree. From some it derives a flavour which no culture or management can equal, it is supposed, upon any other. This flavour, real or imaginary, is fometimes peculiar to the produce of. a few vineyards; fometimes it extends through the greater part of a fmall diffrict, and fometimes through a confiderable part of a . large province. The whole quantity of fuch wines that is brought to market falls fhort of the effectual demand, or the demand of those who would be willing to pay the whole rent, profit, and wages neceffary for preparing and bringing them thither, according to the ordinary rate, or according to the rate at which they are paid in common vineyards. The whole quantity, therefore, can be difpofed of to those who are willing to pay more, which neceffarily raifes their price above that of common wine. The difference is greater or lefs according as the fashionableness and fcarcity of the wine render the competition of the buyers more or lefs eager. Whatever it be, the greater part of it goes to the rent of the landlord. For though fuch vineyards are in general more carefully cultivated than most others, the high price of the wine feems to be, not fo much the effect, as the caufe of this careful cultivation. In fo valuable a produce the lofs occafioned by negligence is fo great as to force even the most careless to attention. A small part of this high price, therefore, is fufficient to pay the wages of the extraordinary labour bestowed upon their cultivation, and the profits of the extraordinary flock which puts that labour into motion.

THE fugar colonies posses by the European nations in the West Indies, may be compared to those precious vineyards. Their C c 2 whole

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BOOK whole produce falls flort of the effectual demand of Europe, and can be difposed of to those who are willing to give more than whatis fufficient to pay the whole rent, profit, and wages necessary for preparing and bringing it to market, according to the rate at which they are commonly paid by any other produce. In Cochin-china the fineft white fugar commonly fells for three piastres the quintal, about thirteen shillings and fixpence of our money, as we are told by Mr. Poivre, a very careful observer of the agriculture of that country. What is there called the quintal weighs from a hundred. and fifty to two hundred Paris pounds, or a hundred and feventy-five Paris pounds at a medium, which reduces the price of the? hundred weight English to about eight shillings sterling, not as fourth part of what is commonly paid for the brown or muskavada. fugars imported from our colonies, and not a fixth part of what: is paid for the fineft white fugar. The greater, part of the cultivated lands in Cochin-china are employed in producing corn and rice, the food of the great body of the people. The respective: prices of corn, rice, and fugar, are there probably in the natural. proportion, or in that which naturally takes place in the different crops of the greater part of cultivated land, and which recompences the landlord and farmer, as nearly as can be computed, according: to what is usually the original expense of improvement and the annual expence of cultivation. But in our fugar colonies the price. of fugar bears no fuch proportion to that of the produce of a rice. or corn field either in Europe or in America. It is commonly faid? that a fugar planter expects that the rum and the molaffes fhould defray the whole expense of his cultivation, and that his fugarshould be all clear profit. If this be true, for I pretend not toy affirm it, it is as if a corn farmer expected, to defray the expence? of his cultivation with the chaff and the ftraw, and that the grain rfhould be all clear profit. We fee frequently focieties of merchants,^t in London and other trading towns, purchase waste lands in our

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fugar colonies, which they expect to improve and cultivate with profit C H A P. by means of factors and agents; notwithstanding the great distance and the uncertain returns, from the defective administration of justice in those countries. Nobody will attempt to improve and cultivate in the fame manner the most fertile lands of Scotland; Ireland, or the corn provinces of North America; though from the more exact administration of justice in these countries, more regular returns might be expected.

In-Virginia and Maryland the cultivation of tobacco is preferred, as more profitable; to that of corn. Tobacco might: be cultivated with advantage through the greater part of Europe; but in almost every part of Europe it has become a principal fubject of taxation, and to collect a tax from every-different farm in the country where this plant might happen to bet. aultivated, would be more difficult; it has been fuppofed, than to. levy one upon its importation at the custom-house. The cultivation of tobacco has upon this account been most absurdly prohibited through the greater part of Europe, which neceffarily gives at fort of monopoly to the countries where it is allowed; and as Virginia and Maryland produce the greatest quantity of it, they sharelargely, though with fome competitors, in, the advantage of this, monopoly. The cultivation of tobacco, however, b feems not to a be fo advantageous as that of fugar. I have never even heard of any tobacco, plantation that was improved and cultivated by the capital of merchants who refided in Great Britain, and our tobacco, colonies fend us home no fuch wealthy planters as we fee frequently arrive from our fugar islands. Though from the preferencegiven in those colonies to the cultivation of tobacco above that of corn, it would appear that the effectual demand of. Europe for. tobacco is not compleatly fupplied, it probably is more nearly fothan, that for fugar: And though the prefent price of tobacco is a probably more than fufficient to pay the whole rent, wages, and. profit

BOOK profit neceffary for preparing and bringing it to market, according to the rate at which they are commonly paid in corn land; it must not be fo much more as the prefent price of fugar. Our tobacco planters, accordingly, have flewn the fame fear of the fuper-abundance of tobacco, which the proprietors of the old vineyards in France have of the super-abundance of wine. By act of affembly they have reftrained its cultivation to fix thousand plants, supposed to yield a thousand weight of tobacco, for every negro between fixteen and fixty years of age. Such a negro, over and above this quantity of tobacco, can manage, they reckon, four acres of Indian corn. To prevent the market from being overftocked too, they have fometimes, in plentiful years, we are told by Dr. Douglafs, (I fuspect he has been ill informed) burnt a certain quantity of tobacco for every negro, in the fame manner as the Dutch are faid to do of fpices. If fuch violent methods are neceffary to keep up the prefent price of tobacco, the fuperior advantage of its culture over that of corn, if it still has any, will not probably be of long continuance.

> It is in this manner that the rent of the cultivated land, of which the produce is human food, regulates the rent of the greater part of other cultivated land. No particular produce can long afford lefs; becaufe the land would immediately be turned to another -ufe: And if any particular produce commonly affords more, it is becaufe the quantity of land which can be fitted for it is too fmall to fupply the effectual demand.

> IN Europe corn is the principal produce of land which ferves immediately for human food. Except in particular fituations, therefore, the rent of corn land regulates in Europe that of all other cultivated land. Britain need envy neither the vineyards of France nor the olive plantations of Italy. Except in particular fituations,

fituations, the value of thefe is regulated by that of corn, in which C H A P. the fertility of Britain is not much inferior to that of either of those two countries.

IF in any country the common and favourite vegetable food of the people fhould be drawn from a plant of which the most common land, with the fame or nearly the fame culture, produced a much greater quantity than the most fertile does of corn, the rent of the landlord, or the furplus quantity of food which would remain to him, after paying the labour and replacing the flock of the farmer together with its ordinary profits, would necesfarily be much greater. Whatever was the rate at which labour was commonly maintained in that country, this greater furplus could always maintain a greater quantity of it, and confequently enable the landlord to purchase or command a greater quantity of it. The real value of his rent, his real power and authority, his command of the necessaries and conveniencies of life with which the labourof other people could fupply him, would neceffarily be muchgreater.

A RICE field produces a much greater quantity of food than the most fertile corn field. Two crops in the year from thirty to fixty bushels each, are faid to be' the ordinary produce of an acre. Though its cultivation, therefore, requires more labour, a much greater furplus remains after maintaining all that labour. In those rice countries, therefore, where rice is the common and favourite vegetable food of the people, and where the cultivators are chiefly maintained with it, a greater fhare of this greater furplus should belong to the landlord than in corn countries. In. Carolina, where the planters, as in other British colonies, are generally both farmers and landlords, and where rent confequently is. confounded with profit, the cultivation of rice is found to be more: profitable:

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BOOK profitable than that of corn, though their fields produce only one crop in the year, and though, from the prevalence of the cuftoms of Europe, rice is not there the common and favourite vegetable food of the people.

> A GOOD rice field is a bog at all feafons, and at one feafon a bog covered with water. It is unfit either for corn, or pafture, or vineyard, or, indeed, for any other vegetable produce that is very ufeful to men : And the lands which are fit for those purposes, are not fit for rice. Even in the rice countries, therefore, the rent of rice lands cannot regulate the rent of the other cultivated land which can never be turned to that produce.

> THE food produced by a field of potatoes is not inferior in quantity to that produced by a field of rice, and much fuperior to what is produced by a field of wheat. Twelve thousand weight of potatoes from an acre of land is not a greater produce than two thousand weight of wheat. The food or folid nourishment, indeed, which can be drawn from each of those two plants, is not altogether in proportion to their weight, on account of the watery nature of potatoes. Allowing, however, half the weight of this root to go to water, a very large allowance, fuch an acre of potatoes will still produce fix thousand weight of solid nourishment, three times the quantity produced by the acre of wheat. An acre of potatoes is cultivated with lefs expence than an acre of wheat; the fallow which generally preceeds the fowing of wheat, more than compenfating the hoeing and other extraordinary culture which is always given to potatoes. Should this root ever become in any part of Europe, like rice in fome rice countries, the common and favourite vegetable food of the people, fo as to occupy the fame proportion of the lands in tillage which wheat and other forts of grain for human food do at prefent, the fame quantity of cultivated

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vated land would maintain a much greater number of people, CHAP. and the labourers being generally fed with potatoes, a greater furplus would remain after replacing all the ftock and maintaining all the labour employed in cultivation. A greater fhare of this furplus too would belong to the landlord. Population would increase, and rent's would rife much beyond what they are at prefent.

THE land which is fit for potatoes, is fit for almost every other useful vegetable. If they occupied the same proportion of cultivated land which corn does at present, they would regulate, in the same manner, the rent of the greater part of other cultivated land.

IN fome parts of Lancashire it is pretended, I have been told, that bread of óatmeal is a heartier food for labouring people than wheaten bread, and I have frequently heard the fame doctrine held in Scotland. I am, however, fomewhat doubtful of the truth of it. The common people in Scotland, who are fed with oatmeal, are in general neither fo ftrong nor fo handfome as the fame rank of people in England, who are fed with wheaten bread. They neither work fo well nor look fo well; and as there is not the fame difference between the people of fashion in the two countries, experience would feem to fhow, that the food of the common people in Scotland is not fo fuitable to the liuman conflictution as that of their neighbours of the fame rank in England. But it feems to be otherwife with potatoes. The chairmen, porters, and coallieavers in London, and those unfortunate women who live by proftitution; the ftrongeft men and the most beautiful women perhaps in the British dominions, are faid to be, the greater part of them; from the loweft rank of people in Ireland, who are generally fed with this root. No food can afford a more de-VOL. I. D d cifive

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BOOK cifive proof of its nourifhing quality, or of its being peculiarly fuitable to the health of the human conftitution.

> IT is difficult to preferve potatoes through the year, and impoffible to ftore them like corn, for two or three years together. The fear of not being able to fell them before they rot, difcourages their cultivation, and is, perhaps, the chief obftacle to their ever becoming in any great country, like bread, the principal vegetable food of all the different ranks of the people.

PART II.

Of the Produce of Land which fometimes does, and fometimes does: not, afford Rent.

HUMAN food feems to be the only produce of land which. always and neceffarily affords fome rent to the landlord. Other forts of produce fometimes may and fometimes may not, according to different circumstances.

AFTER food, cloathing and lodging are the two great wants of: mankind.

LAND in its original rude state can afford the materials of cloathing and lodging to a much greater number of people than it can feed. In its improved state it can fometimes feed a greater number of people than it can fupply with those materials, at least: in the way in which they require them, and are willing to payfor them. In the one state, therefore, there is always a superabundance of those materials, which are frequently upon that: account of little or no value. In the other there is often a fcarcity, which neceffarily augments their value. In the one state a great, part

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part of them is thrown away as useles, and the price of what is used C HAP. is confidered as equal only to the labour and expence of fitting it for ufe, and can, therefore, afford no rent to the landlord. In the other they are all made use of, and there is frequently a demand for more than can be had. Somebody is always willing to give more for every part of them than what is fufficient to pay the expence of bringing them to market. Their price, therefore, can always afford fome rent to the landlord.

THE fkins of the larger animals were the original materials of cloathing. Among nations of hunters and shepherds, therefore, whole food confifts chiefly in the flesh of those animals, every man by providing himfelf with food, provides himfelf with the materials of more cloathing than he can wear. If there was no foreign commerce, the greater part of them would be thrown away as things of no value. This was probably the cafe among the hunting nations of North America, before their country was discovered by the Europeans, with whom they now exchange their furplus peltry, for blankets, fire-arms, and brandy, which gives it fome value. In the prefent commercial state of the known world, the most barbarous nations, I believe, among whom land property is established, have some foreign commerce of this kind, and find among their wealthier neighbours fuch a demand for all the materials of cloathing, which their land produces, and which can neither be wrought up nor confumed at home, as raifes their price above what it costs to fend them thither. It affords, therefore, fome rent to the landlord. When the greater part of the highland cattle were confumed on their own hills, the exportation of their hides made the most confiderable article of the commerce of that country, and what they were exchanged for afforded fome addition to the rent of the highland eftates. The wool of England, which in old times could neither be confumed nor wrought up at home, 'found

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BOOK I. found a market in the then wealthier and more industrious country of Flanders, and its price afforded fomething to the rent of the land which produced it. In countries not better cultivated than England was then, or than the highlands of Scotland are now, and which had no foreign commerce, the materials of cloathing would evidently be fo fuper-abundant, that a great part of them would be thrown away as ufelefs, and no part could afford any rent to the landlord.

> THE materials of lodging cannot always be transported to fo great a diftance as those of cloathing, and do not fo readily become an object of foreign commerce. When they are fuper-abundant in the country which produces them, it frequently happens, even in the prefent commercial state of the world, that they are of no value to the landlord. A good frome quarry in the neighbourhood of London would afford a confiderable rent. In many parts of Scotland and Wales it affords none. Barren timber for building is of great value in a populous and wellcultivated country, and the land which produces it, affords a confiderable rent. But in many parts of North America the landlord would be much obliged to any body who would carry away the greater part of his large trees. In fome parts of the highlands of Scotland the bark is the only part of the wood which, for want of roads and water-carriage, can be fent to market. The timber is left to rot upon the ground. When the materials of lodging are fo fuper-abundant, the part made use of is worth only the labour and expence of fitting it for that ule. It affords no rent to the landlord, who generally grants the use of it to whoever takes the trouble of asking it. The demand of wealthier nations, however, fometimes enables him to get a rent for it. The paving of the streets of London has enabled the owners of some barren rocks on the coaft of Scotland to draw a rent from what never afforded 7

forded any before. The woods of Norway and of the coafts of CHAP. the Baltick, find a market in many parts of Great Britain which they could not find at home, and thereby afford fome rent to their proprietors.

COUNTRIES are populous, not in proportion to the number of people whom their produce can cloath and lodge, but in proportion to that of those whom it can feed. When food is provided, it is eafy to find the neceffary cloathing and lodging. But though these are at hand, it may often be difficult to find food. In fome parts even of the British dominions what is called A House, may be built by one day's labour of one man. The simplest species of cloathing, the skins of animals, requires somewhat more labour to dress and prepare them for use. They do not, however, require a great deal. Among savage and barbarous nations, a hundredth or little more than a hundredth part of the labour of the whole year, will be sufficient to provide them with such cloathing and lodging as satisfy the greater part of the people. All the other ninety-nine parts are frequently no more than enough to provide them with food.

BUT when by the improvement and cultivation of land the labour of one family can provide food for two, the labour of half the fociety becomes fufficient to provide food for the whole. The other half, therefore, or at leaft the greater part of them, can be employed in providing other things, or in fatisfying the other wants and fancies of mankind. Cloathing and lodging, houfehold furniture, and what is called Equipage, are the principal objects of the greater part of those wants and fancies. The rich man confumes no more food than his poor neighbour. In quality it may be very different, and to felect and prepare it may require more labour and art; but in quantity it is very nearly the fame. But compare BOOK compare the fpacious palace and great wardrobe of the one, with - the hovel and the few rags of the other, and you will be fenfible that the difference between their cloathing, lodging, and houfehold furniture, is almost as great in quantity as it is in quality. The defire of food is limited in every man by the narrow capacity of the human ftomach; but the defire of the conveniencies and ornaments of building, drefs, equipage, and household furniture, feems to have no limit or certain boundary. Thofe, therefore, who have the command of more food than they themfelves can confume, are always willing to exchange the furplus, or, what is the fame thing, the price of it, for gratifications of this other kind. What is over and above fatisfying the limited defire, is given for the amufement of those defires which cannot be fatisfied, but feem to be altogether endlefs. The-poor, in order to obtain food, exert themseves to gratify those fancies of the rich, and to obtain it more certainly, they vie with one another in the cheapness and perfection of their work. The number of workmen increafes with the increasing quantity of food, or with the growing improvement and cultivation of the lands; and as the nature of their bufinefs admits of the utmost fubdivisions of labour, the quantity of materials which they can work up, increases in a much greater proportion than their numbers. Hence arifes a demand for every fort of material which human invention can employ, either usefully or ornamentally in building, drefs, equipage, or household furniture; for the foffils and minerals contained in the bowels of the earth; the precious metals, and the precious flones.

> FOOD is in this manner, not only the original fource of rent, but every other part of the produce of land which afterwards affords rent, derives that part of its value from the improvement of the powers of labour in producing food by means of the improvement and cultivation of land.

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THOSE other parts of the produce of land, however, which CHAP. afterwards afford rent, do not afford it always. Even in improved and cultivated countries, the demand for them is not always fuch as to afford a greater price than what is fufficient to pay the labour, and replace, together with its ordinary profits, the flock which muft be employed in bringing them to market. Whether. it is or is not fuch, depends upon different circumftances.

WHETHER a coal-mine, for example, can afford any rent,. depends partly upon its fertility, and partly upon its fituation.

A MINE of any kind may be faid to be either fertile or barren, according as the quantity of mineral which can be brought from it by a certain quantity of labour, is greater or lefs than what: can be brought by an equal quantity from the greater part of othermines of the fame kind.

Some coal-mines advantageoufly fituated; cannot be wrought: on account of their barrennefs. The produce does not pay the expence. They can afford neither profit nor rent.

THERE are fome of which the produce is barely fufficient to pay the labour, and replace, together with its ordinary profits, the ftock employed in working them. They afford fome profit to the undertaker of the work, but no rent to the landlord. They can be wrought advantageoufly by nobody but the landlord, who being himfelf undertaker of the work, gets the ordinary profit of the capital which he employs in it. Many coal-mines in Scotland are. wrought in this manner, and can be wrought in no other. The landlord will allow no body elfe to work them without paying fome: rent, and no body can afford to pay any.

OTHER:

BOOK OTHER coal-mines in the fame country fufficiently fertile, cannot be wrought on account of their fituation. A quantity of mineral fufficient to defray the expence of working, could be brought from the mine by the ordinary, or even lefs than the ordinary quantity of labour : But in an inland country, thinly inhabited, and without either good roads or water-carriage, this quantity could not be fold.

> COALS are a lefs agreeable fewel than wood: they are faid too to be less wholefome. The expence of coals, therefore, at the place where they are confumed, must generally be fomewhat lefs than that of wood.

THE price of wood again varies with the state of agriculture, nearly in the fame manner, and exactly for the fame reason, as the price of cattle. In its rude beginnings, the greater part of every country is covered with wood, which is then a mere incumbrance of no value to the landlord, who would gladly give it to any body for the cutting. As agriculture advances, the woods are partly cleared. by the progress of tillage, and partly go to decay in confequence of the increased number of cattle. These, though they do not increase in the fame proportion as corn, which is altogether the acquisition of human industry, yet multiply under the care and protection of men; who ftore up in the feafon of plenty what may maintain' them in that of fcarcity, who through the whole year furnish them with a greater quantity of food than uncultivated nature provides for them, and who by deftroying and extirpating their enemies, fecure them in the free enjoyment of all that the provides. Numerous herds of cattle, when allowed to wander through the woods, though they do not deftroy the old trees, hinder any young ones from coming up, fo that in the course of a century or two the whole foreft goes to ruin. The fcarcity of wood then raifes its price.

I.

price. It affords a good rent, and the landlord fometimes finds CHAP. that he can fcarce employ his beft lands more advantageoufly than u in growing barren timber, of which the greatness of the profit often compensates the lateness of the returns. This seems in the prefent times to be nearly the ftate of things in feveral parts of Great Britain, where the profit of planting is found to be equal to that of either corn or pasture. The advantage which the landlord derives from planting, can no where exceed, at least for any confiderable time, the rent which these could afford him; and in an inland country which is highly cultivated, it will frequently not fall much short of this rent. Upon the fea-coast of a well improved country, indeed, if it can conveniently get coals for fewel, it may fometimes be cheaper to bring barren timber for building from less cultivated foreign countries, than to raife it at home. In the new town of Edinburgh, built within these few years, there is not, perhaps, a fingle flick of Scotch timber.

WHATEVER may be the price of wood, if that of coals is fuch that the expence of a coal-fire is nearly equal to that of a wood one, we may be affured, that at that place, and in these circumstances, the price of coals is as high as it can be. It feems to be fo in fome of the inland parts of England, particularly in Oxfordshire, where it is usual, even in the fires of the common people, to mix coals and wood together, and where the difference in the expence of those two forts of fewel cannot, therefore, be very great.

COALS, in the coal countries, are every where much below this highest price. If they were not, they could not bear the expence of a diftant carriage, either by land or by water. A fmall quantity only could be fold, and the coal mafters and coal proprietors find it more for their interest to sell a great quantity at a price somewhat above the loweft, than a fmall quantity at the higheft. The Vol. I. Еe moft

XI.

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BOOK moft fertile coal-mine too, regulates the price of coals at all the other mines in its neighbourhood. Both the proprietor and the undertaker of the work find, the one that he can get a greater rent, the other that he can get a greater profit, by fomewhat underfelling all their neighbours. Their neighbours are foon obliged to fell at the fame price, though they cannot fo well afford it, and though it always diminifhes, and fometimes takes away altogether both their rent and their profit. Some works are abandoned altogether; others can afford no rent, and can be wrought only by the proprietor.

> THE loweft price at which coals can be fold for any confiderable time, is like that of all other commodities, the price which is barely fufficient to replace, together with its ordinary profits, the ftock which muft be employed in bringing them to market. At a coal-mine for which the landlord can get no rent, but which he muft either work himfelf or let it alone altogether, the price of coals muft generally be nearly about this price.

> RENT, even where coals afford one, has generally a fmaller fhare in their price than in that of most other parts of the rude produce of land. The rent of an estate above ground, commonly amounts to what is supposed to be a third of the gross produce; and it is generally a rent certain and independent of the occasional variations in the crop. In coal-mines a fifth of the gross produce is a very great rent; a tenth the common rent, and it is feldom a rent certain, but depends upon the occasional variations in the produce. These are so great, that in a country where thirty years. purchase is confidered as a moderate price for the property of a landed estate, ten years purchase is regarded as a good price for that of a coal-mine.

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THE value of a coal-mine to the proprietor depends frequently CHAP. as much upon its fituation as upon its fertility. That of a metallick mine depends more upon its fertility, and lefs upon its fituation. The coarfe, and still more the precious metals, when separated from the ore, are fo valuable that they can generally bear the expence of a very long land, and of the most distant sea-carriage. Their market is not confined to the countries in the neighbourhood of the mine, but extends to the whole world. The copper of Japan makes an article in the commerce of Europe; the iron of Spain in that of Chili and Peru. The filver of Peru finds its way, not . only to Europe, but from Europe to China.

THE price of coals in Westmoreland or Shropshire can have little effect on their price at Newcastle; and their price in the Lionnois can have none at all. The productions of fuch diftant coal-mines can never be brought into competition with one another. But the productions of the most distant metallick mines frequently may, and in fact commonly are. The price, therefore, of the coarfe, and still more that of the precious metals, at the most fertile mines in the world, must necessarily more or less affect their price at every other in it. The price of copper in Japan must have fome influence upon its price at the copper mines in Europe. The price of filver in Peru, or the quantity either of labour or of other goods which it will purchase there, must have some influence on its price, not only at the filver mines of Europe, but at those of China. After the difcovery of the mines of Peru, the filver mines of Europe were, the greater part of them, abandoned. The value of filver was fo much reduced that their produce could no longer pay the expence of working them, or replace, with a profit, the food, cloaths, lodging, and other necessaries which were confumed in that operation. This was the cafe too with the mines of Cuba and St. Domingo, and even with the antient mines of Peru, after the difcovery of those of Potofi.

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XI.

BOOK I. THE price of every metal at every mine, therefore, being regulated in fome measure by its price at the most fertile mine in the world that is actually wrought, it can at the greater part of mines do very little more than pay the expence of working, and can feldom afford a very high rent to the landlord. Rent, accordingly, feems at the greater part of mines to have but a fmall share in the price of the coarse, and a still smaller in that of the precious metals. Labour and profit make up the greater part of both.

> A SIXTH part of the groß produce may be reckoned the average rent of the tin mines of Cornwal, the most fertile that are known in the world, as we are told by the Reverend Mr. Borlace, vice-warden of the stannaries. Some, he says, afford more, and fome do not afford so much. A fixth part of the groß produce is the rent too of several very fertile lead mines in Scotland.

> In the filver mines of Peru, we are told by Frezier and Ulloa, the proprietor frequently exacts no other acknowledgement from the undertaker of the mine, but that he will grind the ore at his mill, paying him the ordinary multure or price of grinding. The tax of the king of Spain, indeed, amounts to one-fifth of the ftandard filver, which may be confidered as the real rent of the greater part of the filver mines of Peru, the richeft which are known in the world. If there was no tax, this fifth would naturally belong to the landlord, and many mines might be wrought which cannot be wrought at prefent, because they cannot afford this tax. The tax of the duke of Cornwal upon tin is fuppofed to amount to more than five per cent. or one twentieth part of the value; and whatever may be his proportion it would naturally too belong to the proprietor of the mine, if tin was duty free. But if you add one-twentieth to one fixth, you will

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will find that the whole average rent of the tin mines of Cornwal, is to the whole average rent of the filver mines of Peru, as thirteen to twelve. The high tax upon filver too, gives much greater temptation to fmuggling than the low tax upon tin, and fmuggling muft be much eafier in the precious than in the bulky commodity. The tax of the king of Spain accordingly is faid to be very ill paid, and that of the duke of Cornwal very well. Rent, therefore, it is probable, makes a greater part of the price of tin at the moft fertile tin mines, than it does of filver at the moft fertile filver mines in the world. After replacing the ftock employed in working those different mines, together with its ordinary profits, the refidue which remains to the proprietor is greater it feems in the coarfe than in the precious metal.

NEITHER are the profits of the undertakers of filver mines commonly very great in Peru. The fame most respectable and well informed authors acquaint us that when any perfon undertakes to work a new mine in Peru, he is univerfally looked upon as a man defined to bankruptcy and ruin, and is upon that account shunned and avoided by every body. Mining, it feems, is confidered there in the fame light as here, as a lottery in which the prizes do not compensate the blanks, though the greatness of fome tempts many adventurers to throw away their fortunes in fuch unprofperous projects.

As the fovereign, however, derives a confiderable part of his revenue from the produce of filver mines, the law in Peru gives every poffible encouragement to the difcovery and working of new ones. Whoever difcovers a new mine, is entitled to measure off two hundred and forty-fix feet in length, according to what he fuppofes to be the direction of the vein, and half as much in breadth. He becomes proprietor of this portion of the mine, and

CHAP.

1919 (4) 43 (11) (11) BOOK and can work it without paying any acknowledgement to the I. landlord. The intereft of the duke of Cornwal has given occafion to a regulation nearly of the fame kind in that antient dutchy. In wafte and uninclofed lands any perfon who difcovers a tin mine, may mark out its limits to a certain extent, which is called bounding a mine. The bounder becomes the real proprietor of the mine, and may either work it himfelf, or give it in leafe to another, without the confent of the owner of the land, to whom, however, a very finall acknowledgement muft be paid upon working it. In both regulations the facred rights of private property are facrificed to the fuppofed interefts of publick revenue.

> THE fame encouragement is given in Peru to the difcovery and working of new gold mines; and in gold the king's tax amounts only to a twentieth part of the standard metal. It was once a fifth, as in filver, but it was found the work could not bear it. If it is rare, however, fay the fame authors, Frezier and Ulloa, to find a perfon who has made his fortune by a filver, it is still much rarer to find one who has done fo by a gold mine. This twentieth part feems to be the whole rent which is paid by the greater part of the gold mines in Chili and Peru. Gold too is much more liable to be fmuggled than even filver; not only on account of the fuperior value of the metal in proportion to its bulk, but on account of the peculiar way in which nature produces it. Silver is very feldom found virgin, but, like most other metals, is generally mineralized with fome other body, from which it is impoffible to feparate it in fuch quantities as will pay for the expence, but by a very laborious and tedious operation, which cannot well be carried on but in workhouses erected for the purpole, and therefore expoled to the infpection of the king's officers. Gold, on the contrary, is almost always found virgin. It is fometimes

fometimes found in pieces of fome bulk; and even when mixed CHAP. in fmall and almost infensible particles with fand, earth, and other extraneous bodies, it can be feparated from them by a very flort and fimple operation, which can be carried on in any private house by any body who is possible of a fmall quantity of mercury. If the king's tax, therefore, is but ill paid upon filver, it is likely to be much worse paid upon gold; and rent must make a much smaller part of the price of gold, than even of that of filver.

THE loweft price at which the precious metals can be fold, or the fmalleft quantity of other goods for which they can be exchanged during any confiderable time, is regulated by the fame principles which fix the loweft ordinary price of all other goods. The ftock which muft commonly be employed, the food, cloaths, and lodging, which muft commonly be confumed in bringing them from the mine to the market, determine it. It muft at leaft be fufficient to replace that ftock, with the ordinary profits.

THEIR higheft price, however, feems not to be neceffarily determined by any thing but the actual fcarcity or plenty of those metals themselves. It is not determined by that of, any other commodity, in the fame manner as the price of coals is by that of wood, beyond which no fcarcity can ever raise it. Increase the fcarcity of gold to a certain degree, and the smalless the for a greater quantity of other goods.

THE demand for those metals arises partly from their utility, and' partly from their beauty. If you except iron, they are more useful than, perhaps, any other metal. As they are less liable to rust and impurity, they can more easily be kept clean; and the uten. . .

BOOK fils either of the table or the kitchen are often upon that account more agreeable when made of them. A filver boiler is more cleanly than a lead, copper, or tin one; and the fame quality would render a gold boiler still better than a filver one. Their principal merit, however, arifes from their beauty, which renders them peculiarly fit for the ornaments of drefs and furniture. No paint or dye can give fo fplendid a colour as gilding. The merit of their beauty is greatly enhanced by their fcarcity. With the greater part of rich people, the chief enjoyment of riches confifts in the parade of riches, which in their eyes is never fo compleat as when they appear to posses those decisive marks of opulence which nobody can poffefs but themfelves. In their eyes the merit of an object which is in any degree either ufeful or beautiful, is greatly enhanced by its fcarcity, or by the great labour which it requires to collect any confiderable quantity of it, a labour which no body can afford to pay but themfelves. Such objects they are willing to purchase at a higher price than things much more beautiful and ufeful, but more common. These qualities of utility, beauty, and fcarcity, are the original foundation of the high price of those metals, or of the great quantity of other goods for which they can every where be exchanged. This value was antecedent to and independant of their being employed as coin, and was the quality which fitted them for that employment. That employment, however, by occasioning a new demand, and by diminishing the quantity which could be employed in any other way, may have afterwards contributed to keep up or increafe their value.

> THE demand for the precious ftones arifes altogether from their beauty. They are of no ufe, but as ornaments; and the merit of their beauty is greatly enhanced by their fcarcity, or by the difficulty and expence of getting them from the mine. Wages 7 and

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and profit accordingly make up, upon most occasions, almost the CHAP. whole of their high price. Rent comes in but for a very fmall share; frequently for no fhare; and the most fertile mines only afford any confiderable rent. When Tavernier, a jeweller, visited the diamond mines of Golconda and Vifiapour, he was informed that the fovereign of the country, for whole benefit they were wrought, had ordered all of them to be shut up except those which yielded the largest and finest stones. The others, it seems, were to the proprietor not worth the working.

As the price both of the precious metals and of the precious ftones is regulated all over the world by their price at the most fertile mine in it, the rent which a mine of either can afford to its proprietor is in proportion, not to its absolute, but to what may be called its relative fertility, or to its fuperiority over other mines of the fame kind. If new mines were discovered as much superior to those of Potofi as they were fuperior to those of Europe, the value of filver might be fo much degraded as to render even the mines of Potofi not worth the working. Before the difcovery of the Spanish West Indies, the most fertile mines in Europe may have afforded as great a rent to their proprietor as the richeft mines in Peru do Though the quantity of filver was much lefs, it at prefent. might have exchanged for an equal quantity of other goods, and the proprietor's fhare might have enabled him to purchase or command an equal quantity either of labour or of commodities. The value both of the produce and of the rent, the real revenue which they afforded both to the publick and to the proprietor, might have been the fame.

THE most abundant mines either of the precious metals or of the precious stones could add little to the wealth of the world. A produce of which the value is principally derived from its fcarcity, is VOL.I. F f neceffarily XI.

BOOK neceffarily degraded by its abundance. A fervice of plate, and the other frivolous ornaments of drefs and furniture, could be purchafed for a fmaller quantity of labour, or for a fmaller quantity of commodities; and in this would confift the fole advantage which the world could derive from that abundance.

> . It is otherwife in effates above ground. The value both of their produce and of their rent is in proportion to their abfolute; and not to their relative fertility. The land which produces a certain quantity of food, cloaths and lodging, can always feed, cloath and lodge a certain number of people; and whatever may be the proportion of the landlord, it will always give him a proportionable command of the labour of those people, and of the commodities with which that labour can supply him. The value of the most barren lands is not diminished by the neighbourhood of the most fertile. On the contrary, it is generally increased by it. The great number of people maintained by the fertile lands afford a market to many parts of the produce of the barren, which they could never have found among those whom their own produce could maintain.

WHATEVER increases the fertility of land in producing food, increases not only the value of the lands upon which the improvement is bestowed, but contributes likewise to increase that of many other lands, by creating a new demand for their produce. That abundance of food, of which, in confequence of the improvement of land, many people have the disposal beyond what they themfelves can confume, is the great cause of the demand both for the precious metals and the precious stones, as well as for every other conveniency and ornament of dress, lodging, houshold furniture, and equipage. Food not only constitutes the principal part of the riches of the world, but it is the abundance of food which gives the

. . the principal part of their value to many other forts of riches. The poor inhabitants of Cuba and St. Domingo, when they were first discovered by the Spaniards, used to wear little bits of gold as ornaments in their hair and other parts of their drefs. They feemed to value them as we would do any little pebbles of fomewhat more than ordinary beauty, and to confider them as just worth the picking up, but not worth the refufing to any body who afked them. They gave them to their new guests at the first request, without feeming to think that they had made them any very valuable prefent. They were aftonished to observe the rage of the Spaniards to obtain them; and had no notion that there could any where be a country in which many people had the difpofal of fo great a fuperfluity of food, fo fcanty always among themfelves, that for a very fmall quantity of those glittering baubles they would willingly give as much as might maintain a whole family for many years. Could they have been made to understand this, the passion of the Spaniards would not have furprifed them.

PART III.

Of the Variations in the Proportion between the respective Values of that Sort of Produce which always affords Rent, and of that which sometimes does and sometimes does not afford Rent.

THE increasing abundance of food, in confequence of increasing improvement and cultivation, must necessarily increase the demand for every part of the produce of land which is not food, and which can be applied either to use or to ornament. In the whole progress of improvement, it might therefore be expected, there should be only one variation in the comparative values of those two different forts of produce. The value of that fort which fometimes does and fometimes does not afford rent, should conftantly rife in proportion to that which always affords fome rent.

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BOOK As art and induftry advance, the materials of cloathing and lodging, the ufeful foffils and minerals of the earth, the precious metals and the precious ftones fhould gradually come to be more and more in demand, fhould gradually exchange for a greater and a greater quantity of food, or in other words, fhould gradually become dearer and dearer. This accordingly has been the cafe with most of these things upon most occasions, and would have been the cafe with all of them upon all occasions, if particular accidents had not upon fome occasions increased the fupply of fome of them in a ftill greater proportion than the demand.

> THE value of a free-ftone quarry, for example, will neceffarily increase with the increasing improvement and population of the country round about it; especially if it should be the only one in the neighbourhood. But the value of a filver mine, even though there should not be another within a thousand miles of it, will not neceffarily increase with the improvement of the country in which it is fituated. The market for the produce of a free-ftone quarry can feldom extend more than a few miles round about it, and the demand must generally be in proportion to the improvement and. population of that fmall diffrict. But the market for the produce of a filver mine may extend over the whole known world. Unlefs the world in general, therefore, be advancing in improvement and population, the demand for filver might not be at all increased by the improvement even of a large country in the neighbourhood of the mine. Even though the world in general were improving, yet, if in the courfe of its improvement, new mines should be difcovered, much more fertile than any which had been known before, though the demand for filver would neceffarily increase, yet the supply might increase in for much a greater proportion, that the real price of that metal might gradually fall; that is, any given quantity, a pound weight of it, for example, might gradually purchafe 4

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purchase or command a smaller and a smaller quantity of labour; CHAP. or exchange for a smaller and a smaller quantity of corn, the principal part of the substitution of the labourer.

THE great market for filver is the commercial and civilized part of the world.

IF by the general progress of improvement the demand of this market should increase, while at the fame time the supply did not increase in the same proportion, the value of silver would gradually rife in proportion to that of corn. Any given quantity of silver would exchange for a greater and a greater quantity of corn; or, in other words, the average money price of corn would gradually become cheaper and cheaper.

IF, on the contrary, the fupply by fome accident fhould increase for many years together in a greater proportion than the demand, that metal would gradually become cheaper and cheaper; or, in other words, the average money price of corn would, in fpite of all improvements, gradually become dearer and dearer.

BUT if, on the other hand, the fupply of that metal fhould increafe nearly in the fame proportion as the demand, it would continue to purchafe or exchange for nearly the fame quantity of corn, and the average money price of corn would, in fpite of all improvements, continue very nearly the fame.

THESE three feem to exhauft all the poffible combinations of events which can happen in the progrefs of improvement; and during the courfe of the four centuries preceeding the prefent, if we may judge by what has happened both in France and Great Britain, each of those three different combinations seems to have taken BOOK taken place in the European market, and nearly in the fame order I. too in which I have here fet them down.

> Digreffion concerning the Variations in the Value of Silver during the Courfe of the Four last Centuries.

FIRST PERIOD.

I N 1350, and for fome time before, the average price of the quarter of wheat in England feems not to have been effimated lower than four ounces of filver Tower-weight, equal to about twenty fhillings of our prefent money. From this price it feems to have fallen gradually to two ounces of filver, equal to about ten fhillings of our prefent money, the price at which we find it effimated in the beginning of the fixteenth century, and at which it feems to have continued to be effimated till about 1570.

IN 1350, being the 25th of Edward III, was enacted what is called, The statute of labourers. In the preamble it complains much of the infolence of fervants, who endeavoured to raife their wages upon their mafters. It therefore ordains, that all fervants and labourers should for the future be contented with the fame wages and liveries (liveries in those times fignified, not only cloaths, but provisions) which they had been accustomed to receive in the 20th year of the king, and the four preceeding years; that upon this account their livery wheat fhould no where be effimated higher than ten-pence a bushel, and that it should always be in the option of the mafter to deliver them either the wheat or the money. Ten-pence a bushel, therefore, had in the 25th of Edward III, been reckoned a very moderate price of wheat, fince it required a particular flatute to oblige fervants to accept of it in exchange for their 7

their usual livery of provisions; and it had been reckoned a rea-CHAP. fonable price ten years before that, or in the 16th year of the king, the term to which the statute refers. But in the 16th year of Edward III, ten-pence contained about half an ounce of filver Tower-weight, and was nearly equal to half a crown of our prefent money. Four ounces of filver, Tower-weight, therefore, equal to fix shillings and eight-pence of the money of those times, and to near twenty shillings of that of the prefent, must have been reckoned a moderate price for the quarter of eight bufhels.

THIS statute is furely a better evidence of what was reckoned in those times a moderate price of grain, than the prices of some particular years, which have generally been recorded by historians and other writers on account of their extraordinary dearness or cheapnefs, and from which, therefore, it is difficult to form any judgement concerning what may have been the ordinary price. There are, befides, other reasons for believing that in the beginning of the fourteenth century, and for fome time before, the common price of wheat was not lefs than four ounces of filver the quarter, and that of other grain in proportion.

I'N 1309, Ralph de Born, prior of St. Augustine's Canterbury, gave a feaft upon his inftallation day, of which William Thorn. has preferved, not only the bill of fare, but the prices of many particulars. In that feast were confumed, 1st, fifty-three quarters of wheat, which cost nineteen pounds, or feven shillings and twopence a quarter, equal to about one and twenty fhillings and fixpence of our present money : 2dly; Fifty-eight quarters of malt, which cost feventeen pounds ten shillings, or fix shillings a quarter, equal to about eighteen shillings of our prefent money: 3dly, Twenty quarters of oats, which coft four pounds, or four shillings a quarter, equal to about twelve shillings of our prefent money:" The XI.

BOOK The prices of malt and oats feem here to be higher than their ordi-I. nary proportion to the price of wheat.

> THESE prices are not recorded on account of their extraordinary dearnefs or cheapnefs, but are mentioned accidentally as the prices actually paid for large quantities of grain confumed at a feast which was famous for its magnificence.

> IN 1262, being the 51st of Henry III, was revived an ancient Statute called, The Affize of Bread and Ale, which, the king fays in the preamble, had been made in the times of his progenitors fometime kings of England. It is probably, therefore, as old at least as the time of his grandfather Henry II, and may have been as old as the Conquest. It regulates the price of bread according as the prices of wheat may happen to be, from one shilling to twenty fhillings the quarter of the money of those times. But statutes of this kind are generally prefumed to provide with equal care for all deviations from the middle price, for those below it as well as for those above it. Ten shillings, therefore, containing fix ounces of filver Tower-weight, and equal to about thirty shillings of our, prefent money, must upon this supposition have been reckoned the middle price of the quarter of wheat when this statute was first enacted, and must have continued to be fo in the 51st of Henry We cannot therefore be very far wrong in fuppoling that the III. middle price was not lefs than one-third of the higheft price at which this ftatute regulates the price of bread, or than fix fhillings and eight-pence of the money of those times, containing four ounces of filver Tower-weight.

FROM these different facts, therefore, we seem to have some reason to conclude, that about the middle of the sourcement century, and for a confiderable time before, the average or ordinary price of of the quarter of wheat was not fuppofed to be lefs than four ounces C H A P. of filver Tower-weight.

FROM about the middle of the fourteenth to the beginning of the fixteenth century, what was reckoned the reafonable and moderate, that is the ordinary or average price of wheat, feems to have funk gradually to about one-half of this price; fo as at laft to have fallen to about two ounces of filver Tower-weight, equal to about ten fhillings of our prefent money. It continued to be effimated at this price till about 1570.

In the houfhold book of Henry, the fifth Earl of Northumberland, drawn up in 1512, there are two different effimations of wheat. In one of them it is computed at fix fhillings and eightpence the quarter; in the other at five fhillings and eight-pence only. In 1512, fix fhillings and eight-pence contained only two ounces of filver Tower-weight, and were equal to about ten fhillings of our prefent money.

FROM the 25th of Edward III, to the beginning of the reign of Elizabeth, during the space of more than two hundred years, fix shillings and eight-pence, it appears from several different statutes, had continued to be confidered as what is called the moderate and reasonable, that is the ordinary or average price of wheat. The quantity of filver, however, contained in that nominal sum was, during the course of this period, continually diminishing, in confequence of some alterations which were made in the coin. But the increase of the value of filver had, it seems, so far compensated the diminution of the quantity of it contained in the same nominal fum, that the legislature did not think it worth while to-attend to this circumstance.

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K THUS in 1436 it was enacted, that wheat might be exported without a licence when the price was fo low as fix fhillings and eight-pence: And in 1463 it was enacted, that no wheat fhould be imported if the price was not above fix fhillings and eight-pence the quarter. The legiflature had imagined, that when the price was fo low, there could be no inconveniency in exportation, but that when it rofe higher, it became prudent to allow of importation. Six fhillings and eight-pence, therefore, containing about the fame quantity of filver as thirteen fhillings and four-pence of our prefent money, (one-third part lefs than the fame nominal fum contained in the time of Edward III.), had in those times been confidered as what is called the moderate and reafonable price of wheat.

IN 1554, by the 1st and 2d of Philip and Mary; and in 1558, by the 1st of Elizabeth, the exportation of wheat was in the fame manner prohibited, whenever the price of the quarter should exceed fix fhillings and eight-pence, which did not then contain two penny worth more filver than the fame nominal fum does at prefent. But it had foon been found that to reftrain the exportation of wheat till the price was fo very low, was, in reality, to prohibit it altogether. In 1562, therefore, by the 5th of Elizabeth, the exportation of wheat was allowed from certain ports whenever the price of the quarter fhould not exceed ten fhillings, containing nearly the fame quantity of filver as the like nominal fum does at prefent. This price had at this time, therefore, been confidered as what is called' the moderate and reafonable price of wheat. It agrees nearly with the effimation of the Northumberland book in 1512.

THAT in France the average price of grain was, in the fame manner, much lower in the end of the fifteenth and beginning of the fixteenth century, than in the two centuries preceeding, has 4. been

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been observed both by Mr. Duprè de St. Maur, and by the elegant CHAP. author of the Essay on the police of grain. Its price, during the fame period, had probably sunk in the same manner through the greater part of Europe.

THIS rife in the value of filver in proportion to that of corn; may either have been owing altogether to the increase of the demand for that metal, in confequence of increasing improvement and cultivation, the fupply in the mean time continuing the fame as before: Or, the demand continuing the fame as before, it may have been owing altogether to the gradual diminution of the fupply; the greater part of the mines which were then known in the world, being much exhausted, and confequently the expence of working them much increased: Or it may have been owing partly to the one and partly to the other of those two circumstances. In the end of the fifteenth and beginning of the fixteenth centuries, the greater part of Europe was approaching towards a more fettled form of government than it had enjoyed for feveral ages before. The increase of fecurity would naturally increase industry and improvement; and the demand for the precious metals, as well as for every other luxury and ornament, would naturally increase with the increase of riches. A greater annual produce would require a greater quantity of coin to circulate it; and a greater number of rich people would require a greater quantity of plate and other ornaments of filver. It is natural to fuppofe too, that the greater part of the mines which then fupplied the European market with filver, might be a good deal exhaufted, and have become more expensive in the working. They had been wrought many of them from the time of the Romans.

IT has been the opinion, however, of the greater part of those who have written upon the prices of commodities in antient times, that, from the Conquest, perhaps from the invasion of G g 2 Julius BOOK Julius Cæfar till the difeovery of the mines of America, the value I. of filver was continually diminifhing. This opinion they feem to have been led into, partly by the obfervations which they had occafion to make upon the prices both of corn and of fome other parts of the rude produce of land; and partly by the popular notion, that as the quantity of filver naturally increases in every country with the increase of wealth, fo its value diminishes as its quantity increases.

> In their observations upon the prices of corn, three different circumstances seem frequently to have misled them.

> FIRST, In antient times almost all rents were paid in kind; in a certain quantity of corn, cattle, poultry, &c. It fometimes happened, however, that the landlord would ftipulate with the tenant, that he should be at liberty to demand either the annual payment in kind, or a certain fum of money inftead of it. The price at which the payment in kind was in this manner exchanged for a certain fum of money, is in Scotland called the conversion As the option is always in the landlord to take either the price. substance or the price, it is necessary for the fafety of the tenant, that the conversion price should rather be below than above the average market price. In many places, accordingly, it is not much above one-half of this price. Through the greater part of Scotland this cuftom still continues with regard to poultry, and in fome places with regard to cattle. It might probably have continued to take place too with regard to corn, had not the inftitution of the publick fiars put an end to it. These are annual valuations, according to the judgement of an affize, of the average price of all the different forts of grain, and of all the different qualities of each, according to the actual market price in every different county. This inftitution rendered it fufficiently fafe for the tenant, and much more convenient for the landlord, ..to

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to convert, as they call it, the corn rent at the price of the fiars of CHAP. each year, rather than at any certain fixed price. But the writers who have collected the prices of corn in antient times, feem frequently to have miftaken what is called in Scotland the conversion price for the actual market price. Fleetwood acknowledges upon one occasion that he had made this mistake. As he wrote his book, however, for a particular purpofe, he does not think proper to make this acknowledgement till after transcribing this conversion price fifteen times. The price is eight shillings the quarter of This fum in 1423, the year at which he begins with it, wheat. contained the fame quantity of filver as fixteen shillings of our prefent money. But in 1562, the year at which he ends with it, it contained no more than the fame nominal fum does at prefent.

SECONDLY, They have been milled by the flovenly manner in which fome antient statutes of affize had been fometimes transcribed by lazy copiers; and fometimes perhaps actually composed by the legislature.

THE antient statutes of affize feem to have begun always with determining what ought to be the price of bread and ale when the price of wheat and barley were at the loweft, and to have proceeded gradually to determine what it ought to be according as the prices of those two forts of grain should gradually rife above this lowest price. But the transcribers of those statutes seem frequently to have thought it fufficient to copy the regulation as far as the three or four first and lowest prices; faving in this manner their own labour, and judging, I fuppofe, that this was enough to fhow what proportion ought to be observed in all higher prices.

THUS in the affize of bread and alc, of the 51ft of Henry III. the price of bread was regulated according to the different prices of wheat,

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BOOK wheat, from one fhilling to twenty fhillings the quarter, of the I. money of those times. But in the manufcripts from which all the different editions of the statutes, preceeding that of Mr. Ruffhead, were printed, the copiers had never transcribed this regulation beyond the price of twelve shillings. Several writers, therefore, being missing missing the statute of t

> In the statute of Tumbrel and Pillory, enacted nearly about the fame time, the price of ale is regulated according to every fixpence. rife in the price of barley, from two shillings to four shillings the quarter. That four shillings, however, was not confidered as the higheft price to which barley might frequently rife in those times, and that thefe prices were only given as an example of the proportion which ought to be obferved in all other prices, whether higher or lower, we may infer from the last words of the statute; " et fic " deinceps crefcetur vel diminuetur per fex denarios." The expreffion is very flovenly, but the meaning is plain enough; " That the price of ale is in this manner to be increased or di-" minished according to every fixpence rife or fall in the price of " barley." In the composition of this statute the legislature itself feems to have been as negligent as the copiers were in the transcription of the other.

> IN an antient manufcript of the Regiam Majestatem, an old Scotch law book, there is a statute of assignment as the price of bread is regulated according to all the different prices of wheat, from ten-pence to three shillings the Scotch boll, equal to about half an English quarter. Three scotch, at the time when this affize is supposed to have been enacted, were equal to about nine shillings

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fhillings fterling of our prefent' money. Mr. Rudiman feems to CHAP. conclude from this, that three fhillings was the higheft price to which wheat ever rofe in those times, and that ten-pence, a fhilling, or at most two fhillings, were the ordinary prices. Upon confulting the manuscript, however, it appears evidently, that all these prices are only fet down as examples of the proportion which ought to be observed between the respective prices of wheat and bread. The last words of the statute are, " reliqua judicabis fecundum " præscripta habendo respectum ad previum bladi." " You shall-" judge of the remaining cases according to what is above written, " having a respect to the price of corn."

THIRDLY, They feem to have been milled too by the very low price at which wheat was fometimes fold in very antient times; and to have imagined, that as its lowest price was then much lower, than in later times, its ordinary price must likewife have been much lower. 'They might have found, however, that in those' antient times, its higheft price was fully as much above, as its loweft price was below any thing that had ever been known in later Thus in 1270, Fleetwood gives us two prices of the quarter times. The one is four pounds fixteen shillings of the money of wheat. of those times, equal to fourteen pounds eight shillings of that of the present; the other is fix pounds eight shillings, equal to nineteen pounds four shillings of our present money. No price can be found in the end of the fifteenth, or beginning of the fixteenth century, which approaches to the extravagance of these. The price of corn, though at all times liable to variations, varies most in those turbulent and diforderly focieties, in which the interruption of all commerce and communication hinders the plenty of one part of the country from relieving the fcarcity of another. In the diforderly ftate of England under the Plantagenets, who governed it from about the middle of the twelfth, till towards the end of the fifteenth century,

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BOOK century, one diffrict might be in plenty, while another at no great diffance, by having its crop deftroyed either by fome accident of the feafons, or by the incurfion of fome neighbouring baron, might be fuffering all the horrors of a famine; and yet if the lands of fome hoftile lord were interpofed between them, the one might not be able to give the leaft affiftance to the other. Under the vigorous adminiftration of the Tudors, who governed England during the latter part of the fifteenth, and through the whole of the fixteenth century, no baron was powerful enough to dare to diffurb the publick fecurity.

> THE reader will find at the end of this chapter all the prices of wheat which have been collected by Fleetwood from 1202 to 1597, both inclusive, reduced to the money of the prefent times, and digested according to the order of time, into feven divisions of twelve years each. At the end of each division too, he will find the average price of the twelve years of which it confifts. In that long period of time, Fleetwood has been able to collect the prices of no more than eighty years, fo that four years are wanting to make out the last twelve years. I have added, therefore, from the accounts of Eton college, the prices of 1598, 1599, 1600, and 1601. It is the only addition which I have made. The reader will fee that from the beginning of the thirteenth till after the middle of the fixteenth century, the average price of each twelve years grows gradually lower and lower; and that towards the end of the fixteenth century it begins to rife again. The prices, indeed, which Fleetwood has been able to collect, feem to have been those chiefly which were remarkable for extraordinary dearnefs or cheapnefs; and I do not pretend that any very certain conclusion can be drawn from them. So far, however, as they prove any thing at all, they confirm the account which I have been endeavouring to give. Fleetwood himfelf, however, feems, with most other writers, to have believed, that during all this period the value

value of filver, in confequence of its increasing abundance, was CHAP. continually diminishing. The prices of corn which he himself has collected, certainly do not agree with this opinion. They agree perfectly with that of Mr. Duprè de St. Maur, and with that which I have been endeavouring to explain. Bishop Fleetwood and Mr. Duprè de St. Maur are the two authors who feem to have collected, with the greatest diligence and fidelity, the prices of things in antient times. It is fomewhat curious that, though their opinions are fo very different, their facts, fo far as they relate to the price of corn at least, should coincide fo very exactly.

IT is not, however, fo much from the low price of corn, as from that of fome other parts of the rude produce of land, that the most judicious writers have inferred the great value of filver in those very antient times. Corn, it has been faid, being a fort of manufacture, was, in those rude ages, much dearer in proportion than the greater part of other commodities; it is meant, I suppose, than the greater part of unmanufactured commodities, fuch as cattle, poultry, game of all kinds, &c. That in those times of poverty and barbarism these were proportionably much cheaper than corn, is undoubtedly true. But this cheapnels was not the effect of the high value of filver, but of the low value of those commodities. It was not that filver would in fuch times purchase or represent a greater quantity of labour, but that such commodities would purchase or represent a much fmaller quantity than in times of more opulence and improvement. Silver must certainly be cheaper in Spanish America than in Europe; in the country where it is produced, than in the country to which it is brought, at the expense of a long carriage both by land and by fea, of a freight and an infurance. One and twenty pence halfpenny fterling, however, we are told by Ulloa, was, not many years ago, at Buenos Ayres, the price of an ox Ηh chofen Vol. I.

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BOOK I. chofen from 'a herd of three or 'four hundred. Sixteen fhillings fterling, we are told by Mr. Byron, was the price of a good horfe in the capital of Chili. In a country naturally fertile, but of which the far greater part is altogether uncultivated, cattle, poultry, game of all kinds, &c. as they can be acquired with a very fmall quantity of labour, fo they will purchafe or command but a very fmall quantity. The low money price for which they may be fold, is no proof that the real value of filver is there very high, but that the real value of those commodities is very low.

> LABOUR, it must always be remembered, and not any particular commodity or fett of commodities, is the real measure of the value both of filver and of all other commodities.

> But in countries almost waste, or but thinly inhabited, cattle, poultry, game of all kinds, &c. as they are the spontaneous productions of nature, so the frequently produces them in much greater quantities than the confumption of the inhabitants requires. In such a state of things the supply commonly exceeds the demand. In different states of society, in different stages of improvement, therefore, such commodities will represent, or be equivalent to, very different quantities of labour.

> In every ftate of fociety, in every ftage of improvement, corn is the production of human induftry. But the average produce of every fort of induftry is always fuited, more or lefs exactly, to the average confumption; the average fupply to the average demand. In every different ftage of improvement befides, the raifing of equal quantities of corn in the fame foil and climate, will, at an average, require nearly equal quantities of labour; or what comes to the fame thing, the price of nearly equal quantities; the continual increafe

creafe of the productive powers of labour in an improving flate of C HAP. cultivation, being more or lefs counter-balanced by the continually increasing price of cattle, the principal inftruments of agriculture. Upon all these accounts, therefore, we may reft affured, that equal quantities of corn will, in every flate of fociety, in every flage of improvement, more nearly represent, or be equivalent to, equal quantities of labour, than equal quantities of any other part of the rude produce of land. Corn, accordingly, it has already been obferved, is, in all the different flages of wealth and improvement, a more accurate measure of value than any other commodity or fett of commodities. In all those different flages, therefore, we can judge better of the real value of filver, by comparing it with corn, than by comparing it with any other commodity, or fett of commodities.

CORN, befides, or whatever elfe is the common and favourite vegetable food of the people, conftitutes, in every civilized country, the principal part of the fubfiltence of the labourer. In confequence of the extension of agriculture, the land of every country produces a much greater quantity of vegetable than of animal food, and the labourer every where lives chiefly upon the wholefome food that is cheapeft and most abundant. Butcher's-meat, except in the most thriving countries, or where labour is most highly rewarded, makes but an infignificant part of his fubfistence: poultry makes a still smaller part of it, and game no part of it. In France, and even in Scotland, where labour is fomewhat better rewarded than in France, the labouring poor feldom eat butcher's - meat, except upon holidays, and other extraordi-The money price of labour, therefore, denary occafions. pends much more upon the average money price of corn, the fublistence of the labourer, than upon that of butcher's-meat, or of any other part of the rude produce of land. The real value of Hh 2 gold

BOOK gold and filver, therefore, the real quantity of labour which they can purchase or command, depends much more upon the quantity of corn which they can purchase or command, than upon that of butcher's-meat, or any other part of the rude produce of land.

> SUCH flight obfervations, however, upon the prices either of corn or of other commodities, would not probably have mifled fo many intelligent authors, had they not been agreeable to the popular notion, that as the quantity of filver naturally increases in every country with the increase of wealth, fo its value diminishes' as its quantity increases. This notion, however, seems to be altogether groundlefs.

THE quantity of the precious metals may increase in any country from two different causes: either, first, from the increased abundance of the mines which supply it; or, secondly, from the increased wealth of the people, from the increased produce of their annual. labour. The first of these causes is no doubt necessarily connected' with the diminution of the value of the precious metals; but the fecond is not.

WHEN more abundant mines are difcovered, a greater quantity of the precious metals is brought to market, and the quantity of the neceffaries and conveniencies of life for which they must be exchanged being the fame as before, equal quantities of the metals must be exchanged for fimaller quantities of commodities. So far, therefore, as the increase of the quantity of the precious metals in any country arises from the increased abundance of the mines, it is neceffarily connected with fome diminution of their value.

WHEN, on the contrary, the wealth of any country increases, when the annual produce of its labour becomes gradually greater

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and greater, a greater quantity of coin becomes neceffary in order CHAP. to circulate a greater quantity of commodities; and the people, as they can afford it, as they have more commodities to give for it, will naturally purchafe a greater and a greater quantity of plate. The quantity of their coin will increase from neceffity; the quantity of their plate from vanity and oftentation, or from the fame reason that the quantity of fine statues, pictures, and of every other luxury and curiosity, is likely to encrease among them. But as statuaries and painters are not likely to be worse rewarded in times of wealth and prosperity, than in times of poverty and depression, fo gold and filver are not likely to be worse paid for.

THE price of gold and filver, when the accidental difcovery of more abundant mines does not keep it down, as it naturally rifes. with the wealth of every country, fo, whatever be the flate of the mines, it is at all times naturally higher in a rich than in a poor country. Gold and filver, like all other commodities, naturally feek the market where the best price is given for them, and the best price is commonly given for every thing in the country which can best afford it. Labour, it must be remembered, is the ultimate price which is paid for every thing, and in countries where labour is equally well rewarded, the money price of labour. will be in proportion to that of the fubfiftence of the labourer. But gold and filver will naturally exchange for a greater quantity of fubfiftence in a rich than in a poor country, in a country which abounds with fubfistence, than in one which is but indifferently fupplied with it. If the two countries are at a great diffance, the dif-ference may be very great; becaufe though the metals naturally. fly from the worfe to the better market, yet it may be difficult to, transport them in such quantities as to bring their price nearly to, a level in both. If the countries are near, the difference will be: fmaller, and may fometimes be fcarce perceptible; becaufe in this. cafe :

BOOK cafe the transportation will be easy. China is a much richer country than any part of Europe, and the difference between the price of fubfiftence in China and in Europe is very great. Rice in China is much cheaper than wheat is any where in Europe. England is a much richer country than Scotland; but the difference between the money price of corn in those two countries is much fmaller, and is but just perceptible. In proportion to the quantity or meafure, Scotch corn generally appears to be a good deal cheaper than English; but in proportion to its quality, it is certainly fome-Scotland receives almost every year very large fupwhat dearer. plies from England, and every commodity must commonly be fomewhat dearer in the country to which it is brought than in that from which it comes. English corn, therefore, must be dearer in Scotland than in England, and yet in proportion to its quality, or to the quantity and goodness of the flour or meal which can be made from it, it cannot commonly be fold higher there than the Scotch corn which comes to market in competition with it.

> THE difference between the money price of labour in China and in Europe, is still greater than that between the money price of fubfistence; because the real recompence of labour is higher in Europe than in China, the greater part of Europe being in an improving ftate, while China feems to be ftanding ftill. The money price of labour is lower in Scotland than in England, becaufe the real recompence of labour is much lower; Scotland, though advancing to greater wealth, advancing much more flowly than England. The proportion between the real recompence of labour in different countries, it must be remembered, is naturally regulated, not by their actual wealth or poverty, but by their advancing, flationary, or declining condition.

> GOLD and filver, as they are naturally of the greatest value among the richeft, fo they are naturally of least value among the pooreft nations. 7

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nations. Among favages, the pooreft of all nations, they are of CHAP. fcarce any value.

IN great towns corn is always dearer than in remote parts of the country. This, however, is the effect, not of the real cheapnefs of filver, but of the real dearnefs of corn. It does not coft lefs labour to bring filver to the great town than to the remote parts of the country; but it cofts a great deal more to bring corn.

In fome very rich and commercial countries, fuch as Holland and the territory of Genoa, corn is dear for the fame reafon They do not produce enough to that it is dear in great towns. maintain their inhabitants. They are rich in the industry and skill of their artificers and manufacturers; in every fort of machinery which can facilitate and abridge labour; in fhipping, and in all the other inftruments and means of carriage and commerce : but they are poor in corn, which, as it must be brought to them from distant countries, must, by an addition to its price, pay for the carriage from those countries. It does not cost less labour to bring filver to Amfterdam than to Dantzick; but it cofts a great deal more to bring corn. The real coft of filver must be nearly the fame in both places; but that of corn must be very different. Diminish the real opulence either of Holland or of the territory of Genoa, while the number of their inhabitants remains the fame; diminifh their power of fupplying themfelves from diftant countries; and the price of corn, instead of finking with that diminution in the quantity of their filver, which must necessarily accompany this declenfion either as its caufe or as its effect, will rife to the price of a famine. When we are in want of necessaries we must part with all superfluities, of which the value, as it rifes in times of opulence _ and prosperity, fo it finks in times of poverty and distress. It is otherwife

BOOK otherwife with necessaries. Their real price, the quantity of labour which they can purchase or command, rifes in times of poverty and diffrefs, and finks in times of opulence and profperity, which are always times of great abundance; for they could not otherwife be times of opulence and profperity. Corn is a neceffary, filver is only a fuperfluity.

> WHATEVER, therefore, may have been the increase in the quantity of the precious metals, which, during the period between the middle of the fourteenth and that of the fixteenth century, arofe from the increase of wealth and improvement, it could have no tendency to diminish their value either in Great Britain, or in any other part of Europe. If those who have collected the prices of things in ancient times, therefore, had, during this period, no reason to infer the diminution of the value of filver, from any obfervations which they had made upon the prices either of corn or of other commodities, they had still less reason to infer it from any fuppofed increase of wealth and improvement.

SECOND PERIOD.

BUT how various foever may have been the opinions of the learned concerning the progrefs of the value of filver during this first period, they are unanimous concerning it during the fecond.

FROM about 1570 to about 1640, during a period of about feventy years, the variation in the proportion between the value of filver and that of corn, held a quite oppofite courfe. Silver funk in its real value, or would exchange for a fmaller quantity of labour than before; and corn rose in its nominal price, and instead of

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of being commonly fold for about two ounces of filver the quarter, CHAP. or about ten fhillings of our prefent money, came to be fold for fix and eight ounces of filver the quarter, or about thirty and forty fhillings of our prefent money.

THE difcovery of the abundant mines of America, feems to have been the fole caufe of this diminution in the value of filver in proportion to that of corn. It is accounted for accordingly in the fame manner by every body; and there never has been any difpute either about the fact, or about the caufe of it. The greater part of Europe was, during this period, advancing in induftry and improvement, and the demand for filver must confequently have been increasing. But the increase of the fupply had, it feems, fo far exceeded that of the demand, that the value of that metal funk confiderably. The difcovery of the mines of America, it is to be observed, does not feem to have had any very fensible effect upon the prices of things in England till after 1570; though even the mines of Potofi had been difcovered more than thirty years before.

FROM 1595 to 1620, both inclusive, the average price of the quarter of nine bufhels of the beft wheat at Windfor market, appears, from the accounts of Eton College, to have been 21. 15. 6d. $\frac{9}{13}$. From which fum, neglecting the fraction, and deducting a ninth. or 4 s. 7 d. $\frac{1}{3}$, the price of the quarter of eight bufhels comes out to have been 11. 16 s. 10 d. $\frac{2}{3}$. And from this fum, neglecting likewife the fraction, and deducting a ninth, or 4s. 1d. $\frac{1}{3}$, for the difference between the price of the beft wheat, and that of the middle wheat, the price of the middle wheat comes out to have been about 11. 12 s. 8 d. $\frac{3}{9}$, or about fix ounces and one-third of an ounce of filver.

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BOOK FROM 1621 to 1636, both inclusive, the average price of the fame measure of the best wheat at the same market, appears, from the fame accounts, to have been 21. 10 s.; from which making the like deductions as in the foregoing cafe, the average price of the quarter of eight bushels of middle wheat comes out to have been 1 l. 19 s. 6 d. or about feven ounces and two-thirds of an ounce of filver.

THIRD PERIOD.

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BETWEEN 1630 and 1640, or about 1636, the effect of the discovery of the mines of America in reducing the value of filver, appears to have been compleated, and the value of that metal feems never to have funk lower in proportion to that of corn than it was about that time. It feems to have rifen fomewhat in the courfe of the prefent century, and it had probably begun to do fo even fome time before the end of the laft.

FROM 1637 to 1700, both inclusive, being the fixty-four last years of the last century, the average price of the quarter of nine bushels of the best wheat at Windfor market, appears, from the fame accounts, to have been 21. 11 s. od. 1; which is only is. od. 1 dearer than it hads been during the fixteen years' before. But'in the course of these fixty-four years there happened two events which must have produced a much greater scarcity of corn than what the course of the feasons would otherwise have occasioned, and which, therefore, without supposing any further reduction in the value of filver, will much more than account for this very. fmall enhancement of price is T ال¹ 11 _ 2 بد ۲ 10 ⊾ 2 ′

THE first of these events was the civil war, which, by discouraging tillage and interrupting commerce, must have raised the price of.

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of corn much above what the course of the feasons would otherwise have occasioned:¹⁰ It must have had this effect more or lefs at all the different markets in the kingdom, but particularly at those in the neighbourhood of London, which require to be supplied from the greatest distance. In 1648, accordingly, the price of the best wheat at Windfor market, appears, from the fame accounts, to have been 41. 5 s. and in 1649 to have been 41. the quarter of nine bussels. The excess of those two years above 21. 10 s. (the average price of the fixteen years preceding 1637) is 31. 5 s.; which divided among the fixty-four last years of the last century, will alone very nearly account for that small enhancement of price which feems to have taken place in them. These, however, though the highest, are by no means the only high prices which feem to have been occasioned by the civil wars.

THE fecond event was the bounty upon the exportation of corn The bounty, it has been thought by many granted in 1688. people, by encouraging tillage, may, in a long courfe of years, have occasioned a greater abundance, and confequently a greater cheapnefs of corn in the home-market than what would otherwife have taken place there. But between 1688 and 1700, it had no time to produce this effect. During this fhort period its only effect must have been, by encouraging the exportation of the furplus produce of every year, and thereby hindering the abundance of one year from compensating the scarcity of another, to raile the price in the home-market. The fcarcity which prevailed in England from 1693 to 1699, both inclusive, though no doubt principally owing to the badness of the feasons, and, therefore, extending through a confiderable part of Europe, must have been fomewhat enhanced by the bounty. In 1699, accordingly, the further exportation of corn was prohibited for nine months.

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BOOK THERE was a third event which occurred in the course of the fame period, and which, though it could not occasion any fcarcity of corn, nor, perhaps, any augmentation in the real quantity of filver which was usually paid for it, must necessarily have occafioned fome-augmentation in the nominal fum. This event was the great degradation of the filver coin, by clipping and wearing. This evil had begun in the reign of Charles II. and had gone on continually increasing till 1695; at which time, as we may learn from Mr. Lowndes, the current filver coin was at an average, near five and twenty per cent. below its standard value. But the nominal fum which conftitutes the market price of every commodity is neceffarily regulated, not fo much by the quantity of filver, which, according to the standard, ought to be contained in it, as by that which, it is found by experience, actually is contained in it. nominal fum, therefore, is neceffarily higher when the coin is much degraded by clipping and wearing, than when near to its

> In the course of the present century, the filver coin has not at any time been more below its standard weight than it is at prefent. But though very much defaced, its value has been kept up by that of the gold coin for which it is exchanged. For though before the late re-coinage, the gold coin was a good deal defaced too, it was less fo than the filver. In 1695, on the contrary, the value of the filver coin was not kept up by the gold coin; a guinea then commonly exchanging for thirty fhillings of the worn and clipt Before the late re-coinage of the gold, the price of filver filver. bullion was feldom higher than five shillings and seven-pence an ounce, which is but five-pence above the mint price. But in 1695, the common price of filver bullion was fix fhillings and five-pence an ounce, which is fifteen-pence above the mint price. Even before the late re-coinage of the gold, therefore, the coin, gold and filver

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ftandard value.

filver together, when compared with filver bullion, was not fup- CHAP. pofed to be more than eight per cent. below its flandard value. In 1695, on the contrary, it had been supposed to be near five and twenty per cent. below that value. But in the beginning of the prefent century, that is immediately after the great re-coinage in King William's time, the greater part of the current filver coin must have been still nearer to its standard weight than it is at prefent. In the course of the prefent century too there has been no great publick calamity, fuch as the civil war, which could either difcourage tillage or interrupt the interior commerce of the country. And though the bounty, which has taken place through the greater part of this century, must always raise the price of corn fomewhat higher than it otherwife would be in the actual flate of tillage; yet, as in the course of this century the bounty has had full time to produce all the good effects commonly imputed to it, to encourage tillage, and thereby to increase the quantity of corn in the home market, it may be supposed to have done something to lower the price of that commodity the one way, as well as to raife it the other. It is by many people fuppofed to have done more; a notion which I shall examine hereafter. In the fixtyfour first years of the present century accordingly, the average price of the quarter of nine bushels of the best wheat at Windfor market, appears, by the accounts of Eton' College, to have been 21. os. $6d_{\frac{1}{2}}$, which is about ten fhillings and fixpence, or more than five and twenty per cent. cheaper than it had been during the fixty-four last years of the last century; and about nine fhillings and fix-pence cheaper than it had been during the fixteen years preceeding 1636, when the discovery of the abundant mines of America may be supposed to have produced its full effect; and about one shilling cheaper than it had been in the twenty-fix years preceeding 1620, before that difcovery can well be supposed to have produced its full effect. According to this account, the average

BOOK average price of middle wheat, during these fixty-four first years i of the present century, comes out to have been about thirty-two shillings the quarter of eight bushels.

> THE value of filver, therefore, feems to have rifen fomewhat in proportion to that of corn during the course of the present century, and it had probably begun to do so even fome time before the end of the last.

> IN 1687, the price of the quarter of nine bushels of the best wheat at Windfor market was 11. 5s. 2d. the lowest price at which it had ever been from 1595.

IN 1688, Mr. Gregory, King, a man famous for his knowledge in matters of this kind, estimated the average price of wheat in years of moderate plenty to be to the grower 3s. 6d. the bushel, or eight and twenty shillings the quarter. The grower's price I understand to be the fame with what is fometimes called the contract price, or the price at which a farmer contracts for a certain number of years to deliver a certain quantity of corn to a dealer. As a contract of this kind faves the farmer the expence and trouble of marketing, the contract price is generally lower than what is fuppofed to be the average market price. Mr. King had judged eight and twenty shillings the quarter to be at that time the ordinary contract price in years of moderate plenty. Before the fcarcity occasioned by the late extraordinary course of bad seasons, it was the ordinary contract price in all common years.

IN 1688 was granted the parliamentary bounty upon the exportation of corn. The country gentlemen, who then composed a ftill greater proportion of the legislature than they do at present, had had felt that the money price of corn was falling. The bounty CHAP. was an expedient to raife it artificially to the high price at which it had frequently been fold in the times of Charles I. and II. It was to take place, therefore, till wheat was fo high as forty-eight fhillings the quarter; that is twenty fhillings, or 5ths dearer than Mr. King had in that very year estimated the grower's price to be in times of moderate plenty. If his calculations deferve any part of the reputation which they have obtained very univerfally, eight and forty shillings the quarter was a price which, without fome fuch expedient as the bounty, "could not at that time be expected, except in years of extraordinary fcarcity. But the government of king William was not then fully fettled. It was in no condition to refuse any thing to the country gentlemen,, from whom, it was at that very time foliciting the first establish-. ment of the annual land-tax.

THE value of filver; therefore, in proportion to that of corn; had probably rifen fomewhat before the end of the last century; and it feems to have continued to do fo during the courfe of the greater part of the prefent; though the necessary operation of the bounty must have hindered that rife' from being 'fo fensible as it otherwise would have been in the actual state of tillage.

In plentiful years the bounty, by occasioning an extraordinary exportation, necessarily railes the price of corn above what it otherwise would be in those years. To encourage tillage, by keeping up the price of corn even in the most plentiful years, was the avowed end of the institution.

, IN years of great fcarcity, indeed, the bounty has generally been fufpended. It must, however, have had some effect even upon the prices of many of those years. By the extraordinary exportation: BOOK exportation which it occasions in years of plenty, it must freunder the plenty of one year from compensating the fcarcity of another.

> BOTH in years of plenty and in years of fcarcity, therefore, the bounty raifes the price of corn above what it naturally would be in the actual ftate of tillage. If during the fixty-four first years of the present century, therefore, the average price has been lower than during the fixty-four last years of the last century, it must, in the same state of tillage, have been much more so, hadit not been for this operation of the bounty.

> BUT without the bounty, it may be faid, the state of tillage would not have been the fame. What may have been the effects of this inftitution upon the agriculture of the country, I shall endeavour to explain hereafter, when I come to treat particularly of bounties. I shall only observe at present, that this rise in the value of filver, in proportion to that of corn, has not been peculiar to England. It has been observed to have taken place in France during the fame period, and nearly in the fame proportion too, by three very faithful, diligent, and laborious collectors of the prices of corn, Mr. Duprè de St. Maur, Mr. Meffance, and the author of the Effay on the police of grain. But in France, till 1764, the exportation of grain was by law prohibited; and it is fomewhat difficult to suppose that nearly the fame diminution of price which took place in one country, notwithstanding this prohibition, should in another be owing to the extraordinary encouragement given to exportation.

> IT would be more proper perhaps to confider this variation in the average money price of corn as the effect rather of fome gradual rife in the real value of filver in the European market, 7 than

than of any fall in the real average value of corn. Corn, it has already been observed, is at distant periods of time a more accurate measure of value than either filver or perhaps any other commodity. When after the discovery of the abundant mines of America, corn role to three and four times its former money price, this change was universally afcribed, not to any rife in the real value of corn, but to a fall in the real value of filver. If during the fixty-four first years of the present century, therefore, the average money price of corn has fallen somewhat below what it had been during the greater part of the last century, we should in the fame manner impute this change, not to any fall in the real value of corn, but to some rife in the real value of filver in the European market.

THE high price of corn during these ten or twelve years past, indeed, has occafioned a fufpicion that the real value of filver still continues to fall in the European market. This high price of corn, however, feems evidently to have been the effect of the extraordinary unfavourableness of the feasons, and ought therefore to be regarded, not as a permanent, but as a transitory and occasional event. The feafons for these ten or twelve years past have been unfavourable through the greater part of Europe; and the diforders of Poland have very much increased the fcarcity in all those countries, which in dear years used to be supplied from that So long a courfe of bad feafons, though not a very market. common event, is by no means a fingular one; and whoever has enquired much into the history of the prices of corn in former times, will be at no lois to recollect feveral other examples of the same kind. Ten years of extraordinary scarcity, besides, are not more wonderful than ten years of extraordinary plenty. The low price of corn from 1741 to 1750, both inclusive, may very well be fet in oppolition to its high price during these last eight or ten years. From 1741 to 1750, the average price of the quarter of Vol. I. Κk nine

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BOOK I. nine bushels of the best wheat at Windfor market, it appears from the accounts of Eton College, was only 11. 13s. 9⁴/₅ d. which is nearly 6s., 3 d. below the average price of the fixty-four first years of the prefent century. The average price of the quarter of eight bushels of middle wheat, comes out, according to this account, to have been, during these ten years, only 11. 6s. 8d.

> BETWEEN 1741 and 1750, however, the bounty must have hindered the price of corn from falling fo low in the home market as it naturally would have done. During thefe ten years the quantity of all forts of grain exported, it appears from the cuftom-houfe books, amounted to no lefs than eight millions twentynine thousand one hundred and fifty-fix quarters one bushel. The bounty paid for this amounted to 1,514,962l. 17s. 4¹/₃d. In 1749 accordingly, Mr. Pelham, at that time prime minister, observed to the House of Commons, that for the three years preceeding a very extraordinary fum had been paid as bounty for the exportation of corn. He had good reason to make this observation, and in the following year, he might have had still better. In that fingle year the bounty paid amounted to no lefs than 324,1761. 10s. 6d. It is unneceffary to observe how much this forced exportation must have raifed the price of corn above what it otherwife would have been in the home market.

> AT the end of the accounts annexed to this chapter the reader will find the particular account of those ten years separated from the reft. He will find there too the particular account of the preceeding ten years, of which the average is likewise below, tho' not so much below, the general average of the fixty-four first years of the century. The year 1740, however, was a year of extraordinary fearcity. These twenty years preceeding 1750, may very well be set in opposition to the twenty preceeding 1770. As the

the former were a good deal below the general average of the CHAP. century, notwithstanding the intervention of one or two dear years; fo the latter have been a good deal above it, notwithstanding the intervention of one or two cheap ones, of 1759, for example. If the former have not been as much below the general average, as the latter have been above it, we ought probably to impute it to the bounty. The change has evidently been too fudden to be afcribed to any change in the value of filver, which is always flow and gradual. The fuddennefs of the effect can be accounted for only by a caufe which can operate fuddenly, the accidental variation of the feafons.

THE money price of labour in Great Britain has, indeed, rifen during the courfe of the prefent century. This, however, feems to be the effect, not fo much of any diminution in the value of filver in the European market, as of an increase in the demand for labour in Great Britain, arifing from the great, and almost universal profperity of the country. In France, a country not altogether fo profperous, the money price of labour has, fince the middle of the laft century, been observed to fink gradually with the average money price of corn. Both in the laft century and in the prefent, the day-wages of common labour are there faid to have been pretty uniformly about the twentieth part of the average price of the feptier of wheat, a measure which contains a little more than four Winchefter bushels. In Great Britain the real recompence of labour, it has already been shown, the real quantity of the necessaries and conveniencies of life which are given to the labourer, has increafed confiderably during the courfe of the prefent century. The rife in its money price feems to have been the effect, not of any diminution of the value of filver in the general market of Europe, but of a rife in the real K k 2

 $B_{i}O_{L} \subseteq C$ price of labour in the particular market of Great Britain, owing to the peculiarly happy circumftances of the country.

FOR fome time after the first discovery of America, filver would continue to fell at its former, or not much below its former price. The profits of mining would for fome time be very great, and much above their natural rate. Those who imported that metal into Europe, however, would foon find that the whole annual importation could not be difpofed of at this high price. Silver would gradually exchange for a smaller and a smaller quantity of goods. Its price would fink gradually lower and lower till it fell to its natural price; or to what was just fufficient to pay, according to their natural rates, the wages of the labour, the profits of the ftock, and the rent of the land, which must be paid in order to bring it from the mine to the market. In the greater part of the filver mines of Peru, the tax of the king of Spain, amount- ing to a fifth of the gross produce, eats up, it has already been, observed, the whole rent of the land. This tax was originally a half; it foon afterwards fell to a third, and then to a fifth, at which rate it still continues. In the greater part of the filver mines of Peru this, it feems, is all that remains after replacing the flock of the undertaker of the work, together with its ordinary profits; and it feems to be univerfally, acknowledged that thefe profits, which were once very high, are now as low as they can well be, confiftently with carrying on the works.

THE tax of the king of Spain was reduced to a fifth part of the registered filver in 1504, one and thirty years before 1535, the date of the difcovery of the mines of Potofi. In the courfeof a century, or before 1636, these mines, the most fertile in all-America, had time fufficient to produce their full effect, or to reduce the value of filver in the European market as low as it could could well fall, while it continued to pay this tax to the king CHAP. of Spain. A hundred years is time fufficient to reduce any commodity, of which, there is no monopoly, to its natural price, or to the lowest price at which, while it pays a particular tax, it can continue to be fold for any confiderable time together.

THE price of filver in the European market might perhaps have fallen, ftill lower, and, it might have become neceffary either to lower, the tax, upon it, in the fame manner as that upon gold, or to give up working the greater part of the American mines which are now wrought. The gradual increase of the demand for filver, or the gradual enlargement of the market for the produce of the filver mines of America, is probably the cause which has prevented this from happening, and which has not only kept up the value of filver in the European market, but has perhaps even raifed it fomewhat higher than it was about the middle of the laft-century.

SINCE the first discovery of America, the market for the produce of its filver mines has been growing gradually more and more extensive.

FIRST, The market of Europe has become gradually more and more extensive. Since the discovery of America, the greater part of Europe has been much improved. England, Holland, France, and Germany; even Sweden, Denmark, and Russia, have all advanced confiderably both in agriculture and in manufactures. Italy feems not to have gone backwards. The fall of Italy preceeded the conquest of Peru. Since that time it seems rather to have recovered a little. Spain and Portugal, indeed, are supposed to have gone backwards. Portugal, however, is but a very small part of Europe, and the declension of Spain is not, perhaps, fo great BOOK great as is commonly imagined. In the beginning of the fixteenth century, Spain was a very poor country, even in comparison with France, which has been fo much improved fince that time. It was the well known remark of the Emperor Charles V, who had travelled fo frequently through both countries, that every thing abounded in France, but that every thing was wanting in Spain. The increasing produce of the agriculture and manufactures of Europe must necessarily have required a gradual increase in the quantity of filver coin to circulate it; and the increasing number of wealthy individuals must have required the like increase in the quantity of their plate and other ornaments of filver.

SECONDLY, America is itfelf a new market for the produce of its own filver mines; and as its advances in agriculture, industry, and population, are much more rapid than those of the most thriving countries in Europe, its demand must increase much more rapidly. The English colonies are altogether a new market, which, partly for coin and partly for plate, requires a continually augmenting fupply of filver through a great continent where there never was any demand before. The greater part too of the Spanish and Portuguese colonies are altogether new markets. New Granada, the Yucatan, Paraguay, and the Brazils were, before difcovered by the Europeans, inhabited by favage nations, who had neither arts nor agriculture. A confiderable degree of both has now been introduced into all of them. Even Mexico and Peru, though they cannot be confidered as altogether new markets, are certainly much more extensive ones than they ever were before. After all the wonderful tales which have been published concerning the fplendid state of those countries in antient times, whoever reads, with any degree of fober judgement, the hiftory of their first difcovery and conquest, will evidently difcern that, in arts, agriculture and commerce, their inhabitants were much more ignorant than

than the Tartars of the Ukraine are at prefent. Even the Peru- CHAP. vians, the more civilized nation of the two, though they made use of gold and filver as ornaments, had no coined money of any kind. Their whole commerce was carried on by barter, and there was accordingly fcarce any division of labour among them. Thofe who cultivated the ground were obliged to build their own houfes, to make their own houshold furniture, their own cloaths, shoes, and inftruments of agriculture. The few artificers among them are faid to have been all maintained by the fovereign, the nobles, and the priefts, and were probably their fervants or flaves. All the ancient arts of Mexico and Peru have never furnished one fingle manufacture to Europe. The Spanish armies, though they scarce ever exceeded five hundred men, and frequently did not amount to half that number, found almost every where great difficulty in procuring fublistence. The famines which they are faid to have occasioned almost wherever they went, in countries too which at the fame time are reprefented as very populous and well cultivated, fufficiently demonstrate that the story of this populousness and high cultivation is in a great measure fabulous. The Spanish colonies are under a government in many refpects lefs favourable to agriculture, improvement, and population, than that of the English colonies. They feem, however, to be advancing in all thefe much more rapidly than any country in Europe. In a fertile foil and happy climate, the great abundance and cheapnefs of land, a circumftance common to all new colonies, is, it feems, fo great an advantage as to compensate many defects in civil government. Frezier, who visited Peru in 1713, represents Lima as containing. between twenty-five and twenty-eight thousand inhabitants. Ulloa, who refided in the fame country between 1740 and 1746, reprefents it as containing more than fifty thousand. The difference in their accounts of the populoufnefs of feveral other principal towns in Chili and Peru is nearly the fame; and as there feems to be no:

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BOOK reafon to doubt of the good information of either, it marks an increafe which is fcarce inferior to that of the English colonies. America, therefore, is a new market for the produce of its own filver mines, of which the demand must increase much more rapidly than that of the most thriving country in Europe.

> THIRDLY, The East-Indies is another market for the produce of the filver mines of America, and a market which, from the time of the first discovery of those mines, has been continually taking off a greater and a greater quantity of filver. Since that time, the direct trade between America and the East-Indies, which is carried on by means of the Acapulco fhips, has been continually augmenting, and the indirect intercourfe by the way of Europe has been augmenting in a still greater proportion. During the fixteenth century, the Portuguese were the only European nation who carried on any regular trade to the East-Indies. In the last years of that century the Dutch began to encroach upon this monopoly, and in a few years expelled them from their principal fettlements in India. During the greater part of the last century those two nations divided the most confiderable part of the East-India trade between them; the trade of the Dutch continually augmenting in a still greater proportion than that of the Portuguese declined. The English and French carried on some trade with India in the laft century, but it has been greatly augmented in the course of the prefent. The East-India trade of the Swedes and Danes began in the course of the present century. Even the Muscovites now trade regularly with China by a fort of caravans which - go over land through Siberia and Tartary to Pekin. The East-India trade of all these nations, if we except that of the French, which the last war had well nigh annihilated, has been almost continually augmenting. The increasing confumption of East-India goods in Europe is, it feems, fo great as to afford a gradual increafe 7

creafe of employment to them all. Tea, for example, was a drug CHAP. very little used in Europe before the middle of the last century. At prefent the value of the tea annually imported by the English East-India Company, for the use of their own countrymen, amounts to more than a million and a half a year; and even this is not enough; a great deal more being constantly smuggled into the country from the ports of Holland, from Gottenburg in Sweden, and from the coaft of France too as long as the French East-India Company was in prosperity. The confumption of the porcelain of China, of the fpiceries of the Moluccas, of the piece goods of Bengal, and of innumerable other articles, has increased very nearly in a like proportion. The tunnage accordingly of all the European fhipping employed in the East-India trade at any one time during the last century, was not, perhaps, much greater than that of the English East-India Company before the late reduction of their fhipping.

But in the East Indies, particularly in China and Indostan, the value of the precious metals, when the Europeans first began to trade to those countries, was much higher than in Europe; and it ftill continues to be fo. In rice countries, which generally yield two, fometimes three crops in the year, each of them more plentiful than any common crop of corn, the abundance of food must be much greater than in any corn country of equal extent. Such countries are accordingly much more populous. In them too the rich, having a greater fuper-abundance of food to difpofe of beyond what they themfelves can confume, have the means of purchafing a much greater quantity of the labour of other people. The retinue of a grandee in China or Indostan accordingly is, by all accounts, much more numerous and fplendid than that of the richeft fubjects in Europe. The fame fuper-abundance of food, of which they have the difpofal, enables them to give a greater quantity of it for all those fingular and rare productions which nature furnishes

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BOOK but in very fmall quantities; fuch as the precious metals and the precious stones, the great objects of the competition of the rich. Though the mines, therefore, which supplied the Indian market had been as abundant as those which supplied the European, such commodities would naturally exchange for a greater quantity of food in India than in Europe. But the mines which supplied the Indian market with the precious metals feem to have been a good deal lefs abundant, and those which supplied it with the precious ftones a good deal more fo, than the mines which fupplied the European. The precious metals therefore would naturally exchange for fomewhat a greater quantity of the precious fromes, and for a much greater quantity of food in India than in Europe. The money price of diamonds, the greatest of all superfluities, would be fomewhat lower, and that of food, the first of all necessaries, a great deal lower in the one country than in the other. But the real price of labour, the real quantity of the necessaries of life which. is given to the labourer, it has already been observed, is lower both. in China and Indostan, the two great markets of India, than it is through the greater part of Europe. The wages of the labourer will there purchase a smaller quantity of food; and as the money price of food is much lower in India than in Europe, the money price of labour is there lower upon a double account; upon, account both of the fmall quantity of food which it will purchafe, and of the low price of that food. But in countries of equal art. and industry, the money price of the greater part of manufactures will be in proportion to the money price of labour; and in manufacturing art and industry, China and Indostan, tho' inferior, feem not to be much inferior to any part of Europe. The money price of the greater part of manufactures, therefore, will naturally be much lower in those great empires than it is any where in Europe. Through the greater part of Europe too the expence of land-carriage increases very much both the real and nominal price of most manu-

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manufactures. It cofts more labour, and therefore more money, to CHAP. bring first the materials, and afterwards the compleat manufacture to market. In China and Indoftan the extent and variety of inland navigations fave the greater part of this labour, and confequently of this money, and thereby reduce still lower both the real and the nominal price of the greater part of their manufactures. Upon all thefe accounts, the precious metals are a commodity which it always has been, and still continues to be, extremely advantageous to carry from Europe to India. There is fcarce any commodity which brings a better price there; or which, in proportion to the quantity of labour and commodities which it cofts in Europe, will purchafe or command a greater quantity of labour and commodities in India. It is more advantageous too to carry filver thither than gold; because in China, and the greater part of the other markets of India, the proportion between fine filver and fine gold is but as ten to one; whereas in Europe it is as fourteen or fifteen to one. In China, and the greater part of the other markets of India, ten ounces of filver will purchase an ounce of gold: in Europe it . requires from fourteen to fifteen ounces. In the cargoes, therefore, of the greater part of European ships which fail to India, filver has generally been one of the most valuable articles. It is the most valuable article in the Acapulco ships which fail to The filver of the new continent feems in this manner to Manilla. be the principal commodity by which the commerce between the two extremities of the old one is carried on, and it is by means of it chiefly that those distant parts of the world are connected with one another.

In order to fupply fo very widely extended a market, the quantity of filver annually brought from the mines muft not only be fufficient to support that continual increase both of coin and of plate which is required in all thriving countries; but to repair that continual

BOOK continual wafte and confumption of filver which takes place in all I. countries where that metal is ufed.

THE continual confumption of the precious metals in coin by wearing, and in plate both by wearing and cleaning, is very fenfible; and in commodities of which the use is so very widely extended, would alone require a very great annual fupply. The confumption of those metals in some particular manufactures, though it may not perhaps be greater upon the whole than this gradual confumption, is, however, much more fenfible, as it is much more rapid. In the manufactures of Birmingham alone. the quantity of gold and filver annually employed in gilding and, plating, and thereby difqualified from ever afterwards appearing in the shape of those metals, is faid to amount to more than fifty. thousand pounds sterling. We may from thence form some notion how great must be the annual confumption in all the different parts of the world, either in manufactures of the fame kind with those of Birmingham, or in laces, embroideries, gold and filver stuffs, the gilding of books; furniture, &c. A confiderable quantity too must be annually lost in transporting those metals from one place to another both by fea and by land. In the greater part of the governments of Afia, befides, the almost universal custom of concealing treasures in the bowels of the earth, of which the knowledge frequently dies with the perfon who makes the concealment, must occasion the loss of a still greater quantity.

THE quantity of gold and filver imported at both Cadiz and Lisbon (including not only what comes under register, but what may be supposed to be smuggled) amounts, according to the best accounts, to about fix millions sterling a year.

According

HE ACCORDING to Mr. Meggens the annual importation of the CHAP. precious metals into Spain, at an average of fix years; viz. from 1748 to 1753, both inclusive; and into Portugal, at an average of feven years; viz. from 1747 to 1753, both inclusive; amounted in filver to 1,101,107 pounds weight; and in gold to 49,940 pounds weight. The filver, at fixty-two fhillings the pound Troy, amounts to 3,413,4311. 10s. fterling. The gold, at forty-four guineas and a half the pound Troy, amounts to 2,333,4461. 14s. fterling. Both together amount to 5,746,8781. 4s. fterling. The account of what was imported under register, he assure us is exact. He gives us the detail of the particular places from which the gold and filver were brought, and of the particular quantity of each metal, which, according to the register, each of them afforded. He makes an allowance too for the quantity of each metal which he fuppofes may have been fmuggled. The great experience of this judicious merchant renders his opinion of confiderable weight.

ACCORDING to the eloquent and fometimes well informed author of the philosophical and political history of the establishment of the Europeans in the two Indies, the annual importation of registered gold and filver into Spain, at an average of eleven years; viz. from 1754 to 1764, both inclusive; amounted to 13,984,185 $\frac{3}{4}$ piastres of ten reals. On account of what may have been smuggled, however, the whole annual importation, he supposes, may have amounted to seventeen millions of piastres; which at 4s. 6d. the piastre, is equal to 3,825,0001. sterling. He gives the detail too of the particular places from which the gold and filver were brought, and of the particular quantities of each metal which, according to the register, each of them afforded. He informs us too, that if we were to judge of the quantity of gold annually imported from the Brazils into Lifbon by the amount of the tax paid to the king of Portugal, which it feems is one-fifth of. BOOK of the ftandard metal, we might value it at eighteen millions of ruzadoes, or forty-five millions of French livres, equal to about two millions fterling. On account of what may have been fmuggled, however, we may fafely, he fays, add to this fum an eighth more, or 250,0001. fterling, fo that the whole will amount to 2,250,0001. fterling. According to this account, therefore, the whole annual importation of the precious metals into both Spain and Portugal, amounts to about 6,075,0001. fterling.

> SEVERAL other very well authenticated accounts, I have been affured, agree in making this whole annual importation amount at an average to about fix millions fterling; fometimes a little more, fometimes a little lefs.

> THE annual importation of the precious metals into Cadiz and Lifbon, indeed, is not equal to the whole annual produce of the mines of America. Some part is fent annually by the Acapulco fhips to Manilla; fome part is employed in the contraband trade which the Spanish colonies carry on with those of other European nations; and fome part, no doubt, remains in the country. The mines of America, belides, are by no means the only gold and filver mines in the world. They are, however, by far the most abundant. The produce of all the other mines which are known, is infignificant, it is acknowledged, in comparison with theirs; and the far greater part of their produce, it is likewife acknowledged, is annually imported into Cadiz and Lifbon. But the confumption of Birmingham alone, at the rate of fifty thousand pounds a year, is equal to the hundred and twentieth part of this annual importation at the rate of fix millions a year. The whole annual confumption of gold and filver therefore in all the different countries of the world where those metals are used, may perhaps be nearly equal to the whole annual produce. The remainder may be

be no more than fufficient to fupply the increasing demand of all CHAP. thriving countries. It may even have fallen to far thort of this demand as fomewhat to raife the price of those metals in the European market.

THE quantity of brafs and iron annually brought from the mine to the market is out of all proportion greater than that of gold and filver. We do not, however, upon this account, imagine that those coarse metals are likely to multiply beyond the demand, or to become gradually cheaper and cheaper. Why should we imagine that the precious metals are likely to do fo? The coarse metals indeed, though harder, are put to much harder uses, and as they are of less value, less care is employed in their prefervation. The precious metals, however, are not necessarily immortal any more than they, but are liable too to be lost, wasted and confumed in a great variety of ways.

THE price of all metals, though liable to flow and gradual variations, varies lefs from year to year than that of almost any other part of the rude produce of land; and the price of the precious metals is even lefs liable to fudden variations than that of The durableness of metals is the foundation of the coarfe ones. this extraordinary steadiness of price. The corn which was brought to market last year, will be all or almost all confumed long before. the end of this year. But fome part of the iron which was brought from the mine two or three hundred years ago, may be still in use, and perhaps fome part of the gold which was brought from it two or three thousand years ago. The different masses of corn a which in different years must fupply the confumption of the world, . will always be nearly in proportion to the refpective produce of those different years. But the proportion between the different maffes of iron which may be in use in two different years, will bevery 4

BOOK very little affected by any accidental difference in the produce of the iron mines of those two years; and the proportion between the masses of gold will be still less affected by any such difference in the produce of the gold mines. Though the produce of the greater part of metallick mines, therefore, varies, perhaps, still more from year to year than that of the greater part of corn fields, those variations have not the same effect upon the price of the one species of commodities, as upon that of the other.

Variations in the Proportion between the respective Values of Gold and Silver.

BEFORE the discovery of the mines of America, the value of fine gold to fine filver was regulated in the different mints of Europe, between the proportions of one to ten and one to twelve; that is, an ounce of fine gold was fuppofed to be worth from ten to twelve ounces of fine filver. About the middle of the last century it came to be regulated, between the proportions of one to fourteen and one to fifteen; that is, an ounce of fine gold came to be fupposed worth between fourteen and fifteen ounces of fine filver. Gold rofe in its nominal value, or in the quantity of filver which Both metals funk in their real value, or in the was given for it. quantity of labour which they could purchafe; but filver funk more than gold. Though both the gold and filver mines of America exceeded in fertility all those which had ever been known before, the fertility of the filver mines had, it feems, been proportionably ftill greater than that of the gold ones.

THE great quantities of filver carried annually from Europe to India, have, in fome of the English fettlements, gradually reduced the value of that metal in proportion to gold. In the mint of 7 Calcutta,

Calcutta, an ounce of fine gold is fuppofed to be worth fifteen CHAP. ounces of fine filver, in the fame manner as in Europe. It is in the mint perhaps rated too high for the value which it bears in the market of Bengal. In China, the proportion of gold to filver ftill continues as one to ten. In Japan it is faid to be as one to eight.

THE proportion between the quantities of gold and filver annually imported into Europe, according to Mr. Meggens's account, is as one to twenty-two nearly; that is, for one ounce of gold there are imported a little more than twenty-two ounces of filver. The great quantity of filver fent annually to the Eaft Indies, reduces, he fuppofes, the quantities of those metals which remain in Europe to the proportion of one to fourteen or fifteen, the proportion of their values. The proportion between their values, he feems to think, must necessarily be the fame as that between their quantities, and would therefore be as one to twenty-two, were it not for this greater exportation of filver.

But the ordinary proportion between the refpective values of two commodities is not neceffarily the fame as that between the quantities of them which are commonly in the market. The price of an ox, reckoned at ten guineas, is about threefcore times the price of a lamb, reckoned at $3 ext{ s. } 6 ext{ d.}$ It would be abfurd, however, to infer from thence, that there are commonly in the market threefcore lambs for one ox : and it would be juft as abfurd to infer, becaufe an ounce of gold will commonly purchase from fourteen to fifteen ounces of filver, that there are commonly in the market only fourteen or fifteen ounces of filver for one ounce of gold.

THE quantity of filver commonly in the market, it is probable, is much greater in proportion to that of gold, than the value of a Vol. I. Mm certain

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BOOK certain quantity of gold is to that of an equal quantity of filver. J The whole quantity of a cheap commodity brought to market, is commonly, not only greater, but of greater value, than the whole quantity of a dear one. The whole quantity of bread annually brought to market, is not only greater, but of greater value than the whole quantity of butcher's-meat; the whole quantity of butcher's-meat, than the whole quantity of poultry; and the whole quantity of poultry, than the whole quantity of wild fowl. There are fo many more purchafers for the cheap than for the dear commodity, that, not only a greater quantity of it, but a greater value can commonly be difposed of. The whole quantity, therefore, of the cheap commodity must commonly be greater in proportion to the whole quantity of the dear one, than the value of a certain quantity of the dear one, is to the value of an equal. quantity of the cheap one. When we compare the precious metals with one another, filver is a cheap, and gold a dear commodity. We ought naturally to expect, therefore, that there fould always be in the market, not only a greater quantity, but a greater value of filver than of gold. Let any man, who has a little of both, compare his own filver with his gold plate, and he will probably find, that, not only the quantity, but the value of the former greatly exceeds that of the latter. Many people, befides, have a good deal of filver who have no gold plate, which, even with those who have it, is generally confined to watch cafes, fnuff-boxes, and fuch like trinkets, of which the whole amount is feldom of great value. In the British coin, indeed, the value of the gold preponderates greatly, but it is not fo in that of all countries. In the coin of fome countries the value of the two metals is nearly equal. In the Scotch coin, before the union with England, the gold preponderated very little, though it did fomewhat, as it appears by the accounts of the mint. In the coin of many countries the filver preponderates. In France, the largest fums are commonly paid in that metal, and

and it is there difficult to get more gold than what it is necessary to CHAP. carry about in your pocket. The fuperior value, however, of the filver plate above that of the gold, which takes place in all countries, will much more than compensate the preponderancy of the gold coin above the filver, which takes place only in fome countries.

THOUGH, in one fense of the word, filver always has been, and probably always will be, much cheaper than gold; yet in another fense, gold may, perhaps, in the present state of the European market, be faid to be fomewhat cheaper than filver. Α commodity may be faid to be dear or cheap, not only according to the absolute greatness or smallness of its usual price, but according as that price is more or lefs above the loweft for which it is poffible to bring it to market for any confiderable time together. This loweft price is that which barely replaces, with a moderate profit, the flock which must be employed in bringing the commodity It is the price which affords nothing to the landlord, thither. of which rent makes not any component part, but which refolves itfelf altogether into wages and profit. But, in the prefent state of the European market, gold is certainly fomewhat nearer to this lowest price than filver. The tax of the king of Spain upon gold is only one-twentieth part of the ftandard metal, or five per cent.; whereas his tax upon filver amounts to one-fifth part of it, or to twenty per cent. In these taxes too, it has already been observed, confifts the whole rent of the greater part of the gold and filver mines of Spanish America; and that upon gold is still worfe paid than that upon filver. The profits of the undertakers of gold mines too, as they more rarely make a fortune, must, in general, be still more moderate than those of the undertakers of filver mines. The price of Spanish gold, therefore, as it affords both less rent and less profit, must, in the European market, be somewhat nearer to the lowest price

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BOOK I. Spanifh filver. The tax of the king of Portugal, indeed, upon the gold of the Brazils, is the fame with that of the king of Spain upon the filver of Mexico and Peru; or one-fifth part of the ftandard metal. It muft ftill be true, however, that the whole mafs of American gold comes to the European market, at a price nearer to the loweft for which it is poffible to bring it thither, than the whole mafs of American filver. When all expences are computed, it would feem, the whole quantity of the one metal cannot be difpofed of fo advantageoufly as the whole quantity of the other.

> THE price of diamonds and other precious ftones may, perhaps, be ftill nearer to the loweft price at which it is possible to bring them to market, than even the price of gold.

> WERE the king of Spain to give up his tax upon filver, the price of that metal might not, upon that account, fink immediately in the European market. As long as the quantity brought thither continued the fame as before, it would ftill continue to fell at the fame price. The first and immediate effect of this change, would be to increase the profits of mining, the undertaker of the mine now gaining all that he had been used to pay to the king. Thefe great profits would foon tempt a greater number of people to undertake the working of new mines. Many mines would be wrought which cannot be wrought at prefent, becaufe they cannot afford to pay this tax, and the quantity of filver brought to market would, in a few years, be fo much augmented, probably, as to fink its price about one-fifth below its prefent standard. This diminution in the value of filver would again reduce the profits of mining nearly to their present rate.

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IT is not indeed very probable, that any part of a tax which CHAP. affords fo important a revenue, and which is impofed too upon one of the most proper subjects of taxation, will ever be given up as long as it is possible to pay it. The impossibility of paying it, however, may in time make it necessary to diminish it, in the fame manner as it made it necessary to diminish the tax upon gold. That the filver mines of Spanish America, like all other mines, become gradually more expensive in the working, on account of the greater depths at which it is necessary to carry on the works, and of the greater expence of drawing out the water and of supplying them with fresh air at those depths, is acknowledged by every body who has enquired into the state of those mines.

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THESE causes, which are equivalent to a growing fearcity of filver, (for a commodity may be faid to grow fcarcer when it becomes more difficult and expensive to collect a certain quantity of it), must, in time, produce one or other of the three following The increase of the expence must either, first, be comevents. penfated altogether by a proportionable increase in the price of the metal; or, fecondly, it must be compensated altogether by a proportionable diminution of the tax upon filver; or, thirdly, it must be compensated partly by the one, and partly by the other of those two expedients. This third event is very possible. As gold rofe in its price in proportion to filver, notwithstanding a great diminution of the tax upon gold; fo filver might rife in its price in proportion to labour and commodities, notwithstanding an equal diminution of the tax upon filver.

THAT the first of these three events has already begun to take place, or that filver has, during the course of the present century, begun to rise fomewhat in its value in the European market, the facts and arguments which have been alledged above dispose me to believe. 5

Grounds of the Suspicion that the Value of Silver still continues. to decrease.

THE increase of the wealth of Europe, and the popular notion that, as the quantity of the precious metals naturally increases with the increase of wealth, fo their value diminishes as their quantity increases, may, besides, dispose many people to believe that their value still continues to fall in the European market; and the still gradually increasing price of many parts of the rude produce of land may, perhaps, confirm them still further in this opinion.

THAT the increase of the quantity of the precious metals in any country, which arises from the increase of wealth, has no tendency to diminish their value, I have endeavoured to show already. Gold and filver naturally refort to a rich country, for the same reason that all forts of luxuries and curiofities refort to it; not because they are cheaper there than in poorer countries, but because they are dearer, or because a better price is given for them. It is the superiority of price which attracts them, and as soon as that superiority ceases, they necessarily cease to go thither.

IF you except corn and fuch other vegetables as are raifed altogether by human industry, that all other forts of rude produce, cattle, poultry, game of all kinds, the useful foffils and minerals of

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the earth, &c. naturally grow dearer as the fociety advances in CHAP. wealth and improvement, I have endeavoured to flow already. Though fuch commodities, therefore, come to exchange for a greater quantity of filver than before, it will not from thence follow that filver has become really cheaper, or will purchase less labour than before, but that fuch commodities have become really dearer, or will purchase more labour than before. It is not their nominal price only, but their real price which rifes in the progress of improvement. The rife of their nominal price is the effect, not of any degradation of the value of filver, but of the rife in their. real price.

Different Effects of the Progress of Improvement upon three different Sorts of rude Produce.

THESE different forts of rude produce may be divided into three classes. The first comprehends those which it is fcarce in the power of human industry to multiply at all. The fecond, those which it can multiply in proportion to the demand. The third, those in which the efficacy of industry is either limited or uncertain. In the progress of wealth and improvement, the real price of the first may rife to any degree of extravagance, and feems not to be limited by any certain boundary. That of the fecond, though it may rife greatly, has, however, a certain boundary beyond which it cannot well pass for any confiderable time together. That of the third, though its natural tendency is to rife in the progrefs of improvement, yet in the fame degree of improvement it may fometimes happen even to fall, fometimes to continue the fame, and fometimes to rife more or lefs, according as different accidents render the efforts of human industry, in multiplying this fort of rude. produce, more or lefs fuccefsful.

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First Sort.

THE first fort of rude produce of which the price rifes in the progrefs of improvement, is that which it is fcarce in the power of human industry to multiply at all. It confists in those things which nature produces only in certain quantities, and which being of a very perishable nature, it is impossible to accumulate together the produce of many different feasons. Such are the greater part of rare and fingular birds and fishes, many different forts of game, almost all wild-fowl, all birds of passage in particular, as well as many other things. When wealth, and the luxury which accompanies it, increase, the demand for these is likely to increase with them, and no effort of human industry may be able to increase the fupply much beyond what it was before this increase of the demand. The quantity of fuch commodities, therefore, remaining the fame, or nearly the fame, while the competition to purchase them is continually increasing, their price may rife to any degree of extravagance, and feems not to be limited by any certain boundary. If woodcocks (hould become fo fashionable as to fell for twenty guineas a-piece, no effort of human industry could increase the number of those brought to market, much beyond what it is at prefent. The high price paid by the Romans, in the time of their greatest grandeur, for rare birds and filhes, may in this manner eafily be accounted for. These prices were not the effects of the low value of filver in those times, but of the high value of fuch rarities and curiofities as human induftry could not multiply at pleafure. The real value of filver was higher at Rome, for fome time before and after the fall of the republic, than it is through the greater part of Europe at prefent. Three feftertii, equal to about fixpence sterling, was the price which the republic paid for the modius or peck of the tithe wheat of Sicily. This price, however, was 7

was probably below the average market price, the obligation to CHAP. deliver their wheat at this rate being confidered as a tax upon the Sicilian farmers. When the Romans, therefore, had occasion to order more corn than the tithe of wheat amounted to, they were bound by capitulation to pay for the furplus at the rate of four festertii, or eight-pence sterling the peck; and this had probably been reckoned the moderate and reafonable, that is, the ordinary or average contract price of those times; it is equal to about one and twenty shillings the quarter. Eight and twenty shillings the quarter was, before the late years of fcarcity, the ordinary contract price of English wheat, which in quality is inferior to the Sicilian, and generally fells for a lower price in the European market. The value of filver, therefore, in those antient times, must have been to its value in the prefent, as three to four inverfely, that is, three ounces of filver would then have purchased the same quantity of labour and commodities which four ounces will do at prefent. When we read in Pliny, therefore, that Seius bought a white nightingale, as a prefent for the empress Agrippina, at the price of fix thousand sestertii, equal to about fifty pounds of our present money; and that Afinius Celer purchased a furmullet at the price of eight thousand seftertii, equal to about fixty-fix pounds thirteen fhillings and four-pence of our prefent money, the extravagance of those prices, how much foever it may furprise us, is 'apt, not-' withftanding, to appear to us about one-third lefs than it really was. Their real price, the quantity of labour and fubfiftence which was given away for them, was about one-third more than their nominal price is apt to express to us in the present times. Seius gave for the nightingale the command of a quantity of labour and fublistence, equal to what 661. 13s. 4d. would purchase in the prefent times; and Afinius Celer gave for the furmullet the command of a quantity equal to what 881, 17 s. $9\frac{1}{3}$ d. would purchase. What occasioned the extravagance of those high prices was, not fo much Νn

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BOOK much the abundance of filver, as the abundance of labour and I. fubliftence, of which those Romans had the disposal, beyond what was necessary for their own use. The quantity of filver, of which they had the disposal, was a good deal less than what the command of the same quantity of labour and subsistence would have procured to them in the present times.

Second Sort.

THE fecond fort of rude produce of which the price rifes in the progrefs of improvement, is that which human industry can multiply in proportion to the demand. It confifts in those useful. plants and animals, which, in uncultivated countries, nature produces with fuch profuse abundance, that they are of little or no value, and which, as cultivation advances, are therefore forced to give place to fome more profitable produce. During a long period. in the progress of improvement, the quantity of these is continually diminishing, while at the same time the demand for them is continually increasing. Their real value, therefore, the real quantity of labour which they will purchase or command, gradually rifes, till at last it gets fo high as to render them as profitable a produce as any thing else which human industry can raise upon the most fertile and beft cultivated land. When it has got fo high it cannot well. go higher. If it did, more land and more induftry would foon be employed to increase their quantity.

WHEN the price of cattle, for example, rifes fo high that it is as profitable to cultivate land in order to raife food for them, as in order to raife food for man, it cannot well go higher. If it did, more corn land would foon be turned into pafture. The extension of tillage, by diminishing the quantity of wild pasture, diminishes the quantity of butcher's-meat which the country naturally produces without labour or cultivation, and by increasing the number of those

those who have either corn, or, what comes to the fame CHAP. thing, the price of corn, to give in exchange for it, increases the u demand. The price of butcher's-meat, therefore, and confequently of cattle, must gradually rife till it gets to high that it becomes as profitable to employ the most fertile and best cultivated lands in raifing food for them as in raifing corn. But it must always be late in the progress of improvement before tillage can be fo far extended as to raife the price of cattle to this height; and till it has got to this height, if the country is advancing at all, their price must be continually rising. There are, perhaps, some parts of Europe in which the price of cattle has not yet got to this height? It had not got to this height in any part of Scotland before the Had the Scotch cattle been always confined to the market union. of Scotland, in a country in which the quantity of land, which can be applied to no other purpose but the feeding of cattle, is fo great in proportion to what can be applied to other purpofes, it is fcarce poffible, perhaps, that their price could ever have rifen fo high as to render it profitable to cultivate land for the fake of feeding them. In England, the price of cattle, it has already been observed, seems, in the neighbourhood of London, to have got to this height about the beginning of the last century; but it was much later probably before it got to, it through the greater part of the remoter counties; in fome of which, perhaps, it may fcarce yet have got to it. Of all the different fubftances, however, which compose this second fort of rude produce, cattle is, perhaps, that of which the price, in the progress of improvement, rifes first to this height.

Tizz the price of cattle, indeed, has got to this height, it feems farce poffible that the greater part, even of those lands which are capable: of the higheft cultivation, can be completely cultivated. In all farms too diftant from any town to carry manure from it, .that

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BOOK that is, in the far greater part of those of every extensive country, the quantity of well-cultivated land must be in proportion to the _ quantity of manure which the farm itself produces; and this again must be in proportion to the stock of cattle which are maintained upon it. The land is manured either by pasturing the cattle upon it, or by feeding them in the stable, and from thence carrying out their dung to it. But unless the price of the cattle be fufficient to pay both the rent and profit of cultivated land, the farmer cannot afford to pafture them upon it; and he can still less afford to feed them in the stable. It is with the produce of improved and cultivated land only, that cattle can be fed in the stable; becaufe to collect the fcanty and fcattered produce of wafte and unimproved lands would require too much labour and be too expenfive. If the price of the cattle, therefore, is not fufficient to pay for the produce of improved and cultivated land; when they are allowed to pasture it, that price will be still less sufficient to pay for that produce when it must be collected with a good deal of additional labour, and brought into the stable to them. In these circumstances, therefore, no more cattle can, with profit, be fed in the stable than what are necessary for tillage. But these can never afford manure enough for keeping constantly in good condition, all the lands which they are capable of cultivating. What they afford being infufficient for the whole farm, will naturally be referved for the lands to which it can be most advantageously or conveniently applied; the most fertile, or those, perhaps, in the neighbourhood of the farm-yard. These, therefore, will be kept conftantly in good condition and fit for tillage. The reft will, the greater part of them, be allowed to lie wafte, producing fcarce any thing but fome miferable pasture, just fufficient to keep. alive a few ftraggling, half-ftarved cattle; the farm, though much understocked in proportion to what would be necessary for its complete cultivation, being very frequently overstocked in proportion to its. 4

its actual produce. A portion of this wafte land, however, after CHAP. having been pastured in this wretched manner for fix or feven years together, may be ploughed up, when it will yield, perhaps, a poor crop or two of bad oats, or of fome other coarfe grain; and then, being entirely exhausted, it must be rested and pastured again as before, and another portion ploughed up to be in the fame manner exhausted and rested again in its turn. Such accordingly was the general fystem of management all over the low country of Scotland before the union. The lands which were kept conftantly well manured and, in good condition, feldom exceeded a third or a fourth part of the whole farm, and fometimes did not amount to a fifth or a fixth part of it. The reft were never manured, but a certain portion of them was in its turn, notwithftanding, regularly cultivated and exhausted. Under this system of management, it is evident, even that part of the lands of Scotland which is capable of good cultivation, could produce but little in comparison of what it may be capable of producing. But how difadvantageous foever this fystem may appear, yet before the union the low price of cattle feems to have rendered it almost unavoidable. If, notwithstanding a great rife in their price, it still continues to prevail through a confiderable part of the country, it is owing in many places, no doubt, to ignorance and attachment to old cuftoms, but in most places to the unavoidable obstructions which the natural course of things opposes to the immediate or fpeedy establishment of a better system : first, to the poverty of the tenants, to their not having yet had time to acquire a ftock of cattle fufficient to cultivate their lands more completely, the fame. rife of price which would render it advantageous for them to maintain a greater ftock, rendering it more difficult for them to acquire it; and, fecondly, to their not having yet had time to put their lands in condition to maintain this greater flock properly, fuppofing they were capable of acquiring it. The increase of ftock

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BOOK flock and the improvement of land are two events which must go - hand in hand, and of which the one can no where much out-run the other. Without fome increase of stock, there can be scarce any improvement of land, but there can be no confiderable increase of flock but in confequence of a confiderable improvement of land; becaufe otherwife the land could not maintain it. Thefe natural obstructions to the establishment of a better system, cannot be removed but by a long courfe of frugality and industry; and half a century or a century more, perhaps, must pass away before the old fyftem, which is wearing out gradually, can be completely abolished through all the different parts of the country. Of all commercial advantages, however, which Scotland has derived from the union with England, this rife in the price of cattle is, perhaps, the greatest. It has not only raised the value of all highland estates, but it has, perhaps, been the principal cause of the improvement of the low country.

> In all new colonies the great quantity of wafte land, which can for many years be applied to no other purpose but the feeding of cattle, foon renders them extremely abundant, and in every thing great cheapnefs is the neceffary confequence of great abundance. Though all the cattle of the European colonies in America were originally carried from Europe, they foon multiplied fo much there, and became of fo little value, that even horfes were allowed to run wild in the woods without any owner thinking it worth while to claim them. It must be a long time after the first establishment of such colonies before it can become profitable to feed cattle upon the produce of cultivated land. The fame causes, therefore, the want of manure, and the difproportion between the flock employed in cultivation, and the land which it is defined to cultivate, are likely to introduce there a fystem of husbandry not unlike that which still continues to take 7

take place in fo many parts of Scotland. Mr. Kalm, the Swedifh CHAP. traveller, when he gives an account of the hufbandry of fome of the English colonies in North America, as he found it in 1740, observes, accordingly, that he can with difficulty discover there the character of the English nation, fo well skilled in all the different branches of agriculture. They make fcarce any manure for their corn fields, he fays; but when one piece of ground has been exhausted by continual cropping, they clear and cultivate another piece of fresh land; and when that is exhausted, proceed to a third. Their cattle are allowed to wander through the woods. and other uncultivated grounds, where they are half starved; having long ago extirpated almost all the annual graffes by cropping them too early in the fpring, before they had time to form their flowers, or to shed their feeds. The annual grasses were, it feems, the best natural graffes in that part of North America; and when the Europeans first settled there, they used to grow very thick, and to rife three or four feet high. A piece of ground which, when he wrote, could not maintain one cow, would in former times, he was affured, have maintained four,. each of which would have given four times the quantity of milk, which that one was capable of giving, The poornels of the pasture had, in his opinion, occasioned the degradation of their cattle, which degenerated fenfibly from one generation to another. They were probably not unlike that funted breed which was common all over Scotland thirty or forty years ago, and which is now fo much mended through the greater part of the low country, not fo much by a change of the breed, though that expedient has. been employed in fome places, as by a more plentiful method of. feeding them.

THOUGH it is late, therefore, in' the progress of improvement: before cattle can bring fuch a price as to render it profitable to cultivate. BOOK cultivate land for the fake of feeding them; yet of all the different parts which compose this fecond fort of rude produce, they are perhaps the first which bring this price; because till they bring it, it feems impossible that improvement can be brought near even to that degree of perfection to which it has arrived in many parts of Europe.

> As cattle are among the first, so perhaps venison is among the last parts of this fort of rude produce which bring this price. The price of venison in Great Britain, how extravagant soever it may appear, is not near sufficient to compensate the expence of a deer park, as is well known to all those who have had any experience in the feeding of deer. If it was otherwise, the feeding of deer would soon become an 'article of common farming; in the fame manner as the feeding of those small birds called Turdi was among the antient Romans. Varro and Columella affure us that it was a most profitable article. The fattening of Ortolans, birds of passage which arrive lean in the country, is faid to be so in some parts of France. If venison continues in fashion, and the wealth and luxury of Great Britain increase as they have done for some time pass, its price may very probably rise still higher than it is at prefent.

> BETWEEN that period in the progress of improvement which brings to its height the price of fo necessary an article as cattle, and that which brings to it the price of fuch a fuperfluity as venifon, there is a very long interval, in the course of which many other forts of rude produce gradually arrive at their highest price, fome fooner and fome later, according to different circumftances.

> THUS in every farm the offals of the barn and ftables will maintain a certain number of poultry. These, as they are fed with

with what would otherwife be loft, are a meer fave-all; and as CHAP. they cost the farmer scarce any thing, so he can afford to fell them for very little. Almost all that he gets is pure gain, and their price can fcarce be fo low as to difcourage him from feeding this number. But in countries ill cultivated, and, therefore, but thinly inhabited, the poultry, which are thus raifed without expence, are often fully fufficient to fupply the whole demand. In this state of things, therefore, they are often as cheap as -butcher's-meat, or any other fort of animal food. But the whole quantity of poultry, which the farm in this manner produces without expence, must always be much fmaller than the whole quantity of butcher's meat which is reared upon it; and in times of wealth and luxury what is rare, with only nearly equal merit, is always preferred to what is common. As wealth and luxury increase, therefore, in consequence of improvement and cultivation, the price of poultry gradually rifes above that of butcher's meat, till at last it gets fo high that it becomes profitable to cultivate land for the fake of feeding them. When it has got to this height, it cannot well go higher. If it did, more land would foon be furned to this purpofe. In feveral provinces of France, the feeding of poultry is confidered as a very important article in rural æconomy, and fufficiently profitable to encourage the farmer to raife a confiderable quantity of Indian corn and buck wheat for this purpofe. A middling farmer will there fometimes have four hundred fowls in his yard. The feeding of poultry feems fcarce yet to be generally confidered as a matter of fo much importance in England. They are certainly, however, dearer in England than in France, as England receives confiderable fupplies from France. In the progress of improvement, the period at which every particular fort of animal food is dearest, must naturally be that which immediately preceeds the general practice of cultivating land for the fake of raifing it. For fome time before Vol. I. 0 0

BOOK before this practice becomes general, the fcarcity muft neceffarily I. raife the price. After it has become general, new methods of feeding are commonly fallen upon, which enable the farmer to raife upon the fame quantity of ground a much greater quantity of that particular fort of animal food. The plenty not only obliges him to fell cheaper, but in confequence of these improvements he can afford to fell cheaper; for if he could not afford it, the plenty would not be of long continuance. It has been probably in this manner that the introduction of clover, turnips, carrots, cabbages, &c. has contributed to fink the common price of butcher's-meat in the London market fomewhat below what it was about the beginning of the last century.

> THE hog, that finds his food among ordure, and greedily devours many things rejected by every other useful animal, is, like poultry, originally kept as a fave-all. As long as the number of fuch animals, which can thus be reared at little or no expence, is fully fufficient to fupply the demand, this fort of butcher's-meat comes. to market at a much lower price than any other. But when the demand rifes beyond what this quantity can fupply, when it becomes neceffary to raife food on purpose for feeding and, fattening hogs, in the fame manner as for feeding and fattening other cattle, the price neceffarily rifes, and becomes proportionably either higher or lower than that of other butcher's-meat, according as the nature of the country, and the state of its. agriculture, happen to render the feeding of hogs more or lefs. expensive than that of other cattle, In France, according to Mr. Buffon, the price of pork is nearly equal to that of beef. In most parts of Great Britain it is at prefent somewhat: higher.

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THE great rife in the price both of hogs and poultry has in CHAP. Great Britain been frequently imputed to the diminution of the number of cottagers and other small occupiers of land; an event which has in every part of Europe been the immediate fore-runner of improvement and better cultivation, but which at the same time may have contributed to raife the price of those articles, both fomewhat fooner and fomewhat faster than it would otherwise have As the pooreft family can often maintain a cat or a dog, risen. without any expence, fo the pooreft occupiers of land can commonly maintain a few poultry, or a fow and a few pigs, at very little. The little offals of their own table, their whey, skimmed milk, and butter-milk, fupply those animals with a part of their food, and they find the reft in the neighbouring fields without doing any fenfible damage to any body. By diminishing the number of those small occupiers, therefore, the quantity of this fort of provisions which is thus produced at little or no expence, must certainly have been a good deal diminished, and their price must confequently have been raifed both fooner and faster than it would otherwise have rifen. Sooner or later, however, in the progress of improvement, it must at any rate have rifen to the utmost height to which it is capable of rifing; or to the price which pays the labour and expence of cultivating the land which furnishes them with food as well as these are paid upon the greater part of other cultivated land.

THE bufinefs of the dairy, like the feeding of hogs and poultry, is originally carried on as a fave-all. The cattle neceffarily kept upon the farm, produce more milk than either the rearing of their own young, or the confumption of the farmer's family requires; and they produce most at one particular feason. But of all the productions of land, milk is perhaps the most perishable. In the warm feason, when it is most abundant, it will fcarce keep O o 2 four

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BOOK four and twenty hours. The farmer, by making it into fresh butter, ftores a fmall part of it for a week: by making it into falt butter, for a year: and by making it into cheefe, he ftores a much greater part of it, for feveral years. Part of all thefe is referved for the use of his own family. The rest goes to market, in order to find the best price which is to be had, and which canfcarce be fo low as to difcourage him from fending thither whatever is over, and above the use of his own family. If it is very low, indeed, he will be likely to manage his dairy in a very flovenly. and dirty manner, and will fcarce perhaps think it worth while to have a particular room or building on purpose for it, but will fuffer the bufinefs to be carried on amidft the fmoke, filth, and nastiness of his own kitchen; as was the case of almost all the farmers dairies in Scotland thirty or forty years ago, and as is the cafe of many of them ftill. The fame caufes which gradually raife the price of butcher's-meat, the increase of the demand, and, in confequence of the improvement of the country, the diminution of the quantity which can be fed at little or no expence, raife, in the fame manner, that of the produce of the dairy, of which the price naturally connects with that of butcher'smeat, or with the expence of feeding cattle. The increase of. price pays for more labour, care, and cleanlinefs. The dairy becomes more worthy of the farmer's attention, and the quality of itsproduce gradually improves. The price at last gets to high that it. becomes worth while to employ fome of the most fertile and bestcultivated lands in feeding cattle merely for the purpose of the dairy; and when it has got to this height, it cannot well go higher. If it. did, more land would foon be turned to this purpose. It feems to, have got to this height through the greater part of. England, where much good land is commonly employed in this manner. If you except the neighbourhood of a few confiderable towns, it feems not yet to have got to this height any where in Scotland, where

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where common farmers feldom employ much good land in raifing CHAP. food for cattle merely for the purpose of the dairy. The price of the produce, though it has rifen very confiderably within these few years, is probably still too low to admit of it. The. inferiority of the quality, indeed, compared with that of the produce of English dairies, is fully equal to that of the price. But this inferiority of quality is, perhaps, rather the effect of this lowness of price than the cause of it. Though the quality was much better, the greater part of what is brought to market could not, I apprehend, in the prefent circumstances of the country, be difposed of at a much better price; and the present price, it is probable, would not pay the expence of the land and labour neceffary for producing a much better quality. Through the greater part of England, notwithstanding the superiority of price, the dairy is not reckoned a more profitable employment of land than the raifing of corn, or the fattening of cattle, the. two great objects of agriculture. Through the greater part of. Scotland, therefore, it cannot yet be equally profitable.

THE lands of no country, it is evident, can ever be compleatly cultivated and improved, till once the price of every produce, which human industry is obliged to raife upon them, has got so high as to pay for the expence of compleat improvement and cultivation. In order to do this, the price of each particular produce must be fufficient, first, to pay the rent of good corn land, as it is that which regulates the rent of the greater part of other cultivated land; and, fecondly, to pay the labour and expence of the farmer as well as they are commonly paid upon good corn land; or, in other words, to replace with the ordinary profits the stock which he employs about it. This rife in the price of each particular produce, must evidently be previous to the improvement and cultivation of the land which is defined for raising it. Gain is the end BOOK I. which lofs was to be the neceffary confequence. But lofs muft be the neceffary confequence of improving land for the fake of a produce of which the price could never bring back the expence. If the compleat improvement and cultivation of the country be, as it most certainly is, the greatest of all publick advantages, this rife in the price of all those different forts of rude produce, instead of being confidered as a publick calamity, ought to be regarded as the neceffary fore-runner and attendant of the greatest of all publick advantages.

> THIS rife too in the nominal or money price of all those different forts of rude produce has been the effect, not of any degradation in the value of filver, but of a rife in their real price. They have become worth, not only a greater quantity of filver, but a greater quantity of labour and fubfistence than before. As it costs a greater quantity of labour and fubfistence to bring them to market, fo when they are brought thither, they represent or are equivalent to a greater quantity.

Third Sort.

THE third and last fort of rude produce, of which the price naturally rifes in the progress of improvement, is that in which the efficacy of human industry, in augmenting the quantity, is either limited or uncertain. Though the real price of this fort of rude produce, therefore, naturally tends to rife in the progress of improvement, yet, according as different accidents happen to render the efforts of human industry more or less fuccessful in augmenting the quantity, it may happen sometimes even to fall, sometimes to continue the fame in very different periods of improvement, and fometimes to rife more or less in the fame period.

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THERE are fome forts of rude produce which nature has ren- CHAP. dered a kind of appendages to other forts; fo that the quantity of the one which any country can afford, is neceffarily limited by that of the other. The quantity of wool or of raw hides, for example, which any country can afford, is neceffarily limited by the number of great and finall cattle that are kept in it. The state of its improvement and the nature of its agriculture, again neceffarily determine this number.

THE fame causes, which in the progress of improvement; gradually raife the price of butcher's-meat, fhould have the fame effect, it may be thought, upon the prices of wool and raw hides, and raife them too nearly in the fame proportion. It probably would be fo, if in the rude beginnings of improvement the market for the latter commodities was confined within as narrow bounds as that for the former. But the extent of their refpective markets is commonly extreamly different.

THE market for butcher's-meat is almost every where confined to the country which produces it. Ireland, and fome part of." British America indeed, carry on a confiderable trade in falt provifions; but they are, I believe, the only countries in the commercial world which do fo, or which export to other countries any confiderable part of their butcher's-meat.

THE market for wool and raw hides, on the contrary, is in: the rude beginnings of improvement very feldom confined to the country which produces them. They can eafily be transported to diftant countries, wool without any preparation, and raw hides. with very little; and as they are the materials of many manufac-. tures, the industry of other countries may occasion a demand for-

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BOOK them, though that of the country which produces them might not occasion any.

> IN countries ill cultivated, and therefore but thinly inhabited, the price of the wool and the hide bears always a much greater proportion to that of the whole beaft, than in countries where, improvement and population being further advanced, there is more demand for butcher's-meat. Mr. Hume observes, that in the Saxon times, the fleece was estimated at two-fifths of the value of the whole sheep, and that this was much above the proportion of its prefent estimation. In fome provinces of Spain, I have been affured, the fheep is frequently killed merely for the fake of the fleece and the tallow. The carcafe is often left to rot upon the ground, or to be devoured by beafts and birds of prey. If this fometimes happens even in Spain, it happens almost constantly in Chili, at Buenos Ayres, and in many other parts of Spanish America, where the horned cattle are almost constantly killed merely for the fake of the hide and the tallow. This too used to happen almost constantly in Hispaniola, while it was infested by the Buccaneers, and before the fettlement, improvement and populoufnefs of the French plantations (which now extend round the coaft of almost the whole western half of the island) had given fome value to the cattle of the Spaniards, who still continue to posses, not only the eastern part of the coast, but the whole inland and mountainous part of the country.

> THOUGH in the progress of improvement and population, the price of the whole beaft necessarily rifes, yet the price of the carcase is likely to be much more affected by this rife than that of the wool and the hide. The market for the carcase, being in the rude state of society confined always to the country which produces it, must necessarily be extended in proportion to the improvement 7 and

and population of that country. But the market for the wool and CHAP. the hides even of a barbarous country often extending to the whole commercial world, it can very feldom be enlarged in the fame proportion. The state of the whole commercial world can feldom be much affected by the improvement. of any particular country; and the market for fuch commodities may remain the fame or very nearly the fame, after fuch improvements, as before. It should however in the natural courfe of things rather upon the whole be somewhat extended in confequence of them. If the manufactures, especially, of which those commodities are the materials, should ever come to flourish in the country, the market, though it might not be much enlarged, would at least be brought much nearer to the place of growth than before; and the price of those materials might at leaft be increafed by what had ufually been the expence of transporting them to distant countries. Though it might not rife therefore in the fame proportion as that of butcher's-meat, it ought naturally to rife fomewhat, and it ought certainly not to fall.

IN England, however, notwithstanding the flourishing state of its woollen manufacture, the price of English wool has fallen very confiderably fince the time of Edward III. There are many authentick records which demonstrate that during the reign of that prince (towards the middle of the fourteenth century, or about 1339) what was reckoned the moderate and reasonable price of the tod or twenty-eight pounds of English wool was not less than ten shillings of the money of those times *, containing, at the rate of twenty-pence the ounce, fix ounces of filver Tower-weight, equal to about thirty shillings of our present money. In the present times, one and twenty shillings the tod may be reckoned a good Vol. I. P p

* See Smith's Memoirs of Wool.

BOOK I. The money-price of wool, therefore, in the time of Edward III, was to its money-price in the prefent times as ten to feven. The fuperiority of its real price was ftill greater. At the rate of fix fhillings and eight-pence the quarter, ten fhillings was in those ancient times the price of twelve bufhels of wheat. At the rate of twenty-eight fhillings the quarter, one and twenty fhillings is in the prefent times the price of fix bufhels only. The proportion between the real prices of ancient and modern times, therefore, is as twelve to fix, or as two to one. In those ancient times a tod of wool would have purchafed twice the quantity of fubfiftence which it will purchase at prefent; and confequently twice the quantity of labour, if the real recompence of labour had been the fame in both periods.

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THIS degradation both in the real and nominal value of wool could never have happened in confequence of the natural courfe of things. It has accordingly been the effect of violence and artifice : First, of the absolute prohibition of exporting wool from England; Secondly, of the permiffion of importing it from all other countries duty free; Thirdly, of the prohibition of exporting it from Ireland to any other country but England. In confequence of these regulations," the market for English wool, instead of being somewhat extended in consequence, of the improvement of England, has been confined to the home market, where the wool of all other countries is allowed to come into competition with it, and where that of Ireland is forced into competition with it. As the woollen manufactures too of Ireland are fully as much difcouraged as is confiftent with justice and fair dealing, the Irish can work up but a small part of their own wool at home, and are, therefore, obliged to fend a greater proportion of it to Great Britain, the only market they are allowed.

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"I HAVE not been able to find any fuch authentick records con-CHAP. cerning the price of raw hides in ancient times. "Wool was commonly paid as a fubfidy to the king, and its valuation in that fubfidy afcertains, at least in some degree, what was its ordinary price. But this feems not to have been the cafe with raw hides. Fleetwood, however, from an account in 1425, between the prior of Burcester Oxford and one of his canons, gives us their price, at least as it was stated, upon that particular occasion : viz. five ox hides at twelve shillings; five cow hides at feven shillings and three-pence; thirty-fix sheeps skins' of two years old at nine shillings; fixteen calves skins at two shillings. In 1425, twelve shillings contained about the fame quantity of filver as four and twenty shillings of our present money. An ox hide, -therefore, was in this account valued at the fame quantity of filver as 4s. 4ths of our prefent money. Its nominal price was a good deal lower than at prefent. But at the rate of fix shillings and eight-pence the quarter, twelve shillings would in those times have purchased Fourteen bushels and four-fifths of a bushel of wheat, which, at three and fix-pence the bushel, would in the present times cost 51 s. 4d. An ox hide, therefore, would in those times have purchased as much corn as ten shillings and three-pence would purchase at present. Its real value was equal to ten shillings and three-pence of our present money. In those ancient times, when the cattle were half ftarved during the greater part of the winter, we cannot suppose that they were of a very large fize. An ox hide which weighs four stone of fixteen pounds averdupois, is not in the prefent times reckoned a bad one; and in those ancient times would probably have been reckoned a very good one. But at half a crown the ftone, which at this moment (February, 1773) I understand to be the common price, fuch a hide would at prefent cost only ten shillings. Though its nominal price, therefore, is higher in the prefent than it was in those ancient times, its real 4811 B P p 2 price,

> THE price of raw hides is a good deal lower at prefent than it was a few years ago; owing probably to the taking off the duty upon feal fkins, and to the allowing, for a limited time, the importation of raw hides from Ireland and from the plantations duty free, which was done in 1769. Take the whole of the prefent century at an average, their real price has probably been fomewhat higher than it was in those ancient times. The nature of the commodity renders it not quite fo proper for being tranfported to diftant markets as wool. It fuffers more by keeping. A falted hide is reckoned inferior to a fresh one, and fells for a lower price. This circumstance must necessarily have some tendency to fink the price of raw hides produced in a country which does not manufacture them, but is obliged to export them; and comparatively to raife that of those produced in a country which does manufacture them. It must have fome tendency to fink their price in a barbarous, and to raife it in an improved and manufacturing country. It must have had fome tendency therefore to fink it in ancient, and to raife it in modern times." Our tanners besides have not been quite so successful as our clothiers in convincing the wifdom of the nation that the fafety of the common-🛓 🐘 wealth

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wealth depends upon the profperity of their particular manufacture. CHAP. They have accordingly been much lefs favoured. The exportation of raw hides has, indeed, been prohibited, and declared a nuifance: but their importation from foreign countries has been fubjected to a duty; and though this duty has been taken off from those of Ireland and the plantations (for the limited time of five years only) yet Ireland has not been confined to the market of Great Britain for the fale of its furplus hides, or of those which are not manufactured at home. The hides of common cattle have but within these few years been put among the enumerated commodities which the plantations can fend nowhere but to the mother country; neither has the commerce of Ireland been in this cafe opprefied hitherto in order to fupport the manufactures of Great Britain.

WHATEVER regulations tend to fink the price either of wool. or of raw hides below what it naturally would be, must, in an improved and cultivated country, have fome tendency to raife the: price of butcher's meat. The price both of the great and fmall cattle, which are fed on improved and cultivated land, must be fufficient to pay the rent which the landlord, and the profit which the farmer has reafon to expect from improved and cultivated land. If it is not, they will foon ceafe to feed them. Whatever. part of this price, therefore, is not paid by the wool and the hide, must be paid by the carcase. The less there is paid for, the one, the more must be paid for the other. In what manner this price. is to be divided upon the different parts of the beaft, is indifferent to the landlords and farmers, provided it is all paid to them. In. an improved and cultivated country, therefore, their interest as, landlords and farmers cannot be much affected by fuch regula-tions, though their interest as confumers may, by the rife in the price of provisions. It would be quite otherwife, however, in an unimproved 4

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BOOK unimproved and uncultivated country, where the greater part of the lands could be applied to no other purpose but the feeding of cattle, and where the wool and the hide made the principal part of the value of those cattle. Their interest as landlords and farmers would in this cafe be very deeply affected by fuch regulations,⁷ and their interest as confumers very little. The fall in the price of the wool and the hide, would not in this cafe raife the price of the carcale; because the greater part of the lands of the country being applicable to no other purpose but the feeding of cattle, the fame number would still continue to be fed. The fame quantity of butcher's-meat would fill come to market. The demand for it would be no greater than before. Its price, therefore, would be the fame as before. The whole price of cattle would fall, and along with it both the rent and the profit of all those lands of which cattle was the principal produce, that is, of the greater part of the lands of the country. The perpetual prohibition of the exportation of wool which is commonly, but very falfely, afcribed to Edward III, would, in the then circumstances of the country, have been the most destructive regulation which could well have been thought of. It would not only have reduced the actual value of the greater part of the lands of the kingdom, but by reducing the price of the most important species of small cattle, it, would have retarded very much its subsequent improvement.

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THE wool of Scotland fell very confiderably in its price in confequence of the union with England, by which it was excluded from the great market of Europe, and confined to the narrow one of Great Britain. The value of the greater part of the lands in the fouthern counties of Scotland, which are chiefly a' fheep country, would have been very deeply affected by this event, had not the rife in the price of butcher's-meat fully compenfated the fall in the price of wool.

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As the efficacy of human industry, in increasing the quantity CHAP: either of wool or of raw hides, is limited, fo far as it depends upon the produce of the country where it is exerted; fo it is uncertain fo far as it depends upon the produce of other countries. It fo far depends, not fo much upon the quantity which they produce, as upon that which they do not manufacture; and upon the reftraints which they may or may not think proper to impose upon the exportation of this fort of rude produce. These circumftances, as they are altogether independent of domestick industry, b fo they neceffarily render the efficacy of its efforts more or lefs uncertain. In multiplying this fort of rude produce, therefore, the efficacy of human industry is not only limited, but uncertain. $\frac{1}{2}$ of $\frac{1}{2}$

In multiplying another very important fort of rude produce, the quantity of fish that is brought to market, it is likewife both limited and uncertain. It is limited by the local fituation of the country, by the proximity or diftance of its different provinces from the fea, by the number of its lakes and rivers, and by what may be called the fertility or barrennefs of those feas, lakes and rivers, as to this fort of rude produce. 'As population increases, as the annual produce of the land and labour of the country grows greater and greater, there come to be more buyers of fifh, and those buyers too have a greater quantity and variety of other goods, or, what is the fame thing, the price of a greater quantity and variety of other goods, to buy with. But it will generally be impoffible to fupply the great and extended market without employing a quantity of labour greater than in proportion to what had been requifite for fupplying the narrow and confined one. A market which, from requiring only one thousand, comes to require annually tenthousand tun of fish, can feldom be supplied without employing more than ten times the quantity of labour which had before been fufficient to fupply it. The fifh must generally be fought for at a greater

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greater diftance, larger veffels must be employed, and more expensive machinery of every kind made use of. The real price of this commodity, therefore, naturally rises in the progress of improvement. It has accordingly done so, I believe, more or less in every country.

THOUGH the fuccefs of a particular day's fifting may be a very uncertain matter, yet, the local fituation of the country being fuppofed, the general efficacy of induftry in bringing a certain quantity of fifth to market, taking the courfe of a year, or of feveral years together, it may perhaps be thought, is certain enough; and it, no doubt, is fo. As it depends more, however, upon the local fituation of the country, than upon the ftate of its wealth and induftry; as upon this account it may in different countries be the fame in very different periods of improvement, and very different in the fame period; its connection with the ftate of improvement is uncertain, and it is of this fort of uncertainty that I am here fpeaking.

IN increasing the quantity of the different minerals and metals which are drawn from the bowels of the earth, that of the more precious ones particularly, the efficacy of human industry feems not to be limited, but to be altogether uncertain.

THE quantity of the precious metals which is to be found in any country is not limited by any thing in its local fituation, fuch as the fertility or barrenness of its own mines. Those metals frequently abound in countries which posses no mines. Their quantity in every particular country seems to depend upon two different circumstances; first, upon its power of purchasing, upon the state of its industry, upon the annual produce of its land and labour, in confequence of which it can afford to employ a greater or or a 'fmaller quantity of labour and fubfiftence in bringing or CHAP. purchaling fuch fuperfluities as gold and filver, either from its own mines or from those of other countries; and, fecondly, upon the fertility or barrennels of the mines which may happen at any particular time to fupply the commercial world with those metals. The quantity of those metals in the countries most remote from the mines, must be more or less affected by this fertility or barrennels, on account of the easy and cheap transportation of those metals, of their sould with have been more or less affected by the abundance of the mines of America.

So'far as their quantity in any particular country depends upon the former of thole two circumflances (therpower of purchafing) their real price, like that of call other luxuries and fuperfluities, is likely to rife with the wealth and improvement of the country, and to fall with its poverty and depression. Countries which have a 'great quantity of labour and subliftence to spare, can afford to purchase any particular quantity of thole metals at the expence of a greater quantity of labour and subliftence, than countries which have less to spare.

So far as their quantity in any particular country depends upon the latter of those two circumstances (the fertility or barrenness of the mines which happen to supply the commercial world) their real price, the real quantity of labour and subsistence which they will purchase or exchange for, will, no doubt, fink more or less in proportion to the fertility, and rise in proportion to the barrenness of those mines.

THE fertility or barrennels of the mines, however, which may happen at any particular time to fupply the commercial world, Vol. I. Q q is BOOK is a circumstance which, it is evident, may have no fort of connection with the state of industry in a particular country. It feems even to have no very neceffary connection with that of the world in general. As arts and commerce, indeed, gradually fpread themfelves over a greater and a greater part of the earth, the fearch for new mines, being extended over a wider furface, may have fomewhat a better chance for being fuccessful, than when confined within narrower bounds. The difcovery of new mines, however, as the old ones come to be gradually exhausted, is a matter of the greatest uncertainty, and such as no human skill or industry can All indications, it is acknowledged, are doubtful, and enfure. the actual discovery and fuccessful working of a new mine can alone afcertain the reality of its value, or even of its existence. In this fearch there feem to be no certain limits either to the poffible fuccefs, or to the poffible difappointment of human industry. In the courfe of a century or two, it is poffible that new mines may be difcovered more fertile than any that have ever yet been known; and it is just equally possible that the most fertile mine then'known may be more barren than any that was wrought before the difcovery of 'the mines of America. Whether' the one or the other of those two events may happen to take place, is of very little importance to the real wealth and profperity of the world, to the real value of the annual produce of the land and labour of mankind. Its nominal value, the quantity of gold and filver by which this annual produce could be expressed or represented, would, no doubt, be very different; but its real value, the real quantity of labour which it could purchase or command, would be precisely A fhilling might in the one cafe represent no more lathe fame. bour than a penny does at prefent; and a penny in the other might represent as much as a shilling does now. But in the one cafe he who had a fhilling in his pocket, would be no richer than he who has a penny at prefent; and in the other he who had a penny would

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would be juft as rich as he who has a fhilling now. The cheapnels CHAP. and abundance of gold and filver plate, would be the fole advantage which the world could derive from the one event, and the dearnels and fcarcity of those trifling fuperfluities the only inconveniency it could fuffer from the other.

Conclusion of the Digression concerning the Variations in the Value of Silver.

THE greater part of the writers who have collected the money prices of things in antient times, feem to have confidered the low money price of corn, and of goods in general, or, in other words, the high value of gold and filver, as a proof, not only of the fcarcity of those metals, but of the poverty and barbarism of the country at the time when it took place. This notion is connected with the fyftem of political æconomy which reprefents national wealth as confifting in the abundance, and national poverty in the fcarcity of gold and filver; a fyftem which I shall endeavour to explain and examine at great length in the fourth book of this enquiry. I fhall only observe at present, that the high value of the precious metals can be no proof of the poverty or barbarilin of any particular country at the time when it took place. It is a proof only of the barrenness of the mines which happened at that time to fupply the commercial world. A poor country, as it cannot afford to buy more, fo it can as little afford to pay dearer for gold and filver than a rich one; and the value of those metals, therefore, is not likely to be higher in the former than in the latter. In China, a country much richer than any part of Europe, the value of the precious metals is much higher than in any part of Europe. As the wealth of Europe, indeed, has increafed greatly fince the difcovery of the mines of America, fo the value Ŋ of Qq2 . . .

BOOK of gold and filver has gradually diminished. This diminution, of - their value, however, has not been owing to the increase of the real wealth of Europe, of the annual produce of its land and labour, but to the accidental discovery of more abundant mines than any that were known before. The increase of the quantity of gold and filver in Europe, and the increase of its manufactures and agriculture, are two events which, though they have happened nearly about the fame time, yet have arifen from very different caufes, and have fcarce any natural connection with one another. The one has arifen from a mere accident, in which neither prudence nor policy either had or could have any fhare : The other from the fall of the feudal fystem, and from the establishment of a government which afforded to industry, the only encouragement which it requires, fome tolerable fecurity that it shall enjoy the fruits of its own labour. Poland, where the feudal fystem still continues to take place, is at this day as beggarly a country as it was before the difcovery of America. The money price of corn, however, has rifen; the real value of the precious metals has fallen in Poland, in the fame manner as in other parts of Europe. Their quantity, therefore, must have increased there as in other places, and nearly in the fame proportion to the annual produce of its land and labour. This increase of the quantity of those metals, however, has not, it feems, increafed that annual produce, has neither improved the manufactures and agriculture of the country, nor mended the circumstances of its inhabitants. Spain and Portugal, the countries which poffes the mines, are, after Poland, perhaps, the two most beggarly countries in Europe. The value of the precious metals, however, must be lower in Spain and Portugal than in any other part of Europe; as they come from those countries to all other parts of Europe, loaded, not only with a freight and an infurance, but with the expence of fmuggling, their exportation being either prohibited, or fubjected to a duty. In proportion proportion to the annual produce of the land and labour, therefore, their quantity mult be greater in those countries than in any other part of Europe. Those countries, however, are poorer than the greater part of Europe. Though the feudal fystem has been abolished in Spain and Portugal, it has not been succeeded by a much better.

As the low, value of gold and filver, therefore, is no proof of the wealth and flourishing state of the country, where it takes place; fo neither is their high value, or the low money price either of goods in general or of corn in particular, any proof of its poverty and barbarism.

But though the low money price either of goods in general, or of corn in particular, be no proof of the poverty or barbarism of the times, the low money price of fome particular forts of goods, fuch 'as cattle, poultry, game of all kinds, in proportion to that of corn, is a most decisive one. It clearly demonstrates, first, their great abundance'in proportion to that of corn, and confequently the great extent of the land which they occupied in proportion to what was occupied by corn; and, fecondly, the low value of this land in proportion to that of corn land, and confequently the uncultivated and unimproved state of the far greater part of the lands. of the country. It clearly demonstrates that the stock and population of the country did not bear the fame proportion to the extent of its territory, which they commonly do in civilized countries, and that fociety was at that time, and in that country, but in its infancy. From the high or low money price either of goods in general, or of corn in particular, we can infer only that the mines which at that time happened to fupply the commercial world with gold and filver, were fertile or barren, not that the country was rich or poor. But from the high or low money price of fome forts BOOK forts of goods in proportion to that of others, we can infer with a degree of probability that approaches almost to certainty, that it was rich or poor, that the greater part of its lands were improved or unimproved, and that it was either in a more or less barbarous ftate, or in a more or less civilized one.

> ANY rife in the money price of goods which proceeded altogether from the degradation of the value of filver, would affect all forts of goods equally, and raife their price universally a third, or 'a fourth, or a fifth part higher, according as filver happened to lose a third, or a fourth, or a fifth part of its former value. But the rife in the price of provisions, which has been the fubject of fo much reafoning and conversation, does not affect all forts of provisions equally. Taking the course of the present century at an average, the price of corn, it is acknowledged, even by those who account for this rife by the degradation of the value of filver, has rifen much lefs than that of fome other forts of provisions. The rife in the price of those other forts of provisions, "therefore, cannot be owing altogether to the degradation of the value of Some other caufes must be taken into the account, and filver. those which have been above affigned, will, perhaps, without .having recourse to the supposed degradation of the value of filver, fufficiently explain this rife in those particular forts of provisions of which the price has actually rifen in proportion to that of .corn.

As to the price of corn itfelf, it has, during the fixty-four first years of the prefent century, and before the late extraordinary course of bad feasons, been somewhat lower than it was during the fixtyfour last years of the preceding century. This fact is attested, not only by the accounts of Windsor market, but by the publick fiars of all the different counties of Scotland, and by the accounts of

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of feveral different markets in France, which have been collected CHAP. with great diligence and fidelity by Mr. Meffance and by Mr. Duprè de St. Maur. The evidence is more compleat than could well have been expected in a matter which is naturally fo very difficult to be afcertained.

As to the high price of corn during these last ten or twelve years, it can be sufficiently accounted for from the badness of the seafons, without supposing any degradation in the value of silver.

THE opinion, therefore, that filver is continually finking in its value, feems not to be founded upon any good obfervations, . either upon the prices of corn, or upon those of other provifions.

THE fame quantity of filver, it may, perhaps, be faid, will in the prefent times, even according to the account, which has been here, given, purchafe a much fmaller quantity of feveral forts of provisions than it would have done during fome part of the laft teentury; and to afcertain whether this change be owing to a rife in the value of those goods, or to a fall in the value of filver, is only to establish a vain and useles distinction, which can be of no fort of fervice to the man who has only a certain quantity of filver to go to market with, or a certain fixed revenue in money. I certainly do not pretend that the knowledge of this distinction will enable him to buy cheaper. It may not, however, upon that account, be altogether useles.

IT may be of fome use to the publick by affording an easy proof of the prosperous condition of the country. If the rise in the price of some forts of provisions be owing altogether to a fall in the value of filver, it is owing to a circumstance from which nothing 4 can

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BOOK can be inferred but the fertility of the American minles. The 'Feal wealth of 'the country, 'the anitual 'produce of 'its land and Habour, imdy, 'notwithständing this 'circumstance, be feither gra-'dually declining, as in Portugal and Poland; for gradually advancing, as in most other parts of Europe. But if this rise in the price of fome forts of provisions be owing to a rife in the real value of the land which produces them, to its increased fertility, or, in confequence of more extended improvement and good cultivation, to its having been rendered fit for producing corn, it is owing to a circumftance which indicates in the clearest manner the prosperous and advancing state of the country. The land conffitutes by far the greateft, the most important, and the most durable part of the wealth of every extensive country. It may furely be of some use, or, at least, it may give some fatisfaction to the publick, to have fo decifive a proof of the increasing value of by far the greatest, the most important, and the most durable part of its wealth.

> IT may too be of fome use to the publick in regulating the pecuniary reward of fome of its inferior fervants. If this rife in the price of fome forts of provisions be owing to a fall 'in the value of filver, their pecuniary reward, provided it was not too large before, ought certainly to be augmented in proportion to the extent of this fall. If it is not augmented, their real recompence will evidently be fo much diminished. But if this rife of price is owing to the increased value, in confequence of the improved fertility of the land which produces fuch provisions, it becomes a much nicer matter to judge either in what proportion "any pecuniary reward ought to be augmented, for whether it ought to be augmented at all. The extension of improvement and cultivation, as it neceffarily raifes more or lefs, in proportion to the price of corn, that of every fort of animal food, fo it as necessarily

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rily lowers that of, I believe, every fort of vegetable food. It raifes CHAP. the price of animal food; becaufe a great part of the land which produces it, being rendered fit for producing corn, must afford to the landlord and farmer the rent and profit of corn land. It lowers the price of vegetable food; becaufe by increasing the fertility of the land, it increases its abundance. The improvements of agriculture too introduce many forts of vegetable food, which, requiring lefs land and not more labour than corn, come much cheaper to market. Such are potatoes and maize, or what is called Indian corn, the two most important improvements which the agriculture of Europe, perhaps which Europe itself has received from the great extension of its commerce and navigation. Many forts of vegetable food befides, which in the rude state of agriculture are confined to the kitchen garden, and raifed only by the spade, come in its improved state to be introduced into common fields, and to be raifed by the plough: fuch as turnips, carrots, cabbages, &c. If in the progress of improvement, therefore, the real price of one species of food neceffarily rifes, that of another as neceffarily falls, and it becomes a matter of more nicety to judge how far the rife in the one may be compenfated by the fall in the other. When the real price of butcher's meat has once got to its height, (which, with regard to every fort, except perhaps that of hogs flesh, it feems to have done through a great part of England, more than a century ago) any rife which can afterwards happen in that of any other fort of animal food, cannot much affect the circumstances of the inferior ranks of people. The circumftances of the poor through a great part of England cannot furely be fo much diffreffed by any rife in the price of poultry, fifh, wild-fowl, or venifon, as they must be relieved by the fall in that of potatoes.

In the prefent feason of fearcity the high price of corn no doubt distress the poor. But in times of moderate plenty, when Vol. I. R r corn 305.

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BOOK corn is at its ordinary or average price, the natural rife in the price of any other fort of rude produce cannot much affect them. They fuffer more, perhaps, by the artificial rife which has been occafioned by taxes in the price of fome manufactured commodities; as of falt, foap, leather, candles, malt, beer and ale, &cc.

Effects of the Progress of Improvement upon the real Price of Manufactures.

I T is the natural effect of improvement, however, to diminifugradually the real price of almost all manufactures. That of the manufacturing workmanship diminishes perhaps in all of them without exception. In confequence of better machinery, of greater dexterity, and of a more proper division and distribution of work, all of which are the natural effects of improvement;. a much smaller quantity of labour becomes requisite for executing any particular piece of work; and though in confequence of the flourishing circumstances of the fociety, the real price of labour should rife very confiderably, yet the great diminution of the quantity will generally much more than compensate the greatest rife which can happen in the price.

THERE are, indeed, a few manufactures, in which the necefiary rife in the real price of the rude materials will more than compenfate all the advantages which improvement can introduce into the execution of the work. In carpenters and joiners work, and in the coarfer fort of cabinet work, the neceffary rife in the real price of barren timber, in confequence of the improvement of land, will more than compenfate all the advantages which can be be derived from the best machinery, the greatest dexterity, and CHAP. the most proper division and distribution of work.

BUT in all cafes in which the real price of the rude materials either does not rife at all, or does not rife very much, that of the manufactured commodity finks very confiderably.

THIS diminution of price has, in the course of the prefent and preceeding century, been most remarkable in those manufactures of which the materials are the coarfer metals. A better movement of a watch, than about the middle of the last century could have been bought for twenty pounds, may now perhaps be had for twenty shillings. In the work of cutlers and lockfmiths, in all the toys which are made of the coarfer metals, and in all those goods which are commonly known by the name of Birmingham and Sheffield ware, there has been, during the fame period, a very great reduction of price, though not altogether fo great as in watch work. It has, however, been fufficient to aftonish the workmen of every other part of Europe, who in many cafes acknowledge that they can produce no work of equal goodness for double, or even for triple the price. There are perhaps no manufactures in which the division of labour can be carried further, or in which the machinery employed admits of a greater variety of improvements, than those of which the materials are the coarfer metals.

IN the clothing manufacture there has, during the fame period, been no fuch fenfible reduction of price. The price of fuperfine cloth, I have been affured, on the contrary, has, within thefe five and twenty or thirty years, rifen fomewhat in proportion to its quality; owing, it was faid, to a confiderable rife in the price of the material, which confifts altogether of Spanish wool. That

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BOOK I. is faid indeed, during the courfe of the prefent century, to have fallen a good deal in proportion to its quality. Quality, however, is fo very difputable a matter, that I look upon all informations of this kind as fomewhat uncertain. In the clothing manufacture, the division of labour is nearly the fame now, as it was a century ago, and the machinery employed is not very different. There may, however, have been fome fmall improvements in both, which may have occasioned fome reduction of price.

> THE reduction, however, will appear much more fenfible and undeniable, if we compare the price of this manufacture in the prefent times with what it was in a much remoter period, towards the end of the fifteenth century, when the labour was probably much lefs fubdivided, and the machinery employed much more imperfect than it is at prefent.

> IN 1487, being the 4th of Henry VIIth, it was enacted, that " whofoever fhall fell by retail a broad yard of the fineft fcarlet " grained, or of other grained cloth of the fineft making, above " fixteen shillings, shall forfeit forty shillings for every yard fo "fold." Sixteen shillings, therefore, containing about the fame quantity of filver as four and twenty shillings of our prefent money, was, at that time, reckoned not an unreasonable price for a yard of the finest cloth; and as this is a sumptuary law,, fuch cloth, it is probable, had usually been fold fomewhat dearer. A guinea may be reckoned the higheft price in the prefent times. Even though the quality of the cloths, therefore, should be suppofed equal, and that of the prefent times is most probably much superior, yet, even upon this supposition, the money price of the fineft cloth appears to have been confiderably reduced fince the end of the fifteenth century. But its real price has been much

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much more reduced. Six fhillings and eight-pence was then, CHAP. and long afterwards, reckoned the average price of a quarter of wheat. Sixteen shillings, therefore, was the price of two quarters and more than three bushels of wheat. Valuing a quarter of wheat in the prefent times at eight and twenty shillings, the real price of a yard of fine cloth must, in those times, have been equal to at leaft three pounds fix shillings and fixpence of our prefent money. The man who bought it must have parted with the command of a quantity of labour and fubfiftence equal to what that fum would purchase in the present times.

THE reduction in the real price of the coarfe manufacture,. though confiderable, has not been fo great as in that of the fine.

IN 1463, being the 3d of Edward IVth, it was enacted, that " no fervant in hufbandry, nor common labourer, nor fervant " to any artificer inhabiting out of a city or burgh, shall use " or wear in their cloathing any cloth above two fhillings the " broad yard." In the 3d of Edward the IVth, two shillings contained very nearly the fame quantity of filver as four of our prefent money. But the Yorkshire cloth which is now fold at four shillings the yard, is probably much superior to any that was then made for the wearing of the very pooreft order of common fervants. Even the money price of their cloathing, therefore, may, in proportion to the quality, be fomewhat cheaper in the prefent than it was in those antient times. The real price is certainly a good deal cheaper. Ten pence was then reckoned what is called the moderate and reafonable price of a bufhel of wheat. Two shillings, therefore, was the price of two bushels and near two pecks of wheat, which in the prefent times, at three shillings. and fixpence the bushel, would be worth eight shillings and nine--

XI.

BOOK nine-pence. For a yard of this cloth the poor fervant must have i. parted with the power of purchasing a quantity of subsistence equal to what eight shillings and nine-pence would purchase in the present times. This is a sumptuary law too, restraining the luxury and extravagance of the poor. Their cloathing, therefore, had commonly been much more expensive.

> THE fame order of people are, by the fame law, prohibited from wearing hofe, of which the price fhould exceed fourteenpence the pair, equal to about eight and twenty pence of our prefent money. But fourteen-pence was in those times the price of a bushel and near two pecks of wheat; which in the prefent times, at three and fixpence the bushel, would cost five shillings and three-pence. We should in the prefent times consider this as a very high price for a pair of stockings to a fervant of the poores and lowest order. He must, however, in those times have paid what was really equivalent to this price for them.

> In the time of Edward IVth, the art of knitting flockings was probably not known in any part of Europe. Their hofe were made of common cloth, which may have been one of the caufes of their dearnefs. The first perfon that wore flockings in England is faid to have been Queen Elizabeth. She received them as a prefent from the Spanish ambassiador.

> BOTH in the coarfe and in the fine woollen manufacture, the machinery employed was much more imperfect in those antient, than it is in the present times. It has fince received three very capital improvements, besides, probably, many smaller ones of which it may be difficult to ascertain either the number or the importance. The three capital improvements are; first, The exchange of the rock and spindle for the spinning wheel, which, with

with the fame quantity of labour, will perform more than double CHAP. the quantity of work. Secondly, the use of several very ingenious machines which facilitate and abridge in a still greater pr portion the winding of the worsted and woollen yarn, or the proper arrangement of the warp and woof before they are put into the loom; an operation which, previous to the invention of those machines, must have been extreamly tedious and troubless. Thirdly, The employment of the fulling-mill for thickening the cloth, instead of treading it in water. Neither wind nor water mills of any kind were known in England searly as the beginning of the fixteenth century, nor, so far as I know, in any other part of Europe north of the Alps. They had been introduced into Italy fome time before.

THE confideration of these circumstances may, perhaps, in fome measure explain to us why the real price both of the coarse and of the fine manufacture, was so much higher in those antient, than it is in the present times. It cost a greater quantity of labour to bring the goods to market. When they were brought thither, therefore, they must have purchased or exchanged for the price of a greater quantity.

The coarle manufacture probably was, in those antient times, carried on in England, in the fame manner as it always has been in countries where arts and manufactures are in their infancy. It was probably a houshold manufacture, in which: every different part of the work was occasionally performed by all the different members of almost every private family; but for as to be their work only when they had nothing elfe to do, and. not to be the principal business from which any of them derived the greater part of their substitute. The work which is performed in this manner, it has already been observed, comes always 4 BOOK much cheaper to market than that which is the principal or fole - fund of the workman's fublistence. The fine manufacture, on the other hand, was not in those times carried on in England, but in the rich and commercial country of Flanders; and it was probably conducted then, in the fame manner as now, by people who derived the whole, or the principal part of their fubfiftence from it. It was befides a foreign manufacture, and must have paid fome duty, the antient cuftom of tunnage and poundage at leaft, to the king. This duty, indeed, would not probably be very great. It was not then the policy of Europe to reftrain, by high duties, the importation of foreign manufactures, but rather to encourage it, in order that merchants might be enabled to fupply, at as eafy a rate as possible, the great men with the conveniencies and luxuries which they wanted, and which the industry of their own country could not afford them.

> THE confideration of these circumstances may, perhaps, in fome measure explain to us why, in those antient times, the real price of the coarse manufacture was, in proportion to that of the fine, so much lower than in the present times.

> > CONCLUSION of the CHAPTER.

I SHALL conclude this very long chapter with obferving that every improvement in the circumstances of the fociety tends either directly or indirectly to raife the real rent of land, to increase the real wealth of the landlord, his power of purchasing the labour, or the produce of the labour of other people.

THE extension of improvement and cultivation tends to raife it directly. The landlord's share of the produce necessarily increases with the increase of the produce.

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THAT rife in the real price of those parts of the rude produce of land, which is first the effect of extended improvement and cultivation, and afterwards the cause of their being still further extended, the rife in the price of cattle, for example, tends too to raife the rent of land directly, and in a still greater proportion. The real value of the landlord's share, his real command of the labour of other people, not only rifes with the real value of the produce, but the proportion of his share to the whole produce rifes with it. That produce, after the rife in its real price, requires no more labour to collect it than before. A smaller proportion of it will, therefore, be fufficient to replace, with the ordinary profit, the stock which employs that labour. A greater proportion of it must, confequently, belong to the landlord.

ALL those improvements in the productive powers of labour, which tend directly to reduce the real price of manufactures, tend indirectly to raife the real rent of land. The landlord exchanges that part of his rude produce, which is over and above his own confumption, or what comes to the fame thing, the price of that part of it, for manufactured produce. Whatever reduces the real price of the latter, raifes that of the former. An equal quantity of the former becomes thereby equivalent to a greater quantity of the latter; and the landlord is enabled to purchase a greater quantity of the conveniencies, ornaments, or luxuries, which he has occasion for.

EVERY increase in the real wealth of the fociety, every increase in the quantity of useful labour employed within it, tends indirectly to raise the real rent of land. A certain proportion of this labour naturally goes to the land. A greater number of men and cattle are employed in its cultivation, the produce increases with the increase of the stock which is thus employed in raising it, and the rent increases with the produce.

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BOOK I. provement, the fall in the real price of any part of the rude produce of land, the rife in the real price of manufactures from the decay of manufacturing art and industry, the declension of the real wealth of the fociety, all tend, on the other hand, to lower the real rent of land, to reduce the real wealth of the landlord, to diminish his power of purchasing either the labour, or the produce of the labour of other people.

> THE whole annual produce of the land and labour of every country, or what comes to the fame thing, the whole price of that annual produce, naturally divides itfelf, it has already been obferved, into three parts; the rent of land, the wages of labour, and the profits of flock; and conftitutes a revenue to three different orders of people; to those who live by rent, to those who live by wages, and to those who live by profit. These are the three great original and conftituent orders of every civilized fociety, from whose revenue that of every other order is ultimately derived.

> The intereft of the firft of those three great orders, it appears from what has been just now faid, is firstly and infeparably connected with the general intereft of the fociety. Whatever either promotes or obftructs the one, neceffarily promotes or obftructs the other. When the publick deliberates concerning any regulation of commerce or police, the proprietors of land never can millead it, with a view to promote the intereft of their own particular order; at leaft, if they have any tolerable knowledge of that intereft. They are, indeed, too often defective in this tolerable knowledge. They are the only one of the three orders whose revenue costs them neither labour nor care, but comes to them, as it were, of its own accord, and independent of any plan or project of their own. That indolence which is the natural effect of the ease and fecurity of their fituation, renders them too 7

often, not only ignorant, but incapable of that application of mind CHAP. which is neceffary in order to forefee and understand the confequences of any publick regulation.

THE interest of the second order, that of those who live by wages, is as strictly connected with the interest of the fociety as that of the first. The wages of the labourer, it has already been shewn, are never fo high as when the demand for labour is continually " riting, or when the quantity employed is every year increasing confiderably. When this real wealth of the fociety becomes stationary, his wages are foon reduced to what is barely enough to enable him to bring up a family, or to continue the race of labourers. When the fociety declines, they fall even below this. The order of proprietors may, perhaps, gain more by the profperity of the fociety, than that of labourers: but there is no order that fuffers to cruelly from its decline. But though the interest of the labourer is strictly connected with that of the fociety, he is incapable either of comprehending that intereft, or of understanding its connection with his own. His condition leaves him no time to receive the neceffary information, and his education and habits are commonly fuch as to render him unfit to judge even though he was fully informed. In the publick deliberations, therefore, his voice is little heard and lefs regarded, except upon fome particular occafions, when his clamour is animated, fet on, and fupported by his employers, not for his, but their own particular purposes.

His employers conftitute the third order, that of those who live by profit. It is the flock that is employed for the fake of profit, which puts into motion the greater part of the useful labour of every fociety. The plans and projects of the employers of ftock regulate and direct all the most important operations of labour, and profit

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THE NATURE AND CAUSES OF

BOOK profit is the end proposed by all those plans and projects. But the rate of profit does not, like rent and wages, rife with the profperity, and fall with the declenfion of the fociety. On the contrary, it is naturally low in rich, and high in poor countries, and it is always higheft in the countries which are going fastest to ruin. The interest of this third order, therefore, has not the fame connection with thegeneral intereft of the fociety as that of the other two. Merchants. and master manufacturers are, in this order, the two classes of people who commonly employ the largeft capitals, and who by their wealth draw to themfelves the greateft fhare of the publick. As during their whole lives they are engaged in: confideration. plans and projects, they have frequently more acuteness of understanding than the greater part of country gentlemen. As their thoughts, however, are commonly exercised rather about the interest of their own particular branch of business, than about that of the fociety, their judgement, even when given with the greatest candour, (which it has not been upon every occasion), is much more to be depended upon with regard to the former of those two objects, than: with regard to the latter. Their fuperiority over the country gentleman is, not fo much in their knowledge of the publick intereft, as: in their having a better knowledge of their own interest than he has of his. It is by this fuperior knowledge of their own interest that they have frequently imposed upon his generofity, and perfuaded him togive up both his own interest and that of the publick, from a veryfimple but honeft conviction, that their intereft, and not his, was the interest of the publick. The interest of the dealers, however, in any: particular branch of trade or manufactures, is always in fome respects different from, and even opposite to that of the publick. To widen the market and to narrow the competition, is always theinterest of the dealers. To widen the market may frequently beagreeable enough to the interest of the publick; but to narrow the competition must always be against it, and can ferve only to enable the

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the dealers, by raifing their profits above what they naturally would CHAP. be, to levy, for their own benefit, an abfund tax upon the reft of their fellow citizens. The proposal of any new law or regulation of commerce which comes from this order, ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most forupulous, but with the most fuspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the publick, who have generally an interest to deceive and even to oppress the publick, and who accordingly have, upon many occasions, both deceived and oppressed it.

Years Price of the Quarter of XII. Wheat each Year.	Average of the dif- ferent Prices of the fame Year.	The average Price of each Year in Money of the prefent Times.
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Vol. I.

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Prices of the Quarter of nine Bushels of the best or highest priced Wheat at Windsor Market, on Lady-day and Michaelmas, from 1595 to 1764, both inclusive; the Price of each Year being the medium between the highest Prices of those Two Market Days.

Years.	£. s. d.	Years.	£. s. d.
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	Wheat per quarter.			Wheat per		CHAP. XI.
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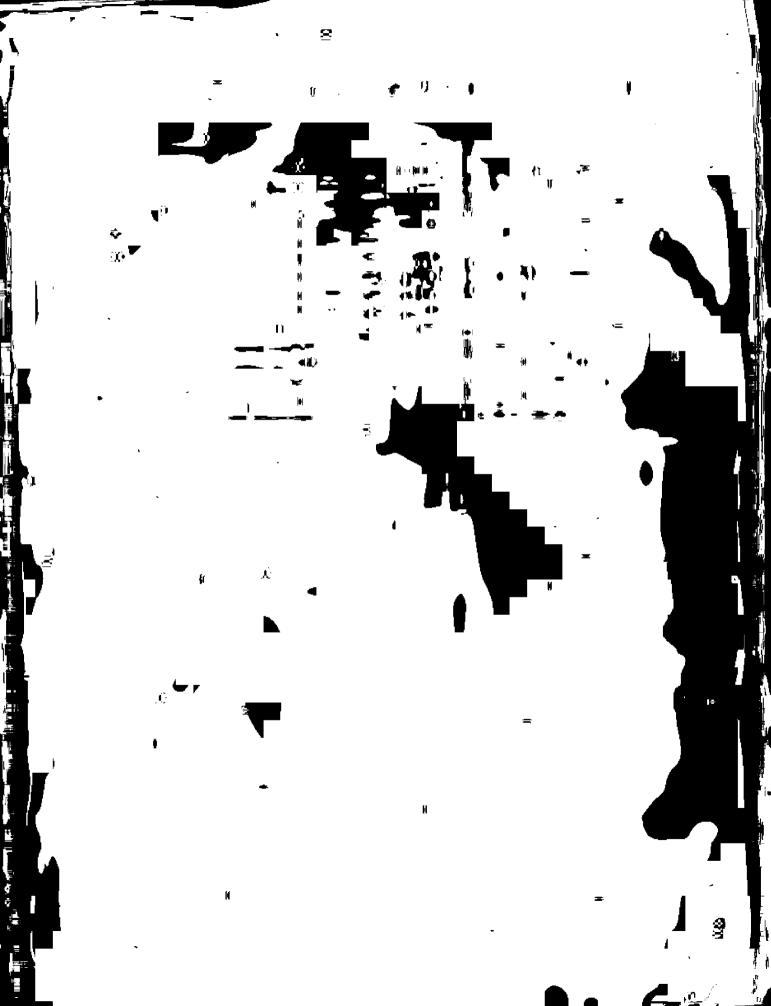
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	1710, 280	1748, — — 1 17 0
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BOOK II.

Of the Nature, Accumulation, and Employment of Stock.

INTRODUCTION.

I N that rude ftate of fociety in which there is no division of labour, in which exchanges are feldom made, and in which every man provides every thing for himfelf, it is not neceffary that any ftock fhould be accumulated or ftored up beforehand in order to carry on the business of the fociety. Every man endeavours to supply by his own industry his own occasional wants as they occur. When he is hungry, he goes to the forest to hunt: when his coat is worn out, he cloaths himself with the skin of the first large animal he kills: and when his hut begins to go to ruin, he repairs it, as well as he can, with the trees and the turf that are nearest it.

But when the division of labour has once been thoroughly introduced, the produce of a man's own labour can supply but a very small part of his occasional wants. The far greater part of them are supplied by the produce of other mens labour, which he purchases with the produce, or, what is the fame thing, with the price of the produce of his own. But this purchase cannot be made till such time as the produce of his own labour has not only been compleated, but fold. A stock of goods of different kinds, therefore, BOOK II. and to fupply him with the materials and tools of his work till fuch time, at leaft, as both these events can be brought about. A weaver cannot apply himself entirely to his peculiar business, unless there is beforehand stored up fomewhere, either in his own possible possible

> As the accumulation of flock muft, in the nature of things, be previous to the division of labour, fo labour can be more and more fubdivided only in proportion as flock is previoufly more and more accumulated. The quantity of materials which the fame number of people can work up, increases in a great proportion as labour comes to be more and more fubdivided; and as the operations of each workman are gradually reduced to a greater degree of fimplicity, a variety of new machines come to be invented for facilitating and abridging those operations. As the division of labour advances, therefore, in order to give conftant employment to an equal number of workmen, an equal flock of provisions, and a greater flock of materials and tools than what would have been neceffary in a ruder state of things, must be accumulated beforehand. But the number of workmen in every branch of bufinefs generally increases with the division of labour in that branch, or rather it is the increase of their number which enables them to class and subdivide themfelves in this manner.

> As the accumulation of ftock is previoufly neceffary for carrying on this great improvement in the productive powers of labour, fo that accumulation naturally leads to this improvement. The Z perfor

perfon who employs his flock in maintaining labour, neceffarily Introduction. withes to employ it in fuch a manner as to produce as great a quantity of work as poffible. He endeavours, therefore, both to make among his workmen the moft proper diffribution of employment, and to furnish them with the best machines which he can either invent or afford to purchafe. His abilities in both these respects are generally in proportion to the extent of his stock, or to the number of people whom it can employ. The quantity of industry, therefore, not only increases in every country with the increase of the stock which employs it, but, in consequence of that increase, the same quantity of industry produces a much greater quantity of work.

SUCH are in general the effects of the increase of stock upon industry and its productive powers.

In the following book I have endeavoured to explain the nature of ftock, the effects of its accumulation into capitals of different kinds, and the effects of the different employments of those capi-This book is divided into five chapters. In the first chapter, tals. I have endeavoured to flow what are the different parts or branches into which the ftock, either of an individual, or of a great fociety, naturally divides itfelf. In the fecond, I have endeavoured to explain the nature and operation of money confidered as a particular branch of the general ftock of the fociety. The ftock which is accumulated into a capital, may either be employed by the perfon to whom it belongs, or it may be lent to fome other perfon. the third and fourth chapters, I have endeavoured to examine the manner in which it operates in both these situations. The fifth and last chapter treats of the different effects which the different employments of capital immediately produce upon the quantity both of national industry, and of the annual produce of land and labour.

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CHAP. Ι.

Of the Division of Stock.

TTTHEN the stock which a man possesses is no more than BOOK fufficient to maintain him for a few days or a few weeks, he feldom thinks of deriving any revenue from it. He confumes it as fparingly as he can, and endeavours by his labour to acquire fomething which may fupply its place before it be confumed alto-His revenue is, in this cafe, derived from his labour gether. only. This is the ftate of the greater part of the labouring poor in all countries.

> Bur when he possesses fock sufficient to maintain him for months or years, he naturally endeavours to derive a revenue from the greater part of it; referving only fo much for his immediate confumption as may maintain him till this revenue begins to come His whole stock, therefore, is distinguished into two parts. -in. That part which, he expects, is to afford him this revenue is called his capital. The other is that which fupplies his immediate confumption; and which confifts either, first, in that portion of his whole flock which was originally referved for this purpole; or, fecondly, in his revenue, from whatever fource derived, as it gradually comes in; or, thirdly, in fuch things as had been purchased by either of these in former years, and which are not yet entirely confumed; fuch as a flock of cloaths, houfhold furniture, and the In one, or other, or all of these three articles, confists the like. fock which men commonly referve for their own immediate confumption.

II.

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THERE are two different ways in which a capital may be em- CHAP. ployed fo as to yield a revenue or profit to its employer.

• FIRST, it may be employed in raifing, manufacturing, or purchafing goods, and felling them again with a profit. The capital employed in this manner yields no revenue or profit to its employer, while it either remains in his poffeffion or continues in the fame fhape. The goods of the merchant yield him no revenue or profit till he fells them for money, and the money yields him as little till it is again exchanged for goods. His capital is continually going from him in one fhape, and returning to him in another, and it is only by means of fuch circulation or fucceffive exchanges that it can yield him any profit. Such capitals, therefore, may very properly be called circulating capitals.

SECONDLY, it may be employed in the improvement of land, in the purchase of useful machines and inftruments of trade, or in such-like things as yield a revenue or profit without changing masters or circulating any further. Such capitals, therefore, may very properly be called fixed capitals.

DIFFERENT occupations require very different proportions between the fixed and circulating capitals employed in them.

THE capital of a merchant, for example, is altogether a circulating capital. He has occasion for no machines or instruments of trade, unless his shop or warehouse be considered as such.

Some part of the capital of every mafter artificer or manufacturer must be fixed in the instruments of his trade. This part, however, is very small in some, and very great in others. A master

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BOOK II. Those of the mafter shoemaker are a little, though but a very little, more expensive. Those of the weaver rise a good deal above those of the shoemaker. The far greater part of the capital of all such master artificers, however, is circulated either in the wages of their workmen, or in the price of their materials, and repaid with a profit by the price of the work.

In other works a much greater fixed capital is required. In a great iron-work, for example, the furnace for melting the ore, the forge, the flitt-mill, are inftruments of trade which cannot be erected without a very great expense. In coal-works and mines of every kind, the machinery neceffary both for drawing out the water and for other purpofes, is frequently ftill more expensive.

THAT part of the capital of the farmer which is employed in the inftruments of agriculture is a fixed; that which is employed in the wages and maintenance of his labouring fervants, is a circulating capital. He makes a profit of the one by keeping it in his own poffession, and of the other by parting with it. The price or value of his labouring cattle is a fixed capital in the fame manner as that of the inftruments of hufbandry: Their maintenance is a circulating capital in the fame manner as that of the labouring fervants. The farmer makes his profit by keeping the labouring cattle, and by parting with their maintenance. Both the price and the maintenance of the cattle which are bought in and fattened, not for labour, but for fale, are a circulating capital. The farmer makes his profit by parting with them. A flock of fheep or a herd of cattle that, in a breeding country, is bought in, neither for labour nor for fale, but in order to make a profit by their wool, by their milk, and by their increase, is a fixed capital. The profit is made by keeping them. Their maintenance is a circulating capital. capital. The profit is made by parting with it; and it comes CHAP. back with both its own profit, and the profit upon the whole price of the cattle, in the price of the wool, the milk, and the increase. The whole value of the feed too is properly a fixed capital. Tho' it goes backwards and forwards between the ground and the granary, it never changes masters, and therefore does not properly circulate. The farmer makes his profit, not by its fale, but by its increase.

THE general flock of any country or fociety is the fame with that of all its inhabitants or members, and therefore naturally divides itfelf into the fame three portions, each of which has a diftinct function or office.

THE First, is that portion which is referved for immediate confumption, and of which the characteristick is, that it affords norevenue or profit. It confils in the flock of food, cloaths, houfhold furniture, &c. which have been purchased by their properconfumers, but which are not yet entirely confumed. The whole flock of mere dwelling houses too sublissing at any one time in the country, make a part of this first portion. The stock that is laid out in a houfe, if it is to be the dwelling houfe of the proprietor, ceases from that moment to serve in the function of a capital, or to afford any revenue to its owner. A dwelling houfe, as fuch, contributes nothing to the revenue of its inhabitant; and though it is, no doubt, extremely useful to him, it is as his cloaths and. houshold furniture are useful to him, which, however, make a part of his expence, and not of his revenue. If it is to be lett to a tenant for rent, as the house itself can produce nothing, the tenant must always pay the rent out of fome other revenue which he derives either from labour, or ftock, or land. Though a houfe, therefore, may yield a revenue to its proprietor, and thereby fervein the function of a capital to him, it cannot yield any to the publick,

THE NATURE AND CAUSES OF

publick, nor ferve in the function of a capital to it, and the revenue of the whole body of the people can never be in the fmalleft degree increafed by it. Cloaths, and houshold furniture, in the fame manner, fometimes yield a revenue, and thereby ferve in the function of a capital to particular perfons. In countries where mafquerades are common, it is a trade to lett out masquerade dreffes for a night. Upholsterers frequently lett furniture by the month or by the year. Undertakers lett the furniture of funerals by the day and by the week. Many people lett furnished houses, and get a rent, not only for the use of the house, but for that of the furniture. The revenue, however, which is derived from fuch things, must always be ultimately drawn from fome other fource of reve-Of all parts of the ftock, either of an individual, or of a nue. fociety, referved for immediate confumption, what is laid out in houfes is most flowly confumed. A ftock of cloaths may laft feveral years: a flock of furniture half a century or a century: but a ftock of houfes, well built and properly taken care of, may laft many centuries. Though the period of their total confumption, however, is more diffant, they are still as really a stock referved for immediate confumption as either cloaths, or houshold furniture.

THE Second of the three portions into which the general flock of the fociety divides itfelf, is the fixed capital; of which the characteriftick is, that it affords a revenue or profit without circulating or changing mafters. It confifts chiefly of the four following articles:

FIRST, of all useful machines and inftruments of trade which facilitate and abridge labour:

SECONDLY, of all those profitable buildings which are the means of procuring a revenue, not only to their proprietor who letts

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letts them for a rent, but to the perfon who poffeffes them and CHAP. pays that rent for them; fuch as fhops, warehoufes, workhoufes, farmhoufes, with all their neceffary buildings, ftables, granaries, &c. Thefe are very different from mere dwelling houfes. They are a fort of inftruments of trade, and may be confidered in the fame light:

THIRDLY, of the improvements of land, of what has been profitably laid out in clearing, draining, enclosing, manuring, and reducing it into the condition most proper for tillage and culture. An improved farm may very justly be regarded in the fame light as those useful machines which facilitate and abridge labour, and by means of which, an equal circulating capital can afford a much greater revenue to its employer. An improved farm is equally advantageous and more durable than any of those machines, frequently requiring no other repairs than the most profitable application of the farmer's capital employed in cultivating it :

FOURTHLY, of the acquired and useful abilities of all the inhabitants or members of the fociety. The acquisition of such talents, by the maintenance of the acquirer during his education, study, or apprentices of the acquirer during his education, study, or apprentices of the acquirer during his education, so fixed and realized, as it were, in his perfore. Those talents, as they make a part of his fortune, so do they likewise of that of the fociety to which he belongs. The improved dexterity of a workman may be confidered in the fame light as a machine or instrument of trade which facilitates and abridges labour, and which, though it costs a certain expense, repays that expense with a profit.

THE Third and last of the three portions into which the general stock of the fociety naturally divides itself, is the circulating capital;

BOOK of which the characteristick is, that it: affords a revenue only by II. circulating or changing mafters. It, is composed likewise of four parts:

> FIRST, of the money by means of which all the other three are circulated and diffributed to their proper users and confumers :

SECONDLY, of the flock of provisions which are in the poffeffion of the butcher, the grazier, the farmer, the corn-merchant, the brewer, &c. and from the fale of which they expect to derive a profit:

THIRDLY, of the materials, whether altogether rude, or more or lefs manufactured, of cloaths, furniture, and building, which are not yet made up into any of those three shapes, but which remain in the hands of the growers, the manufacturers, the mercers and drapers, the timber-merchants, the carpenters and joiners, the brickmakers, &c.

FOURTHLY, and laftly, of the work which is made up and compleated, but which is ftill in the hands of the merchant or manufacturer, and not yet difpofed of or diftributed to the proper ufers and confumers; fuch as the finished work which we frequently find ready made in the shops of the south the cabinetmaker, the goldsmith, the jeweller, the china-merchant, &cc. The circulating capital confist, in this manner, of the provisions, materials, and finished work of all kinds that are in the hands of their respective dealers, and of the money that is necessary for circulating and distributing them to those who are finally to use or to consume them.

Of

OF these four parts three, provisions, materials, and finished CHAP. work, are, either annually, or in a longer or shorter period, regularly withdrawn from it, and placed either in the fixed capital or in the stock referved for immediate consumption.

EVERY fixed capital is both originally derived from, and requires to be continually fupported by a circulating capital. All ufeful machines and inftruments of trade are originally derived from a circulating capital, which furnishes the materials of which they are made, and the maintenance of the workmen who make them. They require too a capital of the fame kind to keep them in conftant repair.

No fixed capital can yield any revenue but by means of a circulating capital. The most useful machines and inftruments of trade will produce nothing without the circulating capital which affords the materials they are employed upon, and the maintenance of the workmen who employ them. Land, however improved, will yield no revenue without a circulating capital, which maintains the labourers who cultivate and collect its produce.

To maintain and augment the flock which may be referved for immediate confumption, is the fole end and purpofe both of the fixed and circulating capitals. It is this flock which feeds, cloaths, and lodges the people. Their riches or poverty depends upon the abundant or fparing fupplies which those two capitals can afford to the flock referved for immediate confumption.

So great a part of the circulating capital being continually withdrawn from it in order to be placed in the other two branches of the general flock of the fociety, it must in its turn require continual Vol. I. X x fupplies,

THE NATURE AND CAUSES OF

воок fupplies, without which it would foon ceafe to exift. Thefe fup-II. plies are principally drawn from three fources, the produce of land, of mines, and of fisheries. These afford continual supplies of provisions and materials, of which part is afterwards wrought up into finished work, and by which are replaced the provisions, materials, and finished work continually withdrawn from the circulating capital. From mines too is drawn what is neceffary for maintaining and augmenting that part of it which confifts in money. For though, in the ordinary course of business, this part is not, like the other three, neceffarily withdrawn from it, in order to be placed in the other two branches of the general flock of the fociety, it must, however, like all other things, be wasted and worn out at last, and sometimes too be either lost or sent abroad, and must, therefore, require continual, though, no doubt, much fmaller fupplies.

> LAND, mines, and fiftheries, require all both a fixed and a circulating capital to cultivate them; and their produce replaces with a profit, not only those capitals, but all the others in the fociety. Thus the farmer annually replaces to the manufacturer the provifions which he had confumed and the materials which he had wrought up the year before; and the manufacturer replaces to the farmer the finished work which he had wasted and worn out in the fame time. This is the real exchange that is annually made between those two orders of people, though it feldom happens that the rude produce of the one and the manufactured produce of the other, are directly bartered for one another; becaufe it feldom happens that the farmer fells his corn and his cattle, his flax and his wool, to the very fame perfon of whom he chufes to purchase the cloaths, furniture, and instruments of trade which he wants. He fells, therefore, his rude produce for money, with which he can purchase, wherever it is to be had, the manufactured produce he has occasion for.

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for. Land even replaces, in part at leaft, the capitals with which CHAP. fiftheries and mines are cultivated. It is the produce of land which draws the fifth from the waters; and it is the produce of the furface of the carth which extracts the minerals from its bowels.

THE produce of land, mines, and fifheries, when their natural fertility is equal, is in proportion to the extent and proper application of the capitals employed about them. When the capitals are equal and equally well applied, it is in proportion to their natural fertility.

IN all countries where there is tolerable fecurity, every man of common understanding will endeavour to employ whatever stock he can command in procuring either prefent enjoyment or future profit. If it is employed in procuring prefent enjoyment, it is a stock referved for immediate confumption. If it is employed in procuring future profit, it must procure this profit either by staying with him, or by going from him. In the one case it is a fixed, in the other it is a circulating capital. A man must be perfectly crazy who, where there is tolerable fecurity, does not employ all the stock which he commands, whether it be his own or borrowed of other people, in fome one or other of those three ways.

In those unfortunate countries, indeed, where men are continually afraid of the violence of their fuperiors, they frequently bury and conceal a great part of their flock, in order to have it always at hand to carry with them to fome place of fafety in case of their being threatened with any of those difasters to which they confider themfelves as at all times exposed. This is faid to be a common practice in Turky, in Indostan, and, I believe, in most other governments

NATURE AND CAUSES OF THE

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BOOK of Afia. It feems to have been a common practice among our anceftors during the violence of the feudal government. Treafure-trove was in those times confidered as no contemptible part of the revenue of the greatest fovereigns in Europe. It confisted in fuch treasure as was found concealed in the earth, and to which no particular perfon This was regarded in those times as fo imcould prove any right. portant an object, that it was always confidered as belonging to the fovereign, and neither to the finder nor to the proprietor of the land, unlefs the right to it had been conveyed to the latter by an express claufe in his charter. It was put upon the fame footing with gold and filver mines, which, without a fpecial claufe in the charter, were never fuppofed to be comprehended in the general grant of the lands, though mines of lead, copper, tin, and coal were, as things of fmaller confequence.

CHAP. II.

Of Money confidered as a particular Branch of the general Stock of the Society, or of the Expence of maintaining the National Capital.

T has been shewn in the first book, that the price of the greater part of commodities refolves itself into three parts, of which one pays the wages of the labour, another the profits of the stock, and a third the rent of the land which had been employed in producing and bringing them to market: that there are, indeed, some commodities of which the price is made up of two of those parts only, the wages of labour, and the profits of stock: and a very few in which it confists altogether in one, the wages of labour: but that the price of every commodity necessarily refolves itself into fome one or other or all of these three parts; every part of it which goes neither to rent nor to wages, being necessarily profit to some body.

SINCE this is the cafe, it has been obferved, with regard to every particular commodity, taken feparately; it must be for with regard to all the commodities which compose the whole annual produce of the land and labour of every country, taken complexly. The whole price or exchangeable value of that annual produce, must refolve itself into the fame three parts, and be parcelled out among the different inhabitants of the country, either as the wages of their labour, the profits of their stock, or the rent of their land.

CHAP: II.

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BOOK II. BUT though the whole value of the annual produce of the land and labour of every country, is thus divided among and conftitutes a revenue to its different inhabitants, yet as in the rent of a private eftate we diffinguish between the gross rent and the neat rent, fo may we likewise in the revenue of all the inhabitants of a great country.

> THE grofs rent of a private effate comprehends whatever is paid by the farmer: the neat rent, what remains free to the landlord, after deducting the expence of management, of repairs, and all other neceffary charges; or what, without hurting his effate, he can afford to place in his flock referved for immediate confumption, or to fpend upon his table, equipage, the ornaments of his houfe and furniture, his private enjoyments and amufements. His real wealth is in proportion, not to his grofs, but to his neat rent.

> THE groß revenue of all the inhabitants of a great country, comprehends the whole annual produce of their land and labour: the neat revenue, what remains free to them after deducting the expence of maintaining; first, their fixed; and, fecondly, their circulating capital; or what, without encroaching upon their capital, they can place in their stock referved for immediate confumption, or spend upon their substitutient fublishence, conveniencies and amusements. Their real wealth too is in proportion, not to their groß, but to their neat revenue.

> THE whole expence of maintaining the fixed capital, must evidently be excluded from the neat revenue of the fociety. Neither the materials neceffary for fupporting their useful machines and inftruments of trade, their profitable buildings, &c. nor the produce of the labour neceffary for fashioning those materials into the proper form, can ever make any part of it. The price of that labour may, indeed, make a part of it; as the workmen fo employed

employed may place the whole value of their wages in their flock CHAP. referved for immediate confumption. But in other forts of II. labour, both the price and the produce go to this flock, the price to that of the workmen, the produce to that of other people, whofe fubfiltence, conveniencies, and amufements, are augmented by the labour of thofe workmen.

THE intention of the fixed capital is to increase the productive powers of labour, or to enable the fame number of labourers to perform a much greater quantity of work. In a farm where all the neceffary buildings, fences, drains, communications, &c. are in the most perfect good order, the fame number of labourers and labouring cattle will raife a much greater produce, than in one of equal extent and equally good ground, but not furnished with equal conveniencies. In manufactures the fame number of handsaffifted with the best machinery, will work up a much greater quantity of goods than with more imperfect inftruments of trade. The expence which is properly laid out upon a fixed capital of any kind, is always repaid with great profit, and increases the annual produce by a much greater value than that of the fupport which fuch improvements require. This fupport, however, ftill requires a certain portion of that produce. A certain quantity of materials, and the labour of a certain number of workmen, both of which might have been immediately employed to augment the food cloathing, and lodging, the fubfiftence and conveniencies of the fociety, are thus diverted to another employment, highly advantageous indeed, but still different from this one. It is upon this account that all fuch improvements in mechanicks, as enable the fame number of workmen to perform an equal quantity of work, with cheaper and fimpler machinery than had been ufual. before, are always regarded as advantageous to every fociety. certain quantity of materials, and the labour of a certain number

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of

BOOK II. of workmen, which had before been employed in fupporting a more complex and expensive machinery, can afterwards be applied to augment the quantity of work which that or any other machinery is useful only for performing. The undertaker of fome great manufactory who employs a thousand a-year in the maintenance of his machinery, if he can reduce this expence to five hundred, will naturally employ the other five hundred in purchasing an additional quantity of materials to be wrought up by an additional number of workmen. The quantity of that work, therefore, which his machinery was useful only for performing, will naturally be augmented, and with it all the advantage and conveniency which the fociety can derive from that work.

> THE expence of maintaining the fixed capital in a great country, may very properly be compared to that of repairs in a private effate. The expence of repairs may frequently be neceffary for fupporting the produce of the effate, and confequently both the grofs and the neat rent of the landlord. When by a more proper direction, however, it can be diminifhed without occafioning any diminution of produce, the grofs rent remains at leaft the fame as before, and the neat rent is neceffarily augmented.

> BUT though the whole expence of maintaining the fixed capital is thus neceffarily excluded from the neat revenue of the fociety, it is not the fame cafe with that of maintaining the circulating capital. Of the four parts of which this latter capital is composed, money, provisions, materials, and finished work, the three last, it has already been observed, are regularly withdrawn from it, and placed either in the fixed capital of the fociety, or in their stock referved for immediate confumption. Whatever portion of those confumable goods is not employed in maintaining the former, goes all to the latter, and makes a part of the neat revenue of the fociety.

fociety. The maintenance of those three parts of the circulating CHAP. capital, therefore, withdraws no portion of the annual produce from the neat revenue of the fociety, befides what is neceffary for maintaining the fixed capital.

THE circulating capital of a fociety is in this refpect different from that of an individual. That of an individual is totally excluded from making any part of his neat revenue, which must confift altogether in his profits. But though the circulating capital of every individual, makes a part of that of the fociety to which he belongs, it is not upon that account totally excluded from making a part likewife of their neat revenue. Though the whole goods in a merchant's fhop must by no means be placed in his own ftock referved for immediate confumption, they may in that of other people, who from a revenue derived from other funds, may regularly replace their value to him together with its profits, without occasioning any diminution either of his capital or of their's.

MONEY, therefore, is the only part of the circulating capital. of a fociety of which the maintenance can occafion any diminution: in their neat revenue.

THE fixed capital, and that part of the circulating capital which: confifts in money, fo far as they affect the revenue of the fociety,. bear a very great refemblance to one another.

FIRST, as those machines and instruments of trade, &c. require a certain expence first to crect them and afterwards to support: them, both which expences, though they make a part of the groß, are deductions from the neat revenue of the fociety; to the flock of money which circulates in any country must require a certain. Val. I. expence,. BOOK expence, first to collect it, and afterwards to support it, both which it. expences, though they make a part of the gross, are, in the fame manner, deductions from the neat revenue of the fociety. A certain quantity of very valuable materials, gold and filver, and of very curious labour, instead of augmenting the stock referved for immediate consumption, the substitution fully and amusements of individuals, is employed in supporting that great but expensive instrument of commerce, by means of which every individual in the society has his substituted to him in their proper proportions.

> SECONDLY, as the machines and inftruments of trade, &c. which compose the fixed capital either of an individual or of a fociety, make no part either of the groß or of the neat revenue of either; fo money, by means of which the whole revenue of the fociety is regularly distributed among all its different members, makes itself no part of that revenue. The great wheel of circulation is altogether different from the goods which are circulated by means of it. The revenue of the fociety confists altogether in those goods, and not in the wheel which circulates them. In computing either the großs or the neat revenue of any fociety, we must always, from their whole annual circulation of money and goods, deduct the whole value of the money, of which not a fingle farthing can ever make any part of either.

It is the ambiguity of language only which can make this proposition appear either doubtful or paradoxical. When properly explained and understood, it is almost felf-evident.

WHEN we talk of any particular fum of money, we fometimes mean nothing but the metal pieces of which it is composed; and fometimes we include in our meaning fome obscure reference to the the goods which can be had in exchange for it, or to the power of CHAP. purchafing which the poffeffion of it conveys. Thus when we fay, that the circulating money of England has been computed at eighteen millions, we mean only to express the amount of the metal pieces, which fome writers have computed or rather have fupposed to circulate in that country. But when we fay that a man is worth fifty or a hundred pounds a-year, we mean commonly to express not only the amount of the metal pieces which are annually paid to him, but the value of the goods which he can annually purchase or confume. We mean commonly to ascertain what is or ought to be his way of living, or the quantity and quality of the necessfaries and conveniencies of life in which he can with propriety indulge himself.

WHEN, by any particular fum of money, we mean not only to express the amount of the metal pieces of which it is composed, but to include in its fignification fome obscure reference to the goods which can be had in exchange for them, the wealth or revenue which it in this case denotes, is equal only to one of the two values which are thus intimated fomewhat ambiguously by the fame word, and to the latter more properly than to the former, to the money's-worth more properly than to the money.

THUS if a guinea be the weekly penfion of a particular perfon, he can in the courfe of the week purchafe with it a certain quantity of fubfiftence, conveniencies, and amufements. In proportion asthis quantity is great or fmall, fo are his real riches, his real weekly revenue. His weekly revenue is certainly not equal both to the guinea, and to what can be purchafed with it, but only to one or other of those two equal values; and to the latter more properly than to the former, to the guinea's-worth rather than to the guinea. 347

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BOOK IF the penfion of fuch a perfor was paid to him, not in gold, but in a weekly bill for a guinea, his revenue furely would not fo properly confift in the piece of paper, as in what he could get for it. A guinea may be confidered as a bill for a certain quantity of neceffaries and conveniencies upon all the tradefinen in the neighbourhood. The revenue of the perfor to whom it is paid, does not fo properly confift in the piece of gold, as in what he can get for it, or in what he can exchange it for. If it could be exchanged for nothing, it would, like a bill upon a bankrupt, be of no more value than the most useles piece of paper.

> THOUGH the weekly, or yearly revenue of all the different inhabitants of any country, in the fame manner, may be, and in reality frequently is paid to them in money, their real riches, however, the real weekly or yearly revenue of all of them taken together, must always be great or fmall in proportion to the quantity of confumable goods which they can all of them purchase with this money. The whole revenue of all of them taken together is evidently not equal to both the money and the confumable goods; but only to one or other of those two values, and to the latter more properly than to the former.

> THOUGH we frequently, therefore, express a perfon's revenue by the metal pieces which are annually paid to him, it is becaufe the amount of those pieces regulates the extent of his power of purchasing, or the value of the goods which he can annually afford to confume. We still confider his revenue as confisting in this power of purchasing or confuming, and not in the pieces which convey it,

> Bur if this is fufficiently evident even with regard to an individual, it is ftill more fo with regard to a fociety. The amount of the

the metal pieces which are annually paid to an individual, is often CHAP. precifely equal to his revenue, and is upon that account the fhortest and best expression of its value. But the amount of the metal pieces which circulate in a fociety, can never be equal to the revenue of all its members. As the fame guinea which pays the weekly penfion of one man to-day, may pay that of another tomorrow, and that of a third the day thereafter, the amount of the metal pieces which annually circulate in any country, must always be of much lefs value than the whole money penfions annually paid with them. But the power of purchasing, the goods which can fucceffively be bought with the whole of those money penfions as they are fucceflively paid, must always be precifely of the fame value with those penfions; as must likewife be the revenue of the different perfons to whom they are paid. That revenue, therefore, cannot confift in those metal pieces, of which the amount is fo much inferior to its value, but in the power of purchasing, in the goods which can fucceffively be bought with them as they circulate from hand to hand.

MONEY, therefore, the great wheel of circulation, the great inftrument of commerce, like all other inftruments of trade, though it makes a part and a very valuable part of the capital, makes no part of the revenue of the fociety to which it belongs; and though the metal pieces of which it is composed, in the courfe of their annual circulation, distribute to every man the revenue which properly belongs to him, they make themselves no part of that revenue.

THIRDLY, and laftly, the machines and inftruments of trade, &c. which compose the fixed capital, bear this further refemblance to that part of the circulating capital which confists in money; that as every faving in the expence of erecting and fupporting those machines, BOOK machines, which does not diminifh the productive powers of labour, is an improvement of the neat revenue of the fociety; fo every faving in the expence of collecting and fupporting that part of the circulating capital which confifts in money, is an improvement of exactly the fame kind.

> It is fufficiently obvious, and it has partly too been explained already, in what manner every faving in the expence of fupporting the fixed capital is an improvement of the neat revenue of the fociety. The whole capital of the undertaker of every work is neceffarily divided between his fixed and his circulating capital. While his whole capital remains the fame, the fmaller the one part, the greater muft neceffarily be the other. It is the circulating capital which furnishes the materials and wages of labour, and puts industry into motion. Every faving, therefore, in the expence of maintaining the fixed capital, which does not diminish the productive powers of labour, must increase the fund which puts industry into motion, and confequently the annual produce of land and labour, the real revenue of every fociety.

> THE fubfitution of paper in the room of gold and filver money, replaces a very expensive inftrument of commerce with one much lefs coftly, and fometimes equally convenient. Circulation comes to be carried on by a new wheel, which it cofts lefs both to erect and to maintain than the old one. But in what manner this operation is performed, and in what manner it tends to increase either the grofs or the neat revenue of the fociety, is not altogether fo obvious, and may therefore require fome further explication.

> THERE are feveral different forts of paper money; but the circulating notes of banks and bankers are the fpecies which is best known, and which feems best adapted for this purpose.

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WHEN the people of any particular country have fuch con- CHAP. fidence in the fortune, probity, and prudence of a particular banker, as to believe that he is always ready to pay upon demand fuch of his promiffary notes as are likely to be at any time prefented to him; those notes come to have the fame currency as gold and filver money, from the confidence that fuch money can at any time be had for them.

A PARTICULAR banker lends among his cuftomers his own promiffary notes, to the extent, we shall suppose, of a hundred thousand pounds. As those notes ferve all the purposes of money, his debtors pay him the fame intereft as if he had lent them fo much This interest is the fource of his gain. Though some of money. those notes are continually coming back upon him for payment, part of them continue to circulate for months and years together. Though he has generally in circulation, therefore, notes to the extent of a hundred thousand pounds, twenty thousand pounds in gold and filver may, frequently, be a fufficient provision for anfwering occafional demands. By this operation, therefore, twenty thousand pounds in gold and filver perform all the functions which a hundred thousand could otherwise have performed. The fame exchanges may be made, the fame quantity of confumable goods may be circulated and diffributed to their proper confumers, by means of his promiffary notes, to the value of a hundred thoufand pounds, as by an equal value of gold and filver money. Eighty thousand pounds of gold and filver, therefore, can, in this manner, be fpared from the circulation of the country; and if different operations of the fame kind, should, at the fame time, be carried on by many different banks and bankers, the whole circulation may thus be conducted with a fifth part only of the gold and filver which would otherwife have been requifite.

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LET us fuppole, for example, that the whole circulating money of fome particular country amounted, at a particular time, to one million fterling, that fum being then fufficient for circulating the whole annual produce of their land and labour. Let us fuppofetoo, that fome time thereafter, different banks and bankers isfued. promifiary notes, payable to the bearer, to the extent of one million, referving in their different coffers two hundred thousand pounds for answering occasional demands. There would remain, therefore, in circulation, eight hundred thousand pounds in gold and filver, and a million of bank notes, or, eighteen hundred thousand pounds of paper and money together. But the annual produce of the land and labour of the country had before required only one million to circulate and diffribute it to its proper confumers, and that annual produce cannot be immediately augmented by those operations of banking. One million, therefore, will be fufficient to circulate it after them. The goods to be bought and fold being precifely the fame as before, the fame quantity of money will be fufficient for buying and felling them. The channel of circulation, if I may be allowed fuch an expression, will remain precifely the fame as before. One million we have supposed fufficient to fill that channel. Whatever, therefore, is poured into it beyond this fum, cannot run in it, but must overflow. One million eight hundred thousand pounds are poured into it. Eight hundred thousand pounds, therefore, must overflow, that fum being over and above what can be employed in the circulation of the country. But though this fum cannot be employed at home, it is too valuable to be allowed to lie idle. It will, therefore, be fent abroad, in order to feek that profitable employment which it cannot find at home. But the paper cannot go abroad; becaufe at a diftance from the banks which iffue it, and from the country in which payment of it can be exacted by law, it will not be received in common payments. Gold and filver, therefore, to the amount.

amount of eight hundred thousand pounds will be fent abroad, and CHAP, the channel of home circulation will remain filled with a million of paper, instead of the million of those metals which filled it before.

But though fo great a quantity of gold and filver is thus fent abroad, we must not imagine that it is fent abroad for nothing, or that its proprietors make a prefent of it to foreign nations. They will exchange it for foreign goods of fome kind or another, in order to fupply the confumption either of fome other foreign country or of their own.

IF they employ it in purchasing goods in one foreign country in order to supply the consumption of another, or in what is called the carrying trade, whatever profit they make will be an addition to the neat revenue of their own country. It is like a new fund, created for carrying on a new trade; domestick business being now transacted by paper, and the gold and filver being converted into a fund for this new trade.

IF they employ it in purchafing foreign goods for home confumption, they may either, first, purchase fuch goods as are likely to be confumed by idle people who produce nothing, such as foreign wines, foreign filks, &c.; or, fecondly, they may purchase an additional stock of materials, tools, and provisions, in order to maintain and employ an additional number of industrious people, who re-produce, with a profit, the value of their annual confumption.

So far as it is employed in the first way, it promotes prodigality, increases expence and confumption without increasing production, or establishing any permanent fund for supporting that expence, and is in every respect hurtful to the society.

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So far as it is employed in the fecond way, it promotes industry; and though it increases the confumption of the fociety, it provides a permanent fund for supporting that confumption, the people who confume, re-producing, with a profit, the whole value of their annual confumption. The großs revenue of the fociety, the annual produce of their land and labour, is increased by the whole value which the labour of those workmen adds to the materials upon which they are employed; and their neat revenue by what remains of this value, after deducting what is necessary for supporting the tools and inftruments of their trade.

THAT the greater part of the gold and filver which, being forced. abroad by those operations of banking, is employed in purchasing foreign goods for home confumption, is and must be employed in purchasing those of this second kind, seems, not only probable, but almost unavoidable. Though some particular men may sometimes increase their expence very confiderably though their revenue does not increase at all, we may be affured that no class or order of men ever does fo; becaufe, though the principles of common. prudence do not always govern the conduct of every individual, they always influence that of the majority of every class or order. But the revenue of idle people, confidered as a class or order, cannot, in the fmallest degree, be increased by those operations of banking. Their expence in general, therefore, cannot be much. increased by them, though that of a few individuals among them may, and in-reality fometimes is. The demand of idle people, therefore, for foreign goods, being the fame, or very nearly thefame, as before, a very fmall part of the money, which being forced. abroad by those operations of banking, is employed in purchasing foreign goods for home confumption, is likely to be employed in purchasing those for their use. The greater part of it will naturally. bgʻ be destined for the employment of industry, and not for the main- CHAP. tenance of idleness.

WHEN we compute the quantity of industry which the circulating capital of any fociety can employ, we must always have regard to those parts of it only, which consist in provisions, materials, and finished work: the other, which consists in money, and which ferves only to circulate those three, must always be deducted. In order to put industry into motion, three things are requisite; materials to work upon, tools to work with, and the wages or recompence for the fake of which the work is done. Money is neither a material to work upon, nor a tool to work with; and though the wages of the workman are commonly paid to him in money, his real revenue, like that of all other men, consists, not in the money, but in the money's worth; not in the metal pieces, but in what can be got for them.

THE quantity of industry which any capital can employ, must, evidently, be equal to the number of workmen whom it can supply with materials, tools, and a maintenance suitable to the nature of the work. Money may be requisite for purchasing the materials and tools of the work, as well as the maintenance of the workmen. But the quantity of industry which the whole capital can employ, is certainly not equal both to the money which purchases, and to the materials, tools, and maintenance, which are purchased with it; but only to one or other of those two values, and to the latter more properly than to the former.

WHEN paper is fublituted in the room of gold and filver money, the quantity of the materials, tools, and maintenance, which the whole circulating capital can fupply, may be increased by the whole value of gold and filver which used to be employed in purchasing Z z z them.

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BOOK II. diffribution, is added to the goods which are circulated and diffributed by means of it. The operation, in fome measure, refembles that of the undertaker of fome great work, who, in confequence of fome improvement in mechanicks, takes down his old machinery, and adds the difference between its price and that of the new to his circulating capital, to the fund from which he furnishes materials and wages to his workmen.

> WHAT is the proportion which the circulating money of any country bears to the whole value of the annual produce circulated by means of it, it is, perhaps, impossible to determine. It has been computed by different authors at a fifth, at a tenth, at a twentieth, and at a thirtieth part of that value. But how fmall foever the proportion which the circulating money may bear to the whole value of the annual produce, as but a part, and frequently but a fmall part, of that produce, is ever defined for the: maintenance of industry, it must always bear a very confiderable proportion to that part. When, therefore, by the substitution of paper, the gold and filver neceffary for circulation is reduced to, perhaps, a fifth part of the former quantity, if the value of only the greater part of the other four-fifths be added to the funds which. are defined for the maintenance of industry, it must make a very. confiderable addition to the quantity of that industry, and, confequently, to the value of the annual produce of land and. labour.

> An operation of this kind has, within these five and twenty or thirty years, been performed in Scotland, by the erection of new banking companies in almost every confiderable town, and even in fome country villages. The effects of it have been precisely those above described. The business of the country is almost entirely carried.

carried on by means of the paper of those different banking CHAP. companies, with which purchases and payments of all kinds are commonly made. Silver very feldom appears, except in the change of a twenty fhillings bank note, and gold ftill feldomer. But though the conduct of all those different companies has not been unexceptionable, and has accordingly required an act of parliament to regulate it; the country, notwithstanding, has evidently derived great benefit from their trade. I have heard it afferted, that the trade of the city of Glafgow doubled in about fifteen years after the first erection of the banks there; and that the trade of Scotland has more than quadrupled fince the first erection: of the two publick banks at Edinburgh, of which the one, called The Bank of Scotland, was established by act of parliament in 1695, the other, called The Royal Bank, by royal charter in-1727. Whether the trade, either of Scotland in general; or of the city of Glafgow in particular, has really increafed in fo great a proportion, during fo fhort a period, I do not pretend to know. If either of them has increased in this proportion, it feems to be an effect too great to be accounted for by the fole operation of this caufe. That the trade and industry of Scotland, however, have increased very confiderably during this period, and that: the banks have contributed a good deal to this increase, cannot be doubted.

THE value of the filver money, which circulated in Scotland before the union, in 1707, and which immediately after it was brought into the bank of Scotland in order to be re-coined, amounted to 411,1171. 108. 9d. fterling. No account has been got of the gold coin; but it appears from the antient accounts of the mint of Scotland, that the value of the gold annually coined fomewhat exceeded that of the filver *. There were a good many people too upon this occasion, who, from a diffidence of re-

* See Rudiman's Preface to Anderson's Diplomata, &c. Scotiæ.

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BOOK payment, did not bring their filver into the bank of Scotland; and there was, befides, fome English coin, which was not called The whole value of the gold and filver, therefore, which in. circulated in Scotland before the union, cannot be effimated at lefs than a million sterling. It feems to have constituted almost the whole circulation of that country; for though the circulation of the bank of Scotland, which had then no rival, was confiderable, it feems to have made but a very fmall part of the whole. In the prefent times the whole circulation of Scotland cannot be estimated at less than two millions, of which that part which confifts in gold and filver, most probably, does not amount to half a million. But though the circulating gold and filver of Scotland have fuffered fo great a diminution during this period, its real riches and prosperity do not appear to have fuffered any. Its agriculture, manufactures, and trade, on the contrary, the annual produce of its land and labour, have evidently been augmented.

> IT is chiefly by difcounting bills of exchange, that is, by advancing money upon them before they are due, that the greater part of banks and bankers iflue their promiffory notes. They deduct always, upon whatever fum they advance, the legal intereft till the bill fhall become due. The payment of the bill, when it becomes due, replaces to the bank the value of what had been advanced, together with a clear profit of the intereft. The banker who advances to the merchant whofe bill he difcounts, not gold and filver, but his own promiffory notes, has the advantage of being able to difcount to a greater amount, by the whole value of his promiffory notes, which he finds by experience, are commonly in circulation. He is thereby enabled to make his clear gain of intereft on fo much a larger fum.

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THE commerce of Scotland, which at prefent is not very great, CHAP. was still more inconfiderable when the two first banking companies were eftablished; and those companies would have had but little trade, had they confined their bufinefs to the difcounting of bills of exchange. They invented, therefore, another method of iffuing their promiffary notes; by granting, what they called, cafh accounts, that is, by giving credit to the extent of a certain fum, (two or three thousand pounds, for example), to any individual who could procure two perfons of undoubted credit and good landed eftate to become furety for him, that whatever money should be advanced to him, within the fum for which the credit had been given, should be repaid upon demand, together with the legal intereft. Credits of this kind are, I believe, commonly granted by banks and bankers in all different parts of the world. But the eafy terms upon which the Scotch banking companies accept of re-payment are, fo far as I know, peculiar to them, and have, perhaps, been the principal cause, both of the great trade of those companies, and of the benefit which the country has received. from it.

WHOEVER has a credit of this kind with one of those companies, and borrows a thousand pounds upon it, for example, may repay this fum piece-meal, by twenty and thirty pounds at a time, the company discounting a proportionable part of the interest of the great fum from the day on which each of those small fums is paid in, till the whole be in this manner repaid. All merchants, therefore, and almost all men of business, find it convenient to keep fuch cash accounts with them, and are thereby interested to promote the trade of those companies, by readily receiving their notes in all payments, and by encouraging all those with whom they have any influence to do the same. The banks, when their customers apply to them for money, generally advance it to them in their own promissing. 3.59

BOOK promiffary notes. These the merchants pay away to the manufacturers for goods, the manufacturers to the farmers for materials and provisions, the farmers to their landlords for rent, the landlords repay them to the merchants for the conveniencies and luxuries with which they fupply them, and the merchants again return them to the banks in order to balance their cash accounts, or to replace what they may have borrowed of them; and thus almost the whole money business of the country is transacted by means of them. Hence, the great trade of those companies.

> By means of those cash accounts every merchant can, without imprudence, carry on a greater trade than he otherwife could do. If there are two merchants, one in London, and the other in Edinburgh, who employ equal flocks in the fame branch of trade, the Edinburgh merchant can, without imprudence, carry on a greater trade, and give employment to a greater number of people than the London merchant. The London merchant must always keep by him a confiderable fum of money, either in his own coffers, or in those of his banker, who gives him no interest for it, in order to anfwer the demands continually coming upon him for payment of the goods which he purchases upon credit. Let the ordinary amount of this fum be supposed five hundred pounds. The value of the goods in his warehouse must always be less by five hundred pounds than it would have been, had he not been obliged to keep fuch a fum unemployed. Let us fuppofe that he generally difposes of his whole stock upon hand, or of goods to the value of his whole flock upon hand, once in the By being obliged to keep fo great a fum unemployed, he year. must fell in a year five hundred pounds worth less goods than he might otherwife have done. His annual profits must be lefs by all that he could have made by the fale of five hundred pounds worth more goods; and the number of people employed in preparing his goods for the market, must be less by all those that five

five hundred pounds more flock could have employed. The CHAP. merchant in Edinburgh, on the other hand, keeps no money unemployed for anfwering fuch occafional demands. When they actually come upon him, he fatisfies them from his cafh account with the bank, and gradually replaces the fum borrowed with the money or paper which comes in from the occafional fales of his goods. With the fame flock, therefore, he can, without imprudence, have at all times in his warehoufe a larger quantity of goods than the London merchant; and can thereby both make a greater profit himfelf, and give conftant employment to a greater number of induftrious people who prepare those goods for the market. Hence the great benefit which the country has derived from this trade.

THE facility of discounting bills of exchange, it may be thought indeed, gives the English merchants a conveniency equivalent to the cash accounts of the Scotch merchants. But the Scotch merchants, it must be remembered, can discount their bills of exchange as easily as the English merchants; and have, besides, the additional conveniency of their cash accounts.

THE whole paper money of every kind which can eafily circulate in any country never can exceed the value of the gold and filver, of which it fupplies the place, or which (the commerce being fuppofed the fame) would circulate there, if there was no paper money. If twenty fhilling notes, for example, are the loweft paper money current in Scotland, the whole of that currency which can eafily circulate there cannot exceed the fum of gold and filver, which would be necefiary for transfacting the annual exchanges of twenty fhillings value and upwards ufually transfacted within that country. Should the circulating paper at any time exceed that fum, as the excess could neither Vol. I. 3 A be BOOK II. with immediately return upon the banks to be exchanged for gold and filver. Many people would immediately perceive that they had more of this paper than was neceffary for transacting their bufinefs at home, and as they could not fend it abroad, they would immediately demand payment of it from the banks. When this fuperfluous paper was converted into gold and filver, they could eafily find a use for it by fending it abroad; but they could find none while it remained in the fhape of paper. There would immediately, therefore, be a run upon the banks to the whole extent of this fuperfluous paper, and, if they flowed any difficulty or backwardnefs in payment, to a much greater extent; the alarm, which this would occasion, necessfarily increasing the run.

> OVER and above the expences which are common to every branch of trade; fuch as the expence of houfe-rent, the wages of fervants, clerks, accountants, &c.; the expences peculiar to a bank confift chiefly in two articles: First, in the expence of keeping at all times in its coffers, for answering the occasional demands of the holders of its notes, a large sum of money, of which it loses the interest: And, secondly, in the expence of replenishing those coffers as fast as they are emptied by answering such occafional demands.

> A BANKING company which iffues more paper than can be employed in the circulation of the country, and of which the excefs is continually returning upon them for payment, ought to increase the quantity of gold and filver, which they keep at all times in their coffers, not only in proportion to this excefsive increase of their circulation, but in a much greater proportion; their notes returning upon them much faster than in proportion

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to the excels of their quantity. Such a company, therefore, CHAP. ought to increase the first article of their expence, not only in proportion to this forced increase of their business, but in a much greater proportion.

THE coffers of fuch a company too, though they ought to be filled much fuller, yet must empty themselves much faster than if their bufinefs was confined within more reafonable bounds, and must require, not only a more violent, but a more constant and uninterrupted exertion of expence in order to replenish them. The coin too, which is thus continually drawn in fuch large quantities from their coffers, cannot be employed in the circulation of the country. It comes in place of a paper which is over and above what can be employed in that circulation, and is therefore, over and above what can be employed in it too. But as that coin will not be allowed to lie idle, it must, in one shape or another, be fent abroad, in order to find that profitable employment which it cannot find at home; and this continual exportation of gold and filver, by enhancing the difficulty, must necessarily enhance still further the expence of the bank, in finding new gold and filver in order to replenish those coffers, which empty themfelves fo very rapidly. Such a company, therefore, muft, in proportion to this forced increase of their business, increase the fecond article of their expence still more than the first.

LET us fuppose that all the paper of a particular bank, which the circulation of the country can eafily abforb and employ, amounts exactly to forty thousand pounds; and that for answering occasional demands, this bank is obliged to keep at all times in its coffers ten thousand pounds in gold and filver. Should this bank attempt to circulate forty-four thousand pounds, the four thousand pounds which are over and above what the circulation can eafily abforb

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BOOK and employ, will return upon it almost as fast as they are isfued. For answering occasional demands, therefore, this bank ought to keep at all times in its coffers, not eleven thousand pounds only, but fourteen thousand pounds. It will thus gain nothing by the interest of the four thousand pounds excessive circulation; and it will lofe the whole expense of continually collecting four thousand pounds in gold and filver which will be continually going out of its coffers as fast as they are brought into them.

> HAD every particular banking company always underftood and attended to its own particular interest, the circulation never could have been overstocked with paper money. But every particular banking company has not always understood or attended to its own particular interest, and the circulation has frequently. been overftocked with paper money.

> By iffuing too great a quantity of paper, of which the excess was continually returning, in order to be exchanged for gold and filver, the bank of England was for many years together obliged tocoin gold to the extent of between eight hundred thousand pounds. and a million a year; or at an average, about eight hundred and fifty. thousand pounds. For this great coinage, the bank (in confequence of the worn and degraded ftate into which the gold coin. had fallen a few years ago) was frequently obliged to purchase gold bullion at the high price of four pounds an ounce, which it foon after issued in coin at 31. 17s. 10d. 1 an ounce, losing in this manner between two and a half and three per cent. upon the coinage of fo very large a fum. Though the bank therefore paid no feignorage, though the government was properly at the expence of the coinage, this liberality of government did not prevent altogether the expense of the bank.

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THE Scotch banks, in confequence of an excels of the fame CHAP. kind, were all obliged to employ conftantly agents at London to collect money for them, at an expence which was feldom below one and a half or two per cent. 'This money was fent down by the waggon, and infured by the carriers at an additional expence of three quarters per cent. or fifteen shillings on the hundred Those agents were not always able to replenish the pounds. coffers of their employers fo fast as they were emptied. In this cafe the refource of the banks was, to draw upon their correspondents in London bills of exchange to the extent of the fum which they wanted. When those correspondents afterwards drew upon them for the payment of this fum, together with the interest, and a commission, some of those banks, from the distress intowhich their exceffive circulation had thrown them, had fometimes no other means of fatisfying this draught but by drawing a fecond fett of bills either upon the fame, or upon fome other correspondents in London; and the fame fum, or rather bills for the fame fum, would in this manner make fometimes more than two or three journies; the debtor, bank, paying always the intereft and commiffion upon the whole accumulated fum. Even those Scotch banks which never distinguished themselves by their extream imprudence, were fometimes obliged to employ this ruinous refource.

THE gold coin which was paid out either by the bank of England, or by the Scotch banks, in exchange for that part of their paper which was over and above what could be employed in the circulation of the country, being likewife over and above what could be employed in that circulation, was fometimes fent abroad in the fhape of coin, fometimes melted down and fent abroad in the fhape of bullion, and fometimes melted down and fold to the bank of England at the high price of four pounds

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BOOK an ounce. It was the neweft, the heavieft, and the beft pieces - only which were carefully picked out of the whole coin, and either fent abroad or melted down. At home, and while they remained in the fhape of coin, those heavy pieces were of no more value than the light : But they were of more value abroad, or when melted down into bullion, at home. The bank of England, notwithstanding their great annual coinage, found to their aftonifhment, that there was every year the fame fcarcity of coin as there had been the year before; and that notwithstanding the great quantity of good and new coin which was every year iffued from the bank, the state of the coin, instead of growing better and better, became every year worfe and worfe. Every year they found themfelves under the neceffity of coining nearly the fame quantity of gold as they had coined the year before, and from the continual rife in the price of gold bullion, in confequence of the continual wearing and clipping of the coin, the expence of this great annual coinage became every year greater and greater. The bank of England, it is to be obferved, by fupplying its own coffers with coin, is indirectly obliged to fupply the whole kingdom, into which coin is continually flowing from those coffers in a great variety of ways. Whatever coin therefore was wanted to fupport this exceffive circulation both of Scotch and English paper money, whatever vacuities this exceffive circulation occafioned in the neceffary coin of the kingdom, the bank of England was obliged to fupply them. The Scotch banks, no doubt, paid all of them very dearly for their own imprudence and inattention. But the bank of England paid very dearly, not only for its own imprudence, but for the much greater imprudence of almost all the Scotch banks.

> THE over trading of fome bold projectors in both parts of the united kingdom, was the original caufe of this exceffive circulation of paper money.

> > WHAT

WHAT a bank can with propriety advance to a merchant or CHAP. undertaker of any kind, is not, either the whole capital with which he trades, or even any confiderable part of that capital; but that part of it only, which he would otherwife be obliged to keep by him unemployed, and in ready money for answering If the paper money which the bank advances occafional demands. never exceeds this value, it can never exceed the value of the gold and filver, which would neceffarily circulate in the country if there was no paper money; it can never exceed the quantity which the circulation of the country can eafily abforb and employ.

WHEN a bank difcounts to a merchant a real bill of exchange drawn by a real creditor upon a real debtor, and which, as foon as it becomes due, is really paid by that debtor; it only advances. to him a part of the value which he would otherwife be obliged to keep by him unemployed, and in ready money for anfwering occafional demands. The payment of the bill, when it becomes due, replaces to the bank the value of what it had advanced, together with the interest. The coffers of the bank, fo far as its dealings are confined to fuch customers, refemble a water pond, from which, though a ftream is continually running; out, yet another is continually running in, fully equal to that which runs out; fo that, without any further care or attention, the pond keeps always equally, or very near equally full. Little or no expence can ever be neceffary for replenishing the coffers of fuch a bank.

A MERCHANT, without over-trading, may frequently have occasion for a fum of ready money, even when he has no bills to When a bank, befides difcounting his bills, advances. discount. him likewife upon fuch occasions, fuch fums upon his cash account, and accepts of a piece-meal repayment as the money comes in. Vol. I. 3 A 4 from П.

 $B \bigcirc O K$ from the occafional fale of his goods, upon the easy terms of the banking companies of Scotland; it dispenses him entirely from the neceffity of keeping any part of his ftock by him unemployed, and in ready money for answering occasional demands. When fuch demands actually come upon him, he can answer them fufficiently from his cash account. The bank, however, in dealing with fuch cuftomers, ought to observe with great attention, whether in the course of some short period (of four, five, fix, or eight months, for example) the fum of the repayments which it commonly receives from them, is, or is not, fully equal to that of the advances which it commonly makes to them. If, within the course of fuch short periods, the sum of the repayments from certain customers is, upon most occasions, fully equal to that of the advances, it may fafely continue to deal with fuch cuftomers. Though the ftream which is in this cafe continually running out from its coffers may be very large, that which is continually running into them must be at least equally large; fo that without any further care or attention those coffers are likely to be always equally or very near equally full; and fcarce ever to require any extraordinary expence to replenish them. If, on the contrary, the fum of the repayments from certain other customers falls commonly very much short of the advances which it makes to them, it cannot with any fafety continue to deal with fuch customers, at least if they continue to deal with it in this manner. The ftream which is in this cafe continually running out from its coffers is neceffarily much larger than that which is continually running in; fo that, unlefs they are replenished by some great and continual effort of expence, those coffers must soon be exhausted altogether.

> THE banking companies of Scotland, accordingly, were for a long time very careful to require frequent and regular repayments

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ments from all their cuftomers, and did not care to deal with CHAP. any perfon, whatever might be his fortune or credit, who did not make, what they called, frequent and regular operations with them. By this attention, befides faving almost entirely the extraordinary expence of replenishing their coffers, they gained two other very confiderable advantages.

FIRST, by this attention they were enabled to make fome tolerable judgement concerning the thriving or declining circumstances of their debtors, without being obliged to look out for any other evidence befides what their own books afforded them; men being for the most part either regular or irregular in their repayments, according as their circumstances are either thriving or declining. A private man who lends out his money to perhaps half a dozen or a dozen of debtors, may, either by himfelf or his agents, obferve and enquire both constantly and carefully into the conduct and fituation of each of them. But a banking company, which lends money to perhaps five hundred different people, and of which the attention is continually occupied by objects of a very different kind, can have no regular information concerning the conduct and circumstances of the greater part of its debtors beyond what its own books afford it. In requiring frequent and regular re-payments from all their cuftomers, the banking companies of Scotland had probably this advantage in view.

SECONDLY, by this attention they fecured themfelves from the poffibility of iffuing more paper money than what the circulation of the country could eafily abforb and employ. When they obferved that within moderate periods of time the re-payments of a particular cuftomer were upon most occasions fully equal to the advances which they had made to him, they might Vol. I. <u>3</u> B be B O O K be affured that the paper money which they had advanced to him, $\stackrel{\text{II.}}{\longrightarrow}$ had not at any time exceeded the quantity of gold and filver which he would otherwife have been obliged to keep by him for answering occasional demands; and that consequently the paper money which they had circulated by his means had not at any time exceeded the quantity of gold and filver which would have circulated in the country, had there been no paper money. The frequency, regularity and amount of his re-payments would fufficiently demonstrate that the amount of their advances had at no time exceeded that part of his capital which he would otherwife have been obliged to keep by him unemployed, and in ready money for answering occasional demands; that is, for the purpole of keeping the reft of his capital in conftant employment. It is this part of his capital only which, within moderate periods of time, is continually returning to every dealer in the shape of money, whether paper or coin, and continually going from him in the fame shape. If the advances of the bank had commonly exceeded this part of his capital, the ordinary amount of his re-payments could not, within moderate periods of time, have equalled the ordinary amount of its advances. The stream which, by means of his dealings, was continually running into the coffers of the bank, could not have been equal to the stream which, by means of the fame dealings, was continually running out. The advances of the bank paper, by exceeding the quantity of gold and filver which, had there been no fuch advances, he would have been obliged to keep by him for answering occasional demands, might soon come to exceed the whole quantity of gold and filver which (the commerce being fuppofed the fame) would have circulated in the country had there been no paper money; and confequently to exceed the quantity which the circulation of the country could eafily abforb and employ; and the excefs of this paper money would immediately have returned upon the

THE WEALTH OF NATIONS.

the bank in order to be exchanged for gold and filver. This fecond C H A P. advantage, though equally real, was not perhaps fo well underftood \underbrace{II}_{II} by all the different banking companies of Scotland as the first.

WHEN, partly by the conveniency of difcounting bills, and partly by that of cash accounts, the creditable traders of any country can be difpenfed from the necessity of keeping any part of their flock by them, unemployed and in ready money, for aniwering occafional demands, they can reafonably expect no further affiftance from banks and bankers, who, when they have gone thus far, cannot, confiftently with their own interest and fafety, go farther. A bank cannot, confiftently with its own interest, advance to a trader the whole or even the greater part of the circulating capital with which he trades; because, though that capital is continually returning to him in the fhape of money, and going from him in the fame shape, yet the whole of the returns is too diftant from the whole of the out-goings, and the fum of his repayments could not equal the fum of its advances within fuch moderate periods of time as fuit the conveniency of a bank. Still lefs could a bank afford to advance him any confiderable part of his fixed capital; of the capital which the undertaker of an iron forge, for example, employs in erecting his forge and fmelting-houfe, his work-houfes and warehoufes, the dwelling houses of his workmen, &c.; of the capital which the undertaker of a mine employs in finking his shafts, in erecting engines for drawing out the water, in making roads and waggonways, &c.; of the capital which the perfon who undertakes to improve land employs in clearing, draining, enclosing, manuring and ploughing wafte and uncultivated fields, in building farm-houfes, with all their neceffary appendages of stables, granaries, &c. The returns of the fixed capital are in almost all cafes much flower than those of the circulating capital; and fuch expences, 3 B 2 even

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BOOK even when laid out with the greatest prudence and judgement. very feldom return to the undertaker till after a period of many years, a period by far too diftant to fuit the conveniency of a Traders and other undertakers may, no doubt, with bank. great propriety, carry on a very confiderable part of their projects with borrowed money. In justice to their creditors, however, their own capital ought, in this cafe, to be fufficient to enfure, if I may fay fo, the capital of those creditors; or to render it extreamly improbable that those creditors should incur any loss, even though the fuccefs of the project fhould fall very much fhort of the expectation of the projectors. Even with this precaution too, the money which is borrowed, and which it is meant should not be repaid till after a period of feveral years, ought not to be borrowed of a bank, but ought to be borrowed upon bond or mortgage, of fuch private people as propofe to live upon the interest of their money, without taking the trouble themselves to employ the capital; and who are upon that account willing to lend that capital to fuch people of good credit as are likely to keep it for feveral years. A bank, indeed, which lends its money without the expence of ftampt paper, or of attornics fees for drawing bonds and mortgages, and which accepts of repayment upon the eafy terms of the banking companies of Scotland; would, no doubt, be a very convenient creditor to fuch traders and undertakers. But fuch traders and undertakers would, furely, be most inconvenient debtors to such a bank.

> IT is now more than five and twenty years fince the paper money iffued by the different banking companies of Scotland was fully equal, or rather was fomewhat more than fully equal to what the circulation of the country could eafily abforb and employ. Those companies, therefore, had fo long ago given. all the affiftance to the traders and other undertakers of Scotland which

which it is possible for banks and bankers, confistently with CHAP. their own interest, to give. They had even done' fomewhat more. They had over-traded a little, and had brought upon themfelves that lofs, or at least that diminution of profit, which in this particular bufinefs never fails to attend the fmallest degree of over-trading. Those traders and other undertakers, having got fo much affistance from banks and bankers, wished to get still The banks, they feem to have thought, could extend more. their credits to whatever fum might be wanted, without incurring any other expence befides that of a few reams of paper. They complained of the contracted views and daftardly fpirit of the directors of those banks, which did not, they faid, extend their credits in proportion to the extension of the trade of the country; meaning, no doubt, by the extension of that trade, the extension of their own projects beyond what they could carry on, either with their own capital, or with what they had credit to borrow of private people in the ufual way of bond or mortgage. The banks, they feem to have thought, were in honour bound to fupply the deficiency, and to provide them with all the capital which they wanted to trade with. The banks, however, were of a different opinion, and upon their 'refufing to extend their credits, fome of those traders had recourse to an expedient which, for a time, ferved their purpofe, though at a much greater expence, yet as effectually as the utmost extension of bank credits could have done. This expedient was no other than the well-known shift of drawing and re-drawing; the shift to which unfortunate traders have fometimes recourfe when they are upon the brink of bankruptcy. The practice of raifing money in this manner had been long known in England, and during the course of the late war, when the high profits of trade afforded a great temptation to over-trading, is faid to have been carried on to a very great extent. From England it was

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brought

brought into Scotland, where, in proportion to the very limited commerce, and to the very moderate capital of the country, it was foon carried on to a much greater extent than it ever had been in England.

THE practice of drawing and re-drawing is fo well known to all men of bufinefs, that it may perhaps be thought unneceffary to give any account of it. But as this book may come into the hands of many people, who are not men of bufinefs, and as the effects of this practice upon the banking trade are not perhaps generally underftood even by men of bufinefs themfelves, I shall endeavour to explain it as diffinctly as I can.

- THE cuftoms of merchants, which were established when the barbarous laws of Europe did not enforce the performance of their contracts, and which during the course of the two last centuries have been adopted into the laws of all European nations, have given fuch extraordinary privileges to bills of exchange, that money is more readily advanced upon them, than upon any other fpecies of obligation; efpecially when they are made payable within fo fhort a period as two or three months after their date. If when the bill becomes due, the acceptor does not pay it as foon as it is prefented, he becomes from that moment a bankrupt. The bill is protefted, and returns upon the drawer, who, if he does not immediately pay it, becomes likewife a bankrupt. If before it came to the perfon who prefents it to the acceptor for payment, it had paffed through the hands of feveral other perfons, who had fucceffively advanced to one another the contents of it either in money or goods, and who, to express that each of them had in his turn received those contents, had all of them in their order endorsed, that is, written their names upon the back of the bill; each endorfer becomes in his turn liable to the owner of

of the bill for those contents, and if he fails to pay he becomes CHAP. too from that moment a bankrupt. Though the drawer, acceptor, and endorfers of the bill should, all of them, be perfons of doubtful credit; yet still the shortness of the date gives fome fecurity to the owner of the bill. Though all of them may be very likely to become bankrupts; it is a chance if they all become fo in fo short a time. The house is crazy, fays a weary traveller to himself, and will not stand very long; but it is a chance if it falls to-night, and I will venture, therefore, to sheep in it to-night.

THE trader A in Edinburgh, we shall suppose, draws a bill upon B in London, payable two months after date. In reality B in London owes nothing to A in Edinburgh; but he agrees to accept of A's bill, upon condition that before the term of payment he shall redraw upon A in Edinburgh, for the fame fum, together with the interest and a commission, another bill, payable likewife two months after date. B accordingly, before the expiration of the first two months, re-draws this bill upon A in Edinburgh; who again, before the expiration of the fecond two months, draws a fecond bill upon B in London, payable likewife two. months after date; and before the expiration of the third two. months, B in London re-draws upon A in Edinburgh another bill, payable also two months after date. This practice has fometimes gone on, not only for feveral months, but for feveral years together, the bill always returning upon A in Edinburgh, with the accumulated interest and commission of The interest was five per cent. in the all the former bills. year, and the commission was never lefs than one half per cent. on each draught. This commission being repeated more than fix times in the year, whatever money A might raife by this expedient must necessarily have cost him fomething more than eighti

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^{BOOK} per cent. in the year, and fometimes a great deal more; when it. cither the price of the commission happened to rife, or when he was obliged to pay compound interest upon the interest and commission of former bills. This practice was called raising money by circulation.

> In a country where the ordinary profits of flock in the greater part of mercantile projects are fuppofed to run between fix and ten per cent.; it must have been a very fortunate fpeculation of which the returns could not only repay the enormous expence at which the money was thus borrowed for carrying it on; but afford, befides, a good furplus profit to the projector. Many vaft and extensive projects, however, were undertaken, and for feveral years carried on without any other fund to fupport them befides what was raifed at this enormous expence. The projectors, no doubt, had in their golden dreams the most diffinct vision of this great profit. Upon their awaking, however, either at the end of their projects, or when they were no longer able to carry them on, they very feldom, I believe, had the good fortune to find it.

> THE bills which A in Edinburgh drew upon B in London, he regularly difcounted two months before they were due with fome bank or banker in Edinburgh; and the bills which B in London re-drew upon A in Edinburgh, he as regularly difcounted either with the bank of England, or with fome other bankers in London. Whatever was advanced upon fuch circulating bills was, in Edinburgh, advanced in the paper of the Scotch banks, and in London, when they were difcounted at the bank of England, in the paper of that bank. Though the bills upon which this paper had been advanced, were all of them repaid in their turn as foon as they became due; yet the value which had been really advanced

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vanced upon the first bill, was never really returned to the banks CHAP. which advanced it; because before each bill became due, another bill was always drawn to fomewhat a greater amount than the bill which was foon to be paid; and the discounting of this other bill was effentially necessary towards the payment of that which was foon to be due. This payment, therefore, was altogether fictitious. The stream, which by means of those circulating bills of exchange, had once been made to run out from the coffers of the banks, was never replaced by any stream which really run into them.

THE paper which was iffued upon those circulating bills of exchange, amounted, upon many occasions, to the whole fund deftined for carrying on fome vaft and extensive project of agriculture, commerce, or manufactures; and not merely to that part of it which, had there been no paper money, the projector would have been obliged to keep by him, unemployed and in ready money, for answering occasional demands. The greater part of this paper was, confequently, over and above the value of the gold and filver which would have circulated in the country, had there been no paper money. It was over and above, therefore, what the circulation of the country could eafily abforb and employ, and, upon that account, immediately returned upon the banks in order to be exchanged for gold and filver, which they were to find as they could. It was a capital which those projectors had very artfully contrived to draw from those banks, not only without their knowledge or deliberate confent, but for fome time, perhaps, without their having the most distant fuspicion that they had really advanced it.

WHEN two people, who are continually drawing and re-drawing upon one another, difcount their bills always with the fame banker, Vol. I. <u>3</u> C he BOOK he must immediately difcover what they are about, and fee clearly that they are trading, not with any capital of their own, but with the capital which he advances to them. But this difcovery is not altogether fo eafy when they difcount their bills fometimes with one banker, and fometimes with another, and when the fame two perfons do not conftantly draw and re-draw upon one another, but occafionally run the round of a great circle of projectors, who find it for their interest to assist one another in this method of raising money, and to render it, upon that account, as difficult as poffible to diffinguish between a real and a fictitious bill of exchange; between a bill drawn by a real creditor upon a real debtor, and a bill for which there was properly no real creditor but the bank which difcounted it; nor any real debtor but the projector who When a banker had even made this made use of the money. discovery, he might fometimes make it too late, and might find that he had already difcounted the bills of those projectors to fo great an extent, that by refufing to difcount any more, he would neceffarily make them all bankrupts, and thus, by ruining them, For his own interest and fafety, might perhaps ruin himfelf. therefore, he might find it neceffary, in this very perilous fituation, to go on for fome time, endeavouring, however, to withdraw gradually, and upon that account making every day greater and greater difficulties about difcounting, in order to force those projectors by degrees to have recourfe, either to other bankers, or to other methods of raising money; fo as that he himfelf might, asfoon as poffible, get out of the circle. The difficulties, accordingly, which the bank of England, which the principal bankers in-London, and which even the more prudent Scotch banks began, after a certain time, and when all of them had already gone toos far, to make about difcounting, 'not only alarmed, but enraged in the highest degree those projectors. Their own distress, of which this prudent and neceffary referve of the banks, was, no doubt,

doubt, the immediate occafion, they called the diftrefs of the country; and this diftrefs of the country, they faid, was altogether owing to the ignorance, pufillanimity, and bad conduct of the banks, which did not give a fufficiently liberal aid to the fpirited undertakings of those who exerted themselves in order to beautify, improve, and enrich the country. It was the duty of the banks, they feemed to think, to lend for as long a time, and to as great an extent as they might wish to borrow. The banks, however, by refusing in this manner to give more credit to those to whom they had already given a great deal too much, took the only method by which it was now possible to fave either their own credit, or the publick credit of the country.

In the midst of this clamour and distress, a new bank was establifhed in Scotland for the express purpose of relieving the distress of the country. The defign was generous; but the execution was imprudent, and the nature and caufes of the diffrefs which it meant to relieve, were not, perhaps, well underftood. This bank was more liberal than any other had ever been, both in granting cash accounts, and in discounting bills of exchange. With regard to the latter, it feems to have made fcarce any diffinction between real and circulating bills, but to have difcounted all equally. It was the avowed principle of this bank to advance, upon any reafonable fecurity, the whole capital which was to be employed in improvements of which the returns are the most flow and distant, fuch as the improvements of land. To promote fuch improvements was even faid to be the chief of the publick fpirited purpofes for which it was inftituted. By its liberality in granting cash accounts, and in difcounting bills of exchange, it, no doubt, iffued great quantities of its bank-notes. But those bank-notes being, the greater part of them, over and above what the circulation of the country could eafily abforb and employ, returned upon it, in 3 °C 2 order н.

BOOK order to be exchanged for gold and filver, as fast as they were iffued. Its coffers were never well filled. The capital which had been fubfcribed to this bank at two different fubfcriptions, amounted to one hundred and fixty thousand pounds, of which eighty per cent. only was paid up." This fum ought to have been paid in at feveral different installments. A great part of the proprietors, when they paid in their first installment, opened a cash account with the bank; and the directors, thinking themfelves obliged to treat their own proprietors with the fame liberality with which they treated all other men, allowed many of them to borrow upon this cash account what they paid in upon all their subsequent installments. Such payments, therefore, only put into one coffer, what had the moment before been taken out of another. But had the coffers of this bank been filled ever fo well, its exceffive circulation must have emptied them faster than they could have been replenished by any other expedient but the ruinous one of drawing upon London, and when the bill became due, paying it, together with interest and commission, by another draught upon the fame place. Its coffers having been filled fo very ill, it is faid to have been driven to this refource within a very few months after it began to The eftates of the proprietors of this bank were do business. worth feveral millions, and by their fubscription to the original bond or contract of the bank, were really pledged for answering all its engagements. By means of the great credit which fo great a pledge neceffarily gave it, it was, notwithstanding its too liberal conduct, enabled to carry on bufinefs for more than two years. When it was obliged to ftop, it had in the circulation about two hundred thousand pounds in bank-notes. In order to fupport the circulation of those notes, which were continually returning upon it as fast as they were issued, it had been constantly in the practice of drawing bills of exchange upon London, of which the number and value were continually increasing, and, when 4

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when it ftopt, amounted to upwards of fix hundred thoufand CHAP. pounds. This bank, therefore, had, in little more than the courfe of two years, advanced to different people upwards of eight hundred thoufand pounds at five per cent. Upon the two hundred thoufand pounds which it circulated in bank-notes, this five per cent. might, perhaps, be confidered as clear gain, without any other deduction befides the expence of management. But upon upwards of fix hundred thoufand pounds, for which it was continually drawing bills of exchange upon London, it was paying, in the way of intereft and commiffion, upwards of eight per cent. and was confequently lofing more than three per cent. upon more than three-fourths of all its dealings.

THE operations of this bank feem to have produced effects quite oppofite to those which were intended by the particular perfons who planned and directed it, They feem to have intended to fupport the fpirited undertakings, for as fuch they confidered them, which were at that time carrying on in different parts of the country; and at the fame time, by drawing the whole banking bufinefs to themfelves, to fupplant all the other Scotch banks; particularly those established at Edinburgh, whose backwardness in discounting bills of exchange had given fome offence. This bank, no doubt, gave fome temporary relief to those projectors, and enabled them to carry on their projects for about two years longer than they could otherwife have done. But it thereby only enabled them toget fo much deeper into debt, fo that when ruin came, it fell fomuch the heavier both upon them and upon their creditors. The operations of this bank, therefore, instead of relieving, in reality aggravated in the long-run the diftrefs which those projectors had brought both upon themfelves and upon their country. It would have been much better for themfelves, their creditors and their country, had the greater part of them been obliged to ftop two years fooner than

BOOK than they actually did. The temporary relief, however, which this bank afforded to those projectors, proved a real and permanent relief to the other Scotch banks. All the dealers in circulating bills of exchange, which those other banks had become so backward in discounting, had recourse to this new bank, where they were received with open arms. Those other banks, therefore, were enabled to get very easily out of that fatal circle, from which they could not otherwise have disengaged themselves without incurring a confiderable loss, and perhaps too even some degree of discredit.

> In the long-run, therefore, the operations of this bank increafed the real diftrefs of the country which it meant to relieve; and effectually relieved from a very great diftrefs those rivals whom it meant to fupplant.

> AT the first fetting out of this bank, it was the opinion of some people, that how fast soever its coffers might be emptied, it might eafily replenish them by raising money upon the fecurities of those to whom it had advanced its paper. Experience, I believe, foon convinced them that this method of raifing money was by much too flow to answer their purpose; and that coffers which originally were fo ill filled, and which emptied themfelves fo very faft, could be replenished by no other expedient but the ruinous one of drawing bills upon London, and when they became due, paying them by other draughts upon the fame place with accumulated intereft and commission. But though they had been able by this method to raife money as fast as they wanted it; yet instead of making a profit, they must have fuffered a loss by every fuch operation; fo that in the long-run they must have ruined themselves as a mercantile company, though, perhaps, not fo foon as by the more expensive practice of drawing and re-drawing. They could still have

have made nothing by the interest of the paper, which, being over CHAP. and above what the circulation of the country could abforb and \smile employ, returned upon them, in order to be exchanged for gold and filver, as fast as they iffued it; and for the payment of which they were themfelves continually obliged to borrow money. On the contrary, the whole expence of this borrowing, of employing agents to look out for people who had money to lend, of negociating with those people, and of drawing the proper bond or affignment, must have fallen upon them, and have been fo much clear lofs upon the balance of their accounts. The project of replenishing their coffers in this manner may be compared to that of a man who had a water-pond from which a ftream was continually running out, and into which no ftream was continually running, but who proposed to keep it always equally full by employing a number of people to go continually with buckets to a well at fome miles diftance in order to bring water to replenish it.

Bur though this operation had proved, not only practicable, but profitable to the bank as a mercantile company; yet the country could have derived no benefit from it; but, on the contrary, must have fuffered a very confiderable loss by it. This operation could not augment in the fmalleft degree the quantity of money to be lent. It could only have erected this bank into a fort of general loan office for the whole country. Thofe who wanted to borrow, must have applied to this bank, instead of applying to the private perfons who had lent it their money. But a bank which lends money, perhaps, to five hundred different people, the greater part of whom its directors can know very little about, is not likely to be more judicious in the choice of itsdebtors, than a private perfon who lends out his money among a few people whom he knows, and in whole fober and frugal conduct he thinks he has good reason to confide. The debtors of fuch a bank, as that whole conduct I have been giving fome account

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BOOK account of, were likely, the greater part of them, to be chimerical projectors, the drawers and re-drawers of circulating bills of exchange, who would employ the money in extravagant undertakings, which, with all the affiftance that could be given them, they would probably never be able to complete, and which, if they fhould be compleated, would never repay the expence which they had really coft, would never afford a fund capable of maintaining a quantity of labour equal to that which had been employed about them. The fober and frugal debtors of private perfons, on the contrary, would be more likely to employ the money borrowed in fober undertakings which were proportioned to their capitals, and which, though they might have lefs of the grand and the marvellous, would have more of the folid and the profitable, which would repay with a large profit whatever had been laid out upon them, and which would thus afford a fund capable of maintaining a much greater quantity of labour than that which had been employed about them. The fuccefs of this operation, therefore, without encreasing in the smallest degree the capital of the country, would only have transferred a great part of it from prudent and profitable, to imprudent and unprofitable undertakings.

> THAT the industry of Scotland languished for want of money to employ it, was the opinion of the famous Mr. Law. By eftablishing a bank of a particular kind, which, he feems to have imagined, might iffue paper to the amount of the whole value of all the lands in the country, he proposed to remedy this want of money. The parliament of Scotland, when he first proposed his project, did not think proper to adopt it. It was afterwards adopted, with fome variations, by the duke of Orleans, at that time regent of France. The idea of the possibility of multiplying paper money to almost any extent, was the real foundation of what is called the Missifispi fcheme, the most extravagant project both of

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of banking and ftock-jobbing that, perhaps, the world ever faw. CHAP. The different operations of this fcheme are explained fo fully, fo clearly, and with fo much order and diffinetnefs, by Mr. Du. Verney, in his Examination of the Political Reflections upon Commerce and Finances of Mr. Du Tot, that I fhall not give any account of them. The principles upon which it was founded are explained by Mr. Law himfelf, in a difcourfe concerning money and trade, which he publifhed in Scotland when he first propofed his project. The fplendid, but vifionary ideas which are fet forth in that and fome other works upon the fame principles, ftill continue to make an imprefion upon many people, and have, perhaps, in part, contributed to that excefs of banking, which has of late been complained of both in Scotland and in other places.

THE bank of England is the greatest bank of circulation in Europe. It was incorporated, in pursuance of an act of parliament, by a charter under the great seal, dated the 27th July, 1694. It at that time advanced to government the sum of one million two hundred thousand pounds, for an annuity of one hundred thoufand pounds; or for 96,000 l. a year interest, at the rate of eight per cent., and 4000 l. a year for the expence of management. The credit of the new government, established by the revolution, we may believe, must have been very low, when it was obliged to borrow at so high an interest.

IN 1697 the bank was allowed to enlarge its capital flock by an engraftment of 1,001,171 l. 10 s. Its whole capital flock, therefore, amounted at this time to 2,201,171 l. 10 s. This engraftment is faid to have been for the fupport of publick credit. In 1696 tallies had been at forty, and fifty, and fixty per cent. difcount, and bank notes at twenty per cent.*. During the great recoinage of the filver, which was going on at this time, the bank had thought proper to difcontinue the payment of its notes, which neceffarily occafioned their difcredit.

* James Postlethwaite's History of the Publick Revenue, page 301.

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BOOK IN purfuance of the 7th Anne, c. vii. the bank advanced and paid into the exchequer, the fum of 400,0001.; making in all the fum of 1,600,0001. which it had advanced upon its original annuity of 96,0001. intereft and 40001. for expence of management. In 1708, therefore, the credit of government was as good as that of private perfons, fince it could borrow at fix per cent. intereft, the common legal and market rate of those times. In purfuance of the fame act, the bank cancelled exchequer bills to the amount of 1,775,0271. 17 s. 10 $\frac{1}{2}$ d. at fix per cent. intereft, and was at the fame time allowed to take in fubscriptions for doubling its capital. In 1708, therefore, the capital of the bank amounted to 4,402,3431.; and it had advanced to government the fum of 3,375,0271. 17 s. 10 $\frac{1}{2}$ d.

> By a call of fifteen per cent. in 1709, there was paid in and made flock 656,2041. 18. 9 d.; and by another of ten per cent. in 1710, 501,4481. 128. 11 d. In confequence of those two calls, therefore, the bank capital amounted to 5,559,9951. 14 s. 8 d.

In pursuance of the 8th George I. c. xxi. the bank purchased of the South Sea Company, flock to the amount of 4,000,000 l.; and in 1722, in confequence of the fubscriptions which it had taken in for enabling it to make this purchafe, its capital flock was increafed by 3,400,000 l. At this time, therefore, the bank had advanced to the publick 9,375,0271. 17 s. $10\frac{1}{2}$ d.; and its capital ftock amounted only to 8,959,9951. 14 s. 8 d. It was upon this • occasion that the fum which the bank had advanced to the publick, and for which it received interest, began first to exceed its capital stock, or the fum for which it paid a dividend to the proprietors of bank. ftock; or, in other words, that the bank began to have an undivided capital, over and above its divided one. It has continued to have an undivided capital of the fame kind ever fince. In 1746. the bank had, upon different occasions, advanced to the pub-. lick

Lick 11,686,8001. and its divided capital had been raifed by different CHAP. calls and fubfcriptions to 10,780,0001. The ftate of those two fums has continued to be the fame ever fince. In purfuance of the 4th of George III. c. 25. the bank agreed to pay to government for the renewal of its charter, 110,0001. without interest or repayment. This fum, therefore, did not increase either of those two other fums.

THE dividend of the bank has varied according to the variations in the rate of the interest which it has, at different times, received for the money it had advanced to the publick, as well as according to other circumstances. This rate of interest has gradually been reduced from eight to three per cent. For some years past the bank dividend has been at five and a half per cent.

THE stability of the bank of England is equal to that of the British government. All that it has advanced to the publick must be loft before its creditors can fustain any lofs. No other banking company in England can be established by act of parliament, or can confift of more than fix members. It acts, not only as an ordinary bank, but as a great engine of state. It receives and pays the greater part of the annuities which are due to the creditors of the publick, it circulates exchequer bills, and it advances to government the annual amount of the land and malt taxes, which are frequently not paid up till fome years thereafter. In those different operations, its duty to the publick may fometimes have obliged it, without any fault of its directors, to overflock the circulation with paper money. It likewife difcounts merchants bills, and has, upon feveral different occasions, supported the credit of the principal houses, not only of England, but of Hamburgh and Holland. Upon one occasion it is faid to have advanced for this purpofe, in one week, about 1,600,000 l.; a great part of it in bullion. I do not, however, pretend to warrant either the greatness of the fum, or the shortness of the time. Upon other occasions, this great company has been reduced to the necessity of paying in fixpences.

It

BOOK IT is not by augmenting the capital of the country, but by rendering a greater part of that capital active and productive than would otherwife be fo, that the most judicious operations of banking can increase the industry of the country. That part of his capital which a dealer is obliged to keep by him unemployed, and in ready money for answering occasional demands, is fo much dead ftock, which, fo long as it remains in this fituation, produces nothing either to him or to his country. Thejudicious operations of banking, enable him to convert this dead. flock into active and productive flock; into materials to work upon, into tools to work with, and into provisions and fubfiftence to work for; into ftock which produces fomething both to him and to his country. The gold and filver money which circulates in any country, and by means of which, the produce of its land and labour is annually circulated and diffributed to the proper confumers, is, in the fame manner as the ready money of the dealer, all dead flock. It is a very valuable part of the capital of the country, which produces nothing to the country. The judicious operations of banking, by fubstituting paper in the room of a great part of this gold and filver, enables the country to convert a great part of this dead flock into active and productive flock; into flock which produces fomething to the country. The gold and filver money which circulates in any country may very properly be compared to a highway, which, while it circulates and carries to market all the grafs and corn of the country, produces itself not a fingle pile of either. The judicious operations of banking, by providing, if I may be allowed fo violent a metaphor, a fort of waggon-way through the air; enable the country to convert, as it were, a great part of its highways into good pastures and corn fields, and thereby to increafe very confiderably the annual produce of its land and labour. The commerce and industry of the country, however, it must be acknowledged, though they may be fomewhat augmented, cannot be

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be altogether fo fecure, when they are thus, as it were, fufpended CHAP. upon the Dædalian wings of paper money, as when they travel about upon the folid ground of gold and filver. Over and above the accidents to which they are exposed from the unskilfulness of the conductors of this paper money, they are liable to feveral others, from which no prudence or skill of those conductors can guard them.

An unfuccessful war, for example, in which the enemy got poffeffion of the capital, and confequently of that treafure which fupported the credit of the paper money, would occasion a much greater confusion in a country where the whole circulation was carried on by paper, than in one where the greater part of it was carried on by gold and filver. The usual inftrument of commerce having loft its value, no exchanges could be made but either by barter or upon credit. All taxes having been ufually paid in paper money, the prince would not have wherewithal either to pay his troops, or to furnish his magazines; and the state of the country would be much more irretrievable than if the greater part of its circulation had confifted in gold and filver. A prince, anxious to maintain his dominions at all times in the ftate in which he can most easily defend them, ought, upon this account, to guard, not only against that exceffive multiplication of paper money which ruins the very banks which iffue it; but even against that multiplication of it, which enables them to fill the greater part of the circulation of the country with it.

THE circulation of every country may be confidered as divided into two different branches; the circulation of the dealers with one another, and the circulation between the dealers and the confumers. Though the fame pieces of money, whether paper or metal, may be employed fometimes in the one circulation and fometimes in the other, yet as both are conftantly going on at the fame time, each requires BOOK requires a certain flock of money of one kind or another, to carry it on. The value of the goods circulated between the different dealers, never can exceed the value of those circulated between the dealers and the confumers; whatever is bought by the dealers, being ultimately defined to be fold to the confumers. The circulation between the dealers, as it is carried on by wholefale, requires generally a pretty large fum for every particular transaction. That between the dealers and the confumers, on the contrary, as it is generally carried on by retail, frequently requires but very finall ones, a shilling, or even a halfpenny, being often sufficient. But fmall fums circulate much faster than large ones. A Shilling changes mafters more frequently than a guinea, and a halfpenny more frequently than a shilling. Though the annual purchases of all the confumers, therefore, are at least equal in value to those of all the dealers, they can generally be transacted with a much finaller quantity of money; the fame pieces, by a more rapid circulation, ferving as the inftrument of many more purchases of the one kind than of the other.

> PAPER money may be fo regulated, as either to confine itfelf very much to the circulation between the different dealers, or to extend itself likewife to a great part of that between the dealers and the confumers. Where no bank notes are circulated under ten pounds value, as in London, paper money confines itself very much to the circulation between the dealers. When a ten pound bank note comes into the hands of a confumer, he is generally obliged to change it at the first shop where he has occasion to purchase five fhillings worth of goods, fo that it often returns into the hands of a dealer, before the confumer has fpent the fortieth part of the money. Where bank notes are iffued for fo fmall fums as twenty shillings, as in Scotland, paper money extends itself to a confiderable part of the circulation between dealers and confumers. Before the act of parliament, which put a ftop to the circulation of ten and five 4.

five fhilling notes, it filled a ftill greater part of that circulation. CHAP. In the currencies of North America, paper was commonly iffued for fo fmall a fum as a fhilling, and filled almost the whole of that circulation, In fome paper currencies of Yorkshire, it was iffued even for fo fmall a fum as a fixpence.

WHERE the isluing of bank notes for fuch very fmall fums is allowed and commonly practifed, many mean people are both enabled and encouraged to become bankers. A-perfon whofe promission note for five pounds, or even for twenty shillings, would be rejected by every body, will get it to be received without scruple when it is issued for so fmall a sum as a sixpence. But the frequent, bankruptcies to which such beggarly bankers must be liable, may, occasion a very considerable inconveniency, and sometimes even a very great calamity to many poor people who had received their notes in payment.

It were better, perhaps, that no bank notes were iffued in any part of the kingdom for a fmaller fum than five pounds. Paper money would then; probably, confine itfelf, in every part of the kingdom, to the circulation between the different dealers, as much as it does at prefent in London, where no bank notes are iffued under ten pounds value; five pounds being, in most parts of the kingdom, a fum which, though it will purchafe, perhaps, little more than half the quantity of goods, is as much confidered, and is as feldom spent all at once, as ten pounds are amidst the profuse expence of London.

WHERE paper money, it is to be observed, is pretty much confined to the circulation between dealers and dealers, as at London, there is always plenty of gold and filver. Where it extends itself to a confiderable part of the circulation between dealers and confumers,

as in Scotland, and ftill more in North America, it banifhes gold and filver almost entirely from the country; almost all the ordinary transactions of its interior commerce being thus carried on by paper. The fuppression of ten and five shilling bank notes, somewhat relieved the fcarcity of gold and filver in Scotland; and the fuppression of twenty shilling notes, would probably relieve it still more. Those metals are faid to have become more abundant in America, fince the suppression of some of their paper currencies. They are faid, likewife, to have been more abundant before the institution of those currencies.

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THOUGH paper money should be pretty much confined to the circulation between dealers and dealers, yet banks and bankers might fill be able to give nearly the fame affiftance to the induftry and commerce of the country, as they had done when paper money filled almost the whole circulation. The ready money which a dealer is obliged to keep by him, for anfwering occafional demands, is deftined altogether for the circulation between himfelf and other dealers, of whom he buys goods. He has no occasion to keep any by him for the circulation between himfelf and the confumers, who are his cuftomers, and who bring ready money to him, instead of taking any from him. Though no paper money, therefore, was allowed to be iffued, but for fuch fums as would confine it pretty much to the circulation between dealers and dealers; yet partly by discounting real bills of exchange, and partly by lending upon cash accounts, banks and bankers might still be able to relieve the greater part of those dealers from the necessity of keeping any confiderable part of their flock by them, unemployed and in ready money, for answering occasional demands. They might still be able to give the utmost affistance which banks and bankers can, with propriety, give to traders of every kind.

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To reftrain private people, it may be faid, from receiving in CHAP. payment the promiffary notes of a banker, for any fum whether great or fmall, when they themfelves are willing to receive them; or, to reftrain a banker from iffuing fuch notes, when all his neighbours are willing to accept of them, is a manifest violation of that natural liberty which it is the proper business of law, not to infringe, but to fupport. Such regulations may, no doubt, be confidered as in fome respect a violation of natural liberty. But those exertions of the natural liberty of a few individuals, which might endanger the fecurity of the whole fociety, are, and ought to be, reftrained by the laws of all governments; of the moft free, as well as of the most despotical. The obligation of building party walls, in order to prevent the communication of fire, is a violation of natural liberty, exactly of the fame kind with the regulations of the banking trade which are here propofed.

A PAPER money confifting in bank notes, iffued by people of undoubted credit, payable upon demand without any condition, and in fact always readily paid as foon as prefented, is, in every refpect, equal in value to gold and filver money; fince gold and filver money can at any time be had for it. Whatever is either bought or fold for fuch paper, must necessarily be bought or fold as cheap as it could have been for gold and filver.

THE increase of paper money, it has been faid, by augmenting the quantity, and confequently diminishing the value of the whole currency, neceffarily augments the money price of commodities. -But as the quantity of gold and filver, which is taken from the currency, is always equal to the quantity of paper which is added to it, paper money does not necessarily increase the quantity of the whole currency. From the beginning of the last century to the prefent times, provisions never were cheaper in Scotland than in

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BOOK II. Totes, there was then more paper money in the country than at prefent. The proportion between the price of provisions in Scotland and that in England, is the fame now as before the great multiplication of banking companies in Scotland. Corn is, upon most occasions, fully as cheap in England as in France; though there is a great deal of paper money in England, and fcarce any in France. In 1751 and in 1752, when Mr. Hume published his Political difcourses, and foon after the great multiplication of paper money in Scotland, there was a very fensible rife in the price of provisions, owing, probably, to the badness of the feasons, and not to the multiplication of paper money.

> It would be otherwife, indeed, with a paper money confifting in promiffary notes, of which the immediate payment depended, in any refpect, either upon the good will of thofe who iffued them; or upon a condition which the holder of the notes might not always have it in his power to fulfil; or of which the payment was not exigible till after a certain number of years, and which in the meantime bore no intereft. Such a paper money would, no doubt, fall more or lefs below the value of gold and filver, according as the difficulty or uncertainty of obtaining immediate payment was fuppofed to be greater or lefs; or according to the greater or lefsdiftance of time at which payment was exigible.

> Some years ago the different banking companies of Scotland' were in the practice of inferting into their bank notes, what they called an Optional Claufe, by which they promifed payment to the bearer, either as foon as the note fhould be prefented, or, in the option of the directors, fix months after fuch prefentment, together with the legal intereft for the faid fix months. The directors of fome of those banks fometimes took advantage of this optional 4.

claufe, and fometimes threatened those who demanded gold and CHAP. filver in exchange for a confiderable number of their notes, that they would take advantage of it, unless fuch demanders would content themselves with a part of what they demanded. The promisfary notes of those banking companies constituted at that time the far greater part of the currency of Scotland, which this uncertainty of payment neceffarily degraded below the value of gold and filver money. During the continuance of this abufe, (which prevailed chiefly in 1762, 1763, and 1764), while the exchange between London and Carlifle was at par, that between London and Dumfries would fometimes be four per cent. against Dumfries, though this town is not thirty miles diftant from Carlifle. But at Carlifle, bills were paid in gold and filver ; whereas at Dumfries they were paid in Scotch bank notes, and the uncertainty of getting those bank notes exchanged for gold and filver coin had thus degraded them four per cent. below the value of that coin. The fame act of parliament which fuppreffed ten and five fhilling bank notes, fuppreffed likewife this optional claufe, and thereby reftored the exchange between England and Scotland to its natural rate, or to what the course of trade and remittances might happen to make it.

In the paper currencies of Yorkshire, the payment of fo small a fum as a sixpence fometimes depended upon the condition that the holder of the note should bring the change of a guinea to the person who iffued it; a condition, which the holders of such notes might frequently find it very difficult to fulfil, and which must have degraded this currency below the value of gold and filver money. An act of parliament, accordingly, declared all such clauses unlawful, and suppressed, in the same manner as in Scotland, all promission, payable to the bearer, under twenty solution.

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BOOK THE paper currencies of North America confisted, not in bank notes payable to the bearer on demand, but in a government paper, of which the payment was not exigible till feveral years after it was iffued : And though the colony governments paid no interest to the holders of this paper, they declared it to be, and in fact rendefed it, a legal tender of payment for the full value for which it was iflued. But allowing the colony fecurity to be perfectly good, a hundred pounds payable fifteen years hence, for example, in a country where interest is at fix per cent. is worth little more than forty pounds ready money. To oblige a creditor, therefore, to accept of this as full payment for a debt of a hundred pounds actually paid down in ready money, was an act of fuch violent injustice, as has fcarce, perhaps, been attempted by the government of any other country which pretended to be free. It bears the evident marks of having originally been, what the honeft and downright Doctor Douglass affures us it was, a scheme of fraudulent debtors to cheat their creditors. The government of Penfylvania, indeed, pretended, upon their first emission of paper money in 1722, to render their paper of equal value with gold and filver, by enacting penalties against all those who made any difference in the price of their goods when they fold them for a colony paper, and when they fold them for gold and filver; a regulation equally tyrannical, but much lefs effectual than that which it was meant to fupport. A politive law may render a shilling a legal tender for a guinea; becaufe it may direct the courts of justice to discharge the debtor who has made that tender. But no politive law can oblige a perfon who fells goods, and who is at liberty to fell or not to fell, as he pleafes, to accept of a shilling as equivalent to a guinea in the price of them. Notwithstanding any regulation of this kind, it appeared by the courseof exchange with Great Britain, that a hundred pounds sterling was occafionally confidered as equivalent, in fome of the colonies, to a hundred and thirty pounds, and in others to fo great a fum as eleven

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eleven hundred pounds currency; this difference in the value CHAP. arifing from the difference in the quantity of paper emitted in the different colonies, and in the diffance and probability of the term of its final difcharge and redemption.

No law, therefore, could be more equitable than the act of parliament, fo unjuftly complained of in the colonies, which declared that no paper currency to be emitted there in time coming, fhould be a legal tender of payment.

PENSYLVANIA was always more moderate in its emissions of paper money than any other of our colonies. Its paper currency accordingly is faid never to have funk below the value of the gold and filver which was current in the colony before the first emission of its paper money. Before that emiffion, the colony had raifed the denomination of its coin, and had, by act of affembly, ordered five fhillings sterling to pass in the colony for fix and threepence, and afterwards for fix and eight-pence. A pound colony currency, therefore, even when that currency was gold and filver, was more than thirty per cent. below the value of a pound fterling; and when that currency was turned into paper, it was feldom much more than thirty per cent. below that value. The pretence for raifing the denomination of the coin, was to prevent the exportation of gold and filver, by making equal quantities of those metals pass for greater fums in the colony than they did in the mother country. It was found, however, that the price of all goods from the mother country role exactly in proportion as they raifed the denomination of their coin, fo that their gold and filver were exported as fast as ever.

THE paper of each colony being received in the payment of the provincial taxes, for the full value for which it had been iffued,

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B.OOK II. it neceffarily derived from this use fome additional value, over and above what it would have had, from the real or supposed distance of the term of its final discharge and redemption. This additional value was greater or less, according as the quantity of paper issue was more or less above what could be employed in the payment of the taxes of the particular colony which issue it. It was in all the colonies very much above what could be employed in this manner.

> A PRINCE, who should enact that a certain proportion of his 'taxes should be paid in a paper money of a certain kind, might thereby give a certain value to this paper money; even though the term of its final discharge and redemption should depend altogether upon the will of the prince. If the bank which iffued this paper was careful to keep the quantity of it always fomewhat below what could eafily be employed in this manner, the demand for it might be fuch as to make it even bear a premium, or fell for fomewhat more in the market than the quantity of gold or filver currency for which it was Some people account in this manner for what is called the iffued. Agio of the bank of Amsterdam, or for the superiority of bank money over current money; though this bank money, as they pretend, cannot be taken out of the bank at the will of the owner. The greater part of foreign bills of exchange must be paid in bank money, that is, by a transfer in the books of the bank; and the directors of the bank, they alledge, are careful to keep the whole quantity of bank money always below what this use occasions a demand for. It is upon this account, they fay, that bank money fells for a premium, or bears an agio of four or five per cent. above the fame nominal fum of the gold and filver currency of the This account of the bank of Amfterdam, however, I country. have reason to believe, is altogether chimerical.

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A PAPER currency which falls below the value of gold and CHAP. filver coin, does not thereby fink the value of gold and filver, or occasion equal quantities of those metals to exchange for a fmaller quantity of goods of any other kind. The proportion between the value of gold and filver and that of goods of any other kind, depends in all cafes, not upon the nature or quantity of any particular paper money, which may be current in any particular country, but upon the richnefs or poverty of the mines, which happen at any particular time to fupply the great market of the commercial world with those metals. It depends upon the proportion between the quantity of labour which is neceffary in order to bring a certain quantity of gold and filver to market, and that which is necessary ins order to bring thither a certain quantity of any other fort of goods.

IF bankers are reftrained from iffuing any circulating bank notes, or notes payable to the bearer, for lefs than a certain; fum; and if they are fubjected to the obligation of an immediate and unconditional payment of fuch bank notes as: foon as prefented, their trade may, with fafety to the publick, be rendered in all other respects perfectly free. The late multiplication of banking companies in both parts of the united kingdom, an event by which many people have been much alarmed, inftead of diminishing, increases the fecurity of the publick. It obliges all of them to be more circumfpect in their conduct, and, by not extending their currency beyond its due proportion to their cash, to guard themselves. against those malicious runs, which the rivalship of so many competitors is always ready to bring upon them. It reftrains the circulation of each particular company within a narrower circle, and reduces their circulating notes to a fmaller number. By,

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BOOK II. BOOK By dividing the whole circulation into a greater number of parts, the failure of any one company, an accident which, in the courfe of things, muft fometimes happen, becomes of lefs confequence to the publick. This free competition too obliges all bankers to be more liberal in their dealings with their cuftomers, left their rivals fhould carry them away. In general, if any branch of trade, or any division of labour, be advantageous to the publick, the freer and more general the competition, it will always be the more fo.

CHAP. III.

Of the Accumulation of Capital, or of productive and unproductive Labour.

HERE is one fort of labour which adds to the value of the fubject upon which it is beftowed : There is another which has no fuch effect. The former, as it produces a value, may be called productive; the latter unproductive * labour. Thus the labour of a manufacturer adds generally to the value of the materials which he works upon, that of his own maintenance, and of his mafter's profit. The labour of a menial fervant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his mafter, he, in reality, cofts him no expence, the value of thofe wages being generally reftored, together with a profit, in the improved value of the fubject upon which his labour is beftowed. But the maintenance of a menial fervant never is reftored. A man grows rich by employing a multitude of manufacturers : He grows poor, by maintaining a multitude of menial fervants. The labour of the latter, however, has its value,

^{*} Some French authors of great learning and ingenuity have used those words in a different fense. In the last chapter of the fourth book, I shall endeavour to show that their fense is an improper one.

and deferves its reward as well as that of the former. But the labour of CHAP. the manufacturer fixes and realizes itself in some particular subject or vendible commodity, which lasts for some time at least after that labour is past. It is, as it were, a certain quantity of labour ftocked and ftored up to be employed, if neceffary, upon fome other occasion. That subject, or what is the same thing, the price of that fubject, can afterwards, if neceffary, put into motion a quantity of labour equal to that which had originally produced it. The labour of the menial fervant, on the contrary, does not fix or realize itfelf in any particular fubject or vendible commodity. His fervices generally perifh in the very inftant of their performance, and feldom leave any trace or value behind them, for which an equal quantity of fervice could afterwards be procured.

THE labour of fome of the most respectable orders in the society is, like that of menial fervants, unproductive of any value, and does not fix or realize itfelf in any permanent subject, or vendible commodity, which endures after that labour is past, and for which an equal quantity of labour could afterwards be procured. The fovereign, for example, with all the officers both of juffice and war who ferve under him, the whole army and navy, are unproductive labourers. They are the fervants of the publick, and are maintained by a part of the annual produce of the industry Their fervice, how honourable, how useful, or of other people. how neceffary foever, produces nothing for which an equal quantity of fervice can afterwards be procured. The protection, fecurity, and defence of the commonwealth, the effect of their labour this year, will not purchase its protection, fecurity, and defence, for the year to come. In the fame class must be ranked, fome both of the gravest and most important, and some of the most frivolous professions: churchmen, lawyers, phyficians, men of letters of all kinds; players, buffoons, muficians, opera-Vol. I. 3 F fingers,



BOOK fingers, opera-dancers, &c. The labour of the meaneft of these II. has a certain value, regulated by the very fame principles which regulate that of every other fort of labour; and that of the nobleft and most useful, produces nothing which could afterwards purchase or procure an equal quantity of labour. Like the declamation of the actor, the harangue of the orator, or the tune of the musician, the work of all of them perishes in the very instant of its production.

> BOTH productive and unproductive labourers, and those who do not labour at all, are all equally maintained by the annual produce of the land and labour of the country. This produce, how great foever, can never be infinite, but muft have certain limits. According, therefore, as a finaller or greater proportion of it is in any one year employed in maintaining unproductive hands, the more in the one cafe and the less in the other will remain for the productive, and the next year's produce will be greater or fmaller accordingly; the whole annual produce, if we except the spontaneous productions of the carth, being the effect of productive labour.

> THOUGH the whole annual produce of the land and labour of every country, is, no doubt, ultimately defined for fupplying the confumption of its inhabitants, and for procuring a revenue to them; yet when it first comes either from the ground, or from the hands of the productive labourers, it naturally divides itself into two parts. One of them, and frequently the largest, is, in the first place, defined for replacing a capital, or for renewing the provisions, materials, and finissed work, which had been withdrawn from a capital; the other for constituting a revenue either to the owner of this capital, as the profit of his stock; or to some other person, as the rent of his land. Thus, of the produce of land, one

one part replaces the capital of the farmer; the other pays his profit and the rent of the landlord; and thus conflitutes a revenue both to the owner of this capital, as the profits of his flock; and to fome other perfon, as the rent of his land. Of the produce of a great manufacture, in the fame manner, one part, and that always the largeft, replaces the capital of the undertaker of the work; the other pays his profit, and thus conflitutes a revenue to the owner of this capital.

THAT part of the annual produce of the land and labour of any country which replaces a capital, never is immediately employed to maintain any but productive hands. It pays the wages of productive labour only. That which is immediately defined for conflituting a revenue either as profit or as rent, may maintain indifferently either productive or unproductive hands.

WHATEVER part of his flock a man employs as a capital, he always expects is to be replaced to him with a profit. He employs it, therefore, in maintaining productive hands only; and after having ferved in the function of a capital to him, it conflitutes a revenue to them. Whenever he employs any part of it in maintaining unproductive hands of any kind, that part is, from that moment, withdrawn from his capital, and placed in his flock referved for immediate confumption.

UNPRODUCTIVE labourers, and those who do not labour at all, are all maintained by revenue; either, first, by that part of the annual produce which is originally destined for constituting a revenue to some particular persons, either as the rent of land or as the profits of stock; or, secondly, by that part which, though originally destined for replacing a capital and for maintaining productive labourers only, yet when it comes into their hands, what-

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ever part of it is over and above their necessary subsistence, may be employed in maintaining indifferently either productive or unproductive hands. Thus, not only the great landlord or the richmerchant, but even the common workman, if his wages are confiderable, may maintain a menial fervant; or he may fometimes. go to a play or a puppet-flow, and fo contribute his fhare towards maintaining one fet of unproductive labourers; or he may pay. fome taxes, and thus help to maintain another fet, more honour -. able and useful, indeed, but equally unproductive. No part of the annual produce, however, which had been originally defined. to replace a capital, is ever directed towards maintaining unpro-ductive hands, till after it has put into motion its full complement of productive labour, or all that it could put into motion in the way in which it was employed. The workman must have earned his wages by work done, before he can employ any part of: That part too is generally but a fmall one. them in this manner. It is his fpare revenue only, of which productive labourers have: feldom a great deal. They generally have fome, however; and in the payment of taxes the greatness of their number may compenfate, in some measure, the smallness of their contribution. The rent of land and the profits of flock are every where, therefore, the principal fources from which unproductive hands derive their subfistence. These are the two forts of revenue of which the owners have generally most to spare. They might both maintain: indifferently either productive or unproductive hands. They feem, however, to have fome predilection for the latter. The expence of a great lord feeds generally more idle than industrious people. The rich merchant, though with his capital he maintains induftrious people only, yet by his expence, that is, by the employment of his revenue, he feeds commonly the very fame fort as thegreat lord.

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THE proportion, therefore, between the productive and unproductive hands, depends very much in every country upon the proportion between that part of the annual produce, which, as foon as it comes either from the ground or from the hands of the productive labourers, is defined for replacing a capital, and that which is defined for conflictuting a revenue, either as rent, or as profit. This proportion is very different in rich from what it is in poor countries.

THUS, at prefent, in the opulent countries of Europe, a very large,. frequently the largest portion of the produce of the land, is destined for replacing the capital of the rich and independant farmer; the other for paying his profits, and the rent of the landlord. But antiently, during the prevalency of the feudal government, a very fmall portion of the produce was fufficient to replace the capital employed in cul-It confifted commonly in a few wretched cattle, main-tivation. tained altogether by the spontaneous produce of uncultivated land,. and which might, therefore, be confidered as a part of that fpontaneous produce. It generally too belonged to the landlord, and was by him advanced to the occupiers of the land. All the reft of the produce properly belonged to him too, either as rent for his land, or as profit upon this paultry capital. The occupiers of land were generally bondmen, whole perfons and effects were equally his property. Those who were not bondmen were tenants at will, and though the rent which they paid was often nominally little more than a quit-rent, it really amounted to the whole produce of the: Their lord could at all times command their labour in: land. peace, and their fervice in war. Though they lived at a diffance. from his houfe, they were equally dependent upon him as his re-tainers who lived in it. But the whole produce of the land un-doubtedly belongs to him, who can difpofe of the labour and fer-vice of all those whom it maintains. In the present state of Europe,, the:

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BOOK II. fourth part of the landlord feldom exceeds a third, fometimes not a fourth part of the whole produce of the land. The rent of land, however, in all the improved parts of the country, has been tripled and quadrupled fince those antient times; and this third or fourth part of the annual produce is, it feems, three or four times greater than the whole had been before. In the progress of improvement, rent, though it increases in proportion to the extent, diminishes in proportion to the produce of the land.

> In the opulent countries of Europe, great capitals are at prefent employed in trade and manufactures. In the ancient state, the little trade that was ftirring, and the few homely and coarfe manufactures that were carried on, required but very fmall capitals. Thefe, however, must have yielded very large profits. The rate of interest was no where less than ten per cent, and their profits must have been fufficient to afford this great interest. At present the rate of interest, in the improved parts of Europe, is no where higher than fix per cent. and in fome of the most improved it is fo low as four, three, and two per cent. Though that part of the revenue of the inhabitants which is derived from the profits of ftock is always much greater in rich than in poor countries, it is becaufe the flock is much greater: in proportion to the ftock the profits are generally much lefs.

> THAT part of the annual produce, therefore, which, as foon as it comes either from the ground or from the hands of the productive labourers, is defined for replacing a capital, is not only much greater in rich than in poor countries, but bears a much greater proportion to that which is immediately defined for conflituting a revenue either as rent or as profit. The funds defined for the maintenance of productive labour, are not only much greater in the former than in the latter, but bear a much greater 7

proportion to those which, though they may be employed to main- CHAP. tain either productive or unproductive hands, have generally a predilection for the latter.

THE proportion between those different funds necessarily determines in every country the general character of the inhabitants as to industry or idlenefs. We are more industrious than our forefathers; becaufe in the prefent times the funds deftined for the maintenance of industry, are much greater in proportion to those which are likely to be employed in the maintenance of idlenefs, than they were two or three centuries ago. Our anceftors were idle for want of a fufficient encouragement to induftry. It is better, fays the proverb, to play for nothing, than to work for nothing. In mercantile and manufacturing towns, where the inferior ranks of people are chiefly maintained by the employment of capital, they are in general industrious, fober, and thriving; as in many English, and in most Dutch towns. In those towns which are principally supported by the constant or occasionalrefidence of a court, and in which the inferior ranks of people are chiefly maintained by the fpending of revenue, they are in general idle, diffolute, and poor; as at Rome, Verfailles, Compiegne, and Fontainbleau. If you except Rouen and Bourdeaux, there is little trade or industry in any of the parliament towns of France; and the inferior ranks of people being chiefly maintained by the expence of the members of the courts of justice, and of those who come to plead before them, are in general idle and poor. The great trade of Rouen and Bourdeaux feems to be altogether the effect of their fituation. Rouen is necessarily the entrepôt of almost all the goods which are brought either from foreign countries, or from the maritime provinces of France, for the confumption of the great city of Paris. Bourdeaux is in the fame manner the entrepôt of the wines which grow upon the banks of the Garonne, and of the rivers which run into it, one of the richeft wine countries

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BOOK countries in the world, and which feems to produce the wine fittest for exportation, or best fuited to the taste of foreign nations. Such advantageous fituations neceffarily attract a great capital by the great employment which they afford it; and the employment of this capital is the caufe of the industry of those two cities. In the other parliament towns of France, very little more capital feems, to be employed than what is neceffary for fupplying their own confumption; that is, little more than the fmalleft capital which can The fame thing may be faid of Paris, be employed in them. Madrid, and Vienna. Of those three cities, Paris is by far the most industrious; but Paris itself is the principal market of all the manufactures eftablished at Paris, and its own confumption is the principal object of all the trade which it carries on. London, Lifbon, and Copenhagen, are, perhaps, the only three cities in Europe, which are both the constant refidence of a court, and can at the fame time be confidered as trading cities, or as cities which trade not only for their own confumption, but for that of other cities and countries. The fituation of all the three is extremely advantageous, and naturally fits them to be the entrepôts of a great part of the goods defined for the confumption of diftant places. In a city where a great revenue is fpent, to employ with advantage a capital for any other purpose than for supplying the consumption of that city, is probably more difficult than in one in which the inferior ranks of people have no other maintenance but what they derive from the employment of fuch a capital. The idleness of the greater part of the people who are maintained by the expence of revenue, corrupts, it is probable, the industry of those who ought to be maintained by the employment of capital, and renders it lefs advantageous to employ a capital there than in other places. There was little trade or industry in Edinburgh before the union. When the Scotch parliament was no longer to be affembled in it, when it ceafed to be the necessary refidence of the principal nobility ' and 4

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and gentry of Scotland, it became a city of fome trade and industry. C It ftill continues, however, to be the refidence of the principal – courts of justice in Scotland, of the boards of customs and excise, &c. A confiderable revenue, therefore, still continues to be spent in it. In trade and industry it is much inferior to Glasgow, of which the inhabitants are chiefly maintained by the employment of capital. The inhabitants of a large village, it has sometimes been observed, after having made confiderable progress in manufactures, have become idle and poor, in confequence of a great lord's having taken up his refidence in their neighbourhood.

THE proportion between capital and revenue, therefore, feems every where to regulate the proportion between induftry and idlenefs. Wherever capital predominates, induftry prevails: Whereever revenue, idlenefs. Every increafe or diminution of capital, therefore, naturally tends to increafe or diminifh the real quantity of induftry, the number of productive hands, and confequently the exchangeable value of the annual produce of the land and labour of the country, the real wealth and revenue of all its inhabitants.

CAPITALS are increased by parfimony, and diminished by prodigality and misconduct.

WHATEVER a perfon faves from his revenue he adds to his capital, and either employs it himfelf in maintaining an additional number of productive hands, or enables fome other perfon to do fo, by lending it to him for an intereft, that is, for a fhare of the profits. As the capital of an individual can be increased only by what he faves from his annual revenue or his annual gains, fo the capital of a fociety, which is the fame with that of all the Vol. I. <u>3</u> G individuals Ļ

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BOOK individuals who compose it, can be increased only in the same manner.

> PARSIMONY and not industry is the immediate cause of the increase of capital. Industry, indeed, provides the subject which parfimony accumulates. But whatever industry might acquire, if parfimony did not fave and ftore up, the capital would never be the greater.

> PARSIMONY, by increasing the fund which is defined for the maintenance of productive hands, tends to increase the number of those hands whose labour adds to the value of the subject upon which it is bestowed. It tends therefore to increase the exchangeable value of the annual produce of the land and labour of the country. It puts into motion an additional quantity of industry, which gives an additional value to the annual produce.

> WHAT is annually faved is as regularly confumed as what is annually fpent, and nearly in the fame time too; but it is confumed by a different fett of people. That portion of his revenue which a rich man annually fpends, is in most cafes confumed by idle guefts, and menial fervants, who leave nothing behind them in return for their confumption. That portion which he annually faves, as for the fake of the profit it is immediately employed as a capital, is confumed in the fame manner, and nearly in the fame time too, but by a different fett of people, by labourers, manufacturers, and artificers, who re-produce with a profit the value of their annual confumption. His revenue, we shall suppose, is paid him in money. Had he spent the whole, the food, cloathing, and lodging which the whole could have purchased, would have been distributed among the former fett of people. By faving a part of it, as that part is for the fake

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fake of the profit immediately employed as a capital either by CHAP. himfelf or by fome other perfon, the food, cloathing, and lodging, which may be purchased with it, are necessarily referved for the latter. The confumption is the fame, but the confumers are different.

By what a frugal man annually faves, he not only affords maintenance to an additional number of productive hands, for that or the enfuing year, but, like the founder of a publick workhoufe, he eftablifhes as it were a perpetual fund for the maintenance of an equal number in all times to come. The perpetual allotment and deftination of this fund, indeed, is not always guarded by any pofitive law, by any truft-right or deed of mortmain. It is always guarded, however, by a very powerful principle, the plain and evident intereft of every individual to whom any fhare of it fhall ever belong. No part of it can ever afterwards be employed to maintain any but productive hands, without an evident lofs to the perfon who thus perverts it from its proper deftination.

THE prodigal perverts it in this manner. By not confining his expence within his income, he encroaches upon his capital. Like him who perverts the revenues of fome pious foundation to profane purposes, he pays the wages of idleness with those funds which the frugality of his forefathers had, as it were, confecrated to the maintenance of industry. By diminishing the funds deftined for the employment of productive labour, he neceffarily diminishes, fo far as depends upon him, the quantity of that labour which adds a value to the fubject upon which it is beftowed, and, confequently, the value of the annual produce of the land and labour of the whole country, the real wealth and revenue of its inhabitants. If the prodigality of fome was not compensated by the frugality of others, the conduct of every prodigal, 3 G 2

BOOK prodigal, by feeding the idle with the bread of the industrious, II. tends not only to beggar himfelf, but to impoverish his country.

> THOUGH the expence of the prodigal fhould be altogether in home-made and no part of it in foreign commodities, its effect upon the productive funds of the fociety would ftill be the fame. Every year there would ftill be a certain quantity of food and cloathing, which ought to have maintained productive, employed in maintaining unproductive hands. Every year, therefore, there would ftill be fome diminution in what would otherwife have been the value of the annual produce of the land and labour of the country.

> THIS expence, it may be faid indeed, not being in foreign goods, and not occafioning any exportation of gold and filver, the fame quantity of money would remain in the country as before. But if the quantity of food and cloathing, which were thus confumed by unproductive, had been diffributed among productive hands, they would have reproduced, together with a profit, the full value of their confumption. The fame quantity of money would in this cafe equally have remained in the country, and there would befides have been a reproduction of an equal value of confumable goods. There would have been two values inftead of one.

> THE fame quantity of money befides cannot long remain in any country, in which the value of the annual produce diminifhes. The fole use of money is to circulate confumable goods. By means of it, provisions, materials, and finished work, are bought and fold, and distributed to their proper confumers. The quantity of money, therefore, which can be annually employed in any country must be determined by the value of the confumable goods annually circulated within it. These must confist either in the immediate

immediate produce of the land and labour of the country itfelf, CHAP. or in fomething which had been purchased with some part of that produce. Their value, therefore, must diminish as the value of that produce diminishes, and along with it the quantity of money which can be employed in circulating them. But the money which by this annual diminution of produce is annually thrown out of domestick circulation will not be allowed to lie idle. The interest of whoever possessies it, requires that it should be employed. But having no employment at home, it will, in fpite of all laws and prohibitions, be fent abroad, and employed in purchasing confumable goods which may be of fome ufe at home. Its annual exportation will in this manner continue for fome time to add fomething to the annual confumption of the country beyond the value of its own annual produce. What in the days of its profperity had been faved from that annual produce, and employed in purchasing gold and filver, will contribute for fome little time to fupport its confumption in adverfity. The exportation of gold and filver is, in this cafe, not the caufe, but the effect of its declenfion, and may even for fome little time alleviate the mifery of that. declenfion.

THE quantity of money, on the contrary, must in every country naturally increase as the value of the annual produce increases. The value of the confumable goods annually circulated within the fociety being greater, will require a greater quantity of money to circulate them. A part of the increased produce, therefore, will naturally be employed in purchasing, wherever it is to be had, the additional quantity of gold and filver necessary for circulating the reft. The increase of those metals will in this cafe be the effect, not the caufe, of the publick profperity. Gold and filver are purchased every where in the same manner. The food, cloathing, and lodging, the revenue and maintenance of all

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BOOK all those whose labour or stock is employed in bringing them from II. the mine to the market, is the price paid for them in Peru as well as in England. The country which has this price to pay, will never be long without the quantity of those metals which it has occasion for; and no country will ever long retain a quantity which it has no occasion for.

> WHATEVER, therefore, we may imagine the real wealth and revenue of a country to confift in, whether in the value of the annual produce of its land and labour, as plain reafon feems to dictate; or in the quantity of the precious metals which circulate within it, as vulgar prejudices fuppofe; in either view of the matter, every prodigal appears to be a publick enemy, and every frugal man a publick benefactor.

> THE effects of milconduct are often the fame as those of prodigality. Every injudicious and unfuccessful project in agriculture, mines, fisheries, trade, or manufactures, tends in the fame manner to diminish the funds defined for the maintenance of productive labour. In every such project, though the capital is confumed by productive hands only, yet, as by the injudicious manner in which they are employed, they do not reproduce the full value of their confumption, there must always be fome diminution in what would otherwise have been the productive funds of the fociety.

> IT can feldom happen, indeed, that the circumftances of a great nation can be much affected either by the prodigality or mifconduct of individuals; the profusion or imprudence of some being always more than compensated by the frugality and good conduct of others.

WITH

WITH regard to profusion, the principle, which prompts to CHAP. expence, is the paffion for prefent enjoyment; which, though fometimes violent and very difficult to be reftrained, is in general only momentary and occafional. But the principle which prompts to fave, is the defire of bettering our condition, a defire which, though generally calm and dispationate, comes with us from the womb, and never leaves us till we go into the grave. In the whole interval which feparates those two moments, there is fcarce perhaps a fingle inftant in which any man is fo perfectly and compleatly fatisfied with his fituation, as to be without any with of alteration or improvement of any kind. An augmentation of fortune is the means by which the greater part of men propose and wish to better their condition. It is the means the most vulgar and the most obvious; and the most likely way of augmenting their fortune, is to fave and accumulate fome part of what they acquire, either regularly and annually, or upon fome extraordinary occafions. Though the principle of expence, therefore, prevails in almost all men upon fome occasions, and in fome men upon almost all occasions, yet in the greater part of men, taking the whole courfe of their life at an average, the principle of frugality feems not only to predominate, but to predominate very greatly.

WITH regard to mifconduct, the number of prudent and fuccefsful undertakings is every where much greater than that of injudicious and unfuccefsful ones. After all our complaints of the frequency of bankruptcies, the unhappy men who fall into this misfortune make but a very fmall part of the whole number engaged in trade, and all other forts of bufinefs; not much more perhaps than one in a thoufand. Bankruptcy is perhaps the greateft and most humiliating calamity which can befal an innocent man. The greater part of men, therefore, are fufficiently careful. BOOK ful to avoid it. Some, indeed, do not avoid it; as fome do not avoid the gallows.

> GREAT nations are never impoverished by private, though they fometimes are by publick prodigality and mifconduct. The whole, or almost the whole publick revenue, is in most countries employed in maintaining unproductive hands. Such are the people who compose a numerous and splendid court, a great ecclesiastical establifhment, great fleets and armies, who in time of peace produce nothing, and in time of war acquire nothing which can compensate the expence of maintaining them, even while the war lafts. Such people, as they themfelves produce nothing, are all maintained by the produce of other men's labour. When multiplied, therefore, to an unneceffary number, they may in a particular year confume fo great a fhare of this produce, as not to leave a fufficiency for maintaining the productive labourers, who should reproduce it next year. The next year's produce, therefore, will be lefs than that of the foregoing, and if the fame diforder should continue, that of the third year will be still less than that of Those unproductive hands, who should be mainthe fecond. tained by a part only of the fpare revenue of the people, may confume fo great a fhare of their whole revenue, and thereby oblige fo great a number to encroach upon their capitals, upon the funds defined for the maintenance of productive labour, that all the frugality and good conduct of individuals may not be able to compendate the wafte and degradation of produce occasioned by this violent and forced encroachment.

> THIS frugality and good conduct, however, is upon most occafions, it appears from experience, fufficient to compensate, not only the private prodigality and mifconduct of individuals, but the publick extravagance of government. The uniform, constant; and

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and uninterrupted effort of every man to better his condition, CHAP. the principle from which publick and national, as well as private opulence is originally derived, is frequently powerful enough to maintain the natural progrefs of things towards improvement, in fpite both of the extravagance of government, and of the greateft errors of administration. Like the unknown principle of animal life, it frequently reftores health and vigour to the conftitution, in fpite, not only of the difeafe, but of the abfurd prefcriptions of the doctor.

THE annual produce of the land and labour of any nation can be increased in its value by no other means, but by increasing either the number of its productive labourers, or the productive powers of those labourers who had before been employed. The number of its productive labourers, it is evident, can never be much increased, but in consequence of an increase of capital, or of the funds deftined for maintaining them. The productive powers of the fame number of labourers cannot be increased, but in confequence either of fome addition and improvement to those machines and inftruments which facilitate and abridge labour; or of a more proper division and distribution of employment. In either cafe an additional capital is almost always required. It is by means of an additional capital only that the undertaker of any work can either provide his workmen with better machinery, or make a more proper diffribution of employment among them. When the work to be done confifts of a number of parts, to keep every man constantly employed in one way, requires a much greater capital than where every man is occafionally employed in every different part of the work. When we compare, therefore, the ftate of a nation at two different periods, and find, that the annual produce of its land and labour is evidently greater at the latter than at the former, that its lands are better cultivated, its manufactures more nume-VOL. I. $_3$ H rous

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BOOK rous and more flourishing, and its trade more extensive, we may be affured that its capital must have increased during the interval between those two periods, and that more must have been added toit by the good conduct of fome, than had been taken from it either by the private mifconduct of others, or by the publick extravagance of government. But we shall find this to have been the cafe of almost all nations, in all tolerably quiet and peaceable times, evenof those who have not enjoyed the most prudent and parsimonious governments. To form a right judgement of it, indeed, we must compare the ftate of the country at periods fomewhat diftant from. one another. The progress is frequently fo gradual, that, at near periods, the improvement is not only not fenfible, but from the declenfion either of certain branches of industry, or of certain diftricts of the country, things which fometimes happen though the country in general is in great profperity, there frequently arifes a fufpicion, that the riches and industry of the whole are decaying.

> THE annual produce of the land and labour of England, for example, is certainly much greater than it was, a little more than a century ago, at the reftoration of Charles II. Though at prefent, few people, I believe, doubt of this, yet during this period, five years have feldom paffed away in which fome book or pamphlet has not been publifhed, written too with fuch abilities as to gain fome authority with the publick, and pretending to demonstrate that the wealth of the nation was fast declining, that the country was depopulated, agriculture neglected, manufactures decaying, and trade undone. Nor have these publications been all party pamphlets, the wretched offspring of falshood and venality. Many of them have been written by very candid and very intelligent people; who wrote nothing but what they believed, and for no other reason but because they believed it.

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THE annual produce of the land and labour of England again, was certainly much greater at the reftoration, than we can suppose it to have been about an hundred years before, at the accession of Elizabeth. At this period too, we have all reafon to believe, the country was much more advanced in improvement, than it had been about a century before, towards the close of the diffensions between the houfes of York and Lancaster. Even then it was, probably, in a better condition than it had been at the Norman conquest, and at the Norman conquest, than during the confusion of the Saxon Heptarchy. Even at this early period, it was certainly a more improved country than at the invalion of Julius Cælar, when its inhabitants were nearly in the fame state with the favages in North America.

In each of those periods, however, there was not only much private and publick profusion, many expensive and unnecessary wars, great perversion of the annual produce from maintaining productive to maintain unproductive hands; but fometimes, in the confusion of civil difcord, fuch abfolute wafte and deftruction of ftock, as might be fuppofed, not only to retard, as it certainly did, the natural accumulation of riches, but to have left the country, at the end of the period, poorer than at the beginning. Thus, in the happieft and most fortunate period of them all, that which has paffed fince the reftoration, how many diforders and misfortunes have occurred, which, could they have been forefeen, not only the impoverishment, but the total ruin of the country would have been expected from them? The fire and the plague of London, the two Dutch wars, the diforders of the revolution, the war in Ireland, the four expensive French wars of 1688, 1701, 1742, and 1756, together with the two rebellions of 1715 and 1745. In the course of the four French wars, the nation has contracted more than a hundred and forty five millions of debt, over and above all the other

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BOOK other extraordinary annual expence which they occafioned, fo that the whole cannot be computed at lefs than two hundred millions. So great a fhare of the annual produce of the land and labour of the country, has, fince the revolution, been employed upon different occasions, in maintaining an extraordinary number of unproductive hands. But had not those wars given this particular direction to fo large a capital, the greater part of it would naturally have been employed in maintaining productive hands, whofe labour would have replaced, with a profit, the whole value of their confumption. The value of the annual produce of the land and labour of the country, would have been confiderably increafed by it every year, and every year's increase would have augmented ftill more that of the next year. More houses would have been built, more lands would have been improved, and those which had been improved before would have been better cultivated, more manufactures would have been eftablished, and those which had been established before would have been more extended; and to what height the real wealth and revenue of the country might, by this time, have been raifed, it is not perhaps very eafy even to imagine.

> But though the profusion of government must, undoubtedly, have retarded the natural progress of England towards wealth and improvement, it has not been able to ftop it. The annual produce of its land and labour is, undoubtedly, much greater at prefent than it was either at the reftoration or at the revolution. The capital, therefore, annually employed in cultivating this land, and in maintaining this labour, must likewise be much greater. In the midst of all the exactions of government, this capital has been filently and gradually accumulated by the private frugality and good conduct of individuals, by their universal, continual, and uninterrupted effort to better their own condition. It is this effort, 7

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protected by law and allowed by liberty to exert itfelf in the C H A P. manner that is most advantageous, which has maintained the progress of England towards opulence and improvement in almost all former times, and which, it is to be hoped, will do fo in all future times. England, however, as it has never been bleffed with a very parfimonious government, fo parfimony has at no time been the characteristical virtue of its inhabitants. It is the higheft impertinence and prefumption, therefore, in kings and ministers, to pretend to watch over the æconomy of private people, and to reftrain their expence either by fumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always, and without any exception, the greatest fpendthrists in the fociety. Let them look well after their own expence, and they may fafely truft private people with theirs. If their own extravagance does not ruin the ftate, that of their fubjects never will.

As frugality increases, and prodigality diminishes the publick capital, fo the conduct of those, whose expence just equals their revenue, without either accumulating or encroaching, neither increases nor diminishes it. Some modes of expence, however, seem to contribute more to the growth of publick opulence than others.

THE revenue of an individual may be fpent, either in things which are confumed immediately, and in which one day's expence can neither alleviate nor fupport that of another; or it may be fpent in things more durable, which can therefore be accumulated, and in which every day's expence may, as he chufes, either alleviate, or fupport and heighten the effect of that of the following day. A man of fortune, for example, may either fpend his revenue in a profuse and fumptuous table, and in maintaining a great number of menial fervants, and a multitude of dogs and horfes; or contenting

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BOOK tenting himfelf with a frugal table and few attendants, he may lay out the greater part of it in adorning his house or his country villa, in useful or ornamental buildings, in useful or ornamental furniture, in collecting books, flatues, pictures; or in things more frivolous, jewels, baubles, ingenious trinkets of different kinds; or, what is most trifling of all, in amaffing a great wardrobe of fine clothes, like the favourite and minister of a great prince who died a few years ago. Were two men of equal fortune to fpend their revenue, the one chiefly in the one way, the other in the other, the magnificence of the perfon whofe expence had been chiefly in durable commodities, would be continually increasing, every day's expence contributing fomething to fupport and heighten the effect of that of the following day: That of the other, on the contrary, would be no greater at the end of the period than at the beginning. The former too would, at the end of the period, be the richer man of the two. He would have a ftock of goods of fome kind or other, which, though it might not be worth all that it coft, would always be worth fomething. No trace or veftige of the expence of the latter would remain, and the effects of ten or twenty years profusion would be as compleatly annihilated as if they had never exifted.

> As the one mode of expence is more favourable than the other to the opulence of an individual, fo is it likewife to that of a nation. The houfes, the furniture, the cloathing of the rich, in a little time, become ufeful to the inferior and middling ranks of people. They are able to purchafe them when their fuperiors grow weary of them, and the general accommodation of the whole people is thus gradually improved, when this mode of expence becomes univerfal among men of fortune. In countries which have long been rich, you will frequently find the inferior ranks of people in poffeffion both of houfes and furniture perfectly good and entire, but of which

which neither the one could have been built, nor the other have CHAP. been made for their ufe. What was formerly a feat of the family of Seymour, is now an inn upon the Bath road. The marriage bed of James the Ift of Great Britain, which his Queen brought with her from Denmark, as a prefent fit for a fovereign to make to a fovereign, was, a few years ago, the ornament of an alehouse at Dunfermline. In fome ancient cities, which either have been long flationary, or have gone fomewhat to decay, you will fometimes fcarce find a fingle houfe which could have been built for its prefent inhabitants. If you go into those houses too, you will frequently find many excellent, though antiquated pieces of furniture, which are still very fit for use, and which could as little have been made for them. Noble palaces, magnificent villas, great collections of books, statues, pictures, and other curiofities, are frequently both an ornament and an honour, not only to the neighbourhood, but to the whole country to which they belong. Verfailles is an ornament and an honour to France, Stowe and Wilton to England. Italy ftill continues to command fome fort of veneration by the number of monuments of this kind which it poffeffes, though the wealth which produced them has decayed, and the genius which planned them feems to be extinguished, perhaps from not having the fame employment.

THE expence too, which is laid out in durable commodities, is favourable, not only to accumulation, but to frugality. If a perfon fhould at any time exceed in it, he can eafily reform without exposing himfelf to the censure of the publick. To reduce very much the number of his fervants, to reform his table from great profusion to great frugality, to lay down his equipage after he has once fet it up, are changes which cannot escape the observation of his neighbours, and which are fuppofed to imply fome acknowledgement of preceding bad conduct. Few, therefore, of those

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who

BOOK II. far into this fort of expence, have afterwards the courage to reform, till ruin and bankruptcy oblige them. But if a perfon has, at any time, been at too great an expence in building, in furniture, in books or pictures, no imprudence can be inferred from his changing his conduct. These are things in which further expence is frequently rendered unneceffary by former expence; and when a perfon ftops short, he appears to do so fo, not because he has exceeded his fortune, but because he has fatisfied his fancy.

> THE expence, befides, that is laid out in durable commodities, gives maintenance, commonly, to a greater number of people, than that which is employed in the most profuse hospitality. Of two or three hundred weight of provisions, which may fometimes be ferved up at a great feftival, one-half, perhaps, is thrown to the dunghill, and there is always a great deal wafted and abufed. But if the expence of this entertainment had been employed in fetting to work, mafons, carpenters, upholfterers, mechanicks, a quantity of provisions, of equal value, would have been distributed among a still greater number of people, who would have bought them in penny-worths and pound weights, and not have loft or thrown away a fingle ounce of them. In the one way, befides, this expence maintains productive, in the other unproductive hands. In the one way, therefore, it increases, in the other, it does not increase, the exchangeable value of the annual produce of the land and labour of the country.

> I WOULD not, however, by all this be underftood to mean, that the one fpecies of expence always betokens a more liberal or generous fpirit than the other. When a man of fortune fpends

fpends his revenue chiefly in hofpitality, he fhares the greater CHAP. part of it with his friends and companions; but when he employs it in purchafing fuch durable commodities, he often fpends the whole upon his own perfon, and gives nothing to any body without an equivalent. The latter fpecies of expence, therefore, efpecially when directed towards frivolous objects, the little ornaments of drefs and furniture, jewels, trinkets, gewgaws, frequently indicates, not only a trifling, but a bafe and felfifh difpofition. All that I mean is, that the one fort of expence, as it always occafions fome accumulation of valuable commodities, as it is more favourable to private frugality, and, confequently, to the increafe of the publick capital, and as it maintains productive, rather than unproductive hands, conduces more than the other to the growth of publick opulence.

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Of Stock lent at Interest.

BOOK THE flock which is lent at intereft is always confidered as <u>s</u> a capital by the lender. He expects that in due time it is to be reftored to him, and that in the mean time the borrower is to pay him a certain annual rent for the use of it. The borrower may use it either as a capital, or as a stock referved for immediate confumption. If he uses it as a capital, he employs it in the maintenance of productive labourers, who reproduce the value with a profit. He can, in this cafe, both reftore the capital and pay the interest without alienating or encroaching upon any other fource of revenue. If he uses it as a stock referved for immediate confumption, he acts the part of a prodigal, and diffipates in the maintenance of the idle, what was defined for the fupport of the industrious. He can, in this cafe, neither restore the capital nor pay the interest, without either alienating or encroaching upon fome other fource of revenue, fuch as the property or the rent of land.

> THE flock which is lent at intereft, is, no doubt, occafionally employed in both thefe ways, but in the former much more frequently than in the latter. The man who borrows in order to fpend will foon be ruined, and he who lends to him will generally have occafion to repent of his folly. To borrow or to lend for fuch a purpofe, therefore, is in all cafes, where großs ufury is out of the queftion, contrary to the intereft of both parties; and though it no doubt happens fometimes that people do both the one and the other; yet, from the regard that all men have for their own intereft, we may be affured, that it cannot happen fo very frequently as we are fometimes apt to imagine. Afk any rich man of

of common prudence, to which of the two forts of people he has C HAP. lent the greater part of his ftock, to thole who, he thinks, will employ it profitably, or to thole who will fpend it idly, and he will laugh at you for proposing the question. Even among borrowers, therefore, not the people in the world most famous for frugality, the number of the frugal and industrious furpasses confiderably that of the prodigal and idle.

THE only people to whom flock is commonly lent, without their being expected to make any very profitable use of it, are country gentlemen who borrow upon mortgage. Even they fearce ever borrow merely to spend. What they borrow, one may fay, is commonly spent before they borrow it. They have generally confumed so great a quantity of goods, advanced to them upon credit by shopkeepers and tradessent, that they find it necessary to borrow at interess in order to pay the debt. The capital borrowed replaces the capitals of those shopkeepers and tradessent, which the country gentlemen could not have replaced from the rents of their estates. It is not properly borrowed in order to be spent, but in order to replace a capital which had been spent before.

ALMOST all Ioans at intereft are made in money, either of paper, or of gold and filver. But what the borrower really wants, and what the lender really fupplies him with, is, not the money; but the money's worth, or the goods which it can purchafe. If he wants it as a flock for immediate confumption, it is thofe goods only which he can place in that flock. If he wants it as a capital for employing induftry, it is from those goods only that the induftrious can be furnished with the tools, materials, and maintenance, neceffary for carrying on their work. By means of the loan, the lender, as it were, affigns to the borrower his right to a certain portion of the annual produce of the land and labour of the country, to be employed as the borrower pleases.

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THE quantity of flock, therefore, or, as it is commonly expreffed, of money which can be lent at interest in any country, is not regulated by the value of the money, whether paper or coin, which ferves as the inftrument of the different loans made in that country, but by the value of that part of the annual produce which, as foon as it comes either from the ground, or from the hands of the productive labourers, is deftined not only for replacing a capital, but fuch a capital as the owner does not care to be at the trouble of employing himfelf. As fuch capitals are commonly lent out and paid back in money, they conftitute what is called the monied intereft. It is diffinct, not only from the landed, but from the trading and manufacturing interests, as in these last the owners themselves employ their own capitals. Even in the monied interest, however, the money is, as it were, but the deed of affignment, which conveys from one hand to another those capitals which the owners do not care to employ themfelves. Those capitals may be greater in almost any proportion, than the amount of the money which ferves as the instrument of their conveyance; the same pieces of money fucceffively ferving for many different loans, as well as for many different purchases. A, for example, lends to W a thoufand pounds, with which W immediately purchases of B a thousand pounds worth of goods. B having no occasion for the money himfelf, lends the identical pieces to X, with which X immediately purchases of C another thousand pounds worth of goods. C in the fame manner, and for the fame reafon, lends them to Y, who again purchases goods with them of D. In this manner the fame pieces, either of coin, or of paper, may, in the course of a few 'days, ferve as the inftrument of three different loans, and of three different purchases, each of which is, in value, equal to the whole amount of those pieces. What the three monied men A, B, and C, affign to the three borrowers, W, X, Y, is the power of making those purchases. In this power 'consist both the value and the

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the use of the loans. The stock lent by the three monied men, is CHAP. equal to the value of the goods which can be purchased with it, and is three times greater than that of the money with which the purchases are made. Those loans, however, may be all perfectly well fecured, the goods purchased by the different debtors being fo employed, as, in due time, to bring back, with a profit, an equal value either of coin or of paper. And as the stame pieces of money can thus ferve as the instrument of different loans to three, or, for the stame reason, to thirty times their value, fo they may likewise states for the state for the state state instrument of repayment.

A CAPITAL lent at intereft may, in this manner, be confidered as an affignment from the lender to the borrower of a certain confiderable portion of the annual produce; upon condition that the borrower in return fhall, during the continuance of the loan, annually affign to the lender a finaller portion, called the intereft; and at the end of it a portion equally confiderable with that which had originally been affigned to him, called the repayment. Though money, either coin or paper, ferves generally as the deed of affignment both to the finaller, and to the more confiderable portion, it is itfelf altogether different from what is affigned by it.

In proportion as that fhare of the annual produce which, as foon as it comes either from the ground, or from the hands of the productive labourers, is defined for replacing a capital, increases in any country, what is called the monied interest naturally increases with it. The increase of those particular capitals from which the owners with to derive a revenue, without being at the trouble of employing them themselves, naturally accompanies the general increase of capitals; or in other words, as stock 7

BQOK increases, the quantity of flock to be lent at interest grows gradually greater and greater.

> As the quantity of flock to be lent at interest increases, the intereft, or the price which must be paid for the use of that stock, neceffarily diminishes, not only from those general causes which make the market price of things commonly diminish as their quantity increases, but from other causes which are peculiar to this particular cafe. As capitals increase in any country, the profits which can be made by employing them neceffarily diminish. It becomes gradually more and more difficult to find within the country a profitable method of employing any new capital. There arifes in confequence a competition between different capitals, the owner of one endeavouring to get possible fion of that employment which is occupied by another. But upon most occasions he can hope to justle that other out of this employment, by no other means but by dealing upon more reafonable terms. He must not only fell what he deals in fomewhat cheaper, but in order to get it to fell, he must fometimes too buy it dearer. The demand for productive labour, by the increase of the funds which are destined for maintaining it, grows every day greater and greater. Labourers eafily find employment, but the owners of capitals find it difficult to get labourers to employ. Their competition raifes the wages of labour, and finks the profits of flock. But when the profits which can be made by the use of a capital are in this manner diminished as it were at both ends, the price which can be paid for the use of it, that is the rate of interest, must necessarily be diminished with them.

> MR. Locke, Mr. Law, and Mr. Montesquiou, as well as many other writers, seem to have imagined that the increase of the quantity of gold and filver, in confequence of the difcovery of

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the Spanish West Indies, was the real cause of the lowering of CHAP. the rate of interest through the greater part of Europe. Those metals, they fay, having become of less value themselves, the use of any particular portion of them necessarily became of less value too, and confequently the price which could be paid for it. This notion, which at first sight seems for plausible, has been for fully exposed by Mr. Hume, that it is, perhaps, unnecessary to fay any thing more about it. The following very short and plain argument, however, may ferve to explain more distinctly the fallacy which seems to have missed those gentlemen.

BEFORE the discovery of the Spanish West Indies, ten per cent. feems to have been the common rate of interest through the greater part of Europe. It has fince that time in different countries funk to fix, five, four, and three per cent. Let us fuppose that in every particular country the value of filver has funk precifely in the fame proportion as the rate of interest; and that in those countries, for example, where intereft has been reduced from ten to five per cent. the fame quantity of filver can now purchase just half the quantity of goods which it could have purchased before. This fuppolition will not, I believe, be found any where agreeable to the truth, but it is the most favourable to the opinion which we are going to examine; and even upon this fuppofition it is utterly impoffible that the lowering of the value of filver could have the fmallest tendency to lower the rate of interest. If a hundred pounds are in those countries now of no more value than fifty pounds were then, ten pounds must now be of no more value than five pounds were then! Whatever were the caufes which lowered the value of the capital, the fame must necessarily have lowered that of the interest, and exactly in the same proportion. The proportion between the value of the capital and that of the interest, must have remained the same, though the rate had never been altered.

BOOK altered. By altering the rate, on the contrary, the proportion it. between those two values is neceffarily altered. If a hundred pounds now are worth no more than fifty were then, five pounds now can be worth no more than two pounds ten shillings were then. By reducing the rate of interest, therefore, from ten to five per cent. we give for the use of a capital, which is supposed to be equal to one-half of its former value, an interest which is equal to one-fourth only of the value of the former interest.

> ANY increase in the quantity of filver, while that of the commodities circulated by means of it remained the fame, could have no other effect than to diminish the value of that metal. The nominal value of all forts of goods would be greater, but their real value would be precifely the fame as before. They would be exchanged for a greater number of pieces of filver; but the quantity of labour which they could command, the number of people whom they could maintain and employ, would be precifely the fame. The capital of the country would be the fame, though a greater number of pieces might be requifite for conveying any equal portion of it from one hand to another. The deeds of affignment, like the conveyances of a verbole attorney, would be more cumberfome, but the thing affigned would be precifely the fame as before, and could produce only the fame effects. The funds for maintaining productive labour being the fame, the demand for it would be the fame. Its price or wages, therefore, though nominally greater, would really be the fame. They would be paid in a greater number of pieces of filver; but they would purchafe only the fame quantity of goods. The profits of flock would be the fame both nominally and really. The wages of labour are commonly computed by the quantity of filver which is paid to the When that is increased, therefore, his wages appear labourer. to be increased, though they may fometimes be no greater than before.

before. But the profits of ftock are not computed by the number of pieces of filver with which they are paid, but by the proportion which those pieces bear to the whole capital employed. Thus in a particular country five fhillings a week are faid to be the common wages of labour, and ten per cent. the common profits of ftock. But the whole capital of the country being the fame as before, the competition between the different capitals of individuals into which it was divided would likewife be the fame. They would all trade with the fame advantages and difadvantages. The common proportion between capital and profit, therefore, would be the fame, and confequently the common interest of money; what can commonly be given for the use of money being necessfarily regulated by what can commonly be made by the use of it.

ANY increase in the quantity of commodities annually circulated within the country, while that of the money which circulated them remained the fame, would, on the contrary, produce many other important effects, befides that of raifing the value of the money. The capital of the country, though it might nominally be the fame, would really be augmented. It might continue to be expressed by the fame quantity of money, but it would command a greater quantity of labour. The quantity of productive labour which it could maintain and employ would be increased, and confequently the demand for that labour. Its wages would naturally rife with the demand, and yet might appear to fink. They might be paid with a smaller quantity of money, but that smaller quantity might purchase a greater quantity of goods than a greater had done before. The profits of flock would be diminished both really and in appearance. The whole capital of the country being augmented, the competition between the different capitals of which it was composed, would naturally be augmented along with it. VOL. I. The 3 K

BOOK The owners of those particular capitals would be obliged to content themfelves with a fmaller proportion of the produce of that labour which their respective capitals employed. The interest of money, keeping pace always with the profits of flock, might, in this manner, be greatly diminished, though the value of money, or the quantity of goods which any particular fum could purchafe, was greatly augmented.

> In fome countries the interest of money has been prohibited by law. But as fomething can every where be made by the use of money, fomething ought every where to be paid for the use of it? This regulation, inftead of preventing, has been found from experience to increase the evil of usury; the debtor being obliged to pay, not only for the use of the money, but for the risk which his creditor runs by accepting a compensation for that use. He is obliged, if one may fay fo, to infure his creditor from the penalties of ufury.

> In countries where interest is permitted, the law, in order to prevent the extortion of usury, generally fixes the highest-rate which can be taken without incurring a penalty. This rate ought always to be fomewhat above the lowest market price; or the price which is commonly paid for the use of money by those who can give the most undoubted fecurity. If this legal rate should be fixed below the lowest market rate, the effects of this fixation must benearly the fame as those of a total prohibition of interest. The creditor will not lend his money for lefs than the use of it is worth, and the debtor must pay him for the risk which he runs by accepting the full value of that use. If it is fixed precisely at the lowest market price, it ruins with honest people, who respect the laws of their country, the credit of all those who cannot give the very beft fecurity, and obliges them to have recourfe to exorbitant usurers.

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ufurers. In a country, fuch as Great Britain, where money is CHAP. lent to government at three per cent. and to private people upon good fecurity at four and four and a half; the prefent legal rate; five per cent. is, perhaps, as proper as any.

THE legal rate, it is to be observed, though it ought to be somewhat above, ought not to be much above the loweft market rate. If the legal rate of interest in Great Britain, for example, was fixed fo high as eight or ten per cent. the greater part of the money which was to be lent, would be lent to prodigals and projectors, who alone would be willing to give this high interest. Sober people, who will give for the use of money no more than a part of what they are likely to make by the use of it, would not venture into the competition. A great part of the capital of the country would thus be kept out of the hands which were most likely to make a profitable and advantageous use of it, and thrown into those which were most likely to waste and destroy it. Where the legal rate of interest, on the contrary, is fixed but a very little above the lowest market rate, sober people are universally preferred, as borrowers, to prodigals and projectors. The perfon who lends money gets nearly as much interest from the former as he dares to take from the latter, and his money is much fafer in the hands of the one fett of people than in those of the other. A great part of the capital of the country is thus thrown into the hands in which it is most likely to be employed with advantage.

No law can reduce the common rate of interest below the lowest ordinary market rate at the time when that law is made. Notwithstanding the edict of 1766, by which the French king attempted to reduce the rate of interest from five to four per cent. money continued to be lent in France at five per cent; the law being evaded in feveral different ways.

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THE NATURE AND CAUSES OF

<u>ВООК</u> II.

THE ordinary market price of land, it is to be observed, depends every where upon the ordinary market rate of interest. The perfon who has a capital from which he wifnes to derive a revenue, without taking the trouble to employ it himfelf, deliberates whether he should buy land with it, or lend it out at interest. The superior fecurity of land, together with fome other advantages which almost every where attend upon this species of property, will generally difpose him to content himself with a smaller revenue from land, than what he might have by lending out his money at interest. These advantages are sufficient to compensate a certain difference of revenue; but they will compensate a certain difference only; and if the rent of land fhould fall fhort of the intereft of money by a greater difference, nobody would buy land, which would foon reduce its ordinary price. On the contrary, if the advantages should much more than compensate the difference, every body would buy land, which again would foon raife its ordinary price. When intereft was at ten per cent. land was commonly fold for ten and twelve years purchase. As interest funk to fix, five, and four per cent. the price of land role to twenty, five and twenty, and thirty years purchase. The market rate of interest is higher in France than in England; and the common price of land is lower. In England it commonly fells at thirty; in France at twenty years purchase.

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CHAP. V.

Of the different Employment of Capitals.

THOUGH all capitals are defined for the maintenance of CHAP: productive labour only, yet the quantity of that labour, V: which equal capitals are capable of putting into motion, varies extreamly according to the diverfity of their employment; as does likewife the value which that employment adds to the annual produce of the land and labour of the country.

A CAPITAL may be employed in four different ways: either, first, in procuring the rude produce annually required for the use and confumption of the fociety; or, fecondly, in manufacturing: and preparing that rude produce for immediate use and confumption; or, thirdly, in transporting either the rude or manufactured produce from the places where they abound to those where they are wanted; or, lastly, in dividing particular portions of either into fuch small parcels as suit the occasional demands of those who want them. In the first way are employed the capitals of all those who undertake the improvement or cultivation of lands, mines, or fisheries; in the fecond, those of all master manufacturers; in the third, those of all wholesale merchants; and in the fourth, those of all retailers. It is difficult to conceive that a capital should be employed in any way which may not be classed under some one or other of those four.

EACH of those four methods of employing a capital is effentially neceffary either to the existence or extension of the other three, or to the general conveniency of the fociety.

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UNLESS a capital was employed in furnishing rude produce to a certain degree of abundance, neither manufactures nor trade of any kind could exist.

UNLESS a capital was employed in manufacturing that part of the rude produce which requires a good deal of preparation beforeit can be fit for use and confumption, it either would never be produced, because there could be no demand for it; or if it was produced spontaneously, it would be of no value in exchange, and could add nothing to the wealth of the society.

UNLESS a capital was employed in transporting either the rude or manufactured produce from the places where it abounds to those where it is wanted, no more of either could be produced than was necessary for the confumption of the neighbourhood. The capital of the merchant exchanges the furplus produce of one place for that of another, and thus encourages the industry and increases the enjoyments of both.

UNLESS a capital was employed in breaking and dividing certain portions either of the rude or manufactured produce, into fuch fmall parcels as fuit the occasional demands of those who want them, every man would be obliged to purchase a greater quantity of the goods he wanted, than his immediate occasions required. If there was no fuch trade as a butcher, for example, every man would be obliged to purchafe a whole ox or a whole fheep at a This would generally be inconvenient to the rich, and much time. more to the poor. If a poor workman was obliged to purchase a month's or fix months provisions at a time, a great part of the flock which he employs as a capital, in the inftruments of his trade, or in the furniture of his fhop, and which yields him a revenue, he would be forced to place in that part of his flock which is referved for immediate 4

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immediate confumption, and which yields him no revenue. CHAP. Nothing can be more convenient for fuch a perfon than to be able to purchase his subfistence from day to day, or even from hour to hour as he wants it. He is thereby enabled to employ almost his whole ftock as a capital. He is thus enabled to furnish work to a greater value, and the profit which he makes by it in this way much more than compensates the additional price which the profit of the retailer imposes upon the goods. The prejudices of fome political writers against shopkeepers and tradesmen, are altogether without foundation. So far is it from being necessiary either to tax them or to reftrict their numbers, that they can never be multiplied fo as to hurt the publick, though they may fo as to hurt one another. The quantity of grocery goods, for example, which can be fold in a particular town, is limited by the demand of that town and neighbourhood. The capital, therefore, which can be employed in the grocery trade cannot exceed what is fufficient to purchase that quantity. If this capital is divided between two different grocers, their competition will tend to make both of them fell cheaper, than if it were in the hands of one only; and if it were divided among twenty, their competition would be just fo much the greater, and the chance of their combining together, in order to raife the price, just fo much the lefs. Their competition might perhaps ruin fome of themfelves; but to take care of this is the bufinefs of the parties concerned, and it may fafely be trufted to their difcretion. It can never hurt either the confumer, or the producer; on the contrary, it must tend to make: the retailers both fell cheaper and buy dearer, than if the whole trade was monopolized by one or two perfons. Some of them, perhaps, may fometimes decoy a weak cuftomer to buy what he has no occasion for. This evil, however, is of too little importance to deferve the publick attention, nor would it neceffarily be prevented by reftricting their numbers. It is not the multitude oEi

BOOK of ale-houses, to give the most sufficiency example, that occasions II. a general disposition to drunkenness among the common people; but that disposition arising from other causes necessarily gives employment to a multitude of ale-houses.

> THE perfons whole capitals are employed in any of thole four ways are themfelves productive labourers. Their labour, when properly directed, fixes and realizes itfelf in the fubject or vendible commodity upon which it is beftowed, and generally adds to its price the value at leaft of their own maintenance and confumption. The profits of the farmer, of the manufacturer, of the merchant, and retailer, are all drawn from the price of the goods which the two first produce, and the two last buy and fell. Equal capitals however, employed in each of those four different ways, will put into motion very different quantities of productive labour, and augment too in very different proportions the value of the annual produce of the land and labour of the fociety to which they belong.

 T_{HE} capital of the retailer replaces, together with its profits, that of the merchant of whom he purchafes goods, and thereby enables him to continue his bufinefs. The retailer himfelf is the only productive labourer whom it employs. In his profits, confifts the whole value which its employment adds to the annual produce of the land and labour of the fociety.

THE capital of the wholefale merchant replaces, together with their profits, the capitals of the farmers and manufacturers of whom he purchafes the rude and manufactured produce which he deals in, and thereby enables them to continue their refpective trades. It is by this fervice chiefly that he contributes indirectly to fupport the productive labour of the fociety, and to increase the value of its its annual produce. His capital employs too the failors and CHAP. carriers who transport his goods from one place to another, and it augments the price of those goods by the value, not only of his profits, but of their wages. This is all the productive labour which it immediately puts into motion, and all the valuewhich it immediately adds to the annual produce. Its operation in both these respects is a good deal superior to that of the capital of the retailer.

PART of the capital of the mafter manufacturer is employed as a fixed capital in the inftruments of his trade, and replaces, together with its profits, that of fome other artificer of whom he purchafes them. Part of his circulating capital is employed in purchafing materials, and replaces, with their profits, the capitals of the farmers and miners of whom he purchafes them. But a great part of it is always, either annually, or in a much fhorter period, diftributed among the different workmen whom he employs. It augments the value of those materials by their wages, and by their mafters profits upon the whole stock of wages, materials, and instruments of trade employed in the busines. It puts into motion, therefore, a much greater quantity of productive labour, and adds a much greater value to the annual produce of the land and labour of the fociety, than an equal capital in the hands of any whole-fale merchant.

No equal capital puts into motion a greater quantity of productive: labour than that of the farmer. Not only his labouring fervants, but his labouring cattle, are productive labourers. In agriculture too nature labours along with man; and though her labour cofts no expence, its produce has its value, as well as that of the most expenfive workmen. The most important operations of agriculture feem intended, not fo much to increase, though they do that too, as to Vol. I. 3 L. direct: BOOK direct the fertility of nature towards the production of the plants most profitable to man. A field overgrown with briars and brambles may frequently produce as great a quantity of vegetables as the best cultivated vineyard or corn field. Planting and tillage frequently regulate more than they animate the active fertility of nature; and after all their labour, a great part of the work always remains to be done by her. The labourers and labouring cattle, therefore, employed in agriculture, not only occafion, like the workmen in manufactures, the reproduction of a value equal to their own confumption, or to the capital which employs them, together with its owners profits; but of a much greater value. Over and above the capital of the farmer and all its profits, they regularly occasion the reproduction of the rent of the landlord. This rent may be confidered as the produce of those powers of nature, the use of which the landlord lends to the farmer. It is greater or finaller according to the fuppofed extent of those powers, of, in other words, according to the supposed natural or improved fertility of the land. It is the work of nature which remains after deducting or compensating every thing which can be regarded as the work of man. It is feldom lefs than a fourth, and frequently more than a third of the whole produce. No equal quantity of productive labour employed in manufactures can ever occafion fo great a reproduction. In them nature does nothing; man does all; and the reproduction must always be in proportion to the ftrength of the agents that occasion it. The capital employed in agriculture, therefore, not only puts into motion a greater quantity of productive labour than any equal capital employed in manuactures, but in proportion too to the quantity of productive labour which it employs, it adds a much greater value to the annual produce of the land and labour of the country, to the real wealth and revenue of its inhabitants. Of all the ways in 'which a capital 7

capital can be employed, it is by far the most advantageous to the CHAP. fociety.

THE capitals employed in the agriculture and in the retail trade of any fociety, must always refide within that fociety. Their employment is confined almost to a precise spot, to the farm, and to the shop of the retailer. They must generally too, though there are some exceptions to this, belong to resident members of the fociety.

THE capital of a wholefale merchant, on the contrary, feems to have no fixed or neceffary refidence any-where, but may wander about from place to place, according as it can either buy cheap or fell dear.

THE capital of the manufacturer must no doubt refide where the manufacture is carried on; but where this shall be, is not always neceffarily determined. It may frequently be at a great diffance both from the place where the materials grow, and from that where the compleat manufacture is confumed. Lyons is very diftant both from the places which afford the materials of its manufactures, and from those which confume them. The people of fashion in Sicily are cloathed in filks made in other countries, from the materials which their own produces. Part of the wool of Spain is manufactured in Great Britain, and some part of that cloth is afterwards fent back to Spain.

WHETHER the merchant whole capital exports the furplus produce of any fociety be a native or a foreigner, is of very little importance. If he is a foreigner, the number of their productive labourers is neceffarily lefs than if he had been a native by one man only; and the value of their annual produce, by the pro- $_3$ L 2 fits

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BOOK fits of that one man. The failors or carriers whom he employs may ftill belong indifferently either to his country, or to their country, or to fome third country, in the fame manner as if he had been a native. The capital of a foreigner gives a value to their furplus produce equally with that of a native, by exchanging it for fomething for which there is a demand at home. It as effectually replaces the capital of the perfon who produces that furplus, and as effectually enables him to continue his bufinefs; the fervice by which the capital of a wholefale merchant chiefly contributes to fupport the productive labour, and to augment the value of the annual produce of the fociety to which he belongs.

> It is of more confequence that the capital of the manufacturer fhould refide within the country. It neceffarily puts into motion a greater quantity of productive labour, and adds a greater value to the annual produce of the land and labour of the fociety. It may, however, be very ufeful to the country, though it fhould not refide within it. The capitals of the British manufacturers who work up the flax, and hemp annually imported from the coasts of the Baltick, are furely very ufeful to the countries which produce them. Those materials are a part of the furplus produce of those countries which, unless it was annually exchanged for fomething which is in demand there, would be of no value, and would foon cease to be produced. The merchants who export it, replace the capitals of the people who produce it, and thereby encourage them to continue the production; and the British manufacturers replace the capitals of those merchants.

> A PARTICULAR country, in the fame manner as a particular perfon, may frequently not have capital fufficient both to improve and cultivate all its lands, to manufacture and prepare their whole rude produce for immediate use and confumption, and to transport the the

the furplus part either of the rude or manufactured produce to CHAP. those distant markets where it can be exchanged for fomething for which there is a demand at home. The inhabitants of many different parts of Great Britain have not capital fufficient to improve and cultivate all their lands. The wool of the fouthern counties of Scotland is, a great part of it, after a long land carriage through very bad roads, manufactured in Yorkshire, for want of a capital to manufacture it at home. There are many little manufacturing towns in Great Britain, of which the inhabitants have not capital fufficient to transport the produce of their own industry to those distant markets where there is demand and confumption for it. If there are any merchants among them, they are properly only the agents of wealthier merchants who refide in fome of the greater commercial cities.

WHEN the capital of any country is not fufficient for all those three purposes, in proportion as a greater share of it is employed in agriculture, the greater will be the quantity of productive labour which it puts into motion within the country; as will likewise be the value which its employment adds to the annual produce of the land and labour of the fociety. After agriculture, the capital employed in manufactures put into motion the greatest quantity of productive labour, and adds the greatest value to the annual produce. That which is employed in the trade of exportation, has the least effect of any of the three.

THE country, indeed, which has not capital fufficient for all those three purposes, has not arrived at that degree of opulence for which it seems naturally defined. To attempt, however, prematurely and with an infufficient capital, to do all the three, is certainly not the shortest way for a society, no more than it would be for an individual, to acquire a sufficient one. The capital of all BOOK II. that of a fingle individual, and is capable of executing only certain purpofes. The capital of all the individuals of a nation is increased in the fame manner as that of a fingle individual, by their continually accumulating and adding to it whatever they fave out of their revenue. It is likely to increase the fasteft, therefore, when it is employed in the way that affords the greateft revenue to all the inhabitants of the country, as they will thus be enabled to make the greateft favings. But the revenue of all the inhabitants of the country is neceffarily in proportion to the value of the annual produce of their land and labour.

> IT has been the principal cause of the rapid progress of our American colonies towards wealth and greatnefs, that almost their whole capitals have hitherto been employed in agriculture. They have no manufactures, those houshold and coarser manufactures excepted which neceffarily accompany the progress of agriculture, and which are the work of the women and children in every private family. The greater part both of the exportation and coafting trade of America, is carried on by the capitals of merchants who refide in Great Britain. Even the stores and warehouses from which goods are retailed in fome provinces, particularly in Virginia and Maryland, belong many of them to merchants who refide in the mother country, and afford one of the few inftances of the retail trade of a fociety being carried on by the capitals of those who are not refident members of it. Were the Americans, either by combination or by any other fort of violence, to ftop the importation of European manufactures, and, by thus giving a monopoly to fuch of their own countrymen as could manufacture the like goods, divert any confiderable part of their capital into this employment, they would retard inftead of accelerating the further increase in the value of their annual produce, and would obstruct instead

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inftead of promoting the progress of their country towards real CHAP. wealth and greatness. This would be still more the case, were they to attempt, in the same manner, to monopolize to themselves their whole exportation trade.

THE course of human prosperity, indeed, seems scarce ever to have been of fo long continuance as to enable any great country to acquire capital fufficient for all those three purposes; unless, perhaps, we give credit to the wonderful accounts of the wealth and cultivation of China, of those of antient Egypt, and of the antient state of Indostan. Even those three countries, the wealthiest, according to all accounts, that ever were in the world, are chiefly renowned for their fuperiority in agriculture and manufactures. They do not appear to have been eminent for foreign trade. The antient Egyptians had a fuperfittious antipathy to the fea; a fuperfition nearly of the fame kind prevails among the Indians; and the Chinefe have never excelled in foreign commerce. The greater part of the furplus produce of all those three countries feems to have been always exported by foreigners, who gave in exchange for it fomething elfe for which they found a demand there, frequently gold and filver.

IT is thus that the fame capital will in any country put into motion a greater or fmaller quantity of productive labour, and add a greater or fmaller value to the annual produce of its land and labour, according to the different proportions in which it is employed in agriculture, manufactures, and wholefale trade. The difference too is very great, according to the different forts of wholefale trade in which any part of it is employed.

ALL wholefale trade, all buying in order to fell again by wholefale, may be reduced to three different forts. The home trade, the foreign trade of confumption, and the carrying trade. The home trade ^{BOOK} II. trade is employed in purchafing in one part of the fame country, and felling in another, the produce of the industry of that country. It comprehends both the inland and the coasting trade. The foreign trade of confumption is employed in purchafing foreign goods for home confumption. The carrying trade is employed in tranfacting the commerce of foreign countries, or in carrying the furplus produce of one to another.

> THE capital which is employed in purchasing in one part of the country in order to fell in another the produce of the induftry of that country, generally replaces by every fuch operation two diffinct capitals that had both been employed in the agriculture or manufactures of that country, and thereby enables them to continue that employment. When it fends out from the refidence of the merchant a certain value of commodities, it generally brings back in return at least an equal value of other commodities. When both are the produce of domestick industry, it neceffarily replaces by every fuch operation two diffinct capitals, which had both been employed in fupporting productive labour, and thereby enables them to continue that fupport. The capital which fends Scotch manufactures to London, and brings back English corn and manufactures to Edinburgh, neceffarily replaces, by every fuch operation, two British capitals which had both been employed inthe agriculture or manufactures of Great Britain.

> THE capital employed in purchafing foreign goods for homeconfumption, when this purchafe is made with the produce of domeftick industry, replaces too, by every fuch operation, two distinct capitals; but one of them only is employed in fupporting domeftick industry. The capital which fends British goods to. Portugal, and brings back Portuguese goods to Great Britain, replaces by every such operation only one British capital. The other

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is a Portuguese one. Though the returns, therefore, of the CHAP. foreign trade of confumption should be as quick as those of the V. home-trade, the capital employed in it will give but one-half the encouragement to the industry or productive labour of the country.

But the returns of the foreign trade of confumption are very feldom fo quick as those of the home-trade. The returns of the home-trade generally come in before the end of the year, and fometimes three or four times in the year. The returns of the foreign trade of confumption feldom come in before the end of the year, and fometimes not till after two or three years. A capital, therefore, employed in the home-trade will fometimes make twelve operations, or be fent out and returned twelve times, before a capital employed in the foreign trade of confumption has made one. If the capitals are equal, therefore, the one will give four and twenty times more encouragement and fupport to the industry of the country than the other.

THE foreign goods for home-confumption may fometimes be purchased, not with the produce of domestick industry, but with fome other foreign goods. These last, however, must have been purchased either immediately with the produce of domestick industry, or with fomething elfe that had been purchased with it; for the cafe of war and conquest excepted, foreign goods can never be acquired, but in exchange for fomething that had been produced at home, either immediately, or after two or more different ex-The effects, therefore, of a capital employed in fuch changes. a round about foreign trade of confumption, are, in every refpect, the fame as those of one employed in the most direct trade of the fame kind, except that the final returns are likely to be still more distant, as they must depend upon the returns of two or three diffinct foreign 'trades. If the flax and hemp of Riga are purchafed with the tobacco of Virginia, which had been purchafed VOL. I. 3 M with

BOOK with British manufactures, the merchant must wait for the returns of two diffinct foreign trades before he can employ the fame capital in re-purchasing a like quantity of British manufactures. If the tobacco of Virginia had been purchased, not with British manufactures, but with the fugar and rum of Jamaica which had been purchased with those manufactures, he must wait for the returns of three. If those two or three diffinct foreign trades fhould happen to be carried on by two or three diffinct merchants, of whom the fecond buys the goods imported by the first, and the third buys those imported by the second, in order to export them again, each merchant indeed will in this cafe receive the returns of his own capital more quickly; but the final returns of the whole capital employed in the trade will be just as flow as ever. Whether the whole capital employed in fuch a round about trade belong to one merchant or to three, can make no difference with regard to the country, though it may with regard to the particu-Three times a greater capital must in both cases lar merchants. be employed, in order to exchange a certain value of British manufactures for a certain quantity of flax and hemp, than would have been necessary, had the manufactures and the flax and hemp been directly exchanged for one another. The whole capital employed, therefore, in fuch a round about foreign trade of confumption, will generally give lefs encouragement and fupport to the productive labour of the country, than an equal capital employed in a more direct trade of the fame kind.

> WHATEVER be the foreign commodity with which the foreign goods for home-confumption are purchafed, it can occafion no effential difference either in the nature of the trade, or in the encouragement and fupport which it can give to the productive labour of the country from which it is carried on. If they are purchafed with the gold of Brazil, for example, or with the filver of

of Peru, this gold and filver, like the tobacco of Virginia, must CHAP. have been purchased with something that either was the produce of the industry of the country, or that had been purchased with fomething elfe that was fo. So far, therefore, as the productive labour of the country is concerned, the foreign trade of confumption which is carried on by means of gold and filver, has all the advantages and all the inconveniencies of any other equally round about foreign trade of confumption, and will replace just as fast or just as flow the capital which is immediately employed in fupporting that productive labour. It feems even to have one advantage over any other equally round about foreign trade. The transportation of those metals from one place to another, on account of their fmall bulk and great value, is lefs expensive than that of almost any other foreign goods of equal value. Their freight is much lefs, and their infurance not greater. An equal quantity of foreign goods, therefore, may frequently be purchased with a smaller quantity of the produce of domestick industry, by the intervention of gold and filver, than by that of any other foreign goods. The demand of the country may frequently, in this manner, be fupplied more compleatly and at a fmaller expence than in any other. Whether, by the continual exportation of those metals, a trade of this kind is likely to impoverish the country from which it is carried on, in any other way, I shall have occasion to examine at great length hereafter.

THAT part of the capital of any country which is employed in the carrying trade, is altogether withdrawn from fupporting the productive labour of that particular country, to fupport that of fome foreign countries. Though it may replace by every operation two diffinct capitals, yet neither of them belong to that particular country. The capital of the Dutch merchant, which carries the corn of Poland to Portugal, and brings back the fruits and wines

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B O O K of Portugal to Poland, replaces by every fuch operation two capitals, neither of which had been employed in fupporting the productive labour of Holland; but one of them in supporting that of Poland, and the other that of Portugal. The profits only return regularly to Holland, and conftitute the whole addition which this trade neceffarily makes to the annual produce of the land and labour of that country. When, indeed, the carrying trade of any particular country is carried on with the fhips and failors of that country, that part of the capital employed in it which pays the freight, is diftributed among, and puts into motion a certain number of productive labourers of that country. Almost all nations that have had any confiderable fhare of the carrying trade have, in fact, carried it on in this manner. The trade itfelf has probably derived its name from it, the people of fuch countries being the carriers to other countries. It does not, however, feem effential to the nature of the trade that it fhould be fo. A Dutch merchant may, for example, employ his capital in transacting the commerce: of Poland and Portugal, by carrying part of the furplus produce of the one to the other, not in Dutch, but in British bottoms. It may be prefumed, that he actually does fo upon fome particular occasions. It is upon this account, however, that the carrying trade has been fuppofed peculiarly advantageous to fuch a country: as Great Britain, of which the defence and fecurity depend upon the number of its failors and fhipping. But the fame capital may employ as many failors and fhipping, either in the foreign trade. of confumption, or even in the home-trade, when carried on by coafting veffels, as it could in the carrying trade. The number of failors and fhipping which any particular capital can employ, does not depend. upon the nature of the trade, but partly upon, the bulk of the goods in proportion to their value, and partly, upon the diftance of the ports between which they are to be car-. ried; chiefly upon the former of those two circumstances. The : coal-trade from Newcastle to London, for example, employs more fhipping :

fhipping than all the carrying trade of England, though the ports CHAP. are at no great diffance. To force, therefore, by extraordinary encouragements, a larger fhare of the capital of any country into the carrying trade, than what would naturally go to it, will not always neceffarily increase the fhipping of that country.

THE capital, therefore, employed in the home-trade of any country will generally give encouragement and fupport to a greater quantity of productive labour in that country, and increase the value of its annual produce more than an equal capital employed in the foreign trade of confumption: and the capital employed in this latter trade has in both these respects a still greater advantage over an equal capital employed in the carrying trade. The riches, and, fo far aspower depends upon riches, the power of every country, must always be in proportion to the value of its annual produce, the fund from which all taxes must ultimately be paid. But the great object of the political accountry of every country, is to encrease the riches and power of that country. It ought, therefore, to give no preference nor fuperior encouragement to the foreign trade of confumption above the home-trade, nor to the carrying trade above either of the other two. It ought neither to force nor to allure into either of those two channels, a greater share of the capital of the country than what would naturally flow into them of: its own accord.

EACH of those different branches of trade, however, is not only advantageous, but necessary and unavoidable, when the course of things without any constraint or violence naturally introduces it.

WHEN the produce of any particular branch of industry exceeds what the demand of the country requires, the surplus must be fent. BOOK II. demand at home. Without fuch exportation, a part of the productive labour of the country must cease, and the value of its annual produce diminish. The land and labour of Great Britain produce generally more corn, woollens, and hard ware, than the demand of the home-market requires. The furplus part of them, therefore, must be fent abroad, and exchanged for fomething for which there is a demand at home. It is only by means of fuch exportation, that this furplus can acquire a value fufficient to compensate the labour and expense of producing it. The neighbourhood of the fea-coast, and the banks of all navigable rivers, are advantageous fituations for industry, only because they facilitate the exportation and exchange of fuch furplus produce for fomething elfe which is more in demand there.

> WHEN the foreign goods which are thus purchased with the furplus produce of domeftick industry exceed the demand of the homemarket, the furplus part of them must be fent abroad again, and exchanged for fomething more in demand at home. About ninety-fix thousand hogsheads of tobacco are annually purchased in Virginia and Maryland, with a part of the furplus produce of British industry. But the demand of Great Britain does not require, perhaps, more than fourteen thousand. If the remainingeighty-two thousand, therefore, could not be fent abroad and exchanged for fomething more in demand at home, the importation of them must cease immediately, and with it the productive labour of all those inhabitants of Great Britain, who are at present employed in preparing the goods with which these eighty-two thoufand hogsheads are annually purchased. Those goods, which are part of the produce of the land and labour of Great Britain, having no market at home, and being deprived of that which they had abroad, must cease to be produced. The most round about foreign trade

WHEN the capital flock of any country is increased to fuch a degree, that it cannot be all employed in fupplying the confumption, and supporting the productive labour of that particular country, the furplus part of it naturally difgorges itself into the carrying trade, and is employed in performing the fame offices to other countries. The carrying trade is the natural effect and fymptom of great national wealth: but it does not feem to be the natural caufe of it. Those states who have been disposed to favour it with particular encouragements, feem to have mistaken the effect and fymptom for the caufe. Holland, in proportion to the extent of the land and the number of its inhabitants, by far the richeft country in Europe, has, accordingly, the greateft fhare of the carrying trade of Europe. England, perhaps the fecond richest country of Europe, is likewife supposed to have a confiderable fhare of it; though what commonly paffes for the carrying trade of England, will frequently, perhaps, be found to be no more than a round about foreign trade of confumption. Such are, in a great measure, the trades which carry the goods of the East and West Indies, and of America, to different European Those goods are generally purchased either immediately markets. with the produce of British industry, or with something elfe which had been purchased with that produce, and the final returns of those trades are generally used or confumed in Great Britain. The trade which is carried on in British bottoms between the different ports of the Mediterranean, and fome trade of the fame kind carried on by British merchants between the different ports of India, make, perhaps, the principal branches of what is properly the carrying trade of Great Britain.

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THE NATURE AND CAUSES OF

BOOK II.

The extent of the home-trade and of the capital which can be employed in it, is neceffarily limited by the value of the furplus produce of all those distant places within the country which have occasion to exchange their respective productions with one another. That of the foreign trade of confumption, by the value of the furplus produce of the whole country and of what can be purchased with it. That of the carrying trade, by the value of the furplus produce of all the different countries in the world. Its possible extent, therefore, is in a manner infinite in comparison of that of the other two, and is capable of absorbing the greatest capitals.

THE confideration of his own private profit, is the fole motive which determines the owner of any capital to employ it either in agriculture, in manufactures, or in some particular branch of the wholefale or retail trade. The different quantities of productive labour which it may put into motion, and the different values which it may add to the annual produce of the land and labour of the fociety, according as it is employed in one or other of those different ways, never enter into his thoughts. In countries, therefore, where agriculture is the most profitable of all employments, and farming and improving the most direct roads to a splendid, fortune, the capitals of individuals will naturally be employed in the manner most advantageous to the whole fociety. The profits of agriculture, however, feem to have no fuperiority over those of other employments in any part of Europe. Projectors, indeed, in every corner of it, have within these few years amused the publick with most magnificent accounts of the profits to be made by the cultivation and improvement of land. Without entering into any particular discussion of their calculations, a very simple obfervation may fatisfy us that the refult of them must be false. We fee every day the most splendid fortunes that have been acquired

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in the courfe of a fingle life by trade and manufactures, frequently CHAP. from a very finall capital, fometimes from no capital. A fingle inftance of fuch a fortune acquired by agriculture in the fame time, and from fuch a capital, has not, perhaps, occurred in Europe during the courfe of the prefent century. In all the great countries of Europe, however, much good land ftill remains uncultivated, and the greater part of what is cultivated is far from being improved to the degree of which it is capable. Agriculture, therefore, is almost every where capable of absorbing a much greater capital than has ever yet been employed in it. What circumftances in the policy of Europe have given the trades which are carried on in towns fo great an advantage over that which is carried on in the country, that private perfons frequently find it more for their advantage to employ their capitals in the most diftant carrying trades of Afia and America, than in the improvement and cultivation of the most fertile fields in their own neighbourhood, I shall endeavour to explain at full length in the two following books.

Vol. I.

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BOOK III.

Of the different Progress of Opulence in different Nations.

C H A P. I.

Of the natural Progress of Opulence.

HE great commerce of every civilized fociety, is that carried CHAP. on between the inhabitants of the town and those of the country. It confifts in the exchange of rude for manufactured produce, either immediately, or by the intervention of money, or of fome fort of paper which reprefents money. The country supplies the town with the means of fubfiftence, and the materials of ma-The town repays this fupply by fending back a part nufacture. of the manufactured produce to the inhabitants of the country. The town, in which there neither is nor can be any reproduction of fubstances, may very properly be faid to gain its whole wealth and fublistence from the country. We must not, however, upon this account, imagine that the gain of the town is the lofs of the The gains of both are mutual and reciprocal, and the country. division of labour is in this, as in all other cases, advantageous to all the different perfons employed in the various occupations into which it is fubdivided. The inhabitants of the country purchase of the town a greater quantity of manufactured goods, with the produce of a much smaller quantity of their own labour, than they must have employed had they attempted to prepare them themselves. The town affords a market for the furplus produce of the country,

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BOOK or what is over and above the maintenance of the cultivators, and it is there that the inhabitants of the country exchange it for fomething elfe which is in demand among them. The greater the number and revenue of the inhabitants of the town, the more extensive is the market which it affords to those of the country; and the more extensive that market, it is always the more advantageous to a great number. The corn which grows within a mile of the town, fells there for the fame price with that which comes from twenty miles diftance. But the price of the latter must generally, not only pay the expence of raifing and bringing it to market, but afford too the ordinary profits of agriculture to the farmer. The proprietors and cultivators of the country, therefore, which lies in the neighbourhood of the town, over and above the ordinary profits of agriculture, gain, in the price of what they fell, the whole value of the carriage of the like produce that is brought from more diftant parts, and they fave, befides, the whole value of this carriage in the price of what they buy. Compare the cultivation of the lands in the neighbourhood of any confiderable town, with that of those which lie at fome diftance from it, and you will eafily fatisfy yourfelf how much the country is benefited by the commerce of the Among all the abfurd fpeculations that have been protown. pagated concerning the balance of trade, it has never been pretended that either the country lofes by its commerce with the town, or the town by that with the country which maintains it.

> As fubfiftence is, in the nature of things, prior to conveniency and luxury, fo the induftry which procures the former, muft neceffarily be prior to that which ministers to the latter. The cultivation and improvement of the country, therefore, which affords fubfiftence, must, neceffarily, be prior to the increase of the town, which furnishes only the means of conveniency and luxury. It is the furplus produce of the country only, or what is over and above

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above the maintenance of the cultivators, that conflitutes the fublist- CHAP. ence of the town, which can therefore increase only with the increase of this furplus produce. The town, indeed, may not always derive its whole fublistence from the country in its neighbourhood, or even from the territory to which it belongs, but from very distant countries; and this, though it forms no exception from the general rule, has occasioned confiderable variations in the progress of opulence in different ages and nations.

THAT order of things which neceffity imposes in general, though not in every particular country, is, in every particular country, promoted by the natural inclinations of man. If human inftitutions had never thwarted those natural inclinations, the towns could no where have increafed beyond what the improvement and cultivation of the territory in which they were fituated could fupport; till fuch time, at leaft, as the whole of that territory was completely cultivated and improved. Upon equal, or nearly equal profits, most men will chuse to employ their capitals rather in the improvement and cultivation of land, than either in manufactures or in foreign trade. The man who employs his capital in land, has it more under his view and command, and his fortune is much lefs liable to accidents than that of the trader, who is obliged frequently to commit it, not only to the winds and the waves, but to the more uncertain elements of human folly and injuffice, by giving great credits in diftant countries to men, with whofe character and fituation he can feldom be thoroughly acquainted. The capital of the landlord, on the contrary, which is fixed in the improvement of his land, feems to be as well fecured as the natureof human affairs can admit of. The beauty of the country befides, the pleafures of a country life, the tranquillity of mind which it promises, and wherever the injustice of human laws does not difturb it, the independency which it really affords, have charms that:

BOOK that more or lefs attract every body; and as to cultivate the ground III. was the original defination of man, fo in every ftage of his existence he seems to retain a predilection for this primitive employment.

> WITHOUT the affiftance of fome artificers, indeed, the cultivation of land cannot be carried on, but with great inconveniency and continual interruption. Smiths, carpenters, wheelwrights, and plough-wrights, masons, and bricklayers, tanners, shoemakers, and taylors, are people, whose fervice the farmer has frequent occafion for. Such artificers too ftand, occafionally, in need of the affiftance of one another; and as their refidence is not, like that of the farmer, neceffarily tied down to a precife fpot, they naturally fettle in the neighbourhood of one another, and thus form a finall town or village. The butcher, the brewer, and the baker, foon join them, together with many other artificers and retailers, neceffary or uleful for fupplying their occafional wants, and who contribute still further to augment the town. The inhabitants of the town and those of the country are, mutually, the fervants of one another. The town is a continual fair or market, to which the inhabitants of the country refort in order to exchange their rude for manufactured produce. It is this commerce which supplies the inhabitants of the town both with the materials of their work, and the means of their fublistence. The quantity of the finished work which they fell to the inhabitants of the country, neceffarily regulates the quantity of the materials and provisions which they buy. Neither their employment nor fubfistence, therefore, can augment, but in proportion to the augmentation of the demand from the country for finished work; and this demand can augment only in proportion to the extension of improvement and cultivation. Had human institutions, therefore, never disturbed the natural course of things, the progreffive 7

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progreffive wealth and increase of the towns would, in every CHAP. political fociety, be confequential, and in proportion to the im-

IN our North American colonies, where uncultivated land is still to be had upon easy terms, no manufactures for distant sale. have ever yet been established in any of their towns. When and artificer has acquired a little more flock than is necessary for carrying on his own bufinefs in fupplying the neighbouring country, he does not, in North America, attempt to establish with it a manufacture for more diftant fale, but employs it in the purchase and improvement of uncultivated land. From artificer he becomes planter, and neither the large wages nor the eafy fublistence which that country affords to artificers, can bribe him rather to work for other people than for himfelf. He feels that an artificer is the fervant of his customers, from whom he derives his subfistence; but that a planter who cultivates his own land, and derives his neceffary fublistence from the labour of his own family, is really a master, and independent of all the world.

In countries, on the contrary, where there is either no uncultivated land, or none that can be had upon eafy terms, every artificer who has acquired more flock than he can employ in the occafional jobs of the neighbourhood, endeavours to prepare work for more diftant fale. The fmith erects fome fort of iron, the weaver fome fort of linen or woollen manufactory. Those different manufactures come, in process of time, to be. gradually fubdivided, and thereby improved and refined in a great variety of ways, which may eafily be conceived, and which it is therefore unneceffary to explain any further. BOOK III.

In feeking for employment to a capital, manufactures are, upon equal or nearly equal profits, naturally preferred to foreign commerce, for the fame reafon that agriculture is naturally preferred to manufactures. As the capital of the landlord or farmer is more fecure than that of the manufacturer, fo the capital of the manufacturer, being at all times more within his view and command, is more fecure than that of the foreign merchant. In every period, indeed, of every fociety, the furplus part both of the rude and manufactured produce, or that for which there is no demand at home, must be fent abroad in order to be exchanged for fomething for which there is fome demand at home. But whether the capital, which carries this furplus produce abroad, be a foreign or a domeftick one, is of very little importance. If the fociety has not acquired fufficient capital both to cultivate all its lands, and to manufacture in the compleatest manner the whole of their rude produce, there is even a confiderable advantage that it fhould be exported by a foreign capital, in order that the whole flock of the fociety may be employed in more useful purposes. The wealth of ancient Egypt, that of China and Indostan, sufficiently demonstrate that a nation may attain a very high degree of opulence, though the greater part of its exportation trade be carried on by foreigners. The progress of our North American and West Indian colonies would have been much less rapid, had no capital but what belonged to themfelves been employed in exporting their furplus produce.

ACCORDING to the natural course of things, therefore, the greater part of the capital of every growing society is, first, directed to agriculture, afterwards to manufactures, and last of all to foreign commerce. This order of things is so very natural, that in every society that had any territory, it has always,

always, I believe, been in fome degree obferved. Some of their CHAP. lands must have been cultivated before any confiderable towns could be established, and some fort of coarse industry of the manufacturing kind must have been carried on in those towns, before they could well think of employing themselves in foreign commerce.

BUT though this natural order of things muft have taken place in fome degree in every fuch fociety, it has, in all the modern ftates of Europe, been, in many refpects, intirely inverted. The foreign commerce of fome of their cities has introduced all their finer manufactures, or fuch as were fit for diftant fale; and manufactures and foreign commerce together, have given birth to the principal improvements of agriculture. The manners and cuftoms which the nature of their original government introduced, and which remained after that government was greatly altered, neceffarily forced them into this unnatural and retrograde order.

VOL. I.

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THE NATURE AND CAUSES OF

CHAP. II.

Of the Discouragement of Agriculture in the antient State of Europe after the Fall of the Roman Empire.

BOOK THEN the German and Scythian nations over-ran the III. western provinces of the Roman empire, the confusions which followed fo great a revolution lasted for feveral centuries. The rapine and violence which the barbarians exercifed against the antient inhabitants, interrupted the commerce between the towns and the country. The towns were deferted, and the country was left uncultivated, and the western provinces of Europe, which had enjoyed a confiderable degree of opulence under the Roman empire, funk into the lowest state of poverty and barbarism. During the continuance of those confusions, the chiefs and principal leaders of those nations, acquired or usurped to themselves the greater part of the lands of those countries. A great part of them was uncultivated; but no part of them, whether cultivated or uncultivated, was left without a proprietor. All of them were engroffed, and the greater part by a few great proprietors.

> THIS original engroffing of uncultivated lands, though a great, might have been but a transitory evil. They might foon have been divided again, and broke into fmall parcels either by fucceffion or by alienation. The law of primogeniture hindered them from being divided by fucceffion ; the introduction of entails prevented their being broke into fmall parcels by alienation.

> WHEN land, like moyeables, is confidered as the means only of fublistence and enjoyment, the natural law of fuccession divides it,

it, like them, among all the children of the family; of all of CHAP. whom the fubfistence and enjoyment may be fupposed equally dear to the father. This natural law of fucceffion accordingly took place among the Romans, who made no more diffinction between elder and younger, between male and female, in the inheritance of lands, than we do in the distribution of moveables. But when land was confidered as the means, not of fublistence merely, but of power and protection, it was thought better that it fhould defcend undivided to one. In those diforderly times, every great landlord was a fort of petty prince. His tenants were his fubjects. He was their judge, and in fome refpects their legislator in peace, and their leader in war. He made war according to his own difcretion, frequently against his neighbours, and fometimes against his fovereign. The fecurity of a landed eftate, therefore, the protection which its owner could afford to those who dwelt on it, depended upon its greatnefs. To divide it was to ruin it, and to expose every part of it to be opprefied and fwallowed up by the incursions of its neighbours. The law of primogeniture, therefore, came to take place, not immediately, indeed, but in process of time, in the fucceffion of landed eftates, for the fame reason that it has generally taken place in that of monarchies, though not always at their first institution. That the power, and confequently the fecurity of the monarchy, may not be weakened by division, it must descend entire to one of the children. To which of them fo important a preference shall be given, must be determined by some general rule, founded not upon the doubtful diffinctions of perfonal merit, but upon fome plain and evident difference which can admit of no difpute. Among the children of the fame family, there can be no indiffutable difference but that of fex, and that of age. The male fex is univerfally preferred to the female; and when all other things are equal, the elder every where takes place of 302

^{BOOK} of the younger. Hence the origin of the right of primogeniture, $\prod_{III.}$ and of what is called lineal fucceffion.

> Laws frequently continue in force long after the circumstances, which first gave occasion to them, and which could alone render them reasonable, are no more. In the present state of Europe, the proprietor of a single acre of land is as perfectly secure of his possible of a state proprietor of a hundred thousand. The right of primogeniture, however, still continues to be respected, and as of all institutions it is the fittest to support the pride of family distinctions, it is still likely to endure for many centuries. In every other respect, nothing can be more contrary to the real interest of a numerous family, than a right which, in order to enrich one, beggars all the rest of the children.

> ENTAILS are the natural confequences of the law of primogeniture. They were introduced to preferve a certain lineal fucceffion, of which the law of primogeniture first gave the idea, and to hinder any part of the original estate from being carried out of the proposed line either by gift, or devise, or alienation; either by the folly, or by the misfortune of any of its fuccessive owners. They were altogether unknown to the Romans. Neither their fubstitutions nor fideicommisses bear any resemblance to entails, though some French lawyers have thought proper to dress the modern institution in the language and form of those antient ones.

> WHEN great landed effates were a fort of principalities, entails might not be unreafonable Like what are called the fundamental laws of fome monarchies, they might frequently hinder the fecurity of thoufands from being endangered by the caprice or extravagance of one man. But in the prefent flate of Europe, when fmall as 7 well

well as great eftates derive their fecurity from the laws of their CHAP. country, nothing can be more compleatly abfurd. They are founded upon the most absurd of all suppositions, the supposition that every fucceffive generation of men have not an equal right to the earth, and to all that it possefies; but that the property of the prefent generation should be restrained and regulated according to the fancy of those who died perhaps five hundred years ago. Entails, however, are still respected through the greater part of Europe, in those countries particularly in which noble birth is a neceffary qualification for the enjoyment either of civil or military Entails are thought neceffary for maintaining this exhonours. clufive privilege of the nobility to the great offices and honours of their country; and that order having usurped one unjust advantage over the reft of their fellow citizens, left their poverty fhould render it ridiculous, it is thought reafonable that they fhould The common law of England, indeed, is faid to have another. abhor perpetuities, and they are accordingly more reftricted there than in any other European monarchy; though even England is not altogether without them. In Scotland more than one-fifth, perhaps more than one-third part of the whole lands of the country, are at prefent under strict entail.

GREAT tracts of uncultivated land were, in this manner, not only engroffed by particular families, but the poffibility of their being divided again was as much as poffible precluded forever. It feldom happens, however, that a great proprietor is a great improver. In the diforderly times which gave birth to those barbarous inftitutions, the great proprietor was fufficiently employed in defending his own territories, or in extending his jurifdiction and authority over those of his neighbours. He had no leifure to attend to the cultivation and improvement of land. When the establishment of law and order afforded him this leifure, he often wanted the inclination, and almost always the requisite abilities. If the BOOK the expence of his house and perfon either equalled or exceeded his revenue, as' it did very frequently, he had no ftock to employ in this mainer. If he was an œconomift, he generally found it more profitable to employ his annual favings in new purchases, than in the improvement of his old estate. To improve land with profit, like all other commercial projects, re-' quires an exact attention to fmall favings and fmall gains, of which a man born to a great fortune, even though naturally frugal, is very feldom capable. The fituation of fuch a perfon naturally difpofes him to attend rather to ornament which pleafes his fancy, than to profit for which he has fo little occasion. The elegance of his drefs, of his equipage, of his houfe, and houfhold furniture, are objects which from his infancy he has been accustomed to have fome anxiety' about. The turn of mind which this habit naturally forms, follows him when he comes to think of the improvement of land. He embellishes perhaps four or five hundred acres In the neighbourhood of his houfe, at ten times the expence which the land is worth after all his improvements; and finds that if he was to improve his whole eftate in the fame manner, and he has little tafte for any other, he would be a bankrupt before he had finished the tenth part of it. There still remain in both parts of the united kingdom fome great eftates which have continued without interruption in the hands of the fame family fince the times of feudal anarchy. Compare the prefent condition of those eftates with the possessions of the small proprietors in their neighbourhood, and you will require no other argument to convince you how unfavourable fuch extensive property is to improvement.

> IF little improvement was to be expected from fuch great proprietors, still lefs was to be hoped for from those who occupied the land under them. In the antient state of Europe, the occupiers of land were all tenants at will. They were all or almost all flaves; but

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but their flavery was of a milder kind than that known among CHAP. the antient Greeks and Romans, or even in our West Indian colonies. They were fuppofed to belong more directly to the land than to their master. They could, therefore, be fold with it, but not feparately. They could marry, provided it was with the confent of their master; and he could not afterwards diffolve the marriage by felling the man and wife to different perfons. If he maimed or murdered any of them, he was liable to fome penalty, though generally but to a fmall one. They were not, however, capable of acquiring property. Whatever they acquired was acquired to their master, and he could take it from them at pleasure. Whatever cultivation and improvement could be carried on by means of fuch flaves, was properly carried on by their mafter. It was at his expence. The feed, the cattle, and the inftruments of husbandry were all his. It was for his benefit. Such flaves could acquire nothing but their daily maintenance. It was properly the proprietor himfelf, therefore, that, in this cafe, occupied his own lands, and cultivated them by his own bondmen. This fpecies of flavery still subfists in Russia, Poland, Hungary, Bohemia, Moravia, and other parts of Germany. It is only in the western and fouth-western provinces of Europe, that it has gradually been abolished altogether.

BUT if great improvements are feldom to be expected from great proprietors, they are leaft of all to be expected when they employ flaves for their workmen. The experience of all ages and nations, I believe, demonstrates that the work done by flaves, though it appears to cost only their maintenance, is in the end the dearest of any. A perfon who can acquire no property, can have no other interest but to eat as much, and to labour as little as posfible. Whatever work he does beyond what is fufficient to purchase his own maintenance, can be squeezed out of him by violence only, and not by any interest of his own. In antient Italy, Vol. I. <u>3</u> O 4 how

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BOOK how much the cultivation of corn degenerated, how unprofitable it became to the mafter when it fell under the management of flaves, is remarked by both Pliny and Columella. In the time of Aristotle it had not been much better in antient Greece. Speaking of the ideal republic described in the laws of Plato, to maintain five thousand idle men (the number of warriors supposed necessary for its defence) together with their women and fervants, would require, he fays, a territory of boundless extent and fertility, like the plains of Babylon.

> THE pride of man makes him love to domineer, and nothing mortifies him fo much as to be obliged to condeficend to perfuade his inferiors. Wherever the law allows it, and the nature of the work can afford it, therefore, he will generally prefer the fervice of flaves to that of freemen. The planting of fugar and tobacco can afford the expence of flave-cultivation. The raifing of corn, it feems, in the prefent times, cannot. In the English colonies, of which the principal produce is corn, the far greater part of the work is done by freemen. The late resolution of the quakers in Pensylvania to fet at liberty all their negroe flaves, may fatisfy us that their number cannot be very great. Had they made any confiderable part of their property, fuch a refolution could never have been agreed to. In our fugar colonies, on the contrary, the whole work is done by flaves, and in our tobacco colonies a very great part of The profits of a fugar-plantation in any of our West Indian it. colonies are generally much greater than those of any other cultivation that is known either in Europe or America: And the profits of a tobacco plantation, though inferior to those of fugar, are fuperior to those of corn, as has already been observed. Both can afford the expence of flave-cultivation, but fugar can afford it fill better than tobacco. The number of negroes accordingly is much greater, in proportion to that of whites, in our fugar than in our tobacco colonies.

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To the flave cultivators of antient times, gradually fucceeded CHAP. a fpecies of farmers known at prefent in France by the name of Metayers. They are called in Latin Coloni Partiarii. They have been fo long in difufe in England that at prefent I know no Englifh name for them. The proprietor furnifhed them with the feed, cattle, and inftruments of hufbandry, the whole flock, in fhort, neceffary for cultivating the farm. The produce was divided equally between the proprietor and the farmer, after fetting afide what was judged neceffary for keeping up the flock, which was reftored to the proprietor when the farmer either quitted or was turned out of the farm.

LAND occupied by fuch tenants is properly cultivated at the expence of the proprietor, as much as that occupied by flaves. There is, however, one very effential difference between them. Such tenants, being freemen, are capable of acquiring property, and having a certain proportion of the produce of the land, they have a plain interest that the whole produce should be as great as poffible, in order that their own proportion may be fo. A flave, on the contrary, who can acquire nothing but his maintenance, confults his own eafe by making the land produce as little as poffible, over and above that maintenance. It is probable that it was partly upon account of this advantage, and partly upon account of the encroachments which the fovereign, always jealous of the great-lords, gradually encouraged their villains to make upon their authority, and which feem at laft to have been fuch as rendered this fpecies of fervitude altogether inconvenient, that tenure in villanage gradually wore out through the greater part of Europe. The time and manner, however, in which fo important a revolution was brought about, is one of the most obscure points in modern hiftory. The church of Rome claims great merit in it; and it is certain that fo early as the twelfth century, Alexander III. · Vol. I. 3 P published

published a bull for the general emancipation of flaves. It feems. however, to have been rather a pious exhortation, than a law to which exact obedience was required from the faithful. Slaverv continued to take place almost universally for feveral centuries afterwards, till it was gradually abolifhed by the joint operation of the two interests above mentioned, that of the proprietor on the one hand, and that of the fovereign on the other. A villain enfranchifed, and at the fame time allowed to continue in poffeffion of the land, having no flock of his own, could cultivate it only by means of what the landlord advanced to him, and must, therefore, have been what the French call a Metayer.

IT could never, however, be the interest even of this last species of cultivators to lay out in the further improvement of the land, any part of the little flock which they might fave from their own fhare of the produce, becaufe the lord, who laid out nothing, was to get one-half of whatever it produced. The tithe, which is but a tenth of the produce, is found to be a very great hinderance to improvement. A tax, therefore, which amounted to one half, must have been an effectual bar to it. It might be the interest of a metayer to make the land produce as much as could be brought out of it by means of the flock furnished by the proprietor: but it could never be his interest to mix any part of his own with it. In France, where five parts out of fix of the whole kingdom. are faid to be still occupied by this species of cultivators, the proprietors complain that their metayers take every opportunity of employing the mafters cattle rather in carriage than in cultivation; because in the one case they get the whole profits to themselves, in the other they fhare them with their landlord. This fpecies of tenants still subsists in some parts of Scotland. They are called ficel-bow tenants. Those antient English tenants, who are faid by chief Baron Gilbert and Doctor Blackstone to have been rather bailiffs 7

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bailiffs of the landlord than farmers properly fo called, were pro-CHAP. bably of the fame kind.

To this species of tenancy succeeded, though by very flow degrees, farmers properly fo called, who cultivated the land with their own ftock, paying a rent certain to the landlord. When fuch farmers have a leafe for a term of years, they may fometimes find it for their interest to lay out part of their capital in the further improvement of the farm; because they may sometimes expect to recover it, with a large profit, before the expiration of the leafe. The poffeffion even of fuch farmers, however, was long extreamly precarious, and still is so in many parts of Europe. They could before the expiration of their term be legally outed of their leafe, by a new purchaser; in England, even by the fictitious action of a common recovery. If they were turned out illegally by the violence of their master, the action by which they obtained redress was extreamly imperfect. It did not always re-instate them in the poffeffion of the land, but gave them damages which never amounted to the real loss. Even in England, the country perhaps of Europe where the yeomanry has always been most respected, it was not till about the 14th of Henry the VIIth that the action of ejectment was invented, by which the tenant recovers, not damages only but poffeffion, and in which his claim is not neceffarily concluded by the uncertain decifion of a fingle affize. This action has been found fo effectual a remedy that, in the modern practice, when the landlord has occasion to fue for the possification of the land, he feldom makes use of the actions which properly belong to him as landlord, the writ of right or the writ of entry, but fues in the name of his tenant, by the writ of ejectment. In England, therefore, the fecurity of the tenant is equal to that of the proprietor. In England befides a leafe for life of forty shillings a year value is a freehold, and entitles the leffee to vote for a member of parliament; and

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BOOK III. and as a great part of the yeomanry have freeholds of this kind, the whole order becomes refpectable to their landlords on account of the political confideration which this gives them. There is, I believe, nowhere in Europe, except in England, any inftance of the tenant building upon the land of which he had no leafe, and trufting that the honour of his landlord would take no advantage of fo important an improvement. Those laws and cuftoms fo favourable to the yeomanry, have perhaps contributed more to the prefent grandeur of England than all their boafted regulations of commerce taken together.

> THE law which fecures the longeft leafes against fucceffors of every kind is, fo far as I know, peculiar to Great Britain. It wass introduced into Scotland fo early as 1449, by a law of James the IId.. Its beneficial influence, however, has been much obstructed by entails; the heirs of entail being generally reftrained from letting leafes for any long term of years, frequently for more than one year. A late act of parliament has, in this refpect, fomewhat flackened their fetters, though they are still by much too ftrait.. In Scotland, besides, as no leafehold gives a vote for a member of parliament, the yeomanry are upon this account less respectable to, their landlords than in England.

> In other parts of Europe, after it was found convenient to fecure tenants both againft heirs and purchafers, the term of their fecurity was ftill limited to a very fhort period; in France, for example, to nine years from the commencement of the leafe. It has in that. country, indeed, been lately extended to twenty feven, a period ftill too fhort to encourage the tenant to make the moft important improvements. The proprietors of land were antiently the legiflators of every part of Europe. The laws relating to land, there-fore, were all calculated for what they fuppofed the intereft of the proprietor. It was for his intereft, they had imagined, that no

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fease granted by any of his predecessors should hinder him from CHAP. enjoying, during a long term of years, the full value of his land. Avarice and injuffice are always flort-fighted, and they did not foresee how much this regulation must obstruct improvement, and thereby hurt in the long run the real interest of the landlord.

THE farmers too, befides paying the rent, were antiently, it was fuppofed, bound to perform a great number of fervices to the landlord, which were feldom either specified in the leafe, or regulated by any precife rule, but by the use and wont of the manor or barony. These fervices, therefore, being almost entirely arbitrary, fubjected the tenant to many vexations. In Scotland the abolition of all fervices, not precifely ftipulated in the leafe, has in the course of a few years very much altered for the better the condition of the yeomanry of that country.

THE publick fervices to which the yeomanry were bound, were not lefs arbitrary than the private ones. To make and maintain. the high roads, a fervitude which still subsists, I believe, every? where, though with different degrees of oppression in different. countries, was not the only one. When the king's troops, when his houfhold or his officers of any kind paffed through any part of the country, the yeomanry were bound to provide them with horfes, carriages, and provisions, at a price regulated by the purveyor. Great Britain is, I believe, the only monarchy in Europe where the oppression of purveyance has been entirely abolished. It still. fubfifts in France and Germany.

THE publick taxes to which they were fubject were as irregular. The antient lords, though extreamly and oppreffive as the fervices. unwilling to grant themfelves any pecuniary aid to their fovereign, eafily allowed him to tallage, as they called it, their tenants, and had

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BOOK had not knowledge enough to forefee how much this must in the III. end affect their own revenue. The taille, as it still fubfists in France, may ferve as an example of those antient tallages. It is a tax upon the supposed profits of the farmer, which they estimate by the ftock that he has upon the farm. It is his interest, therefore, to appear to have as little as poffible, and confequently to employ as little as poffible in its cultivation, and none in its improvement. Should any flock happen to accumulate in the hands of a French farmer, the taille is almost equal to a prohibition of its ever being employed upon the land. This tax befides is fuppofed to difhonour whoever is fubject to it, and to degrade him below, not only the rank of a gentleman, but that of a burgher, and whoever rents the lands of another becomes fubject to it. No gentleman nor even any burgher that has flock will fubmit to this degradation. This tax, therefore, not only hinders the flock which accumulates upon the land from being employed in its improvement, but drives away all other flock from it. The antient tenths and fifteenths, fo ufual in England in former times, feem, fo far as they affected the land, to have been taxes of the fame nature with the taille.

> UNDER all these discouragements, little improvement could be expected from the occupiers of land. That order of people, with all the liberty and fecurity which law can give, must always improve under great disdvantages. The farmer compared with the proprietor, is as a merchant who trades with borrowed money compared with one who trades with his own. The stock of both may improve, but that of the one, with only equal good conduct, must always improve more flowly than that of the other, on account of the large share of the profits which is confumed by the interest of the loan. The lands cultivated by the farmer must, in the same manner, with only equal good conduct, be improved more flowly than those cultivated by the proprietor; on account of the large states flowly the proprietor of the large states and states

fhare of the produce which is confumed in the rent, and which, had CHAP. the farmer been proprietor, he might have employed in the further u improvement of the land. The station of a farmer besides is, from the nature of things, inferior to that of a proprietor. Through the greater part of Europe the yeomanry are regarded as an inferior rank of people, even to the better fort of tradefmen and mechanics, and in all parts of Europe to the great merchants and master manufacturers. It can feldom happen, therefore, that a man of any confiderable ftock should quit the superior in order to place himfelf in an inferior station. Even in the prefent state of Europe, therefore, little flock is likely to go from any other profeffion to the improvement of land in the way of farming. More does perhaps in Great Britain than in any other country, though even there the great ftocks which are, in fome places, employed in farming, have generally been acquired by farming, the trade, perhaps, in which of all others flock is commonly acquired most After fmall proprietors, however, rich and great farflowly. mers are, in every country, the principal improvers. There are more fuch perhaps in England than in any other European. monarchy. In the republican governments of Holland and of Berne in Switzerland, the farmers are faid to be not inferior to those of England.

THE antient policy of Europe was, over and above all this, unfavourable to the improvement and cultivation of land, whether carried on by the proprietor or by the farmer; first, by the general prohibition of the exportation of corn without a special licence, which seems to have been a very universal regulation; and secondly, by the restraints which were laid upon the inland commerce, not only of corn but of almost every other part of the produce of the farm, by the absurd laws against engrosser, regrators, and forestallers, and by the privileges of fairs and markets. It has already, been BOOK III. been obferved in what manner the prohibition of the exportation of corn, together with fome encouragement given to the importation of foreign corn, obftructed the cultivation of antient Italy, naturally the most fertile country in Europe, and at that time the feat of the greatest empire in the world. To what degree fuch restraints upon the inland commerce of this commodity, joined to the general prohibition of exportation, must have discouraged the cultivation of countries less fertile, and less favourably circumstanced, it is not perhaps very easy to imagine.

CHAP. III.

Of the Rife and Progress of Cities and Towns, after the Fall of the Roman Empire.

THE inhabitants of cities and towns were, after the fall of the Roman empire, not more favoured than those of the country. They confifted, indeed, of a very different order of people from the first inhabitants of the antient republicks of Greece and Italy. These last were composed chiefly of the proprietors of lands, among whom the publick territory was originally divided, and who found it convenient to build their houfes in the neighbourhood of one another, and to furround them with a wall, for the fake of common defence. After the fall of the Roman empire, on the contrary, the proprietors of lands feem generally to have lived in fortified caftles on their own eftates, and in the midft of their own tenants and dependants. The towns were chiefly inhabited by tradefmen and mechanicks, who feem in those days to have been of fervile, or very nearly of fervile condition. The privileges

vileges which we find granted by antient charters to the inhabitants C H A P. of fome of the principal towns in Europe, fufficiently flow what they were before those grants. The people to whom it is granted as a privilege, that they might give away their own daughters in marriage without the confent of their lord, that upon their death their own children, and not their lord, fhould fucceed to their goods, and that they might dispose of their own effects by will, must, before those grants, have been either altogether, or very nearly in the fame state of villanage with the occupiers of land in the country.

THEY feem, indeed, to have been a very poor, mean fett of people, who used to travel about with their goods from place to place, and from fair to fair, like the hawkers and pedlars of the prefent times. In all the different countries of Europe then, in the fame manner as in feveral of the Tartar governments of Afia at prefent, taxes used to be levied upon the persons and goods of travellers, when they paffed through certain manors, when they went over certain bridges, when they carried about their goods from place to place in a fair, when they erected in it a booth or stall to fell them Thefe different taxes were known in England by the names of in. paffage, pontage, lastage, and stallage. Sometimes the king, fometimes a great lord, who had, it feems, upon fome occafions, authority to do this, would grant to particular traders, to fuch particularly as lived in their own demefnes, a general exemption from fuch taxes. Such traders, though in other refpects of fervile, or very nearly of fervile condition, were upon this account called Free-traders. They in return ufually paid to their protector a fort of annual poll-tax. In those days protection was feldom granted without a valuable confideration, and this tax might, perhaps, be confidered as compensation for what their patrons might lofe by their exemption from other taxes. At first, VOL. I. both 3Q

BOOK both those poll-taxes and those exemptions feem to have been altogether perfonal, and to have affected only particular individuals, during either their lives, or the pleafure of their protectors. In the very imperfect accounts which have been published from Domesday-book, of feveral of the towns of England, mention is frequently made, fometimes of the tax which particular burghers paid, each of them, either to the king, or to fome other great lord, for this fort of protection, and fometimes of the general amount only of all those taxes.

> BUT how fervile foever may have been originally the condition of the inhabitants of towns, it appears evidently, that they arrived at liberty and independency much earlier than the occupiers of land in the country. That part of the king's revenue which arofe from fuch poll-taxes in any particular town, used commonly to be lett in farm, during a term of years for a rent certain, fometimes to the fheriff of the county, and fometimes to other perfons. The burghers themfelves frequently got credit enough to be admitted to farm the revenues of this fort which arofe out of their own town, they becoming jointly and feverally anfwerable for the whole rent. To lett a farm in this manner was quite agreeable to the usual æconomy of, I believe, the fovereigns of all the different countries of Europe; who used frequently to lett whole manors to all the tenants of those manors, they becoming jointly and feverally answerable for the whole rent; but in return being allowed to collect it in their own way, and to pay it into the king's exchequer by the hands of their own bailiff, and being thus altogether freed from the infolence of the king's officers; a circumstance in those days regarded as of the greatest importance.

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AT first, the farm of the town was probably lett to the burghers, in the fame manner as it had been to other farmers, for a term of u years only. In process of time, however, it feems to have become the general practice to grant it to them in fee, that is forever, referving a rent certain never afterwards to be augmented. The payment having thus become perpetual, the exemptions, in return for which it was made, naturally became perpetual too. Those exemptions, therefore, ceafed to be perfonal, and could not afterwards be confidered as belonging to individuals as individuals, but as burghers of a particular burgh, which, upon this account, was called a Free-burgh, for the fame reafon that they had been called Free-burghers or Free-traders.

ALONG with this grant, the important privileges above mentioned, that they might give away their own daughters in marriage, that their children should succeed to them, and that they might difpose of their own effects by will, were generally bestowed upon the burghers of the town to whom it was given. Whether fuch privileges had before been ufually granted along with the freedom of trade, to particular burghers, as individuals, I know not. I reckon it not improbable that they were, though I cannot produce any direct evidence of it. But however this may have been, the principal attributes of villanage and flavery being thus taken away from them, they now, at leaft, became really free in our prefent fense of the word Freedom.

Nor was this all. They were generally at the fame time erected into a commonality or corporation, with the privilege of having magistrates and a town council of their own, of making bye laws for their own government, of building walls for their own defence, and of reducing all their inhabitants under a fort of military discipline, by obliging them to watch and ward, that is, as

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BOOK as antiently underftood, to guard and defend those walls against all attacks and furprises by night as well as by day. In England they were generally exempted from fuit to the hundred and county courts; and all fuch pleas as should arise among them, the pleas of the crown excepted, were left to the decision of their own magistrates. In other countries much greater and more extensive jurifdictions were frequently granted to them.

> IT might, probably, be neceffary to grant to fuch towns as were admitted to farm their own revenues, fome fort of compulive jurifdiction to oblige their own citizens to make payment. In those diforderly times it might have been extremely inconvenient to have left them to feek this fort of juffice from any other tribunal. But it must feem extraordinary that the fovereigns of all the different countries of Europe, should have exchanged in this manner for a rent certain, never more to be augmented, that branch of their revenue, which was, perhaps, of all others the most likely to be improved, by the natural course of things, without either expence or attention of their own : and that they should, besides, have in this manner voluntarily erected a fort of independent republicks in the heart of their own dominions.

> In order to underftand this it must be remembered, that in those days the fovereign of perhaps no country in Europe, was able to protect, through the whole extent of his dominions, the weaker part of his fubjects from the oppression of the great lords. Those whom the law could not protect, and who were not strong enough to defend themselves, were obliged either to have recourse to the protection of some great lord, and in order to obtain it to become either his flaves or vasses; or to enter into a league of mutual defence for the common protection of one another. The inhabitants of cities and burghs, considered as fingle individuals,

viduals, had no power to defend themfelves; but by entering into CHAP. a league of mutual defence with their neighbours, they were capable of making no contemptible refistance. The lords despifed the burghers, whom they confidered not only as of a different order, but as a parcel of emancipated flaves, almost of a different fpecies from themfelves. The wealth of the burghers never failed to provoke their envy and indignation, and they plundered them upon every occasion without mercy or remorfe. The burghers naturally hated and feared the lords. The king hated and feared them too; but though perhaps he might defpife, he had no reafon either to hate or fear the burghers. Mutual interest, therefore, disposed them to support the king, and the king to support them against the lords. They were the enemies of his enemies, and it was his intereft to render them as fecure and independent of those enemies as he could. By granting them magistrates of their own, the privilege of making bye-laws for their own government, that of building walls for their own defence, and that of reducing all their inhabitants under a fort of military difcipline, he gave them all the means of fecurity and independency of the barons which it was in his power to beftow. Without the eftablishment of some regular government of this kind, without fome authority to compel their inhabitants to act according to fonie certain plan or fyftem, no voluntary league of mutual defence could either have afforded them any permanent fecurity, or have enabled them to give the king any confiderable fupport. By granting them the farm of their town in fee, he took away from those whom he wished to have for his friends, and, if one may fay fo, for his allies, all ground of jealoufy and fufpicion that he was ever afterwards to opprefs them, either by raifing the farm rent of their town, or by granting it to fome other farmer.

THE princes who lived upon the worst terms with their barons, feem accordingly to have been the most liberal in grants of this kind BOOK kind to their burghs. King John of England, for example, appears to have been a most munificent benefactor to his towns. Philip the first of France lost all authority over his barons. Towards the end of his reign, his fon Lewis, known afterwards by the name of Lewis the Fat, confulted, according to father Daniel, with the bifhops of the royal demefnes, concerning the most proper means of reftraining the violence of the great lords. Their advice confifted of two different propofals. One was to erect a new order of jurifdiction, by establishing magistrates and a town council in every confiderable town of his demefnes. The other was to form a new militia, by making the inhabitants of those towns, under the command of their own magistrates, march out upon proper occasions to the affiftance of the king. It is from this period, according to the French antiquarians, that we are to date the inftitution of the magistrates and councils of cities in France. It was during the unprofperous reigns of the princes of the houfe of Suabia that the greater part of the free towns of Germany received the first grants of their privileges, and that the famous Hanfeatic league first became formidable.

> THE militia of the cities feems, in those times, not to have been inferior to that of the country, and as they could be more readily affembled upon any fudden occasion, they frequently had the advantage in their disputes with the neighbouring lords. In countries, such as Italy and Switzerland, in which, on account either of their distance from the principal feat of government, of the natural strength of the country itself, or of some other reason, the fovereign came to lose the whole of his authority, the cities generally became independent republicks, and conquered all the nobility in their neighbourhood; obliging them to pull down their castles in the country, and to live, like other peaceable inhabitants, in the city. This is the short history of the republick of Berne, as well as of

of feveral other cities in Switzerland. If you except Venice, for of CHAP. that city the hiftory is fomewhat different, it is the hiftory of all the confiderable Italian republicks, of which fo great a number arole and perifhed, between the end of the twelfth and the beginning of the fixteenth century.

IN countries fuch as France or England, where the authority of the fovereign, though frequently very low, never was deftroyed altogether, the cities had no opportunity of becoming entirely independent. They became, however, fo confiderable that the fovereign could impofe no tax upon them, befides the ftated farm rent of the town, without their own confent. They were, therefore, called upon to fend deputies to the general affembly of the ftates of the kingdom, where they might join with the clergy and the barons in granting, upon urgent occasions, fome extraordinary aid to the king. Being generally too more favourable to his power, their deputies feem, fometimes, to have been employed by him as a counter-balance to the authority of the great lords in those affemblies. Hence the origin of the representation of burghs in the ftates general of all the great monarchies in Europe.

ORDER and good government, and along with them the liberty and fecurity of individuals, were, in this manner, eftablished in cities at a time when the occupiers of land in the country were exposed to every fort of violence. But men in this defenceless state naturally content themselves with their necessary substitutions is because to acquire more might only tempt the injustice of their oppressors. On the contrary, when they are secure of enjoying the fruits of their industry, they naturally exert it to better their condition, and to acquire not only the necessary but the conveniencies and elegancies of life. That industry, therefore, which aims at fomething more than necessary substitute of the occupiers of land im

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BOOK in the country. If in the hands of a poor cultivator, opprefied with the fervitude of villanage, fome little ftock fhould accumulate, he would naturally conceal it with great care from his mafter, to whom it would otherwife have belonged, and take the first opportunity of running away to a town. The law was at that time fo indulgent to the inhabitants of towns, and fo defirous of diminishing the authority of the lords over those of the country, that if he could conceal himfelf there from the purfuit of his lord for a year, he was free for ever. Whatever stock, therefore, accumulated in the hands of the industrious part of the inhabitants of the country, naturally took refuge in cities, as the only 'fanctuaries in which it could be fecure to the perfon that acquired it.

> THE inhabitants of a city, it is true, must always ultimately derive their fublistence, and the whole materials and means of their industry from the country. But those of a city, fituated near either the fea-coaft or the banks of a navigable river, are not neceffarily confined to derive them from the country in their neighbourhood. They have à much wider range, and may draw them from the most remote corners of the world, either in exchange for the manufactured produce of their own industry, or by performing the office of carriers between diftant countries, and exchanging the produce of one for that of another. A city might in this manner grow up to great wealth and fplendor, while not only the country in its neighbourhood, but all those to which it traded, were in poverty and wretchednefs. Each of those countries, perhaps, taken fingly, could afford it but a fmall part, either of its fubfiftence, or of its employment; but all of them taken together could afford it both a great fubfiftence and a great employment. There were, however, within the narrow circle of the commerce of those times, fome countries that were opulent and industrious. Such was the Greek

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Greek empire as long as it fubfifted, and that of the Saracens during CHAP. the reigns of the Abaffides. Such too was Egypt till it was conquered by the Turks, fome part of the coaft of Barbary, and all those provinces of Spain which were under the government of the Moors.

THE cities of Italy feem to have been the first in Europe which were raifed by commerce to any confiderable degree of opulence. Italy lay in the center of what was at that time the improved and civilized part of the world. The Cruzades too, though by the great waste of stock and destruction of inhabitants which they occasioned, they must necessarily have retarded the progress of the greater part of Europe, were extreamly favourable to that of some Italian cities. The great armies which marched from all parts to the conquest of the holy land, gave extraordinary encouragement to the shipping of Venice, Genoa, and Pisa, fometimes in transporting them thither, and always in supplying them with provisions. They were the commission is further with provisions, was a fource of opulence to those republics.

THE inhabitants of trading cities, by importing the improved manufactures and expensive luxuries of richer countries, afforded fome food to the vanity of the great proprietors, who eagerly purchafed them with great quantities of the rude produce of their own lands. The commerce of a great part of Europe in those times accordingly, confisted chiefly in the exchange of their own rude, for the manufactured produce of more civilized nations. Thus the wool of England used to be exchanged for the wines of France, and the fine cloths of Flanders, in the fame manner as the corn of Poland is at this day exchanged for the wines and brandies of France, and for the filks and velvets of France and Italy.

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BOOK III. ATASTE for the finer and more improved manufactures, was in this manner introduced by foreign commerce into countries where no fuch works were carried on. But when this tafte became fo general as to occafion a confiderable demand, the merchants, in order to fave the expence of carriage, naturally endeavoured to eftablish fome manufactures of the fame kind in their own country. Hence the origin of the first manufactures for distant fale that feem to have been established in the western provinces of Europe, after the fall of the Roman empire.

No large country, it must be observed, ever did or could subsift without fome fort of manufactures being carried on in it; and when it is faid of any such country that it has no manufactures, it must ' always be understood of the finer and more improved, or of such as are fit for distant fale. In every large country, both the cloathing and houshold furniture of the far greater part of the people, are the produce of their own industry. This is even more univerfally the case in those poor countries which are commonly faid to have no manufactures, than in those rich ones that are faid to abound in them. In the latter, you will generally find, both in the cloaths and houshold furniture of the lowest rank of people, a much greater proportion of foreign productions than in the former.

- THOSE manufactures which are fit for diftant fale, feem to have been introduced into different countries in two different ways.

SOMETIMES they have been introduced, in the manner above mentioned, by the violent operation, if one may fay fo, of the ftocks of particular merchants and undertakers, who established them in imitation of fome foreign manufactures of the fame kind. Such manufactures, therefore, are the offspring of foreign commerce,

commerce, and fuch feem to have been the antient manufactures CHAP. of filks, velvets, and brocades that were introduced into Venice in the beginning of the thirteenth century. -Such too feem to have been the manufactures of fine cloths that antiently flourished in Flanders, and which were introduced into England in the beginning of the reign of Elizabeth; and fuch are the prefent filk manufactures of Lyons and Spital-fields. Manufactures introduced in this manner are generally employed upon foreign materials, being in imitations of foreign manufactures. When the Venetian manufacture flourished, there was not a mulberry tree, nor confequently a filkworm in all Lombardy. They brought the materials from Sicily and from the Levant, the manufacture itfelf being in imitation of those carried on in the Greek empire. Mulberry trees were first planted in Lombardy in the beginning of the fixteenth century, by the encouragement of Ludovico Sforza duke of Milan. The manufactures of Flanders were carried on chiefly with Spanish and English wool. Spanish wool was the material, not of the first woollen manufacture of England, but of the first that was fit for diftant fale. More than one half the materials of the Lyons manufacture is at this day foreign filk; when it was first established, the whole or very nearly the whole was fo. No part of the materials of the Spital-fields manufacture is ever likely to be the produce of England. The feat of fuch manufactures, as they are generally introduced by the scheme and project of a few individuals, is fometimes eftablished in a maritime city, and sometimes in an inland town, according as their interest, judgement or caprice happen to determine.

At other times manufactures for diftant fale grow up naturally, and as it were of their own accord, by the gradual refinement of those houshold and coarser manufactures which must at all times be carried on even in the poorest and rudest countries. Such $_3 R a$ manufactures

NATURE AND CAUSES THE OF

BOOK manufactures are generally employed upon the material's which the country produces, and they feem frequently to have been first refined and improved in fuch inland countries as were, not indeed at a very great, but at a confiderable diftance from the fea coaft, and fometimes even from all water carriage. An inland country naturally fertile and eafily cultivated, produces a great furplus of. provisions beyond what is necessary for maintaining the cultivators, and on account of the expence of land carriage, and inconveniency of river navigation, it may frequently be difficult to fend this furplus abroad. Abundance, therefore, renders provisions cheap, and encourages a great number of workmen to fettle in the neighbourhood, who find that their industry can there procure themmore of the necessaries and conveniencies of life than in other places. They work up the materials of manufacture which the land produces, and exchange their finished work, or what is thefame thing the price of it, for more materials and provisions. They give a new value to the furplus part of the rude produce by faving the expence of carrying it to the water fide or to fome diftant market;and they furnish the cultivators with fomething in exchange for it that is either useful or agreeable to them, upon easier terms thanthey could have obtained it before. The cultivators get a better price for their furplus produce, and can purchase cheaper other. conveniencies which they have occasion for. They are thus both encouraged and enabled to increase this surplus produce by a further improvement and better cultivation of the land; and as the fertility of the land had given birth to the manufacture, fo the progress of the manufacture re-acts upon the land, and increases still further its fertility. The manufacturers first fupply the neighbourhood, and afterwards, as their work improves and refines, more distant markets. For though neither the rude produce, nor even the coarse manufacture could, without the greatest difficulty, support the expence of a confiderable land carriage, the refined and 4 improved.

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improved manufacture eafily may. In a fmall bulk it frequently CHAP. contains the price of a great quantity of rude produce. A piece u of fine cloth, for example, which weighs only eighty pounds, contains in it, the price, not only of eighty pounds weight of. wool, but fometimes of feveral thousand weight of corn, the maintenance of the different working people, and of their immediate employers. The corn which could with difficulty have been carried abroad in its own shape, is in this manner virtually exported in that of the complete manufacture, and may eafily be fent to the remoteft. corners of the world. In this manner have grown up naturally, and as it were of their own accord, the manufactures of Leeds. Halifax, Sheffield, Birmingham, and Wolverhampton. Such manufactures are the offspring of agriculture. In the modern hiftory of Europe, their extension and improvement have generally been posterior to those which were the offspring of foreign commerce. England was noted for the manufacture of fine cloths made. of Spanish wool, more than a century before any of those which now flourish in the places above mentioned were fit for foreign fale. The extension and improvement of these last could not take place but in confequence of the extension and improvement of agriculture, the laft and greateft effect of foreign commerce, and of the manufactures immediately introduced by it, and which I fhall now proceed to explain.

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CHAP. IV.

How the Commerce of the Towns contributed to the Improvement of the Country.

THE increase and riches of commercial and manufacturing BOOK towns, contributed to the improvement and cultivation of the countries to which they belonged, in three different ways.

> FIRST, by affording a great and ready market for the rude produce of the country, they gave encouragement to its cultivation and further improvement. This benefit was not even confined to the countries in which they were fituated, but extended more or lefs to all those with which they had any dealings. To all of them they afforded a market for some part either of their rude or manufactured produce, and confequently gave fome encouragement to the industry and improvement of all. Their own country, however, on account of its neighbourhood, neceffarily derived the greatest benefit from this market. Its rude produce being charged with less carriage, the traders could pay the growers a better price for it, and yet afford it as cheap to the confumers as that of more diftant countries.

> SECONDLY, the wealth acquired by the inhabitants of cities was frequently employed in purchasing such lands as we're to be fold, of which a great part would frequently be uncultivated. Merchants are commonly ambitious of becoming country gentlemen, and when they do, they are generally the best of all improvers. merchant is accustomed to employ his money chiefly in profitable projects; whereas a mere country gentleman is accustomed to employ

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employ it chiefly in expence. The one often fees his money go CHAP. from him and return to him again with a profit : The other when once he parts with it, very feldom expects to fee any more of it. Those different habits, naturally affect their temper and disposition in every fort of bufinefs. A merchant is commonly a bold; a. country gentleman, a timid undertaker. The one is not afraid to lay out at once a large capital upon the improvement of his land, when he has a probable prospect of raising the value of it in proportion to the expence. The other, if he has any capital, which is not always the cafe, feldom ventures to employ it in this manner. If he improves at all, it is commonly not with a capital, but with what he can fave out of his annual revenue. Whoever has had the fortune to live in a mercantile town fituated in an unimproved country, must have frequently observed how much more fpirited the operations of merchants were in this way, than those of mere country gentlemen. The habits, besides, of order, economy and attention, to which mercantile business naturally forms a merchant, render him much fitter to execute, with profit and fuccefs, any project of improvement.

THIRDLY, and laftly, commerce and manufactures gradually introduced order and good government, and with them, the liberty and fecurity of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours, and of fervile dependency upon their fuperiors. This, though it has been the least observed, is by far the most important of all their effects. Mr. Hume is the only writer who, fo far as I know, has hitherto taken notice of it.

In a country which has neither foreign commerce, nor any of the finer manufactures, a great proprietor, having nothing for which he: can exchange the greater part of the produce of his lands which is. over and above the maintenance of the cultivators, confumes the whole

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BOOK whole in ruftick hospitality at home. If this surplus produce is suf-ficient to maintain a hundred or a thousand men, he can make use of it in no other way than by maintaining a hundred or a thousand men. He is at all times, therefore, furrounded with a multitude of retainers and dependants, who having no equivalent to give in return for their maintenance, but being fed entirely by his bounty, must obey him, for the fame reason that foldiers must obey the prince who pays them. Before the extension of commerce and manufactures in Europe, the hospitality of the rich and the great, from the fovereign down to the fmalleft baron, exceeded every thing which in the prefent times we can eafily form a notion of. Weftminster hall was the dining room of William Rufus, and might frequently, perhaps, not be too large for his company. It was reckoned a piece of magnificence in Thomas Becket, that he ftrowed the floor of his hall with clean hay or rushes in the feason, in order that the knights and squires, who could not get seats, might not fpoil their fine cloaths when they fat down on the floor to eat The great earl of Warwick is faid to have entertained their dinner. every day at his different manors, thirty thousand people; and though the number here may have been exaggerated, it must, however, have been very great to admit of fuch exaggeration. A hofpitality nearly of the fame kind was exercifed not many years ago in many different parts of the highlands of Scotland. It feems to be common in all nations to whom commerce and manufactures are little known. I have feen, fays Doctor Pocock, an Arabian chief dine in the ftreets of a town where he had come to fell his cattle, and invite all paffengers, even common beggars, to fit down with him and partake of his banquet.

> THE occupiers of land were in every respect as dependent upon the great proprietor as his retainers. Even such of them as were not in a state of villanage, were tenants at will, who paid a rent in

in no respect equivalent to the subsistence which the land afforded CHAP. A crown, half a crown, a fheep, a lamb, was fome years them. ago in the highlands of Scotland a common rent for lands which maintained a family. In fome places it is fo at this day; nor will money at prefent purchase a greater quantity of commodities there than in other places. In a country where the furplus produce of a large eftate must be confumed upon the estate itself, it will frequently be more convenient for the proprietor, that part of it be confumed at a diftance from his own houfe, provided they who confume it are as dependant upon him as either his retainers or his menial fervants. He is thereby faved from the embarraffment of either too large a company or too large a family. A tenant at will, who posselies land sufficient to maintain his family for little more than a quit-rent, is as dependent upon the proprietor as any fervant or retainer whatever, and must obey him with as little referve. Such a proprietor, as he feeds his fervants and retainers at his own house, so he feeds his tenants at their houses. The fublistence of both is derived from his bounty, and its continuance depends upon his good pleasure.

UPON the authority which the great proprietors necessarily had in fuch a state of things over their tenants and retainers, was founded the power of the antient barons. They necessfarily became the judges in peace, and the leaders in war, of all who dwelt upon their estates. They could maintain order and execute the law within their respective demesnes, because each of them could there turn the whole force of all the inhabitants against the injustice of any one. No other perfon had fufficient authority to do this. The king in particular had not. In those antient times he was little more than the greatest proprietor in his dominions, to whom for the fake of common defence against their common enemies, the other great proprietors paid certain respects. To have enforced payment of a fmall debt within the lands of a great pro-3 S VOL. I. prietor,

BOOK prietor, where all the inhabitants were armed and accustomed to ftand by one another, would have coft the king, had he attempted it by his own authority, almost the same effort as to extinguish a civil war. He was, therefore, obliged to abandon the adminiftration of justice through the greater part of the country, to those who were capable of administering it; and for the fame reason to leave the command of the country militia to those whom that militia would obey.

> IT is a miftake to imagine that those territorial jurifdictions took their origin from the feudal law. Not only the higheft jurifdictions both civil and criminal, but the power of levying troops, of coining money, and even that of making bye-laws for the government of their own people, were all rights poffefied allodially by the great proprietors of land feveral centuries before even the name of the feudal law was known in Europe. The authority and jurifdiction of the Saxon lords in England, appears to have been as great before the conquest, as that of any of the Norman lords after it. But the feudal law is not supposed to have become the common law. of England till after the conquest. That the most extensive authority and jurifdictions were poffeffed by the great lords in France allodially long before the feudal law was introduced into that country, is a matter of fact that admits of no doubt. That authority and those jurifdictions all necessarily flowed from the state of property and manners just now described. Without remounting to the remote antiquities of either the French or English monarchies, we may find in much later times many proofs that fuch effects must always flow from fuch causes. It is not thirty years ago fince Mr. Cameron of Lochiel, a gentleman of Lochabar in Scotland, without any legal warrant whatever, not being what was then called a lord of regality, nor even a tenant in chief, but a vaffal of the duke of Argylle, and without being fo much as a justice of peace,

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peace, ufed, notwithftanding, to exercife the higheft criminal jurifdiction over his own people. He is faid to have done fo with great equity, though without any of the formalities of juffice; and it is not improbable that the ftate of that part of the country at that time made it neceffary for him to affume this authority in order to maintain the publick peace. That gentleman, whofe rent never exceeded five hundred pounds a year, carried, in 1745, eight hundred of his own people into the rebellion with him.

THE introduction of the feudal law, fo far from extending, may be regarded as an attempt to moderate the authority of the great allodial lords. It established a regular subordination, accompanied with a long train of fervices and duties, from the king down to the imallest proprietor. During the minority of the proprietor, the rent, together with the management of his lands, fell into the hands of his immediate fuperior, and, confequently, those of all great proprietors into the hands of the king, who was charged with the maintenance and education of the pupil, and who, from his authority as guardian, was fuppofed to have a right of difpofing of him in marriage, provided it was in a manner not unfuitable to his rank. But though this inftitution necessarily tended to ftrengthen the authority of the king, and to weaken that of the great proprietors, it could not do either fufficiently for eftablishing order and good government among the inhabitants of the country; because it could not alter sufficiently that state of property and manners from which the diforders arofe. The authority of government still continued to be, as before, too weak in the head and too ftrong in the inferior members, and the exceffive ftrength of the inferior members was the caufe of the weakness of the head. After the institution of feudal subordination, the king was as incapable of reftraining the violence of They still continued to make war acthe great lords as before.

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BOOK cording to their own difcretion, almost continually upon one another, III. and very frequently upon the king; and the open country still continued to be a scene of violence, rapine, and diforder.

> But what all the violence of the feudal inftitutions could never have effected, the filent and infenfible operation of foreign commerce and manufactures gradually brought about. These gradually furnifhed the great proprietors with fomething for which they could exchange the whole furplus produce of their lands, and which they could confume themfelves without fharing it either with tenants or All for ourfelves, and nothing for other people, feems, in retainers. every age of the world, to have been the vile maxim of the masters of mankind. As foon, therefore, as they could find a method of confuming the whole value of their rents themfelves, they had no difpolition to fhare them with any other perfons. For a pair of diamond buckles perhaps, or for fomething as frivolous and ufelefs, they exchanged the maintenance, or what is the fame thing, the price of the maintenance of a thousand men for a year, and with it the whole weight and authority which it could give them. The buckles, however, were to be all their own, and no other human creature was to have any fhare of them; whereas in the more antient method of expence they must have shared with at least a thousand. people. With the judges that were to determine the preference, this difference was perfectly decifive; and thus, for the gratification of the most childish, the meanest and the most fordid of all vanities, they gradually bartered their whole power and authority.

> In a country where there is no foreign commerce, nor any of the finer manufactures, a man of ten thoufand a year cannot well employ his revenue in any other way than in maintaining, perhaps, a thoufand families, who are all of them neceffarily at his command. In the prefent state of Europe, a man of ten thousand a year can spend his whole revenue, and he generally does so, without

out directly maintaining twenty people, or being able to command CHAP. more than ten footmen not worth the commanding. Indirectly, perhaps, he maintains as great or even a greater number of people than he could have done by the antient method of expence. For though the quantity of precious productions for which he exchanges his whole revenue be very fmall, the number of workmen employed in collecting and preparing it, must necessarily have been Its great price generally arifes from the wages of their very great. labour, and the profits of all their immediate employers. By paying that price he indirectly pays all those wages and profits, and thus indirectly contributes to the maintenance of all the workmen and their employers. He generally contributes, however, but a very finall proportion to that of each, to very few perhaps a tenth, to many not a hundredth, and to fome not a thousandth. nor even a ten thousandth part of their whole annual maintenance. Though he contributes, therefore, to the maintenance of them all, they are all more or lefs independant of him, becaufe generally they can all be maintained without him.

WHEN the great proprietors of land fpend their rents in maintaining their tenants and retainers, each of them maintains entirely all his own tenants and all his own retainers. But when they fpend them in maintaining tradefmen and artificers, they may, all of them taken together, perhaps, maintain as great, or, on account of the wafte which attends ruftick hospitality, a greater number of people than before. Each of them, however, taken fingly, contributes often but a very small share to the maintenance of any individual of this greater number. Each tradefman or artificer derives his fubfiftence from the employment, not of one, but of a hundred or a thousand. different cuftomers. Though in fome measure obliged to them all, therefore, he is not abfolutely dependant upon any one of them.

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THE perfonal expence of the great proprietors having in this manner gradually increased, it was impossible that the number of their retainers fhould not as gradually diminish, till they were at last difmified altogether. The fame caufe gradually led them to difmifs the unneceffary part of their tenants. Farms were enlarged, and the occupiers of land, notwithstanding the complaints of depopulation, reduced to the number neceffary for cultivating it according to the imperfect state of cultivation and improvement in those times. By the removal of the unneceffary mouths, and by exacting from the farmer the full value of the farm, a greater furplus, or what is the fame thing, the price of a greater furplus, was obtained for the proprietor, which the merchants and manufacturers foon furnished him with a method of spending upon his own perfon in the fame manner as he had done the reft. The fame caufe continuing to operate, he was defirous to raife his rents above what his lands, in the actual state of their improvement, could afford. His tenants could agree to this upon one condition only, that they should be secured in their possession, for such a term of years as might give them time to recover with profit whatever they fhould lay out in the further improvement of the land. The expensive vanity of the landlord made him willing to accept of this condition; and hence the origin of long leafes.

EVEN a tenant at will, who pays the full value of the land, is not altogether dependent upon the landlord. The pecuniary advantages which they receive from one another, are mutual and equal, and fuch a tenant will expose neither his life nor his fortune in the fervice of the proprietor. But if he has a lease for a long term of years, he is altogether independent; and his landlord must not expect from him even the most trifling fervice beyond what is either expression find the lease, or imposed upon him by the common and known law of the country.

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THE tenants having in this manner become independent, and CHAP. the retainers being difmiffed, the great proprietors were no longer capable of interrupting the regular execution of justice, or of difturbing the peace of the country. Having fold their birth-right, not like Elau for a mels of pottage in time of hunger and necessity, but in the wantonnels of plenty, for trinkets and baubles fitter to be the play-things of children, than the ferious purfuits of men, they became as infignificant as any fubstantial burgher or tradefman in a city. A regular government was established in the country as well as in the city, nobody having fufficient power to difturb its operations in the one, any more than in the other.

IT does not, perhaps, relate to the prefent fubject, but I cannot help remarking it, that very old families, fuch as have poffeffed fome confiderable eftate from father to fon for many fucceffive generations, are very rare in commercial countries. In countries which have little commerce, on the contrary, fuch as Wales or the highlands of Scotland, they are very common. The Arabian hiftories feem to be all full of genealogies, and there is a hiftory written by a Tartar Khan which has been translated into feveral European languages, and which contains fcarce any thing elfe; a proof that antient families are very common among those nations. In countries where a rich man can fpend his revenue in no other way than by maintaining as many people as it can maintain, he is not apt to run out, and his benevolence it feems is feldom fo violent as to attempt to maintain more than he can afford. But where he can spend the greatest revenue upon his own perfon, he frequently has no bounds to his expence, becaufe he frequently has no bounds to his vanity, or to his affection for his own perfon. In commercial countries, therefore, riches, in fpite of the most violent regulations of law to prevent their diffipation, very feldom remain long in the fame family. Among fimple

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BOOK fimple nations, on the contrary, they frequently do without any regulations of law; for among nations of fhepherds, fuch as the Tartars and Arabs, the confumable nature of their property neceffarily renders all fuch regulations impossible.

> A REVOLUTION of the greateft importance to the publick happinels, was in this manner brought about by two different orders of people, who had not the leaft intention to ferve the public. To gratify the most childish vanity was the fole motive of the great proprietors. The merchants and artificers, much less ridiculous, acted merely from a view to their own interest, and in pursuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or forefight of that great revolution which the folly of the one, and the industry of the other was gradually bringing about.

> IT is thus that through the greater part of Europe the commerce and manufactures of cities, inftead of being the effect, have been the caufe and occasion of the improvement and cultivation of the country.

> THIS order, however, being contrary to the natural courfe of things, is neceffarily both flow and uncertain. Compare the flow progrefs of those European countries of which the wealth depends very much upon their commerce and manufactures, with the rapid advances of our North American colonies, of which the wealth is founded altogether in agriculture. Through the greater part of Europe, the number of inhabitants is not fupposed to double in less than five hundred years. In feveral of our North American colonies, it is found to double in twenty or five and twenty years. In Europe, the law of primogeniture, and perpetuities of different kinds, prevent the division of great effates, and

and thereby hinder, the multiplication of fmall proprietors. A CHAP. fmall proprietor, however, who knows every part of his little territory, who views it all with the affection which property, especially small property, - naturally inspires, and who upon that account takes pleafure not only in cultivating but in adorning it, is generally of all improvers the most industrious, the most intelligent, and the most fuccessful. The fame regulations, befides, keep fo much land out of the market, that there are always more capitals to buy than there is land to fell, fo that what is fold always fells at a monopoly price. The rent never pays the interest of the purchase money, and is befides burdened with repairs and other occafional charges, to which the intereft of money is not liable. To purchase land is every where in Europe a most unprofitable employment of a fmall capital. For the fake of the fuperior fecurity, indeed, a man of moderate circumstances, when he retires from bufiness, will sometimes chuse to lay out his little capital in land. A man of profession too, whose revenue is derived from another fource, often loves to fecure his favings in the fame way. But a young man, who, inftead of applying to trade or to fome profession, should employ a capital of two or three thousand pounds in the purchase and cultivation of a small piece of land, might indeed expect to live very happily, and very independently, but must bid adieu, forever, to all hope of either great fortune or great illustration, which by a different employment of his ftock he might have had the fame chance of acquiring with other people. Such a perfon too, though he cannot afpire at being a proprietor, will often difdain to be a farmer. The fmall quantity of land, therefore, which is brought to market, and the high price of what is brought, prevents a great number of capitals from being employed in its cultivation and improvement which would otherwife have taken that direction. In North America, on the contrary, fifty or fixty pounds is often found a fufficient flock VOL. I. 3 T to

B Q Q K to begin a plantation with. The purchase and improvement of uncultivated land, is there the most profitable employment of the finallest as well as of the greatest capitals, and the most direct road to all the fortune and illustration which can be acquired in that country. Such land, indeed, is in North America to be had almost for nothing, or at a price much below the value of the natural produce; a thing impoffible in Europe, or, indeed, in any country where all lands have long been private property. If landed eftates, however, were divided equally among all the children, upon the death of any proprietor who left a numerous family, the eftate would generally be fold. So much land would come to market, that it could no longer fell at a monopoly price. The free rent of the land would go nearer to pay the interest of the purchase money, and a small capital might be employed in purchafing land as profitably as in any other way.

> ENGLAND, on account of the natural fertility of the foil, of the great extent of fea coaft in proportion to that of the whole country, and of the many navigable rivers which run through it, and afford the conveniency of water carriage to fome of the most inland parts of it, is perhaps as well fitted by nature as any large country in Europe, to be the feat of foreign commerce, of manufactures for distant fale, and of all the improvements which these can occasion. From the beginning of the reign of Elizabeth too, the English legiflature has been peculiarly attentive to the interests of commerce and manufactures, and, in reality there is no country in Europe, Holland itself not excepted, of which the law is upon the whole more favourable to this fort of industry. Commerce and manufactures have accordingly been continually advancing during all this period. The cultivation and improvement of the country has, no doubt, been gradually advancing too: But it feems to have followed flowly, and at a diftance, the more rapid progress of commerce

commerce and manufactures. The greater part of the country CHAP. must probably have been cultivated before the reign of Elizabeth; and a very great part of it still remains uncultivated, and the cultivation of the far greater part much inferior to what it might The law of England, however, favours agriculture not only be. indirectly by the protection of commerce, but by feveral direct encouragements. Except in times of fcarcity, the exportation of corn is not only free, but encouraged by a bounty. In times of moderate plenty, the importation of foreign corn is loaded with duties that amount to a prohibition. The importation of live cattle, except from Ireland, is prohibited at all times, and it is but of late that it was permitted from thence. Those who cultivate the land, therefore, have a monopoly against their countrymen for the two greatest and most important articles of land-produce, bread and butcher's meat. These encouragements, though at bottom, perhaps, as I shall endeavour to show hereafter, altogether illusory, fufficiently demonstrate at least the good intention of the legislature to favour agriculture. But what is of much more importance than all of them, ¹ the yeomanry of England are rendered as fecure, as independent, and as respectable as law can make them. No country, therefore, in which the right of primogeniture takes place, which pays tithes, and where perpetuities, though contrary to the fpirit of the law, are admitted in some cases; can give more encouragement to agriculture than England. Such, however, notwithstanding, is the state of What would it have been, had the law given no its cultivation. direct encouragement to agriculture befides what arifes indirectly from the progress of commerce, and had left the yeomanry in the fame condition as in most other countries of Europe? It is now more than two hundred years fince the beginning of the reign of Elizabeth, a period as long as the course of human prosperity ufually endures.

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FRANCE

FRANCE feems to have had a confiderable fhare of foreign commerce near a century before England was diftinguished as a commercial country. The marine of France was confiderable, according to the notions of the times, before the expedition of Charles the VIIIth to Naples. The cultivation and improvement of France, however, is, upon the whole, inferior to that of England. The law of the country has never given the fame direct encouragement to agriculture.

THE foreign commerce of Spain and Portugal to the other parts of Europe, though chiefly carried on in foreign fhips, is very confiderable. That to their colonies is carried on in their own, and is much greater, on account of the great riches and extent of those colonies. But it has never introduced any confiderable manufactures for distant fale into either of those countries, and the greater part of both still remains uncultivated. The foreign commerce of Portugal is of older standing than that of any great country in Europe, except Italy.

ITALY is the only great country of Europe which feems to have been cultivated and improved in every part, by means of foreign commerce and manufactures for diffant fale. Before the invalion of Charles the VIIIth, Italy, according to Guicciardin,, was cultivated not lefs in the most mountainous and barren parts of the country, than in the plainest and most fertile. The advantageous situation of the country, and the great number of independent states which at that time subsisted in it, probably contributed not a little to this general cultivation. It is not impossible too, notwithstanding this general expression of one of the most judicious and referved of modern historians, that Italy

Italy was not at that time better cultivated than England is at C H A P. prefent.

THE capital, however, that is acquired to any country by commerce and manufactures, is all a very precarious and uncertain possefiion, till fome part of it has been fecured and realized in the cultivation and improvement of its lands. A merchant, it has been faid very properly, is not neceffarily the citizen of any particular country. It is in a great measure indifferent to him from what place he carries on his trade; and a very trifling difguft will make him remove his capital, and together with it all the induftry which it supports, from one country to another. No part of it can be faid to belong to any particular country, till it has been fpread as it were over the face of that country, either in buildings, or in the lafting improvement of lands. No veftige now remains of the great wealth, faid to have been possefield by the greater part of the Hans towns, except in the obscure histories of the thirteenth and fourteenth centuries. It is even uncertain where fome of them were fituated, or to what towns in Europe the Latin names given to fome of them belong. But though the misfortunes of Italy in the end of the fifteenth and beginning of the fixteenth centuries greatly diminished the commerce and manufactures of the cities of Lombardy and Tufcany, those countries still continue to be among the most populous and best cultivated in Europe. The civil wars of Flanders, and the Spanish government which fucceeded them, chafed away , he great commerce of Antwerp, Ghent, and Bruges. But Flanders still continues to be one of the richeft, beft cultivated, and most populous provinces of Europe. The ordinary revolutions of war and government eafily dry up the fources of that wealth which arifes from commerce only. That which arifes from the more folid improvements of

agriculture,

THE NATURE AND CAUSES, &c.

BOOK agriculture, is much more durable, and cannot be deftroyed but HIF. by those more violent convulsions occasioned by the depredations of hostile and barbarous nations continued for a century or two together; such as those that happened for some time before and after the fall of the Roman empire in the western provinces of Europe.

END of the FIRST VOLUME.

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